

QUARTERLY REPORT MARCH 2018

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

Investment in Pantheon Resources Plc ("Pantheon")

VOBM#5 – Frac operations

Pantheon was pleased to announce that the Unit Petroleum Rig #319 rig had spudded the VOBM#5 well, onshore Polk County, in which Pantheon has a 75% working interest. The VOBM#5 well is a step out development well from VOBM#1.

The well reached total depth at 14,190 feet, having successfully encountered over 60 feet of net pay in the targeted Eagle Ford sandstone formation on prognosis, and having encountered hydrocarbons while drilling. Logs were run and confirmed the presence of a potentially significant hydrocarbon bearing horizon in the Eagle Ford sandstone. Production casing was set and a frac crew was contracted.

Fracking operations commenced on 27 March 2018. The frac was executed on plan and on schedule with all frac fluid and proppant displaced as anticipated. Gas production commenced in the following days along with frac fluid and later formation water. The well was shut in for a short period to observe shut in pressure build up and then tested again. Following the recommencement of testing and after recovery of the majority of the frac fluid, the well tested at an average of 1150 mcfpd along with 170 bwpd and no oil, on a 10/64ths choke and 5900 psi flowing tubing pressure. During testing the well began freezing up and production flow was interrupted repeatedly. A decision was made to shut the well in until heaters become available, testing will resume once these have been fitted.

Based upon the extremely good log responses for VOBM#5 which showed 60-feet of net pay in the targeted Eagle Ford sandstone, and which appeared superior to the logs of the VOBM#1 well and of comparable Double A Wells field wells, Pantheon expected to see very good flow rates. Therefore, the produced volumes of water and the fact that no oil has been produced is unexpected. It is believed that the frac most likely went down a fracture plane into a deeper water source which was not seen on the logs and the water produced is impeding hydrocarbon production. Additional analysis is being undertaken in conjunction with third party experts to better understand the behaviour of VOBM#5 and to determine the appropriate course of action for this well and the West AA acreage in Polk County.

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VOBM#1- Remediation works

The Company and operator have confirmed a remediation plan for the collapsed casing within the VOBM#1 well; to conduct a sidetrack operation or possibly a redrill. It is anticipated that remediation works will take c.45 days from their start, and it is our expectation that this should significantly increase production from this well. That operation will begin after analysis of VOBM#5 has been completed.

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 on a risk/reward basis that compares favorably to the upcoming drilling program of Pantheon.

As at the end of the March 2018 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 March 2018 quarter stood at \$69,000 with no secured debt while the value of the Pantheon Resources Plc investment as at end March 2018 was ~\$6 million.

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.

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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