



## ASX ANNOUNCEMENT

23 November 2010

### CURRENT PRICES BOOST ECONOMICS OF KEMPFIELD SILVER PROJECT

**A review of the Kempfield Scoping Study outputs for Argent Minerals Limited (ASX: ARD) shows the application of current prices for silver, gold, lead and zinc would increase operating cash flows, before Capex, from the Kempfield project from \$97 million to \$251 million at 600,000tpa throughput and to \$297 million at 1.0 million tpa throughput.**

In its September Quarterly Report released on 27 October, Argent said that: "Recent increases in the silver price from A\$18.67 per ounce used in the April 2010 Scoping Study to the current A\$23.77 per ounce, a 27% increase, have prompted a decision to review the cut off grades used to calculate the Kempfield resources and to review the in-pit mining inventory. The Scoping Study numbers will also be run at a throughput of 1.0 million tonnes per annum of the 600,000 tonnes per annum used in the previous study. The review will give an indication of the deposit's sensitivity to price and throughput rates and is expected to be available in three to four weeks."

The results of that review are now available. Australian Mine Design and Development Pty Ltd (AMDAD) have revised the pit-optimization model used to underpin the previous Kempfield Scoping Study the results of which were released to the market on 20 April 2010, "Independent Scoping Study Confirms Potential for a Robust Mining Project at Kempfield."

The pit-optimization review used prices prevailing at 9 November for two models;

- (a) 600,000 tpa throughput, as used in the scoping study; and
- (b) 1.0 million tpa throughput.

The key revised numbers are set out in table one below:-

**Table One – Revised Pit Optimisation Outcomes**

<b>Pit Optimization</b>	<b>600,000 tpa April 2010 Scoping Study</b>	<b>600,000 tpa November 2010 Prices</b>	<b>1.0 million tpa November 2010 Prices</b>
<b>November 2010 Prices</b>			
Tonnes Treated*	6.3mt	11.8mt	15.9mt
Strip Ratio	1.6 to 1	1.32 to 1	1.43 to 1
Mine Life	10.5 years	19.6 years	15.9 years
Payable Silver Produced	12.3 mill ounces	17.9 mill ounces	21.7 mill ounces
Payable Gold Produced	15,200 ounces	25,000 ounces	34,000 ounces
Payable Lead Produced	10,900 tonnes	18,000 tonnes	26,000 tonnes
Payable Zinc Produced	31,300 tonnes	55,000 tonnes	81,500 tonnes
<b>Operating Cash Flow (Before Capex)</b>			
<b>Undiscounted</b>	<b>\$97.3 million</b>	<b>\$251.0 million</b>	<b>\$297.5 million</b>
<b>Discounted at 10% pa</b>	<b>\$80.6 million</b>	<b>\$185.0 million</b>	<b>\$230.0 million</b>

\*10% and 13% of the Nov 2010 600,000tpa and 1.0mtpa cases respectively are Inferred.



The following table compares the prices used in the April scoping study with prices as at 9 November 2010:

**Table Two – Metal Prices**

	April 2010	November 2010
Silver US\$ per ounce	16.00	26.84
Gold US\$ per ounce	1,100	1,394
Lead US\$ per tonne	2,205	2,510
Zinc US\$ per tonne	2,205	2,510
Exchange Rate \$A/\$US	0.88	1.02

## Resources

The project review suggests that reduction of the cut-off grade from 40g/t Ag to 25g/t Ag for the oxide and transitional mineralization and from 80g/t Ag equivalent to 50g/t Ag equivalent for the primary mineralization is realistic for the reporting of revised resource estimates provided in Table 3.

**Table Three – Revised Resources**

	Tonnes Million	Silver		Gold		Lead		Zinc	
		Grade	Contained Metal	Grade	Contained Metal	Grade	Contained Metal	Grade	Contained Metal
		g/t	M ozs	g/t	000 ozs	%	000t	%	000t
<b>Oxide/Mixed*</b>	5.8	58	10.8	0.1	19	N/A	N/A	N/A	N/A
<b>Primary**</b>	14.4	45	20.8	0.1	46	0.6	86	1.2	175
<b>Total</b>	<b>20.2</b>	<b>49</b>	<b>31.6</b>	<b>0.1</b>	<b>65</b>	<b>N/A</b>	<b>86</b>	<b>N/A</b>	<b>175</b>

\*Approximately 83% of these resources are Measured or Indicated-see Table 4 below

\*\*Approximately 64% of these resources are Measured or Indicated-see Table 4 below

**Table Four – Resources by Category (cut off grades as above)**

	Tonnes million	Grade (g/t)		Grade (%)	
		Silver	Gold	Lead	Zinc
<b>Oxide and Mixed</b>					
Measured	2.1	70.3	0.1		
Indicated	2.7	52.4	0.1		
Inferred	1.0	45.5	0.1		
<b>Primary</b>					
Measured	2.1	60.2	0.1	0.64	1.08
Indicated	7.5	45.7	0.1	0.59	1.21
Inferred	4.8	38.5	0.1	0.60	1.31



In commenting on the outcomes of the review Argent's Executive Chairman, Mr Kerry McHugh said, "the significant increase in throughput, mine life and metals produced reflects the large inventory of resources at Kempfield. The resources are characterized by higher grade zones (included in the April 2010 scoping study) contained within larger envelopes of lower grade mineralization that progressively become economic to mine and treat as prices increase." He added that in releasing the results of this review, Argent was not predicting a long term continuation of current silver prices. That is a matter, he said, on which there is a wide range of views.

### **Update on Kempfield Definitive Feasibility Study (DFS)**

The Kempfield DFS has commenced with the first task being the additional metallurgical testwork flagged in Argent's ASX release of 20 April. Diamond drilling of six core holes has been completed and the cores cut and photographed. Assays are still awaited for three holes and are expected in three weeks. Following receipt of these assays selected intervals will be sent to the Metcon laboratory in Sydney for testing.

A Conceptual Project Presentation has been made to the NSW Department of Industry and Investment which has advised the NSW Planning Department that there are no technical reasons why the project should not be considered for Development Approval. Discussions have been opened with the Gundungarra Tribal Council, which has submitted a proposed Agreement for the Company's consideration.

The results of the review of the Kempfield pit optimization study outlined above suggest that consideration should be given to increasing the throughput rate from the 600,000 tpa assumed in the scoping study. This will be done in the context of setting the parameters for the DFS.

### **Argent's interest in Kempfield**

Argent has earned a 51% interest in Kempfield from Golden Cross Resources Limited by the expenditure of \$2.0 million. Argent may earn an additional 19%, bringing its interest to 70%, by the expenditure of a further \$700,000 of which some \$500,000 has been spent to date. Completion of the metallurgical testwork is likely to take Argent to a 70% interest.



For more information:

[www.argentminerals.com.au](http://www.argentminerals.com.au)

Kerry McHugh  
Executive Chairman  
Argent Minerals Limited  
Ph: 0404 465 154

### **Competent Person Statements**

The information in this Report that relates to Mineral Resources is based on information compiled by Mr Arnold van der Heyden, who is a member of the Australian Institute of Mining and Metallurgy and a full time employee of Hellman & Schofield Pty Ltd. Arnold van der Heyden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 van der Heyden consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.