

17 October 2013

ASX ANNOUNCEMENT

ARGENTINA MINING LTD TO MERGE WITH SIMBA MINERALS LTD

Proposed merger expands portfolio into Tanzania near major producers, bringing two new projects with high grade gold in drill intercepts & five immediate drill targets

HIGHLIGHTS

- Argentina Mining to merge with Simba Minerals by acquiring all issued Simba shares
- Corporate synergies combine advanced gold projects & experienced management
- Simba holds 99.95% interest in Geita & Singida gold projects in Tanzania
- Geita Project 20km along strike from African Barrick's 17Moz Bulyanhulu Project
- High grade gold intersected in drilling at Mabale Hills in the Geita Project
- Singida Project ~60km along strike from 0.9Moz Shanta Gold's Londoni Project
- Extensive soil gold anomalism up to 2,340ppb Au in four prospects at Singida
- Merged AVK to aim for 250,000oz JORC-compliant Tanzanian gold resource in 12 months

Argentina Mining Limited (ASX: **AVK** or the **Company**) is pleased to announce that it has signed a binding Heads of Agreement (**HoA**) with Simba Minerals Ltd (**Simba**), to acquire all of the issued shares in Simba (**Merger**).

The proposed Merger of Simba with AVK will bring to the market a reinvigorated single corporate entity with exploration assets in some of the most prospective terrains of East Africa and the Argentine Andean Cordillera.

Simba brings two gold projects in the highly-prospective Nyanzian Craton in Tanzania, a stable mining jurisdiction in East Africa, while AVK will retain its existing option agreements relating to the copper-gold porphyry and two epithermal gold-silver projects in the prospective and mining-supportive province of San Juan in Argentina.

Importantly, the Merger will combine experienced and country-specific management from both parties and open up an exciting pipeline of new gold projects currently being developed in Tanzania.

Subject to AVK shareholder approval, two of the current Simba directors, Mr John Stockley and Mr Allen Lafferty, will come onto the Board of AVK. Mr Stockley is an experienced geologist with a track record of gold discoveries in Africa, while Mr Lafferty is an experienced commercial accountant with successful business interests in Western Australia.

With their experienced low-cost Tanzanian exploration management team and excellent local connections, Simba has undertaken extensive and detailed exploration within their projects, successfully defining a number of gold targets which warrant immediate further drilling. Simba is also currently finalizing the acquisition of a 99.95% interest in a gold deposit at Mabale Hills where high grade gold results have been obtained in drilling.

The proposed Merger will increase the shareholder base, expand market appeal, spread sovereign risk, expose the merged company to greater development potential within its existing portfolio and provide further opportunities for portfolio expansion, especially in East Africa.

Simba Minerals Ltd

Simba is an Australian unlisted public company, incorporated in 2011, which holds a 99.95% interest in two large areas (through its 99.95% owned subsidiary Kudu Resources (TZ) Ltd) referred to as the **Geita** and **Singida Projects**, in the Nyanzian Craton in Tanzania, East Africa.

Kudu Resources (TZ) Ltd. is headed up by an experienced African geologist, Mr Willy Lazarus Mwaigwisya, and now holds 100% rights to 22 Prospecting Licences and Applications in central and north-western Tanzania. Mr Mwaigwisya and Mr Stockley (Managing Director of Simba) were directly responsible for the discovery of two significant gold deposits in Tanzania: the Londoni gold deposit near Singida and the New Luika gold deposit (now in production) at Saza in the Lupa Goldfield (both owned by Shanta Gold plc). Mr Mwaigwisya is an Honours graduate in geology from the University of Dar es Salaam and has an extensive network of contacts throughout East and Central Africa.

The Nyanzian Craton is approximately 350,000km² in area and includes extensive areas of Archaean 'Yilgarn-style' greenstones, similar to those in Western Australia, which are highly prospective for gold; the greenstones are host to a globally-recognized major gold camp, with an estimated 70Moz potential, from which total 2011 gold production alone has been approximately 40 tonnes. Tanzania has been Africa's 4th largest gold producer in recent years, and is the 15th largest producer globally (World Gold Council 2013).

