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ARGENTINA MINING LIMITED

31 October 2013 **ASX ANNOUNCEMENT**

September 2013 Quarter Activity Report

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 signs Heads of Agreement to merge with Simba Minerals**
- **Company synergies bring experienced management & advanced projects in prospective terrain**
- **Simba holds 99.95% interest in Geita & Singida gold projects in Tanzania**
- **Geita Project 20km along strike from African Barrick's 17Moz Bulyanhulu Project**
- **Geita Project drilling yields high-grade gold intersections at Mabale Hills**
- **Singida Project contains extensive soil gold anomalism, up to 2,340ppb Au, in four prospects**
- **Argentina Mining withdraws from Tres Amigos, Regional and Divisoria Option Agreements**

During the September 2013 Quarter the principal activity of Argentina Mining Limited (ASX: **AVK** or the **Company**) was directed exclusively towards evaluating a number of opportunities to reinvigorate the capital base and exploration direction of the Company in the current difficult market.

Following a rigorous evaluation process, the Company was pleased to announce to ASX on 17 October 2013, that it had signed a binding Heads of Agreement (**HoA**) with Simba Minerals Ltd (**Simba**), to acquire all of the issued shares in Simba (**Merger**).

The company is excited about the proposed Merger of Simba with AVK, believing that it 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 to the Company portfolio two 99.95%-owned 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 join 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 already 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 Company's 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.

Further details of the proposed Merger, including a number of Conditions Precedent, are provided in the ASX announcement dated 17 October 2013.

About 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 (Simba's Managing Director) 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 350,000km^2 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 154km^2 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 at the earliest possible opportunity.

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 Au (up to 2,340ppb; visible gold in panning) over 500m (refer Figure 3)
- Wandela anomaly +12ppb Au (up to 1100ppb) over 4000m strike
- Ndughweye anomaly +30ppb Au over 600 by 400m
- Mze Ede anomaly +12ppb Au over 300 by 200m

AVK intends to raise a minimum of $125,000 in November 2013 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 payments and drill high value gold targets at the San Francisco Project in Argentina

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.

EXPLORATION

In order to conserve funds, no exploration activity was undertaken by the Company during the September 2013 Quarter. However, cash payments were incurred in respect of creditors from the previous quarter, finalising existing field work and the payment of services and salaries in relation to the exploration staff.

CORPORATE

Cost reductions

In light of current market conditions and limited funding, the Company reduced staff to a minimum, with only the directors and Argentine country manager working for the Company in Australia and in Argentina on greatly reduced salaries.

Option Terminations and Variations

Terminations

The Company's tenement cost reduction measures have resulted in withdrawal from its Option Agreements relating to the Divisoria, Regional and Tres Amigos Projects, with termination documentation being signed during the September 2013 Quarter.

Variations

An Option Agreement with one vendor relating to 8 tenements comprising part of the Amiches Project was renegotiated during the September 2013 Quarter, with the effect of extending the period of repayment and providing greater flexibility as to the deadline for BFS Completion and associated final payment.

A similar variation was negotiated with the vendors of the Cerro Blanco Project.

With the San Francisco Project, a negotiated variation provides for greater flexibility regarding the deadline for BFS Completion and associated final payment.

All variation documentation was signed during the September 2013 Quarter.

==== END ====

For further information, please contact:

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Competent Person 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.

