

QUARTERLY REPORT SEPTEMBER 2016

Argo Exploration Limited
ACN: 120 917 535
Level 4, 100 Albert Road
South Melbourne, Victoria 3205
Australia

Phone: (61 3) 9692 7222
Fax: (61 3) 9077 9233

www.argoexploration.com.au

Email
argoexploration@iinet.net.au

KEY POINTS

Investment in Pantheon Resources Plc (“Pantheon”)

- The board of Pantheon was pleased to announce the acquisition of an additional 8% working interest in the “West West Double A” and “West Double A” prospects located in Polk County, East Texas. Upon completion of the acquisition, Pantheon’s working interest in these two prospects, including the VOBM#1 discovery well, will increase from 50% to 58%.
- Drilling operations at the VOBM#2 concluded reaching a measured depth of 16,450 feet in the targeted conventional Eagle Ford sandstone. Although flow testing was not possible, the well has encountered significant hydrocarbons in the objective horizon with natural gas being flared for several days, confirming the presence of a productive reservoir consistent with pre drill expectations VOBM#2H.
- The planned fracture stimulation treatment (“frac”) on VOS#1 was completed. The results of an eight-day flow test are being analyzed. The frac was designed to penetrate a 25-foot section of the Eagle Ford sandstone formation and 20 feet of the shallower Austin Chalk. The well flowed through a 14/64th inch choke at a sustained rate of c.920 barrels of oil equivalent per day, comprising 5,500 mcf per day natural gas with measurable amounts of condensate.
- The rig which drilled VOBM#2 moved and spudded the VOBM#3 development well. This well will be drilled vertically at an estimated total gross cost of U\$3.75m. Once VOBM#3 has been completed, the rig will move to complete the Tyler County centre basin test and then return to re-enter and complete VOBM#2 vertically. With the build out of pipeline and gas processing facilities taking place while the rig is in Tyler County, production from the Polk County development will then begin.
- Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon.

SUMMARY OF ACTIVITY

The Board of Argo continues to review a number of new projects to augment its investment in Pantheon, but has yet to find a project that has the potential similar to the upcoming drilling program of Pantheon.

As at the end of the September 2016 quarter Argo did not hold any interest in exploration licences.

More details on Pantheon can be found on the Pantheon website www.pantheonresources.com

CORPORATE

Cash reserves at the end of the September 2016 Quarter stood at \$301,000 with no secured debt while the value of the Pantheon Resources Plc investment as at end September 2016 was ~\$12.1m.

The Board continues to review and evaluate potential corporate opportunities in the natural resource sector and is of the view that present market conditions will provide increased opportunities going forward at more sensible valuations than seen in recent years. This has become increasingly evident in the junior resource sector, where many companies are trading well below tenement valuations.

CORPORATE DIRECTORY

Board of Directors

Christopher Martin
Justin Hondris
Andrew Van Der Zwan

Joint Company Secretaries

Melanie Leydin
Justin Mouchacca

Issued Share Capital

Argo Exploration Ltd has 182,970,000 ordinary shares currently on issue.

Registered Office

Argo Exploration Limited
Level 4, 100 Albert Road
South Melbourne Victoria 3205
Australia

Phone (61 3) 9692 7222
Fax (61 3) 9077 9233
www.argoexploration.com.au

Share Registry

Advanced Share Registry Ltd
150 Sterling Highway
Nedlands Western Australia 6009
Australia

Phone (61 8) 9389 8033
Fax (61 8) 9389 7871
www.advancedshare.com.au

Please direct shareholding enquiries to the share registry