

4 July 2012

ASX ANNOUNCEMENT

## Divisoria Option Extends Argentina Mining's Cerro Blanco Project

### *Flagship Cerro Blanco Project Area of Influence increased by 159%*

#### HIGHLIGHTS

- Strategic and geologically prospective ground holding
- Expands Cerro Blanco Project area by almost 21,000Ha or 159%
- Geochemistry and alteration imagery highlights exploration targets.
- 5 year Option to Purchase 100%,
- Alteration zones at Despoblados and La Fortuna trend into optioned ground

#### OVERVIEW

Argentina Mining Limited (ASX: AVK) (Argentina Mining or the Company), is pleased to announce the signing of an Option to Purchase a 100% interest in highly prospective and strategically-significant exploration tenure contiguous with the Company's Cerro Blanco Project area in San Juan Province, Argentina.

Cerro Blanco is one of five gold and base metal exploration projects being explored by the Company. A large porphyry copper-gold-molybdenum mineralised system is being drilled at Copper Hill, the most advanced prospect at Cerro Blanco and within the Company's current portfolio.

Exploration is also being undertaken at the Amiches, San Francisco and Tres Amigos projects for various significant vein-style gold-copper and porphyry copper or copper-gold targets, and on the Regional Exploration Project group at East Sancarron, San Crispin and La Ortiga in the Valle del Cura, near Barrick Gold Corporation's major gold operations at Veladero (Reserves 12Moz Au) and Pascua-Lama (Reserves 17.8Moz Au).

#### ACQUISITION

##### Divisoria Project – extending the Cerro Blanco Project area

On 3 July 2012, Argentina Mining's wholly owned Argentine subsidiary, Entropy Resources SA (ERSA), signed a five (5) year **Option to Purchase** with an Argentine national and geologist, relating to the 20,641Ha "Divisoria" Project, a suite of tenements which are mostly contiguous with the southern, eastern and western boundaries of Argentina Mining's 12,955Ha Cerro Blanco Project in San Juan Province, Argentina (Table 1 and Figure 1).

Table 1 - Divisoria Project Tenement Summary

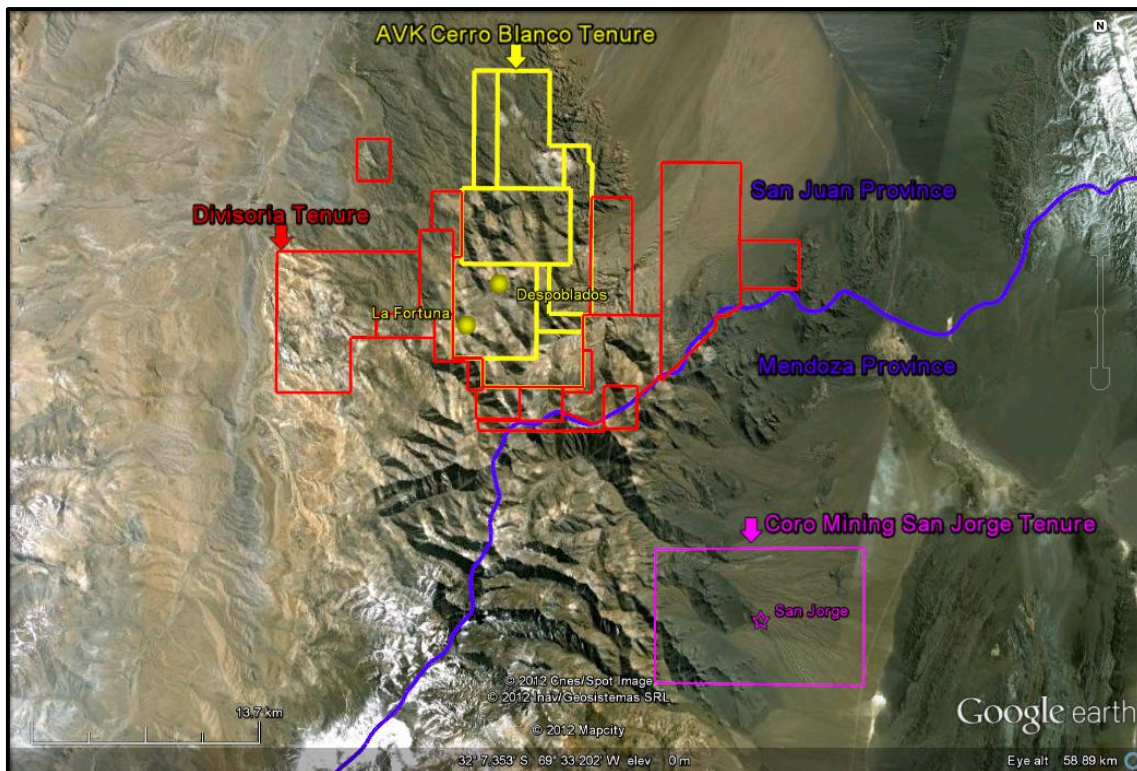
MD 480-G-1997	Cateo 371-G-2011
MD 359-A-2004	Cateo 356-G-2011
MD 416-A-2004	Cateo 221-G-2011
MD 5453-2011 (within Cateo 1202-G-2005)*	Cateo 213-G-2011
Cateo 1202-G-2005*	Cateo 0002-G-2012
Cateo 648-G-2010	Cateo 0087-G-2012
Cateo 410-G-2008	Cateo 0088-G-2012
Cateo 167-G-2010	-

