

9 November 2012

ASX ANNOUNCEMENT

Argonaut signs Alford Farm-in JV with Sandfire

HIGHLIGHTS

- Argonaut has entered into a farm-in joint venture with Sandfire Resources NL over Exploration Licence 3969, Alford, in South Australia.
- First earn-in period: Sandfire to earn a 49% interest by spending \$4m on exploration within three years and meet specific drilling requirements
- Second earn-in period: Sandfire has the right to jointly explore the tenement or earn an additional 26% interest by spending a further \$4m on exploration within an additional 3 years.
- Total potential earn-in expenditure of \$8m for a 75% interest

Argonaut Resources NL (ASX: ARE) is pleased to announce that it has signed a farm-in joint venture letter agreement with **Sandfire Resources Ltd (ASX: SFR)** in relation to the company's 100% owned EL3969, Alford, on the Yorke Peninsula in South Australia.

The joint venture will focus on copper (+/- silver, cobalt, gold) exploration targets on the 477km² Alford tenement. Alford is located north of the historical Moonta/Wallaroo copper mining district and north-northwest of Rex Minerals' Hillside project.

Under the terms of the letter agreement, Sandfire may earn a 49% interest in the Alford tenement by sole funding \$4,000,000 of exploration within three years (the first earn-in period). Sandfire must complete a minimum 2,000m of drilling within 12 months of the date of the Letter Agreement.

Having met the minimum commitment during the First Earn-in Period, Sandfire then has the right to form a Joint Venture with Argonaut's subsidiary, Kelaray Pty Ltd, to jointly explore the tenement or to proceed to earn an additional 26% interest in the project by spending a further \$4,000,000 on exploration within an additional three years (the Second Earn-in Period).

Sandfire identified and prioritised areas of interest during the course of the technical due diligence conducted in mid-2012 over EL3969. Initial exploration under the joint venture is expected to commence in January 2013.

Argonaut's Director, Mr Lindsay Oowler, commented "The board is pleased to have entered into this joint venture. Sandfire's aggressive approach to exploration and proven track record in project development make it a perfect partner for the Alford project."

"Alford has produced a string of exciting drill intercepts during its exploration history. The introduction of Sandfire's experienced and enthusiastic technical team to the program means both companies will be well placed to realise the value this project can bring."

“Importantly, this joint venture will allow Argonaut to further focus its exploration efforts on the Lumwana West project in Zambia.”

Previous exploration work by Argonaut in the Alford East area led to the definition of several exploration targets:

Netherleigh Park

Copper-silver drill intercepts at Netherleigh Park are derived from copper mineralisation hosted in a formerly carbonaceous meta-siltstone unit.

This unit has been strongly metasomatised in the area of known mineralisation and is adjacent to a meta-basalt unit and granite.

Table 1 shows previous Netherleigh Park drill intercepts:

Hole	From (m)	Interval (m)	Cu (%)
ALDDH01	138	76	0.95
<i>including</i>	146	14	2.18
ALDDH04	131	20	0.75
ALDDH09	95	122	0.63
<i>including</i>	111	14	2.26
ALDDH10	88	98	0.64
<i>including</i>	88	54	0.86

Table 1

Truck Paddock

In 2011 Argonaut made a significant new copper-cobalt discovery at Truck Paddock, 1,100 metres to the south-west of the Netherleigh Park prospect.

The zone of copper mineralisation is open along strike and down dip, and the discovery hole terminated in mineralisation.

Hole	From (m)	Interval (m)	Cu (%)	Ag (g/t)
ALAC158	77	26	0.54	4.1
ALAC160	75	18	0.50	8.1
ALAC164	68	31	0.58	26.0
ALAC197	8	67	0.72	1.5
<i>including</i>	10	21	1.01	2.4
<i>and</i>	57	18	1.04	

Table 2

About Argonaut

Argonaut is an Australian Stock Exchange listed mineral exploration and development company with projects in South Australia, Queensland, Laos and Zambia. Argonaut’s projects are in the advanced exploration and feasibility stages.

The company is exploring for gold and copper at its Alford and Torrens projects in South Australia, zinc-copper at Mt Kroombit in Central Queensland, gold in Laos and copper at the flagship Lumwana West Project in Zambia.

Argonaut has a significant investment in Cuesta Coal Ltd which listed on the Australian Stock Exchange in May 2012.

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Sections of information contained in this report that relate to Exploration Results and Mineral Resources were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler has sufficient experience which is relevant to the style of mineral 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 Mineral Resources and Ore Reserves”. Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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