Simba's **Geita Project** consists of ten 99.95%-owned Prospecting Licences, covering 154km² in largely Archaean BIF-greenstone terrain in NW Tanzania, at the southern end of Lake Victoria and only 20km along strike from African Barrick's massive 17Moz Bulyanhulu Gold Project. Other nearby significant gold projects include Geita (12Moz), Buzwagi (4.4Moz), Tulawaka (0.7Moz), Golden Pride (0.7Moz) and Golden Ridge (0.68Moz) (refer Figure 1). Total gold endowment of the Lake Victoria Goldfield is excess of 70Moz.

Within the Geita Project, over 10,000m of drilling at the Mabale Hills Prospect by Currie Rose Resources Inc. between 2004-2012 identified a number of significant high grade gold intercepts in an oxidized BIF-felsic porphyry host. This mineralization is open at depth and along strike and warrants immediate further drilling, while numerous other gold geochemical targets (e.g. Mimbili) at Geita also require drilling.

Significant drill intercepts from Mabale Hills drilling include (refer Figures 2a & 2b):

DH MBNR001 **34m @ 3.6g/t Au**
DH MBNR007 **12m @ 9.1g/t Au**
DH MBNR015 **63m @ 2.6g/t Au**
DH MBND001 **31m @ 6.0g/t Au**

Simba's **Singida Project** consists of twelve 99.95%-owned Prospecting Licences enclosing 410km² of Archaean greenstones in Central North Tanzania, 60km north of Shanta Gold's 0.9Moz Londoni gold

resource, which is not yet in production. Regional soil geochemistry at four of the Singida prospects has defined the following gold anomalism in lateritized greenstones:

- Babadede anomaly +40ppb (up to 2,340ppb) over 500m (pannable fine gold in soils)
- Wandela anomaly +12ppb (up to 1100ppb) over 4000m strike
- Ndughweye anomaly +30ppb over 600 by 400m
- Mze Ede anomaly +12ppb over 300 by 200m

Merger Details

Under the proposed Merger, Simba shareholders will receive two (2) fully paid ordinary shares in the capital of AVK (**AVK Shares**) for each one (1) fully paid ordinary share held in the capital of Simba (**Simba Shares**). This will result in AVK issuing a total of 77,420,190 AVK Shares to Simba shareholders in consideration for 38,710,095 Simba Shares. The issue of the AVK Shares to Simba shareholders represent an increase of 98.4% of the Company's current issued share capital.

Options to acquire Simba Shares exercisable at 25 cents, held by the majority Simba shareholders (10,500,000 options in aggregate), will be cancelled for nil consideration.

AVK intends to raise an initial \$125,000 via an equity placement (**Placement**) subject to shareholders approving the issue of shares under the Placement. In the interim, and as a condition to the transaction, the key shareholders of Simba are to procure third party investors to provide the funds as a loan which will be convertible into AVK Shares in the Placement. This will provide the merged entity with approximately \$525,000 in cash post the Placement.

The Company plans to undertake a number of staged capital raisings to fund the following exploration, with the object of discovering and/or developing a JORC-compliant resource of a minimum of 250,000oz gold in Tanzania by end December 2014 and advancing at least one of the Argentine projects.

- Acquire regional aeromagnetics over the Singida Project and firm up drill targets
- Further drilling of the Mabale Hills mineralized zone in the Geita Project
- Drilling at the Mimbili gold target, 20km SW of Mabale Hills
- Develop new regional targets at Singida and Geita
- Fund options at the San Francisco Project in Argentina and drill high value gold targets at Las Leñas

The Merger is subject to a number of conditions precedent, including:

- completion of due diligence by AVK and Simba within one month after the date of execution of the HoA;
- Independence Group Limited (**Independence Group**) agreeing to the amendment of a Subscription and Alliance Agreement dated 24 January 2011 (as amended) or waiver of that agreement, such that the agreement does not apply to Simba, Kudu, the Licences and Africa generally, including the provision of consideration to AVK to Independence Group, in a form satisfactory to both AVK and the majority Simba shareholders;

- each minority Simba shareholders accepting the AVK offer to acquire their Simba Shares pursuant to the proposed Merger, within 21 days of the offers being made;
- AVK raising a minimum of \$125,000 by way of a Placement no later than 31 days following receipt of shareholder approval to do so (to the extent shareholder approval for this issue is required);
- the key Simba shareholders procuring, within 31 days of the date of the HoA, third party investors to provide interim bridge finance of \$125,000 where such finance will be convertible into shares in the Placement; and
- receipt of all ASIC, ASX and shareholder approvals (including under Listing Rule 11.1.2) in respect of the proposed Merger and related transactions, and the ASX confirming that it will not require re-compliance with Chapters 1 and 2 of the ASX Listing Rules as a result of the proposed Merger and related transactions.