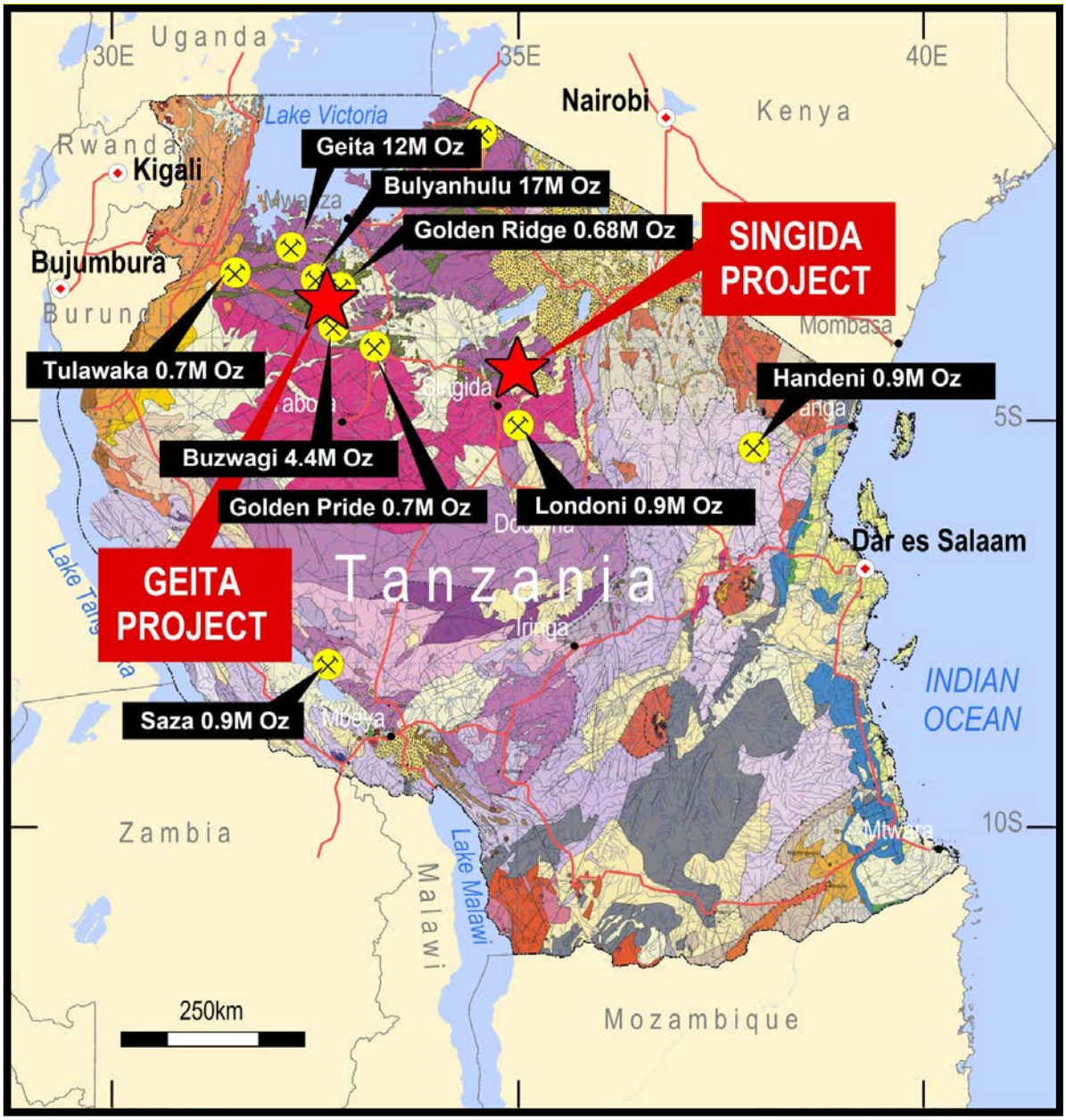

Figure 1: Simba Minerals' Geita & Singida Project Locations & Major Tanzanian Gold Deposits