Notes:

1. MD = Manifestacion de Descubrimiento (Manifestation of Discovery)
2. All tenements in Department of Calingasta, in good standing.

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**Figure 1 – Google Earth image - AVK’s Cerro Blanco and Optioned Divisoria Projects, Coro Mining’s San Jorge Project (referred to in text) & the San Juan-Mendoza border**

### Agreement Details

The Agreement gives ERSA the exclusive Right to Explore, with an Option to Purchase a 100% interest in the tenements for a period of five (5) years, until 30 June 2017. Option and Purchase payments are as follows:

### Option Payments

**Table 2 – Option Period - Payment Schedule**

DATE	NOTE	AMOUNT \$US
On signing of Contract	1/7/12	10,000
After 6 months	By 31/12/12	25,000
After 12 months	By 30/6/13	25,000
After 18 months	By 31/12/12	25,000
After 24 months	By 30/6/14	25,000
After 30 months	By 31/12/14	35,000
After 36 months	By 30/6/15	35,000
After 42 months	By 31/12.15	35,000
After 48 months	By 30/6/16	35,000
After 54 months	By 31/12/16	35,000
After 60 months	By 30/6/17	35,000
	<b>TOTAL</b>	<b>320,000</b>

### Purchase Price on Exercise of Option

ERSA has the right to exercise the Option to Purchase the Mining Rights within the area at any time during the term of the Agreement for **US\$1,100,000**, less any outstanding option payments. (eg. if ERSA decides to exercise the Option on month 30 it will pay \$990,000).

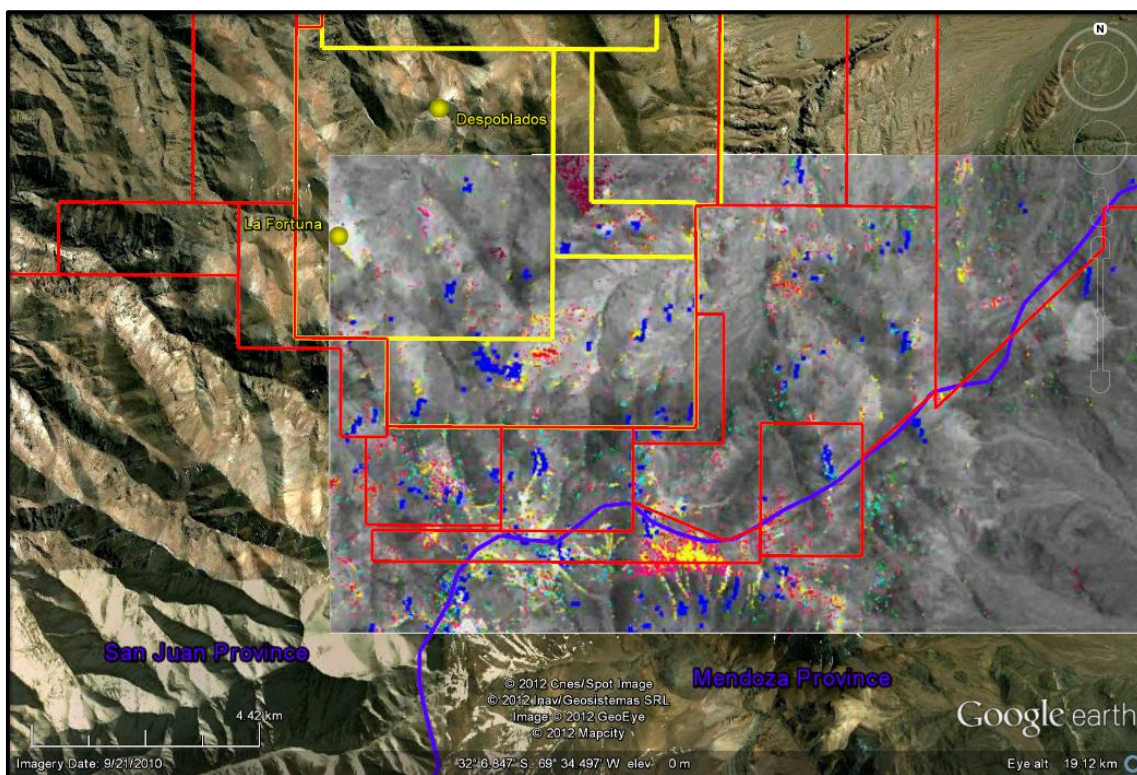
## Previous Exploration

Previous reconnaissance exploration undertaken within the Divisoria tenement area includes:

