ARGO EXPLORATION LTD

MARCH 2011
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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SUMMARY OF ACTIVITY

KEY POINTS:

Toondulya (EL4284)
Argo – 100%

- 3-D modeling of a circular gravity feature in the north-west sector of EL4284 has been completed by Xstrata Copper Ltd.
- Modeling has delineated a tightly constrained, cylindrical residual gravity feature averaging several kilometers in diameter.
- The feature is interpreted to be a granitic intrusion impoverished in magnetic iron oxides.
- Four opposing, marginally disposed apophyses appear to approach the sub-surface.
- Each is expected to be well within reach of Reverse Circulation (RC) drilling assessment.
- The 'intrusion' occupies a magnetic low and is closely associated with calcrete gold and arsenic geochemical anomalies.
- Arsenic is a very common associate of gold mineralization.
- The cause of the positive gravity response is unknown but may potentially be due to sulfide mineralization.
- Electrical geophysical and biogeochemical surveys, to aid drill targeting within shallow apophysis areas, are expected to be completed Quarter 2.
- An RC drilling program is being prepared with the objective of drill testing the mineralization potential of key sites within the apophyses.

Intercept Hill (EL4164)
Argo – Xstrata Copper Joint Venture

- Xstrata Copper has advised that drilling at Oak Dam South prospect has been delayed.
- Drilling is now expected to commence in the latter part of April at the conclusion of mustering and shearing operations currently in progress on Arcoona Station.
- A comprehensive evaluation of mineralogical vectors derived from semi-quantitative HyLogger ™mineralogical analysis at Emmie North prospect is continuing

Pantheon Resources Plc
Argo – 6.83%

- Pantheon has advised that it has been invoiced for funds to undertake site works in preparation for drilling and for drilling pipe costs.
- Argo interprets these developments to be a positive indication that a spud date is near at hand.

TOONDULYA EL4284

Historical

Much of the tenement is mantled by a north west-trending sand dune field with underlying, alleged electrically conductive saline clay and regolith. The only rock exposure occurs in the north eastern corner, and along the eastern margin, of the Exploration License (Fig. 1). Hence, Argo's exploration focus in the past has been on acquiring non-electrical, remotely sensed data sets including aeromagnetics, radiometrics and ground based gravity along with calcrete geochemical sampling.

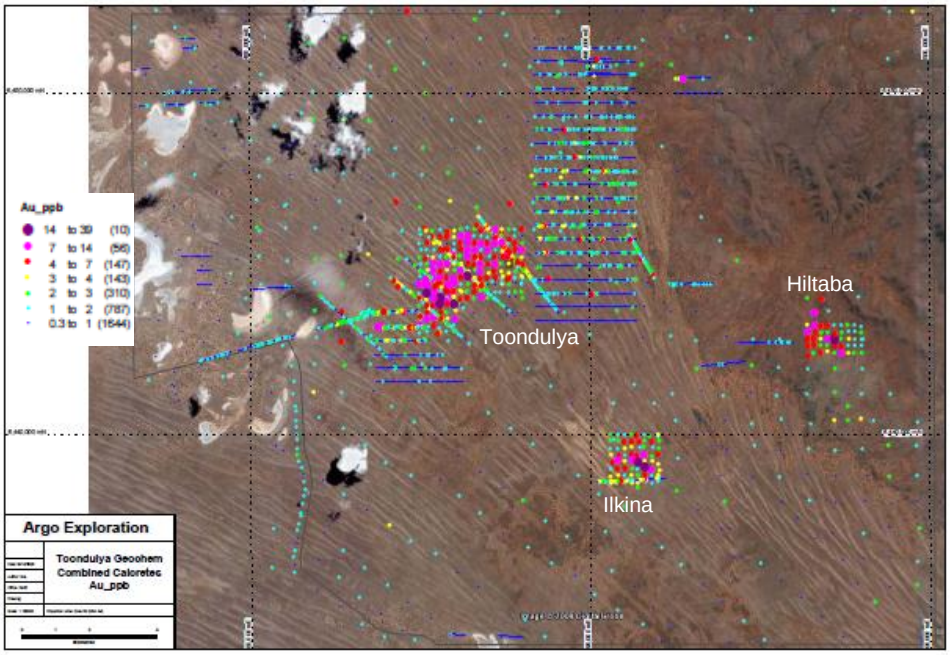


Figure 1: EL4284 showing calcrete sample locations and associated gold values superimposed upon satellite imagery of the area. The image illustrates the distribution of the mantling, north west-trending sand dune field, with minor associated saline clay pans and ephemeral lakes. Exposures of Hiltaba Suite granite and Gawler Range Volcanics are evident in the north eastern corner of the tenement.

EL4284 Toondulya is located at the southern end of the Yarlbrinda Shear Zone where it spits into a number or south east-trending splay faults that traverse the tenement. The Yarlbrinda Shear Zone is an important structure in the region with the significant gold deposits at Tunkillia and Nuckulla Hill (Bimba, Myall, Sheoak) being restricted to demagnetized segments of the Shear (Fig. 2). Importantly, south east-trending splay faults traversing the tenement appear to be demagnetized.

