

5 October 2017

Ms Anjuli Sinniah
Senior Adviser
Listings Compliance (Perth)
ASX Limited

By email: Anjuli.Sinniah@asx.com.au

Dear Anjuli

Request for Information

Argosy Minerals Limited (**Argosy** or the **Company**) refers to your letter dated 4 October 2017. We respond to your queries in the same order as raised:

- The general test works referred to in the 2016 Project Update Announcement remain ongoing.

The 2016 Project Update Announcement disclosed the intention of the Company to undertake the test works. The announcement on 24 October 2016 (referred to in paragraph C of your letter) provided an update that the work commenced on the Rincon Project by that date was:

"coordinating, preparing and submitting relevant regulatory approvals and permits for the environmental studies, including analysis and evaluation to undertake general test-works and commence construction of the evaporation ponds with associated infrastructure."

The 24 October 2016 announcement further detailed the indicative timing to complete the test works as: *"target completion end of September Quarter 2017."*

Subsequent market updates by the Company revised the indicative timetable from the 24 October 2016 announcement. The Company's presentations released on 7 December 2016, 22 May 2017 and 6 September 2017 (the **Presentations**) have each reflected the updated indicative timetable to complete test works as the end of the December 2017 quarter.

The following table (which is an excerpt from each of the Presentations) demonstrates the indicative timetable to complete test works:

Stage 1 Works Schedule	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Environmental studies and regulatory approvals/permits	■					
Pond construction and associated works, including contractor tendering	■	■				
Pond lining and associated works		■	■			
Brine extraction, pumping, storage and transportation works		■	■	■		
Pilot plant construction and test-works, including brine processing, analysis and laboratory treatment of the lithium concentrate		■	■	■	■	
Pending success of the stage 1 development works, produce LCE product					■	■

The Company confirms that, when the outcome of the test works (including brine processing, analysis and laboratory treatment of the lithium concentrate) is completed (which is currently expected to occur by the end of the December 2017 quarter), the Company will update the market in accordance with its continuous disclosure obligations and disclosure policy.

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2. The Company advises as follows:

The bases for each of the transactions or events to which you refer are that the Company has taken steps to move towards Stage 2 development as it believes that it has a clear conceptual pathway to lithium production, with historical results on the Salar del Rincon, the experience of the Company's joint venture partner, Mr Pablo Alurralde, and increases to the potential size and scale of the Rincon Project justifying the approach.

Historical results

The Company has had regard to certain publicly available historical results on the Salar del Rincon. After due consideration of the materiality of historical results, the Company released details of what it considered to be material information in compliance with ASX Listing Rule 3.1. The information was published in each of the Presentations, commencing in December 2016. The historical information related to average lithium brine content (from the *Ferretti* report, 1989) and historical drilling and average lithium content (*Ovejero Toledo*, 2007).

The relevant excerpt from the Presentations is as follows:

- Average lithium brine content of 300-400ppm (*Ferretti, 1989*)
- Historical drilling & associated works indicate average lithium content of 397ppm (*Ovejero Toledo, 2007*)

Pozo piezométrico	(Sample depth (m))				
	10	20	30	40	50
	Lr (mg/l)				
FPR 1001	456	397	409		
FPR 1002	401	400	392	334	
FPR 2001	385	369	345	337	
FPR 2002	393	395	379	338	
FPR 3001	388	361	369	380	
FPR 3002	417	418	415	383	376
FPR 4001	394	425	390	427	370
FPR 4002	427	430	389	401	
FPR 5001	383	405	393	390	384
FPR 5002	444	455	449	408	453
FPR 6001	410	414	446	435	
FPR 6002	436	423	390	372	
FPR 7001	370	364	369	349	
FPR 7002	434	407	388	372	
(Average) Moda aritmética	397 mg/l				

* Según Ovejero Toledo 2007.
(According to Ovejero Toledo 2007)

In addition, the Company has given due consideration to information publicly disclosed in relation to other licences or properties on the Salar del Rincon held by third parties. This information is not within the control of the Company nor disclosable by the Company.

Historical results which the Company has considered material to its project interest have been released by the Company in the Presentations.