- Geochemical sampling on Cateos 1202-G-2005, 213-G-2011 and 356-G-2011 which yielded elevated responses in gold, silver, arsenic and lead.
- Interpretation of ASTER imagery for alteration signatures which yielded a number of alteration anomalies (Figure 2).
- Field reconnaissance which identified zones of hydrothermal alteration which may be related to mineralisation (e.g. Figure 3).

The relatively limited amount of reconnaissance mineral exploration undertaken within the Divisoria tenure which lies mostly north of the San Juan-Mendoza provincial border, contrasts with the more extensive exploration undertaken immediately south of the border, in the same Cordillera del Tigre mountain range, which was stimulated by the discovery of the San Jorge porphyry copper-gold deposit presently held by TSX listed Coro Mining Corporation (Measured & Indicated Resources 190Mt @ 0.48% Cu and 0.21g/t Au at a 0.3% Cu cut-off grade; Reserves 48.4Mt @ 0.61% Cu at 0.3% Cu cut-off for Oxide and 0.2% Cu cut-off for Enriched Ore).

Argentina Mining's regional geological interpretation indicates that its Despoblados and La Fortuna Prospects may lie within a major volcanic centre. They are associated with large zones of hydrothermal alteration which extend south into the Divisoria area and at least as far south as the provincial border, as appears to be confirmed by alteration anomalism (Figure 2).



**Figure 2 – Google Earth image/plan with overlay showing important alteration anomalies within the Divisoria (orange boundary) and part of the Cerro Blanco (yellow boundary) tenements.**

**Notes:** 1 - Image dimensions: E-W 22 km., N-S 10 km; 2 – Alteration signatures - Yellow – advanced argillic alteration; purple - argillic alteration; blue – silicification; burgundy - possible potassic alteration



Figure 3 – Hydrothermally-altered dacitic and andesitic intrusives in Cateo Mina 648-G-10

### Strategy and Proposed Exploration

Argentina Mining's Copper Hill porphyry Cu-Au-Mo Prospect is emerging as a regionally significant mineral deposit.

It is situated within a 200 kilometre long, north-west trending, regional structural corridor which hosts the major operating *Los Pelambres* Porphyry Cu-Au-Mo mine (Antofagasta Plc) and proposed mining operations at *El Pachon* (Xstrata), *Los Azules* (McEwan Mining Limited), *Altar* (Stillwater Mining Company), *San Jorge* (Coro Mining Corp) and several other significant mineral deposits and prospects, such as AVK's *Despoblados*, *La Fortuna* and *El Tigre* Prospects, 10km south of Copper Hill.

The Divisoria Option is a part of the Company's strategy of building regionally-strategic ground positions within prospective regional structural corridors.

The Company plans to extend its current *Despoblados* and *La Fortuna* regional stream sediment and rock-chip sampling and reconnaissance-scale geological mapping program southwards into the Divisoria ground.



Figure 4 –Regional Project Location & Major Structural Context of Cerro Blanco & Divisoria

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**About Argentina Mining Limited**

Argentina Mining Limited listed on ASX on 9 March 2011. The Company is exploring a suite of gold and base metal projects in San Juan Province, Argentina. These projects range from the established porphyry copper-gold-molybdenum project at Cerro Blanco, epithermal vein gold and copper mineralisation at Amiches, San Francisco and Tres Amigos and regional exploration projects near Barrick Gold Corporation’s major Veladero (Reserves 12Moz Au) and Pascua-Lama (Reserves 17.8Moz) gold operations. The Company’s Phase 1 and 2 exploration drilling programs in 2011 at the Copper Hill Prospect at Cerro Blanco intersected broad zones of porphyry copper-gold-molybdenum mineralisation in five diamond drill holes, confirming the presence of a large mineralised porphyry sulphide and oxide system. The Company is planning follow-up drilling in late 2012.

**Competent Person Statement**

The information in this report relating to Exploration Results is based on information compiled by Mr Doug Bright, a Member of the Australasian Institute of Mining and Metallurgy and a Director of and geological consultant to Argentina Mining Limited. Mr Bright has sufficient experience relevant to the style of mineralisation and type of deposits 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’. Mr Bright consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.