The tenement, based on aeromagnetic imaging and derivative geological interpretation (Figs 3 and 4), can be divided into three sectors. The southern sector comprises an interpreted Hiltaba Suite granite pluton, mantled by thin sand dunes and isolated regolith within which the Ilkina gold-in-calcrete anomaly occurs (Fig. 1). The north eastern sector is separated from the north western sector by a prominent north-trending imbricate zone (Figs 3 and 4) and contains the regolith-hosted Hiltaba gold-in-calcrete anomaly (Fig. 1). The Toondulya gold-in-calcrete anomaly (Fig. 1) occurs in the north western sector within sand dunes. The three sectors meet at a pseudo triple point junction in the center of the tenement (Figs 3 and 4).

In the mid 1990's, a previous explorer commissioned an 800 x 800 meter centered ground based gravity survey over the north western sector of the tenement area to verify a single point regional gravity anomaly. This work confirmed the presence of a large positive gravity anomaly in the sector which was summarily dismissed as being due to a mafic intrusion. Subsequently, Argo commissioned a more detailed 400 x 400 meter centered ground gravity survey over the tenement area which, on the basis of progressive results received, was reduced to coverage of the northern ~90% of the tenement. Some areas of rough terrain in the north eastern sector were not surveyed (Fig. 6).

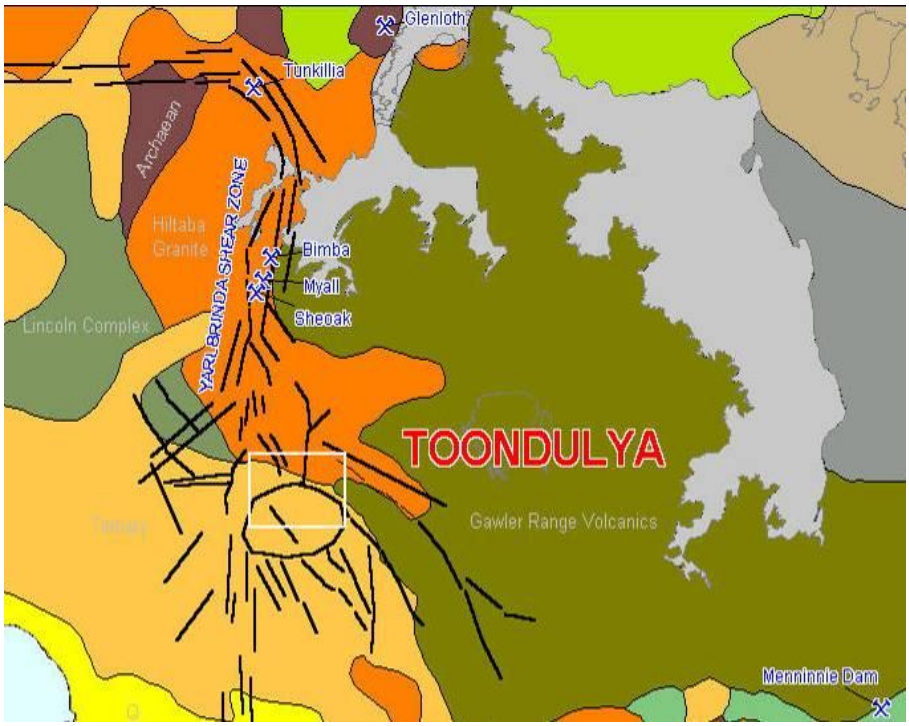


Figure 2: Generalized geological plan showing trace of Yarlbrinda Shear Zone and south east-trending splay faults passing through EL4284 area ('white box'). Note the position of the Tunkillia and Nuckulla Hill group of gold deposits within the Shear Zone.

