

ASX ANNOUNCEMENT

5 October 2017

\$15M PLACEMENT AND ACCELERATION OF RINCON EARN-IN

HIGHLIGHTS

- ✦ **\$15M Placement to institutional and sophisticated investors at \$0.22 per share and \$2M Share Purchase Plan to replace previously announced 19.9% placement to Qianyun**
- ✦ **Preliminary and Long-Term Off-Take Agreements with Qianyun remain in place**
- ✦ **In-principle agreement for Argosy to move to 77.5% ownership in Rincon Lithium Project Joint Venture early**
- ✦ **Fast track development of Rincon Lithium Project on-track – first battery grade LCE product on schedule for March 2018 Quarter**

Argosy Minerals Limited (ASX: AGY) ("**Argosy**" or "**Company**") is pleased to advise that it has received binding commitments for a \$15 million placement of ordinary shares to institutional and sophisticated investors at \$0.22 per share ("**Placement**"), which was heavily oversubscribed. It has also reached an in-principle agreement to move to 77.5% ownership interest in Puna Mining S.A. (the joint venture entity which holds rights to the Rincon Lithium Project) ahead of schedule. The Company will also provide to eligible shareholders the opportunity to participate in a Share Purchase Plan to raise a further \$2 million at the same issue price as the Placement.

Argosy Managing Director, Jerko Zuvela, commented: "***We took the opportunity provided by strong institutional and sophisticated investor interest in Argosy to raise development capital on terms substantially better than those under the previously proposed Qianyun placement and without being subject to complex and time consuming Chinese regulatory approvals.***

At the same time, our acceleration of Stage 2 development at Rincon earlier than previously anticipated has been recognised by our partners, with their in-principle agreement to accelerate the Company's move to 77.5% ownership of the Rincon Lithium Project.

I'm very pleased with these initiatives because they continue to move Argosy forward to becoming a near-term battery grade lithium carbonate producer whilst minimising dilution and maximising optionality for shareholders.

Placement

The oversubscribed Placement comprises the issue of 68,181,818 ordinary shares ("**New Shares**") within Argosy's existing placement capacity under Listing Rule 7.1. The New Shares will rank equally with the Company's existing ordinary shares.

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The issue price of the New Shares is 22 cents each ("**Issue Price**"), which is equal to the 15 day volume weighted average price of Argosy shares to 29 September 2017 (the last day on which shares traded prior to the trading halt).

The Placement is being undertaken in place of the proposed placement to Qingdao Qianyun High-tech New Material Co. Ltd. ("**Qianyun**") that was announced on 17 August 2017 as part of a broader group of transactions that included off-take for battery grade lithium carbonate equivalent ("**LCE**") product from Rincon. As it became clear that certain conditions precedent to the Qianyun placement would not be satisfied by their relevant expiry date, Argosy determined that the Placement to institutional and sophisticated investors was preferred, in particular:

- ◆ The Issue Price represents a 159% premium to the price of the previously proposed Qianyun placement, meaning the Company's required development capital is being raised with substantially less dilution to existing shareholders than previously proposed.
- ◆ The Placement is not subject to an uncertain, complex and time consuming Chinese regulatory approvals process and is expected to close with funds available within one week.
- ◆ The Placement will not result in a major shareholder holding a potential 19.9% 'blocking stake' in the Company.
- ◆ Together with the remaining off-take arrangements in place, Argosy expects that it will be in a position with sufficient funds to complete Stage 2 development at the Rincon Lithium Project.

Net proceeds from the Placement and the Share Purchase Plan will be used to fund the continued Stage 2 development works and meet working capital requirements.

Hunter Capital Advisors Pty Ltd acted as Sole Lead Manager to the Placement.

Settlement of the Placement is scheduled to occur on Thursday, 12 October 2017, with the New Shares expected to be issued and commence trading on Friday, 13 October 2017.

Share Purchase Plan

In order to ensure retail shareholders are offered the opportunity to participate in the Company's capital raising, a Share Purchase Plan will be undertaken to raise \$2 million at the same Issue Price as the Placement.

Under the Share Purchase Plan, eligible Argosy shareholders will be invited to subscribe for new ordinary shares in Argosy at the Issue Price of 22 cents each up to a maximum subscription of A\$15,000 per shareholder.

Participation in the Share Purchase Plan will be open to shareholders who are registered holders of Argosy shares on a record date to be confirmed and whose registered address is in Australia or New Zealand.

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All shares under the SPP will be issued within the Company's Listing Rule 7.1 placement capacity without shareholder approval. No related parties of the Company will participate in the SPP.

Further details of the Share Purchase Plan, including in relation to the eligibility requirements, will be released on the ASX and distributed to eligible Argosy shareholders shortly.

