

QUARTERLY REPORT June 2019

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@inet.net.au

Investment in Pantheon Resources Plc (“Pantheon”)

Pantheon is a AIM-quoted oil and gas exploration company with working interests in several conventional project areas in Tyler and Polk Counties, onshore East Texas, as well as onshore North Slope of Alaska, advises the following:

Alkaid project: P50 Technically Recoverable Resource upgrade

- As previously announced, the Alkaid well was confirmed as an oil discovery in the primary target, the Brookian ("zone of interest" or "ZOI") at c.8,100ft depth, flowing 80-100 bopd of high quality, light oil from a 6 foot perforated interval (within a 240 foot interval of net pay) during testing. This result is considered of great importance because the Brookian ZOI is the same formation that is at the heart of the major Alaskan discoveries over recent times. Pantheon has a large family of other Brookian prospects on its acreage. Notably, the result has confirmed the efficacy of Pantheon's 'High Tech Geophysics' analysis in modelling the Brookian, important because the application of High Tech Geophysics has been central to those recent major Brookian discoveries in Alaska.
- Alkaid was drilled as a vertical test well with the objective of verifying the presence of the oil reservoir and gathering data and was not drilled to maximise production from this wellbore. The well is on the edge of the reservoir and seismic clearly shows improved reservoir characteristics moving towards the heart of the reservoir. Future development wells will be drilled horizontally and fracked as is typical for the region, which should result in vastly improved flow rates than that of the test well.
- Since testing the well, analysis by the Company has been ongoing. Petrophysical analysis has now been completed and Pantheon provided conclusions from this analysis in the announcement released by Pantheon on 6 June 2019.

QUARTERLY REPORT June 2019

East Texas Update

- The main focus of the Company in 2019 has been on Alaska, principally because of the requirement to achieve our objectives during the 2018/19 winter drilling season. Exploration efforts in Alaska are typically confined to the winter months when the ice protects the natural tundra. East Texas remains a core asset of the Company with potential for the Eagle Ford sandstone, Austin Chalk, Wilcox and Navarro formations, all of which have encountered hydrocarbons on our acreage. East Texas has abundant nearby infrastructure and successful wells can be brought on stream and generate cashflow rapidly.
- The Great Bear acquisition delivered Pantheon a world class technical and operational team with a deep history in US oil and gas. The new team has commenced a full and comprehensive review of East Texas. We have reengaged with the Bureau of Economic Geology at the University of Texas, in Austin (the "BEG"), who participated in Vision's 3+ year geological study a number of years ago. This review will include our prospects, regional analogs and operational experiences to date. No shortcuts are being taken and a decision on the next East Texas drilling operation will be made only when that study is completed, to minimize the chances of failure and to ensure the team has a full understanding of the geology.
- Under Vision's operatorship, 6 wells were drilled, all of which encountered potentially significant hydrocarbons. Each however, suffered a variety of different operational issues which hampered the success of those wells and masked the underlying potential of those locations. Since obtaining control of Vision earlier this year we have parted ways Vision's operational team, and future operations will be led by our new highly experienced operational team whose performance under challenging conditions at Alkaid was exceptional. As previously announced, because of the varied well bore issues, current wells will continue to have variable production rates with regular interventions to address blockages and other issues and will never be great producers. We are hopeful to improve production through a number of small workovers.
- Recent leasing in East Texas has been 100% by Pantheon. The acquisition of 2/3 of the shareholding of the Vision entities in January this year gave us management and operational control. Having paid 100% of all Vision costs for the past year, unless Vision can repay those costs and pay their pro rata share of future drilling and operating costs, Pantheon will default to an effective 100% working interest in the East Texas prospects.

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 June 2019 quarter Argo did not hold any interest in exploration licences.

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

QUARTERLY REPORT June 2019

CORPORATE

Cash reserves at the end of the June 2019 quarter stood at approximately \$21,000 with no secured debt while the value of the Pantheon Resources Plc investment as at the end of June 2019 amounted to approximately \$2.6 million.

In May 2019, the Company sold 100,000 shares in its listed investment Pantheon Resources Plc to fund general working capital. The consideration for the sale was \$36,470. The Directors considered that the sale of shares in Pantheon was the most cost-efficient, non-dilutive and expedient method available to it at the time.

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.

QUARTERLY REPORT June 2019

CORPORATE DIRECTORY

Board of Directors

Christopher Martin
Justin Hondris
Andrew Van Der Zwan

Company Secretary

Melanie Leydin

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