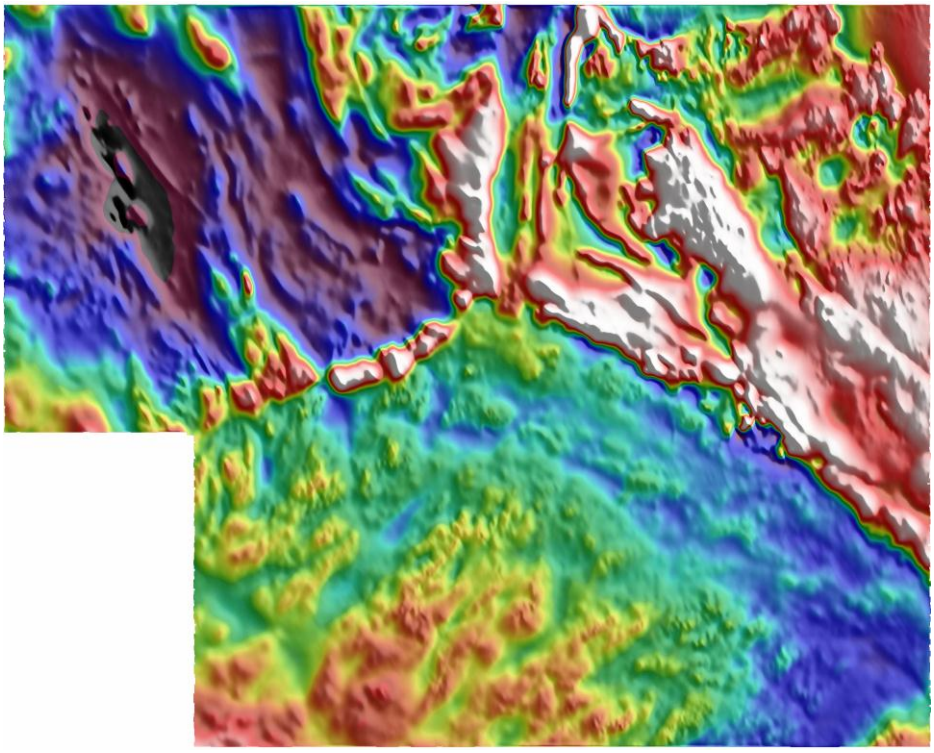


Figure 3: Reduced to Pole Total Magnetic Intensity Image of the Toondulya tenement area illustrating the three sectors meeting at a pseudo triple point. Note the magnetic contrast between all three sectors with the north western sector being dominated by cool colors, reflecting low magnetic susceptibility. The interface between the north western and southern sectors is marked by a fringe zone of 'high' magnetic susceptibility with the interface clearly being offset by up to 1 km by south east-trending splay faults from the Yarlbrinda Shear Zone. The magnetized interface possibly represents a skarn which may be mineralized.

Argo aeromagnetic data processed and imaged by Southern Geoscience Consultants, Perth.

Argo's gravity data, as processed and imaged by the Company's consulting geophysicists, further refined the positive gravity feature (Fig. 6). This positive gravity feature is coincident with a magnetic low (Fig. 3). Further processing produced a subdued residual gravity image (Fig. 7) having an overall pimply texture with clear north west-trending linear arrays of higher residual gravity along with areas of enhanced gravity corresponding to interpreted magnetized fringing skarn features (Figs 3 and 4).

In summary, the coincidence of a positive gravity feature with a magnetic low, coupled with closely associated gold-arsenic calcrete geochemistry and evidence of strong late-stage structural perturbations rendered areas of the exploration license particularly attractive to mineral occurrence and exploration. To better define areas of high potential for drill assessment, 3-D modeling of the gravity feature was commissioned to understand geometrical relationships of structural, geochemical and lithological elements.

Current 3-D Gravity Modeling by Xstrata Copper Ltd

During the current quarter, Xstrata Copper Ltd generously reprocessed, and undertook 3-D modeling of Argo's gravity data but Xstrata Copper is not responsible for any aspect of the discussions and conclusions contained herein.

Figure 8 is an example of the modeled gravity feature, looking west, with a model depth of 5 km. The modeled gravity feature is sharply constrained and illustrates four opposing apophyses reaching up to the sub-surface.

The density contrast of the apophyses is, at best, 0.1 g/cm^3. This contrast is very subdued and, when coupled with low magnetic susceptibilities in specific apophyses, for example, the north western apophysis (Figs 10 and 11), is unlikely to reflect iron oxide-bearing felsic, intermediate or mafic intrusive rock. Rather, the data appear to be most compatible with a granitic intrusive, possibly carrying a mild sulfide load. Such sulfide may be generally dispersed throughout the rock volume, or concentrated into fracture arrays or random stockworks and, locally, into magnetite-bearing, fringing skarn. Furthermore, the close association of gold and arsenic calcrete geochemical anomalies (Fig. 5) permits the suggestion that, if the subdued excess density is attributable to sulfide, a component may be arsenical and gold-bearing.

The magnetic (Fig. 3), derivative geology (Fig. 4), Bouguer gravity (Fig. 6), and residual gravity (Fig. 7) images all illustrate a clear north west-trending linear array traversing the north western sector of the tenement. These linears correspond to fault/shear traces and clearly postdate the Hiltaba Suite pluton comprising the southern sector as evidenced by marked (up to 1 km) offsets of the pluton margin (Figs 3, 4 and 7). Such linear elements also correspond with 'magnetic low' striping suggestive of demagnetization along the linears, a feature known to be fundamental in localizing gold deposits within the Yarlbrinda Shear Zone.

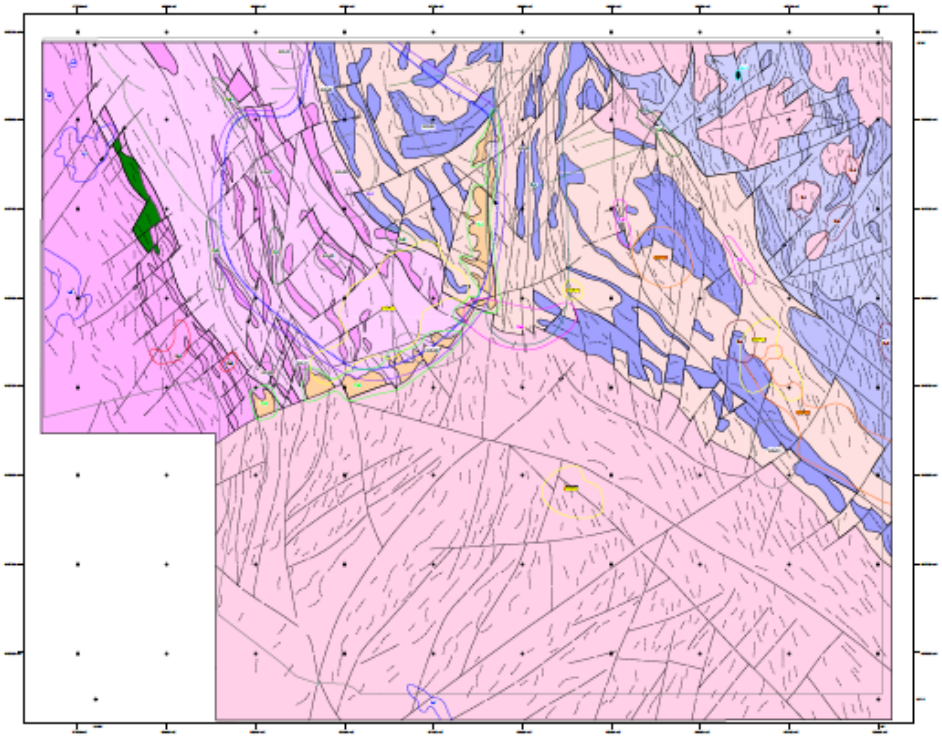
It is reasonable to assume that the splay faulting may similarly postdate the pluton giving rise to the gravity feature. If this pluton is indeed modestly sulfide-mineralized, then the imposition of a subsequent, intimate fracture array associated with the splay faults could lead to enhanced permeability, fluid fluxes and remobilization and concentration of sulfide mineralization, together with gold, in the fracture arrays.. The development of tension 'jogs' at the faulted Hiltaba pluton margin, and the intense imbrication of the north-trending imbricate zone (Fig. 4) could lead to higher fluid fluxes and mineralized skarn formation at these sites.