Company's drill results pending

The Company announced on 31 May 2017 that it was planning to conduct drilling works pending receipt of necessary regulatory permits and approvals. The Company also stated the drilling works would comprise exploration and production wells, with the results of the exploration drilling targeting the delineation of a JORC Code-compliant resource. In addition, the Company advised that it would conduct brine test-works on the wells drilled in order to evaluate and confirm the capacity of the Salar to yield brine and measure lithium resources, and will include transmissivity and porosity measurement and determine expected flow rates.



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On 18 September 2017, the Company advised of the recent commencement of drilling operations, noting the Company's primary objective of the drilling operations was to drill several production wells for pumping of lithium brine into the Stage 2 evaporation ponds under construction, complete exploration diamond drilling works with the intention to delineate a JORC Code-compliant resource estimate, and conduct brine test-works.

These drilling works remain ongoing and the Company will update the market in accordance with its disclosure obligations.

Project size

A further basis for the Company's advancement towards Stage 2 is the increase in the geographical size of the Rincon Project. The Company believes that the increase in geographical size is potentially commensurate with an increase in scale and capacity of the project. The Company has disclosed increases in size of its project interest on 28 October 2016, 4 May 2017 and 23 August 2017.

Project overview

The Company has regularly kept the market informed of the nature of the Project and the Company's strategy as it targets production in the March quarter of 2018. The announcements are many, but in particular the Company notes its first announcement on the Salar del Rincon dated 1 July 2016 in which the Company referenced the experience and credentials of its project partner, Mr Pablo Alurralde, and an overview of the Salar del Rincon. That announcement included the following disclosure:

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.*
- ◆ *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, Lithea 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.*

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- ✦ *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.*

The Company considers that the market has been well apprised of the advancement that the Company has made since its initial announcement on the Salar del Rincon on 1 July 2016.

It is in reliance on the bases discussed above and the advancement that the Company has made since 1 July 2016 that the Company believes it has been able to enter into the transactions referred to in your letter.

3. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
4. The above has been authorised and approved in accordance with the Company's published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully

Andrea Betti
Company Secretary

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4 October 2017

Andrea Betti
Company Secretary
Argosy Minerals Limited

By email:

Dear Ms Betti

ARGOSY MINERALS LIMITED ("AGY")

ASX Limited ("ASX") refers to the following:

- A. AGY's announcement entitled "*Argosy Signs HOA To Earn Interest In Argentinian Lithium Company*" lodged on the ASX Market Announcements Platform ("MAP") and released at 09:19am AEST on 1 July 2016, disclosing that AGY has executed a heads of agreement with Mr Francisco Menendez and Mr Pablo Alurralde ("Vendors") pursuant to which AGY and the Vendors will establish an Argentinian joint venture company ("JV Entity") to own the Salar del Rincon Lithium Project ("Rincon Project") in Salta Province and AGY will have the right to earn up to a 90% interest in the JV Entity, subject to satisfactory completion of due diligence on the Rincon Lithium Project.
- B. AGY's announcement entitled "*Rincon Project Update*" lodged on the MAP and released at 1:34pm AEST on 10 August 2016, disclosing AGY's intention to undertake general test-works to determine the possibility of producing a laboratory scale quantity of lithium carbonate equivalent ("LCE") product, which AGY expects will involve the following activities at the Rincon Lithium Project in order to earn the first stage 50% interest ("2016 Project Update Announcement"):
 - i. Environmental studies;
 - ii. Brine extraction and storage works, including small-scale pond construction and lining works;
 - iii. Brine processing – involving solar evaporation where the lithium will be concentrated;
 - iv. Analysis and laboratory treatment of the lithium concentrate; and
 - v. Pending success of the treatment process, production of a laboratory scale quantity of purified LCE product.
- C. AGY's announcement entitled "*Argosy Approves Rincon Pilot Plant Development*" lodged on the MAP and released at 10:02am AEDT on 24 October 2016, disclosing that:
 - i. AGY together with its strategic partners, including pre-eminent lithium processing specialist, Mr Pablo Alurralde, had approved the first stage development plan for a pilot plant at its Rincon Lithium JV plant;
 - ii. the ultimate target for the first stage is to produce a laboratory scale quantity (targeting 100-150 tonnes) of LCE;