If the conditions are not satisfied or waived by 31 December 2013 (or such other date as agreed by the parties), the HoA will terminate.

AVK may also terminate the HoA prior to Completion if any warranty given by the majority Simba shareholders is untrue, inaccurate or incomplete in a material respect, such that this would have a material adverse effect on Simba, Kudu, the Licences or the proposed Merger.

Board Appointees

On completion of the proposed Merger (**Completion**), two appointees of Simba, Mr John Stockley and Mr Allen Lafferty will immediately be appointed to the board of directors of AVK.

The proposed Merger has the full support of the board of directors of both AVK and Simba.

Mr Douglas Bright
Chairman
Argentina Mining Limited

Mr John Stockley
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Competent Persons Statement

The information in this report relating to Exploration Results and Inferred Resources 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; and Mr John Stockley, a Fellow of the Australasian Institute of Mining and Metallurgy, and a Director of Simba Minerals Ltd.

Mr Bright and Mr Stockley have sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Bright and Mr Stockley consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

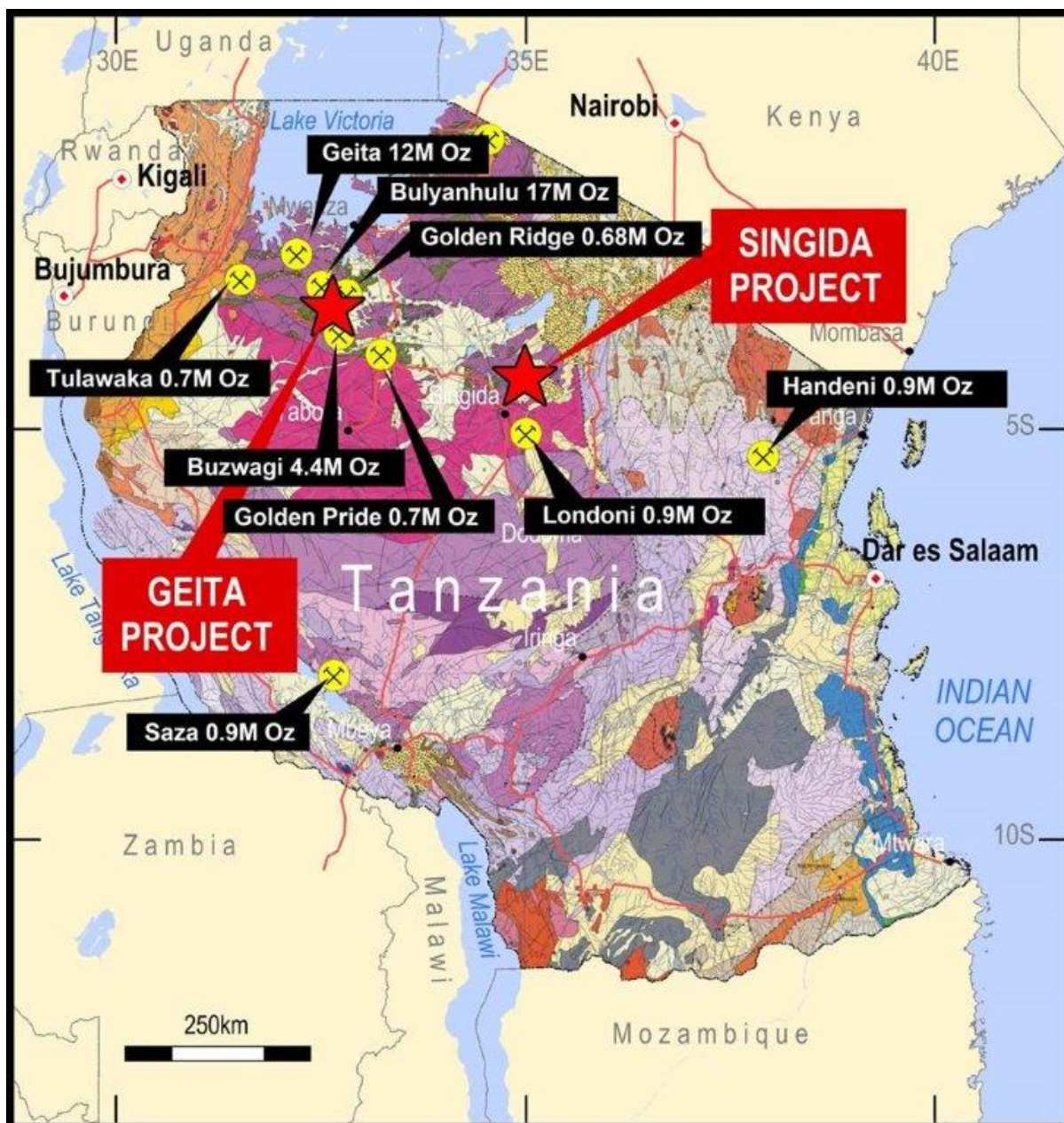
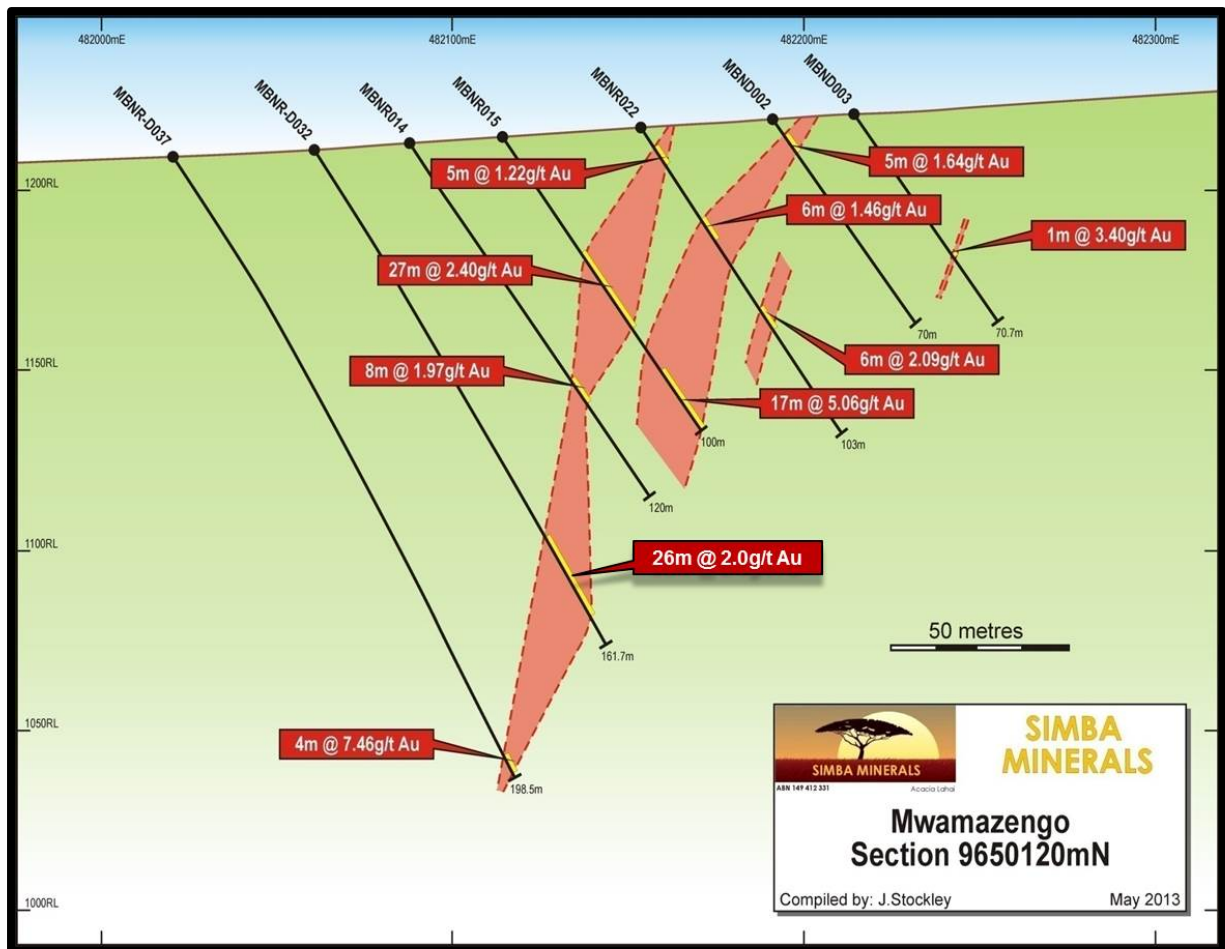
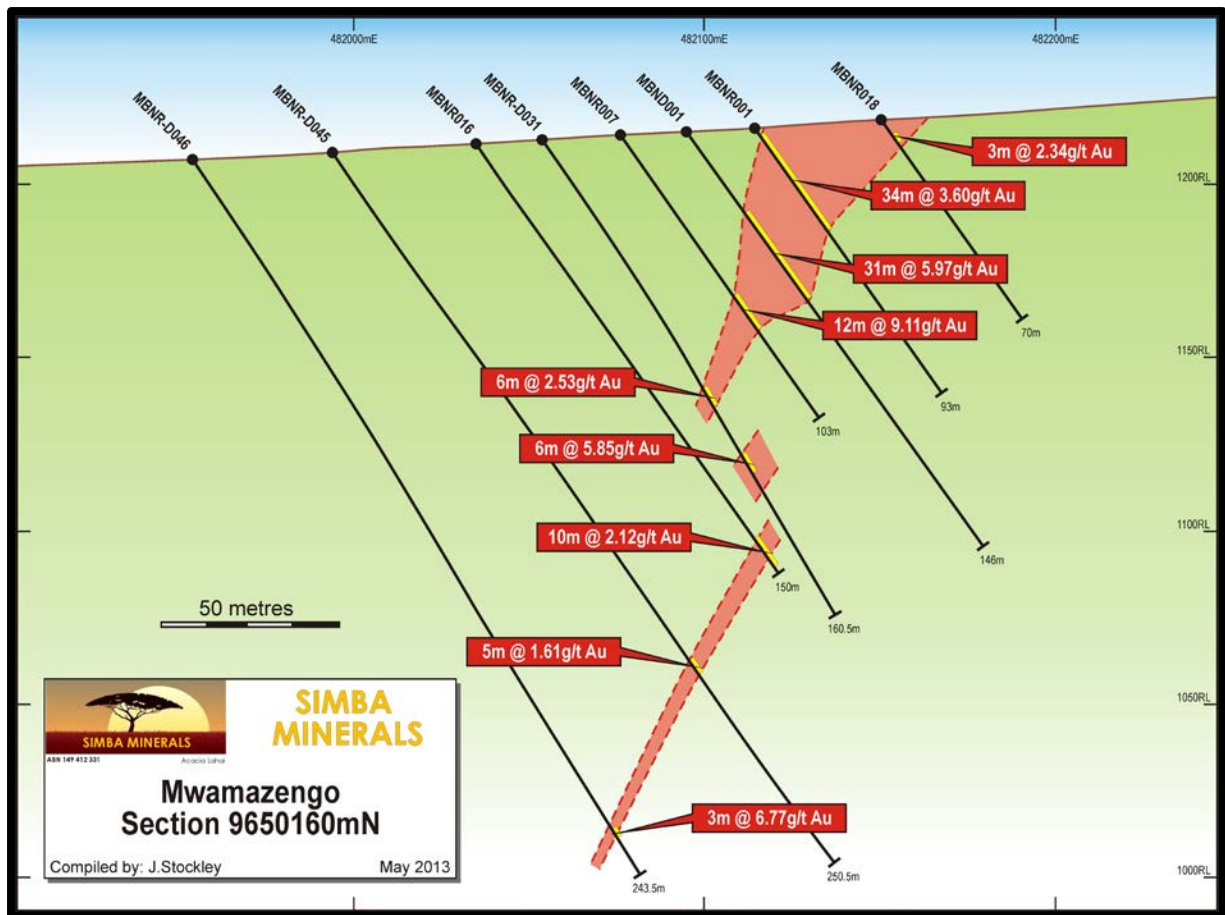


Figure 1: Simba Minerals’ Geita & Singida Project Locations & Major Tanzanian Gold Deposits



**Figure 2a: Mabale Hills Prospect, Geita Project, Section 9650120N
Gold Intercepts in Drilling**



**Figure 2b: Mabale Hills Prospect, Geita Project, Section 9650160N
Gold Intercepts in Drilling**