Alternatively, intimate brittle fracturing of a massive, competent pluton could clearly provide a locus for extraneous fluid permeation and mineral deposition.

Given that portions of the apophyses appear to reach almost to surface (at the resolution of the model), it is possible that surface-based electrical geophysical assessment of the upper portions could be utilized to better refine potential drilling targets. The clear caveat in the use of electrical techniques is that the regolith underlying the sand dunes is not electrically conductive, as has been previously alleged but not confirmed by Argo.

On the premise that the regolith is not electrically conductive, and with the current definition of clearly constrained apophysis areas to test, ground-based electrical geophysical surveys will be commissioned during Quarter 2.

In addition, given the interpreted shallow disposition of some apical apophysis projections, biogeochemical surveying might also be instructive and the previously planned, but delayed, orientation biogeochemical survey will now be adapted to accord with current priorities. The survey will be undertaken in conjunction with electrical geophysical surveying.



LEGEND

HILTABA SUITE

Weakly magnetic granite, granodiorite and adamellite.

GAWLER RANGER VOLCANICS

UPPER

Eucarro Dacite / Yardea Dacite. Weakly magnetic phase. Massive porphyritic dacite to rhyodacite.

Eucarro Dacite / Yardea Dacite. Moderately magnetic phase. Massive porphyritic dacite to rhyodacite.

LOWER

Bittali Rhyolite. Weakly magnetic rhyolite to rhyodacite.

Waganny Dacite. Moderately to strongly magnetic dacite to rhyodacite.

LINCOLN COMPLEX - ST PETER SUITE

Granite, granodiorite, adamellite and granite gneiss. Non-magnetic phase.

Granite, granodiorite, adamellite and granite gneiss. Weakly magnetic phase.

Granite, granodiorite, adamellite and granite gneiss. Weakly to moderately magnetic phase.

Possible mafic unit. Moderately to strongly magnetic and reversely magnetised.

Strongly magnetic unit. Possible contact metamorphism or mafic intrusive.

Figure 4: Geological interpretation of tenement area derived from the aeromagnetic image comprising Figure 3. The southern sector is interpreted as part of a large Hiltaba Suite granite pluton while the north eastern sector comprises about 70% exposed and interpreted Gawler Range Volcanics (GRV). The north eastern and north western sectors are separated by a north-trending imbricate zone, also interpreted as GRV. The north western sector is interpreted to comprise about 25% GRV in the east abutting, to the west, about 75% Lincoln Complex – St Peter Suite dominantly composed of variable, but weakly magnetized granitic rocks and granite gneiss. The north western sector is partly bordered by a fringe of magnetized material against the north eastern and southern sectors. This fringe is interpreted as a contact metamorphic effect.

Geological interpretation prepared by Southern Geoscience Consultants, Perth. . Lithological classification based on Streaky Bay Sheet SI 53-2, 1:250 000 published geology. Geological Survey of South Australia, 1991.

