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ARGOSY SIGNS HOA TO EARN INTEREST IN ARGENTINIAN LITHIUM COMPANY

The Argentinian Lithium Company will own the Salar del Rincon Project located in the "Lithium Triangle" in Salta Province

World renowned lithium expert – Mr Pablo Alurralde to manage the Project

HIGHLIGHTS

- ✦ Argosy enters into Heads of Agreement to earn up to a 90% interest in an Argentinian joint venture company to be established to own the Salar del Rincon Lithium Project in Salta Province, Argentina.
- ✦ Agreement significantly expands Argosy's potential lithium project portfolio and lithium brine expertise with appointment of Mr Pablo Alurralde.
- ✦ Subject to satisfactory due diligence and formalising a joint venture agreement, Argosy will target fast-tracking works to enable a development and production strategy.

Argosy Minerals Limited (ASX: AGY) ("Argosy" or "Company") is pleased to announce that it has executed a Heads of Agreement with Mr Francisco Menendez and Mr Pablo Alurralde (the "Vendors") pursuant to which the Company and the Vendors will establish an Argentinian joint venture company (the "JV Entity") to own the Salar del Rincon Lithium Project in Salta Province and the Company will have the right to earn up to a 90% interest in the JV Entity, subject to satisfactory completion of due diligence on the Project. The Heads of Agreement continues Argosy's expansion into lithium in Argentina and is another substantial step towards achieving the Company's aim to become a lithium developer and producer.

Argosy conducted a meticulous identification and selection process to confirm the Vendors as our strategic investment partner – with Mr Pablo Alurralde's extensive lithium experience and expertise being vital – and the Salar del Rincon Project being identified and selected by Mr Alurralde from his vast knowledge, including the Salars' critical characteristics - homogenous brines and high evaporation rates, location and proximity to the Chilean border and Antofagasta port, and the high potential for the delineation of lithium.

Mr Alurralde is a Chemical Engineer with over 15 years' senior management experience producing lithium carbonate and 30 years' experience designing chemical processes. He is a former director of Minera del Altiplano S.A. (a subsidiary of FMC Corporation), and has



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experience in the optimisation of industrial plants, international commerce and logistics, and an in-depth knowledge of international lithium markets.

Mr Alurralde's key tasks and the strategy to develop the Project will involve;

- Upon receipt of relevant regulatory permits and approvals, to immediately thereafter commence relevant works to produce a laboratory scale quantity of lithium carbonate equivalent product;
- Pending successful laboratory scale production, conduct development works to produce a pilot plant scale quantity of lithium carbonate equivalent product;
- Pending successful pilot plant scale production, the Company will then consider the best development pathway to ultimately target commercial production from the Project.

Mr Alurralde is committed to using his extensive experience and expertise to fully develop the Project and is committed to working with Argosy over the next three years and beyond. His interests are totally aligned with the success of the Project, for which he will be firmly and solely focussed on realising his ambition and creating value for his and Argosy's interests in the Project.

Argosy believes the potential acquisition of an interest in the Project to be a game-changing proposition given the Project's location within the world renowned "Lithium Triangle", adjacent, amongst others, to the Salars' of Salinas Grandes, Pocitos, Hombre Muerto, Pozeulos, Cauchari, Olaroz, Diablillos, Arizaro, and Centenario – host to the world's largest lithium resources. The Salta Province is a well-known, favourable mining jurisdiction, with the ability to immediately target a development and production strategy through expedited technical works, testing and studies aimed at fast-tracking to feasibility stage.

The acquisition is consistent with the Company's strategy of enhancing its project portfolio, now firmly focused on lithium and related minerals, which are highly leveraged to the forecast growth in the lithium-ion battery sector. Lithium is anticipated to be in tight supply as the demand for lithium-ion batteries for use in home, industrial, utility and electric vehicle power storage undergoes transformational growth over the next decade.

The Project area is serviced by high quality infrastructure including access via all-seasons roads, electrical power, is close to the Pocitos terminus for a natural gas pipeline, and road and railway to Antofagasta port facilities in Chile.

