

DECEMBER 2008 QUARTERLY REPORT

ABOUT ARGO EXPLORATION LTD

Argo Exploration Limited ('Argo') (ASX Code 'AXT') is a junior exploration company searching for iron oxide copper-gold, gold, uranium and base metal deposits in prospective locations of the Gawler Craton, South Australia. Argo is a focused explorer searching for world-class ore deposits within two key project areas, namely Intercept Hill and Toondulya.

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**Dr Hugh K Herbert, Chairman
& Managing Director**

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SUMMARY OF ACTIVITY

During the December Quarter, Argo continued a comprehensive review of exploration/drilling data at its South Australian exploration assets.

Integrated modeling and interpretation of gravity/magnetic data and geological information, derived from Phase 1 and 2 diamond drill cores at Emmie North Prospect (Intercept Hill EL4164), were ongoing during the Quarter. This work confirmed that the two sharply contrasting mineralized rock packages intersected in the Prospect area comprise genuine exploration targets both warranting additional aggressive drill testing to establish their respective potential economic significance. However, in recognition of the rapidly deteriorating macroeconomic conditions, declining share price and availability and 'cost' of capital, coupled with high cash burn rates associated with deep diamond drilling programs, the Board has deferred further drilling while canvassing potential Joint Venture partners to spread exploration drilling risk moving forward. The board remains excited by the drilling results achieved to date and notes that the decision to defer drilling is purely a result of prevailing economic conditions.

Exploration activities are likely to be subdued during the first part of 2009 as the Board continues to review cost effective strategies for the further drill testing and exploration of its Exploration Licenses.

Concurrently, Argo has reviewed a number of potential other opportunities in the resources sector, focusing on advanced 'brown field' projects likely to lead to early positive cash flow. No decision to acquire, farm-in, joint venture or other has been made and the process is continuing as opportunities arise

CORPORATE

Strategies have been implemented to significantly reduce overhead costs to preserve cash.

Cash reserves at end of the December Quarter stand at \$4,250,088 with no secured debt. The difficulty of raising further capital under prevailing market conditions and current share price is expected to impact the Company's short- medium-term capacity to aggressively explore at its Intercept Hill Project.

CORPORATE DIRECTORY

Board of Directors

Hugh Herbert Chairman & MD
 Meredith Bird Non-Executive Director
 Justin Hondris Non-Executive Director
 James Stewart Non-Executive Director

Company Secretary

Melanie Leydin

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Dr HK Herbert, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Herbert has sufficient experience which is relevant to the styles of mineralization and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Dr Herbert consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Issued Share Capital

Argo Exploration Ltd has 82,800,000 ordinary shares currently on issue.

In addition, there are 30 million options on issue with an expiry date of 10 December 2010. The options are exercisable at \$0.20.

Quarterly Share Price Activity

	High	Low	Last
Mar 2008	\$0.22	\$0.16	\$0.21
Jun 2008	\$0.265	\$0.16	\$0.16
Sept 2008	\$0.16	\$0.03	\$0.07
Dec 2008	\$0.075	\$0.025	\$0.03

Registered Office

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Share Registry

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Please direct shareholding enquiries to the share registry.