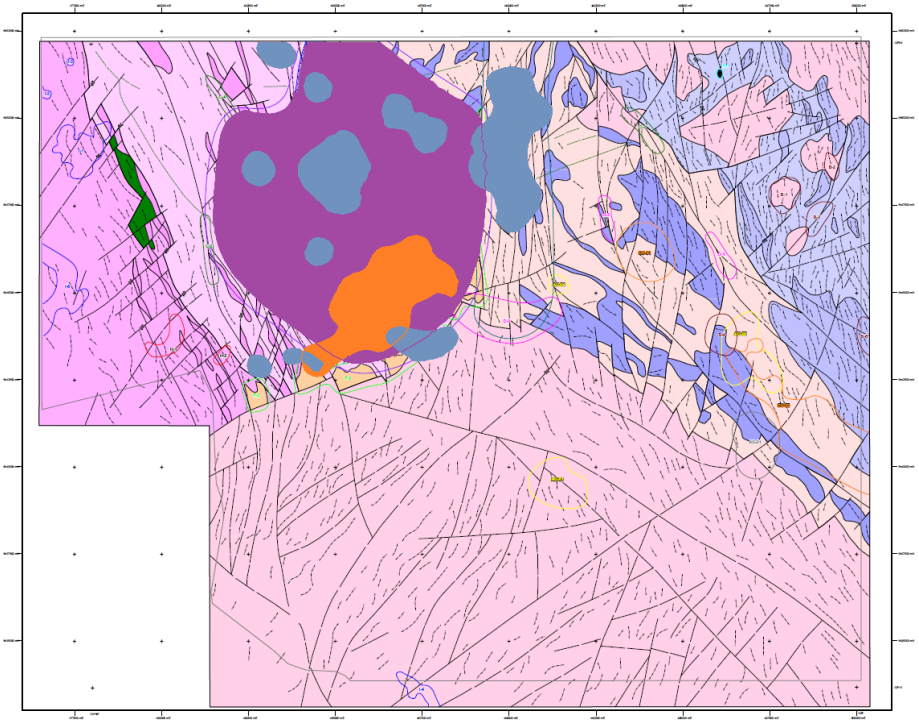


Figure 5: Geological interpretation (Fig. 4) with superimposed large positive gravity anomaly (solid mauve) derived from Bouguer gravity outlined by Argo's gravity survey (Fig. 6). Also superimposed are spatially associated gold-in-calcrete (solid orange; Toondulya) and arsenic-in-calcrete (solid blue-grey) anomalies. Southern Geoscience Consultants interpret the gravity feature as a possible non-magnetic mafic intrusive.

Geological interpretation prepared by Southern Geoscience Consultants, Perth. . Lithological classification based on Streaky Bay Sheet SI 53-2, 1:250 000 published geology. Geological Survey of South Australia, 1991.

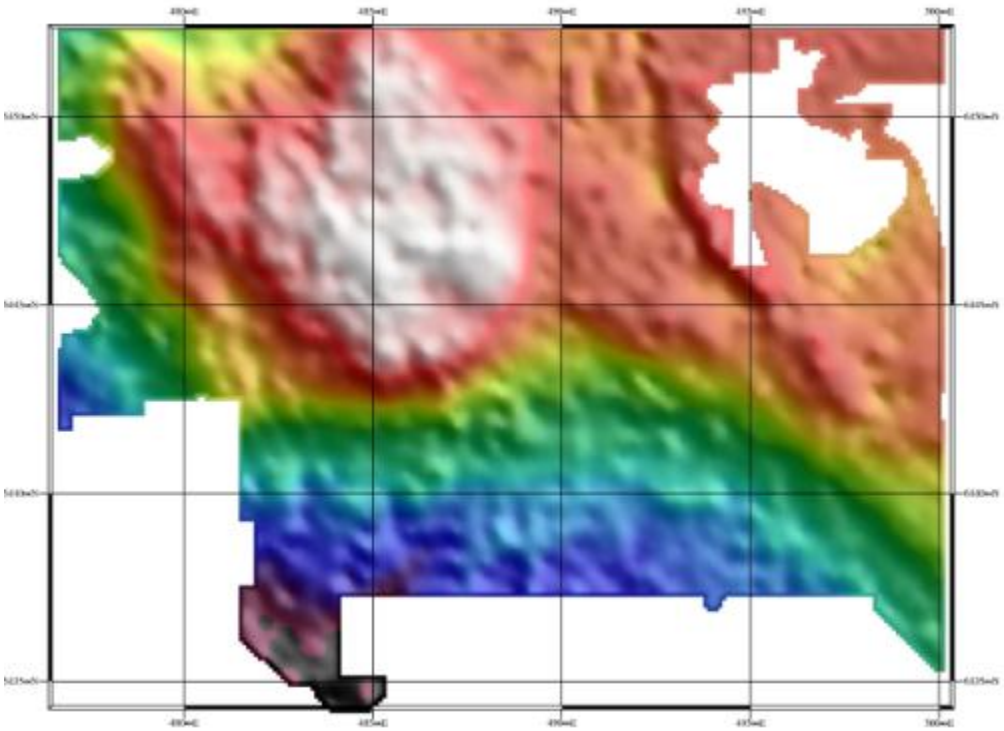


Figure 6: Bouguer gravity image (Datum GDA94; Grid MGA Zone 53) at 2.5 g/cm^3 shaded with 50% north east gradient. Note the gravity contrast between the defined positive gravity feature and the Hiltaba Suite granite pluton comprising the southern sector.

Argo gravity data processed and imaged by Southern Geoscience Consultants, Perth.