Arrangements with Qianyun

As per Argosy's announcement to ASX dated 17 August 2017 (*Argosy Executes Investment and Off-Take Agreements*), the Company entered into three separate agreements with Qianyun, being: (i) Placement Agreement ("QPA"); (ii) Preliminary Off-Take Agreement; and (iii) Long-Term Off-Take Agreement. As disclosed in that announcement, the QPA was conditional on limited confirmatory due diligence by Qianyun, and Qianyun obtaining the necessary Chinese regulatory approvals to make the payments required under the QPA and Preliminary Off-Take Agreement.

On 19 September 2017, Argosy provided to Qianyun a two-week extension to the period by which its due diligence must be completed. Upon expiry of the period of extension, Qianyun advised that it was not able to satisfy the due diligence condition by that date and requested an extension to the date by which it was required to obtain its Chinese regulatory payment approvals for payments under the QPA and Preliminary Off-Take Agreement. Having regard to the payment extension request by Qianyun, Argosy notified Qianyun on 3 October 2017 that it would not provide the requested extension and therefore confirmed to Qianyun that the conditions to the QPA were not able to be satisfied.

Argosy advises that the Preliminary Off-take Agreement and Long-Term Off-Take Agreement both remain in effect, and the prepayment by Qianyun remains pending under the Preliminary Off-Take Agreement.

The Company has expressed its willingness to cooperate with Qianyun on the remaining key terms of the transaction – possible funding of Stage 3 development of the Rincon Lithium Project and lithium joint venture opportunities in China – and will continue to develop the relationship between the two companies. Argosy believes that its move to conduct the Placement to receive its Stage 2 development capital on a more timely and less dilutive basis puts it in a stronger position as a strategic partner.

Acceleration of achievement of 77.5% shareholding in Rincon Lithium Project

In recognition of the accelerated commencement of Stage 2 development at Rincon (i.e., prior to completion of Stage 1), Argosy has reached an in-principle agreement with its project partners for an early move to a 77.5% interest in Puna Mining S.A. – the JV entity that owns the Rincon Lithium Project. This confirms the excellent working relationship between Argosy and its joint venture partners, namely lithium processing expert Pablo Alurralde. The Company expects to formalise the in-principle agreement in the near future.

Rincon Lithium Project Operating Update

Argosy continues to progress development works at the Rincon Project, where the Company recently purchased the industrial site/warehouse it has been refurbishing in

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preparation for construction of the Stage 1 pilot plant. Most of the plant and equipment required for this have already been ordered and purchased, and the Company is expecting the Stage 1 plant to be ready for preliminary operations by the end of this year, with the aim of producing first battery grade LCE product during the March 2018 Quarter. The plant site will also include laboratory equipment for in-house analysis testing.

The initial Stage 2 evaporation pond construction works are progressing, and will result in a combined total of ~10 hectares of evaporation ponds to be utilised for lithium brine concentration processes. Combined with the Stage 1 evaporation ponds already constructed - that have been concentrating lithium brine since April - the Company will have over 11 hectares of evaporation ponds concentrating lithium brine during the current peak solar evaporation season.

First lithium brine concentrate from the Stage 1 evaporation ponds is expected to be available for processing through the Stage 1 plant, to meet the March 2018 Quarter deadline for first LCE product.

Drilling operations are also continuing, where Argosy's primary objective is to drill several production wells for pumping of lithium brine into the Stage 2 evaporation ponds currently under construction. In addition, exploration diamond drilling works to delineate a JORC-compliant Resource estimate - which is expected during December 2017/January 2018.



Photo 1. Rincon Lithium Project – Exploration diamond drilling operations

The Company is confident that the Rincon Lithium Project has a clear conceptual pathway to lithium production, with historical results and Mr Alurralde's previous operating and production experience from the Project area and over the broader Salar del Rincon justifying our fast-track strategy.

ENDS

For more information on Argosy Minerals Limited and to subscribe for regular updates, please visit our website at www.argosyminerals.com.au or contact us via admin@argosyminerals.com.au or Twitter @ArgosyMinerals.



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Forward Looking Statements: Statements regarding plans with respect to the Company's mineral properties are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with an interest in the Rincon Lithium Project in Argentina.

The Company is focused on its flagship Rincon Lithium Project in Argentina – potentially a game-changing proposition given its location within the world renowned “Lithium Triangle” – host to the world's largest lithium resources, and its fast-track development strategy toward production of LCE product.

Argosy is committed to building a sustainable lithium production company, highly leveraged to the forecast growth in the lithium-ion battery sector.

Appendix 1: AGY's Argentina Project Location Map