However, it should be noted that the Heads of Agreement remains subject to due diligence. Argosy's election to enter into the definitive Farm-In Agreement will be subject to shareholder approval under ASX Listing Rule 11.1.2.

OVERVIEW OF SALAR DEL RINCON LITHIUM PROJECT

The Project has the following key characteristics:

- The Project lies within the Rincon Salar – which is also currently being explored and developed by the Sentient Group.

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- ✦ The Salar is located in the elevated and arid Puna region of Argentina and forms part of a number of highly mineralized Salar's in production and development, including, amongst others, NYSE-listed FMC Corp's Fenix operations at Hombre Muerto Salar, ASX-listed Orocobre Ltd's Olaroz operation, Lithia Inc's Pozuelos Project, Western Lithium Corp's Cauchari-Olaroz Project and Sentient Group's Rincon Project.
- ✦ Geological studies within the Salar show historical sample values that are promising for further studies to determine a potential development perspective.
- ✦ Historical data and records within the Project area has been investigated by Mr Alurralde, and will be used to assist with the Company's work programs.
- ✦ Evaporation rates are expected to be very effective, given UV is very high, with ~90% of all the days of the year being cloud free and the remainder of the year having minimal cloud cover, and an average rainfall of less than 5mm per year.
- ✦ High quality regional and site infrastructure, including the Pocitos industrial site, will facilitate project development, with road, rail, port facilities and power generation services such as electrical and natural gas.
- ✦ Potash and boron potential identified within Salar brines may assist in project economics and development strategy.

Heads of Agreement Summary Terms

Argosy has executed a binding Heads of Agreement for the exclusive right to undertake due diligence on the Project. If the Company is satisfied with the results of its due diligence enquiries, the Company and the Vendors will negotiate and enter into a formal farm-in contribution agreement pursuant to which the parties will incorporate the JV Entity to hold the rights to the Project, and the Company may progressively earn an interest in the JV Entity ("Farm-in Agreement").

The key terms of the Heads of Agreement and Farm-in Agreement are:

- The Company and the Vendors will each appoint two nominees to the board of directors of the JV Entity and appoint an operating committee to oversee the management of the Project, approve plans and programmes and allocate the funding contributed by the Company. Mr Pablo Alurralde will be in charge of day-to-day operations of the JV Entity.
- The Company will employ each of the Vendors for a term of three years to carry out works to develop the Project.
- First Stage: the Company will acquire a 50% shareholding in the JV Entity upon the production of a laboratory scale quantity of lithium carbonate equivalent product or the Company funds the initial stages of a business plan for this purpose as agreed and approved by the Company and the Vendors. There is no end date by which the First Stage expenditure or production milestone must be achieved.
- Second Stage: The Company will increase its shareholding to 77.5% in the JV Entity if the Company continues its participation in the JV Entity for a period of two (2) years,

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complying with the business plan agreed and approved by the Company and the Vendors.

- Upon completion of the Second Stage, the board of the JV entity shall be reconstituted to comprise three nominees of the Company and two of the Vendors.
- Third Stage: The Company will increase its shareholding to 90% in the JV Entity if the Company continues its participation in the JV Entity for a period of three (3) years, complying with the business plan agreed and approved by the Company and the Vendors.
- Argosy will be able to withdraw from the Farm-In Agreement at any time.

Argosy Director, Jerko Zuvela commented "This is a fantastic acquisition and substantial milestone for Argosy, which includes the appointment of Mr Pablo Alurralde – a world renowned lithium expert. It represents a rare opportunity for the Company to work with Mr Alurralde and capitalise on a high quality asset with excellent exposure to the surging lithium market to develop the Project as quickly as possible. The Salar del Rincon Lithium Project complements Argosy's Argentinian exposure to the Mina Teresa and Pocitos lithium projects, and will enhance the Company's position as a significant lithium player on the ASX," said Mr Zuvela.

ENDS

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