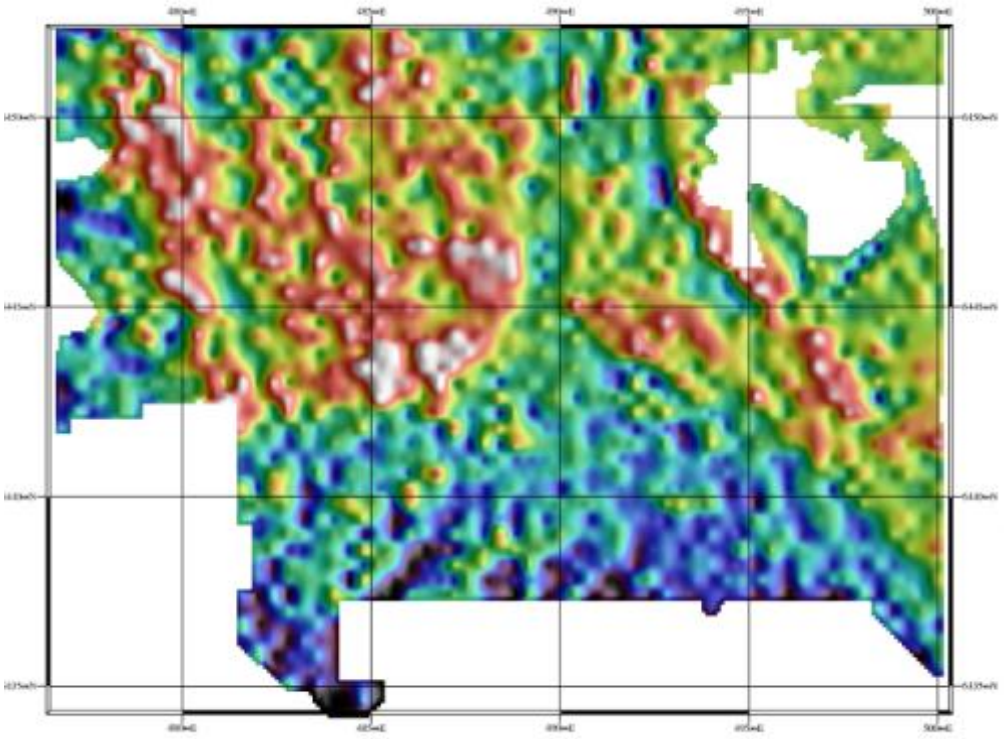


Figure 7: First vertical derivative (Lin) of 2.5 g/cm^3 Bouguer gravity shaded with 50% north east gradient. The image illustrates a subdued, pimply residual gravity distribution with mild north west striping consistent with the interpreted structural fabric and distribution of variably magnetized, interpreted skarn, granite and granitic gneiss lithologies (Fig. 4).

Argo gravity data processed and imaged by Southern Geoscience Consultants, Perth.

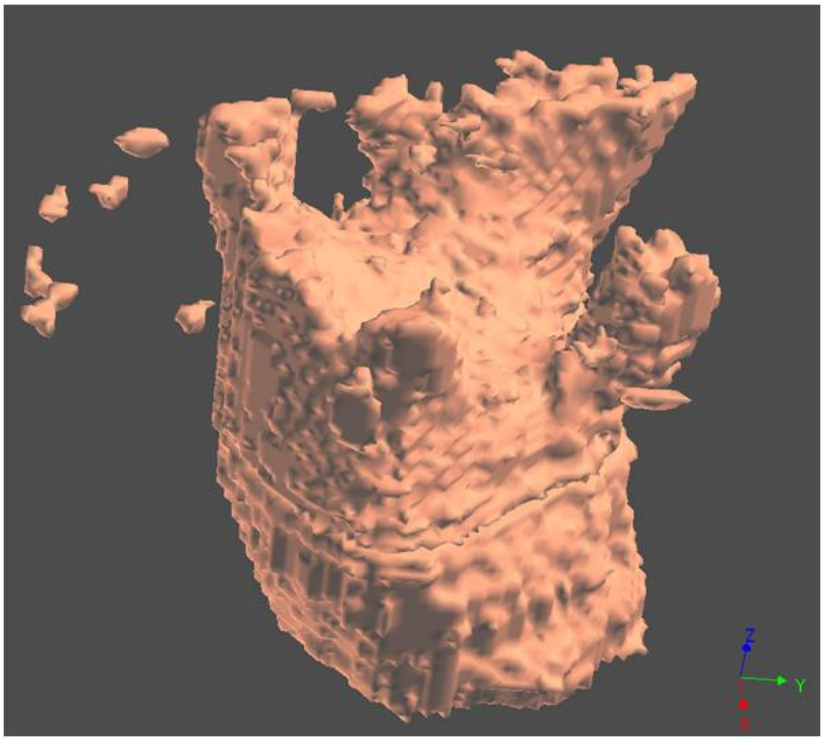


Figure 8: 3-D model of Toondulya gravity feature illustrating 0.05 g/cm^3 density difference shell, looking West. Note the four opposed apophyses reaching upwards to shallow levels. Note also the excellent correspondence of the apophyses and their upper surface pimples with the 2-D residual gravity image (Fig. 7). The 3-D model diameter at depth in the current view is about 9 kilometres.

Argo gravity data processed and imaged by Xstrata Copper Ltd.