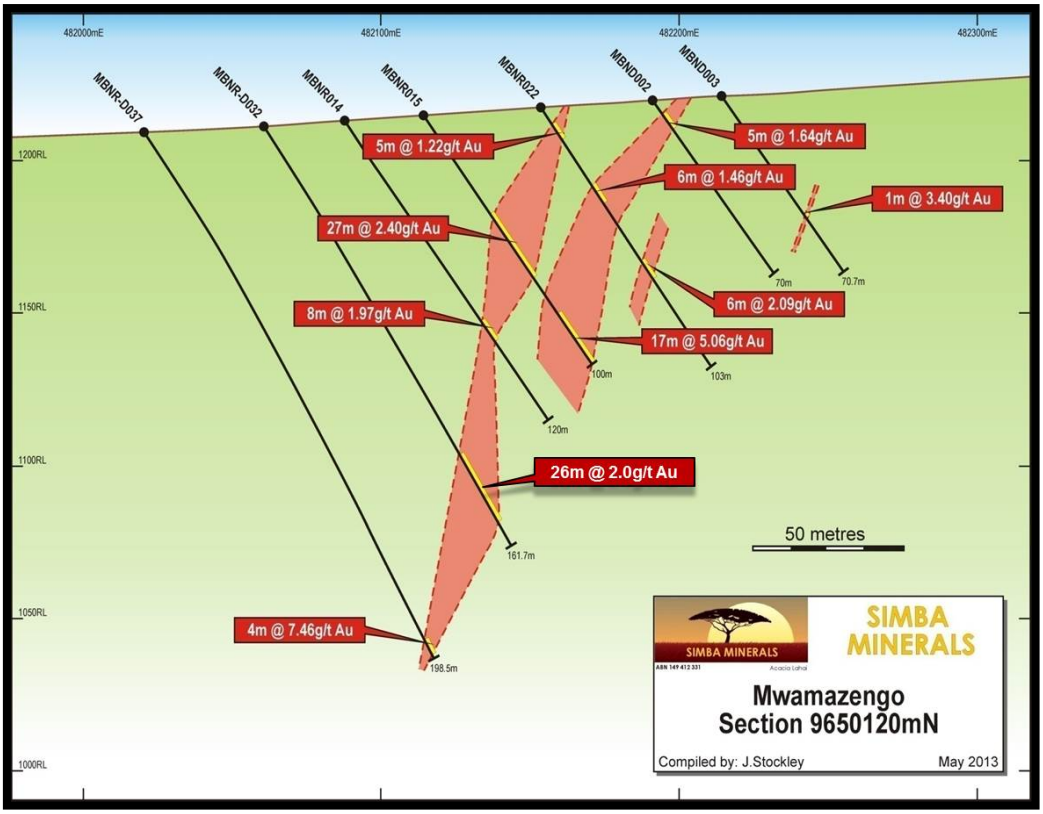

Figure 2a: Mabale Hills Prospect, Geita Project, Section 9650120N
Gold Intercepts in Drilling

