**Argonaut Resources resumes copper drilling at Lumwana West**

Argonaut Resources (ASX:ARE) has resumed the hunt for copper at its Lumwana West Project in Zambia with the start of a 2,000 metre diamond core drilling program over four prioritised targets.

Drilling carried out last year had previously returned a top result of 17.4 metres at 1.18% copper from 102.6 metres within a broader intercept of 39 metres at 0.61% copper from 81 metres.

This new drilling program is part of the first exploration phase under its option agreement with Chilean copper and gold producer Antofagasta (LON:ANTO), which is capitalised at A$15.1 billion.

Drilling now underway at the Kabikupa prospect seeks to extend the mineralised strike extent from 800 metres to 1,800 metres.

Three regional targets will also be drill tested between May and July 2015.

Besides the drilling, Argonaut will also collect 600 soil samples north of Kamafamba prospect in an area with encouraging structural geology.

Results have also been returned from the Kabikupa prospect. Significant intercepts are:

- 20.4 metres at 0.67% copper from 151 metres including 7 metres at 0.92% copper from 154 metres (KBDD004);
- 25 metres at 0.22% copper from 12 metres and 10.7 metres at 0.29% copper from 52 metres (KBDD003); and
- 17 metres at 0.22% copper from 230 metres and 10 metres at 0.27% copper from 266 metres (KBDD002).

Under the option agreement, exploration expenditure of US$3.9 million in the first period will earn Antofagasta a 25% interest in the project.

The drilling program, which will ultimately comprise over 8,000 metres, is being progressively revised on the basis of results and interpretations by a technical committee formed under the agreement.

To date, 6,123 metres of diamond core drilling for 25 holes has been completed. Holes have been drilled at the West Mwombezhi, Kavipopo, ZNS, LMW, Mufuka and Kabikupa prospects and at the Nyungu deposit.

**Kabikupa**

The Kabikupa prospect was defined in 2014 by soil sampling.
The soil geochemistry anomaly strikes southeast and measures approximately 1,000 metres by 500 metres.

The peak soil sample is 0.13% copper, which is the highest copper-in-soil value returned within the licence area to date.

The main mineralised zoned has been intersected over a strike length of 400 metres and is inferred to exist over at least 800 metres.

Kabikupa geology features the zonation of copper sulphide minerals and persistent alteration, indicating the mineralising system is well developed.

**Regional Drilling**

Three regional targets defined by 2014 soil sampling and structural geology interpretation undertaken in January 2015 have been prioritised for drill testing.

The Sharamba, Kamafamba and Mufuka targets will be drill tested between May and July 2015.

**Lumwana West**

The 90% owned Lumwana West project is located in the Central African Copperbelt, North-Western Province, Zambia, and is prospective for large tonnage, low to medium grade copper deposits.

Nearby mines include Barrick Gold Corporation's Lumwana Mine (1.1 billion tonnes at 0.50% copper) on the eastern lobe of the Mwombezhi Dome and First Quantum Minerals Ltd's Kansanshi (1.1 billion tonnes at 0.81% copper), the largest copper mine in Africa.

The 2014/15 program that was jointly planned by Argonaut and Antofagasta aims to considerably increase the extent of known copper mineralisation at Lumwana West.

The focus is on testing major target areas previously defined by Argonaut as well new targets generated during the year by a regional soil sampling program.

**Antofagasta Option Agreement**

Antofagasta can earn a 70% project interest by spending US$18.9 million on exploration plus the amount required to complete a feasibility study to international standards.

It has committed to the US$3.9 million first phase exploration program to earn a 25% interest in the project.

Phase II involves expenditure of US$15 million within four years of the completion of Phase I at a minimum expenditure rate of US$2.5 million per year. Antofagasta can earn an effective 51% interest in the project by...
completing Phase II.

Phase III involves the completion of a feasibility study to international standards. Antofagasta may conduct additional work necessary to commence the feasibility study, such as a preliminary feasibility study, prior to electing to commence the definitive study.

Antofagasta will have up to two years to complete additional work and four years to complete the feasibility study.

Phase IV is the period following the delivery of the feasibility study, but prior to a development decision. Argonaut may elect not to contribute during this period provided it reimburses Antofagasta from future dividends.

Phase V is the period after a development decision when, if Argonaut decides not to fund its pro-rata share of the project, Antofagasta may elect to either carry Argonaut into production, with Argonaut's development costs being funded by 60% of future dividends, or buy-out Argonaut's interest for its pro-rata share of the net present value.

Analysis

Drilling has resumed at Argonaut Resources’ Lumwana West copper project with the onset of the dry season in Zambia.

This will focus initially on extend the mineralised strike extent at the Kabikupa Prospect to 1,800 metres from 800 metres.

Results have also been received from the last round of drilling at Kabikupa that include 20.4 metres at 0.67% copper from 151 metres with a higher grade interval of 7 metres at 0.92% copper from 154 metres.

Drilling will also target three regional prospects with the program continuing to be revised on the basis of results and interpretations by a technical committee.

That Antofagasta is funding drilling dramatically cuts risk for Argonaut and highlights the potential of Lumwana West.
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