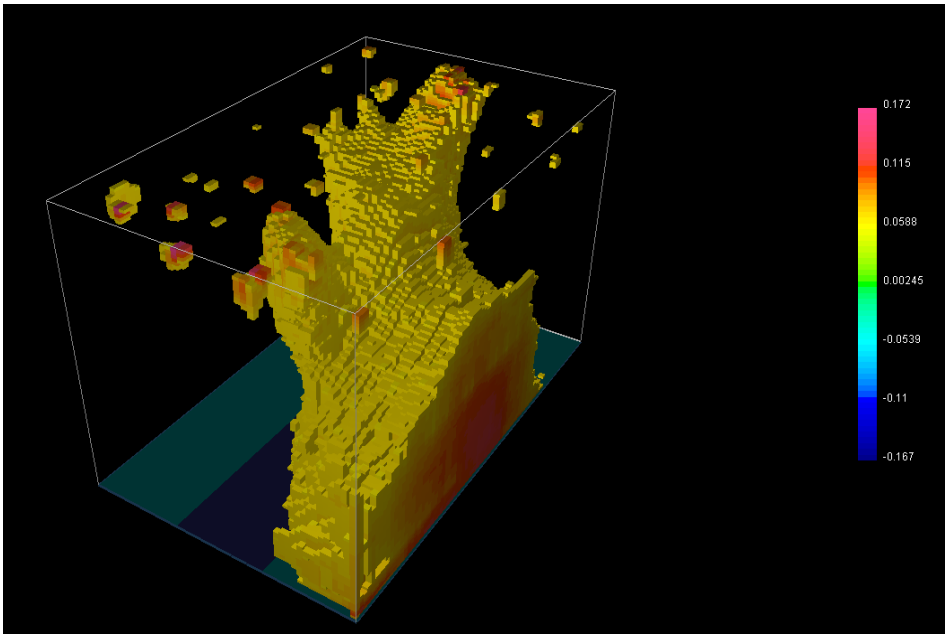


Figure 9: 3-D model providing more detail of the northwest apophysis in Figure 8, looking northwest. The modeled area is 5 km by 8 km from surface to a depth of -5 km. Cell size is 100 x 100 x 50 meters. Density contrast cut-off in the snapshot is 0.07 g/cm^3. The modeled overall density contrast is about 0.1g/cm^3 but locally within the apophysis it peaks around 0.13 g/cm^3. Note that, at the resolution of the model, portions of the apophysis appear to come almost to surface.

Argo gravity data processed and imaged by Xstrata Copper Ltd.

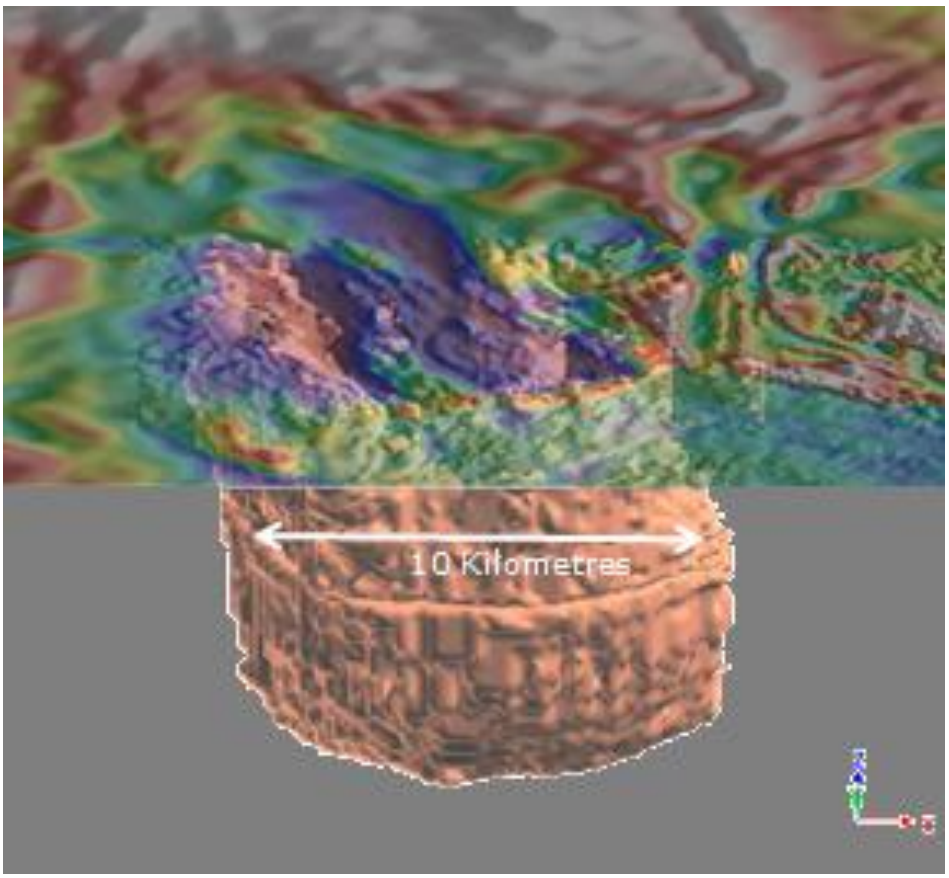


Figure 10: Reduced to Pole Total Magnetic Intensity image draped over 3-D model of pluton, looking north. Note that the overall pluton is generally coincident with an extensive magnetic low and that specific apophyses also coincide with magnetic lows. Note also the close approach to surface of apical projections of the apophyses.

Processed, modelled and imaged by Xstrata Copper Ltd.