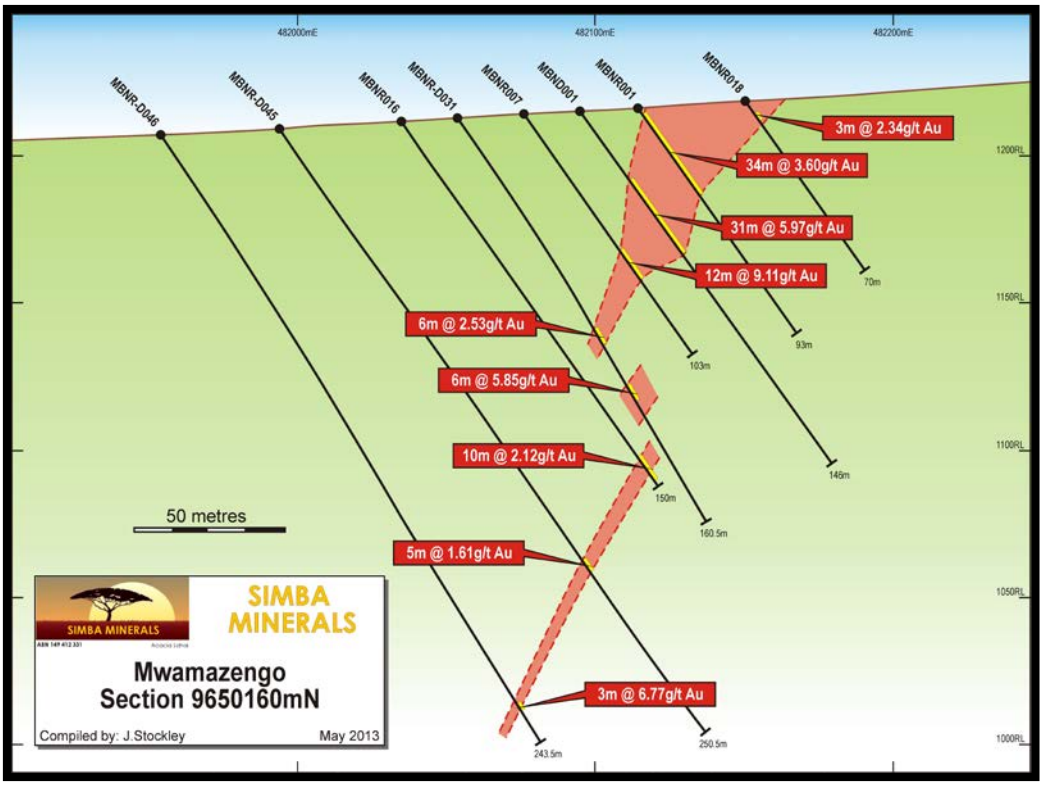

Figure 2b: Mabale Hills Prospect, Geita Project, Section 9650160N

Gold Intercepts in Drilling

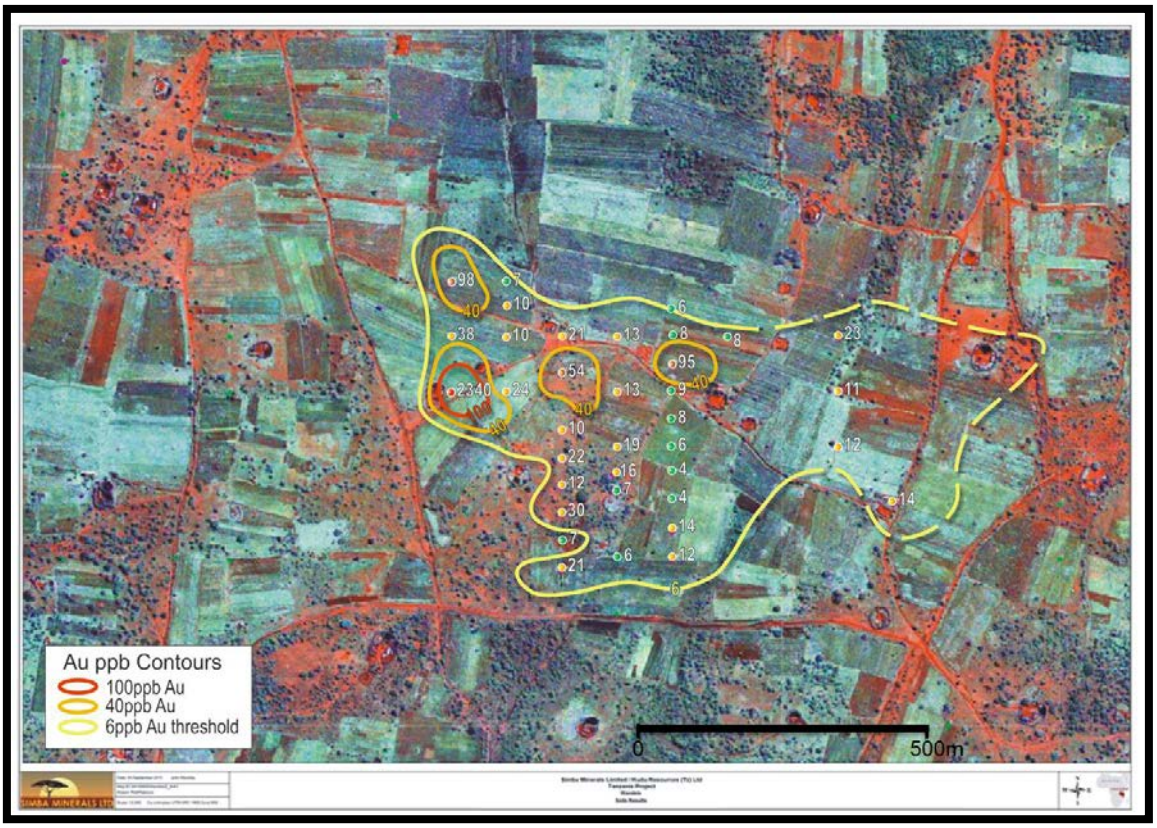

Figure 3: Babadede Soil Gold Anomaly, Singida Project (incl. single point 2,340ppb Au)