

QUARTERLY REPORT DECEMBER 2016

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KEY POINTS

Investment in Pantheon Resources Plc (“Pantheon”)

- Pantheon confirmed that the operator drilled the VOBM#3 well, Polk County, onshore East Texas, to total depth of c.14,500 feet and pursued a vertical completion. Data from electronic logs indicated the presence of hydrocarbons in a potentially significant reservoir in the primary target, the Eagle Ford/Woodbine sandstone. Flow testing operations and Data received to date is not yet conclusive and is indicative of a well continuing to clean up. On a 10/64ths choke, the flowing tubing pressure (“FTP”) ranged from 4,000 to 5,900 psi. Natural gas flow rates ranged from 1,500 to 3,000 mcfpd and the oil (51 degree API) flow rate ranged from 24 to 240 bopd, equivalent to 274 to 740 boepd.
- Pantheon was pleased to announce that the Nabors F12 rig spudded the VOBM#4 well, onshore Tyler County. The VOBM#4 well is a large step out exploration/appraisal well from the VOS#1 discovery well and will be drilled vertically to a depth of circa 15,500 feet, targeting the Eagle Ford/Woodbine sandstone formation. The VOBM#4 well encountered two separate, potentially significant, hydrocarbon-bearing zones before it reached its primary (Eagle Ford sandstone) and secondary (Austin Chalk) targets. For both commercial and operational reasons, it was decided to test the shallower of these two formations before any further drilling to deeper depths is completed. A lower cost workover rig is being brought in to carry out this testing. The shallower of the two zones, the Wilcox sandstone, has been a prolific producing formation elsewhere in Texas and was encountered in VOBM#4 at c.11,700 ft depth over an interval exceeding 35ft, which compares extremely favorably to Wilcox analog producing wells. Additionally, a second formation which is both separate and independent from the Wilcox was encountered at below 14,000 ft depth, requiring intermediate casing to be set. This zone, in the highly fractured Navarro carbonate formation, also exhibited significant gas shows over a gross interval exceeding 100 ft during drilling.
- The Nabors F-12 rig was then mobilized to the VOBM#2H well which, has been re-entered and drilled as a vertical completion, targeting the Eagle Ford sandstone formation at a total measured depth of c 17,500 ft. Following detailed analysis of the recently completed VOBM#3 well, the target location was revised to take account of refined seismic interpretation and seeks to extend upon the material discovery made at VOBM#1 and feed into the combined planned production system for all the company’s Polk County discoveries
- Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon.

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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 December 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 December 2016 Quarter stood at \$280,000 with no secured debt while the value of the Pantheon Resources Plc investment as at end December 2016 was ~\$9.5m.

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

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Share Registry

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Please direct shareholding enquiries to the share registry