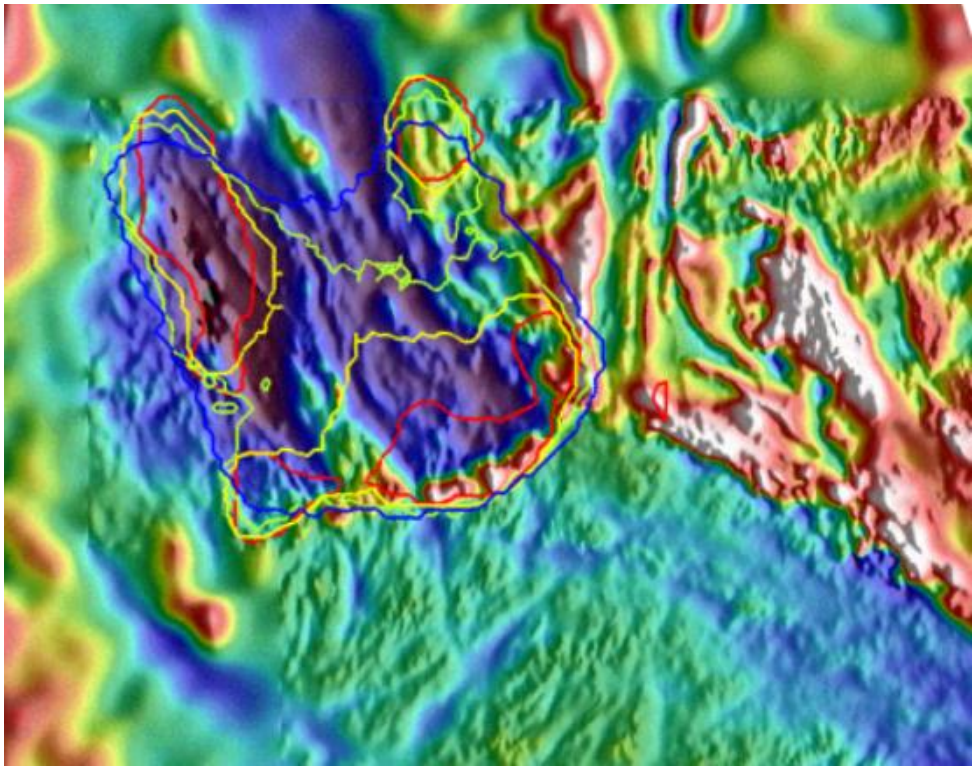


Figure 11: Gravity body at various 1000 meter depth slices (Red -1000 m; Yellow -2000 m; Green -3000 m; Blue -4000 m) overlain on a Reduced to Pole Total Magnetic Intensity image. It is clear that the magnetic signature is elevated on the southern margin (possible skarn alteration) with the north western apophysis corresponding reasonably well with a region of low magnetics.

The margins of the main 'pluton' and apophyses are sharply defined, as illustrated in Figures 8, 9 and 10, even though modeling suggests a density contrast of 0.1 g/cm^3 at best. The modeled density contrast between the 'pluton' and surrounds of 0.1 g/cm^3 does not suggest anything particularly mafic (unless of course the pluton is already sitting in a very dense host). There is a sharp fall-off in regional gravity adjacent to the southern margin, which may reasonably be attributed to the interpreted felsic Hiltaba Suite pluton. There appears to be a good correlation between the partial magnetic 'rim' and the annular gravity-indicated apophyses (Fig. 11) where a small magnetite content could be contributing to the apophysis density contrast.

In summary, the 3-D modelling has provided a better understanding of the gravity feature and has greatly enhanced its exploration significance. A clear outline of near-surface projections of the ‘nonmagnetic’ gravity feature, occupying a significant area in the north-western sector of the tenement, has been rendered. These well-constrained, potentially mineralized positive gravity projections constitute legitimate, high priority drill targets. That said, the targets are large with the result that further refinement, using electrical geophysical and biogeochemical techniques, will be attempted ahead of an RC drilling campaign.

INTERCEPT HILL EL4164
Argo – Xstrata Copper Joint Venture

Activities during the March Quarter have focused on preparations for the contemplated drilling campaign, commencing at Oak Dam South prospect and moving to Winjabbie East.

Commencement of the drilling operations has been delayed due to unforeseen flood rain events affecting much of northern and eastern Australia. These events have had serious flow-on effects impacting the conclusion of the tendering process for drilling contractor selection.

In addition, the operator (Xstrata Copper) was advised that drilling operations during April would intrude upon mustering and shearing operations on Arcoona Station and would be unwelcome. Shearing is expected to be finalized in late April. At this time Station accommodation for use by drilling personnel and machinery for site and access preparation will be become available.

Argo has made representations, through its legal advisor, to have a meeting of relevant representatives of the Native Title Claimant group convened to further explore access issues with respect to the Company's Canegrass South project. Potential dates for a meeting are to be provided.

Comprehensive assessment of semi-quantitative mineralogical data sets is continuing with the objective of defining mineralogical vectors to high grade iron oxide copper-gold mineralization.

PANTHEON RESOURCES PLC
(Argo principal shareholder)

Pantheon has advised London AIM (31st March 2011) that preparations to drill the Kara Farms #1H ("KF#1H") well are progressing. Negotiations to contract a suitable drilling rig are said to be in progress while the Operator has invoiced the Company for funds to complete site works for KF#1H and for the cost of the drilling pipe. Pantheon notes that site works should commence shortly as requisite heavy equipment becomes available.

Pantheon's Board continues to express undiminished confidence for the forthcoming KF#1H well and, more generally, the Tyler County project.

CORPORATE

Cash reserves at the end of the March 2011 Quarter stood at $1,234,4359 with no secured debt. The value of the Pantheon Resources Plc investment stood at $2,616,822 at an exchange rate of 0.6420.

The Board continues to examine quality commercial opportunities to expand its exploration/development portfolio.

CORPORATE DIRECTORY

Board of Directors

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

Quarterly Share Price Activity

	High	Low	Last
Mar 2010	$0.115	$0.040	$0.065
Jun 2010	$0.050	$0.034	$0.034
Sept 2010	$0.080	$0.034	$0.065
Dec 2010	$0.135	$0.064	$0.125
Mar 2011	$0.150	$0.080	$0.100

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Please direct shareholding enquiries to the share registry.