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- iii. AGY has already commenced works on the Rincon pilot plant, initially coordinating, preparing and submitting relevant regulatory approvals and permits for the environmental studies, including analysis and evaluation to undertake general test-works and commence construction of the evaporation ponds with associated infrastructure;
- iv. The targeted schedule of activities at the Rincon Lithium Project in order for AGY to earn the first stage 50% interest includes:
 - a. environmental studies and regulatory approvals/permits – target completion during December 2017 Quarter;
 - b. pond construction and associated works, including contractor tendering – target completion during March 2017 Quarter;
 - c. pond lining and associated works – target completion during March 2017 Quarter;
 - d. brine extraction, pumping, storage and transportation works – target completion end of September Quarter 2017;
 - e. pilot plant construction and test-works, including brine processing, analysis and laboratory treatment of the lithium concentrate – target completion end of September Quarter 2017;
 - f. pending success of the stage 1 development works, produce LCE product – target completion during December Quarter 2017

D. The following announcements related to project funding (together, the “Funding Arrangements”):

- a) AGY’s announcement entitled “*Argosy Signs MOU for Stage 2 Funding*” lodged on the MAP and released at 08:28am AEDT on 20 March 2017, disclosing it had signed a memorandum of understanding with CCK Industrial Group Co Ltd (“CCK”), a Chengdu based conglomerate, whereby CCK may invest to facilitate the funding of AGY’s stage 2 development works (“CCK MOU”).
- b) AGY’s announcement entitled “*Argosy Signs Another MOU for Stage 2 Funding*” lodged on the MAP and released at 08:25am AEDT on 31 March 2017 disclosing that AGY had signed a memorandum of understanding with Shanghai Greatpower Industry Co Ltd (“Greatpower”) whereby Greatpower expressed an interest to consider a potential investment in stage 2 of the Rincon Lithium Project.

E. The following announcements related to development of the Rincon Project:

- a) AGY’s announcement entitled “*Argosy Approves Rinconm Pilot Plant Development*” lodged on the ASX Market Announcements Platform and released at 10:02am AEDT on 24 October 2016, disclosing AGY had approved a first stage development plan for a pilot plant at its Rincon Lithium JV Project (the “Stage 1 Development”).
- b) AGY’s announcement entitled “*Commencement of Initial Stage 2 Works at Rincon Project and Associated Placement and SPP*” lodged on the ASX Market Announcements Platform and released at 9:46am AEST on 23 May 2017, disclosing amongst other things, AGY had approved a second stage development plan for a pilot plant at its Rincon Lithium JV Project (the “Stage 2 Development”).

- F. AGY's announcement entitled "*Argosy Executes Investment and Off-Take Agreements*" lodged on the ASX Market Announcements Platform and released at 09:51am AEST on 17 August 2017 disclosing that AGY has signed binding investment and off-take agreements with Qingdao Qianyun High-tech New Material Co. Ltd whereby Qianyun will make an upfront payment of A\$9.95 million for an agreed quantity of battery grade LCE during the first year of production and then a separate five-year long-term Off-Take Agreement for 1,000 tons per year of potential stage 2 product from years two to six of production at a sale price based on a formula derived from the China battery grade lithium carbonate import price ("Qianyun Offtake Agreement").

Request for Information

ASX notes that AGY does not appear to have disclosed any exploration results, resources or reserves in relation to the Rincon Project, whether reported under the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") or otherwise.

In the circumstances, there appears to be absence of material information provided to the market as to the basis upon which a decision was made by AGY to enter into the Funding Arrangements, construct the Stage 1 and Stage 2 Developments and to enter into the Qianyun Offtake Agreement.

In light of the above, please provide the following information:

1. What was the outcome of the general test works referred to in the 2016 Project Update Announcement? In answering this question please set out the nature of the test works completed and the outcome of those test works.
2. Please explain the basis upon which AGY has decided to :
 - a. enter into the Funding Arrangements;
 - b. construct the Stage 1 and Stage 2 Development Works; and
 - c. enter into the Qianyun Offtake Agreement

In answering this question, please set out any information in relation to the source of the feed for the Stage 1 and Stage 2 Developments, exploration data and any other relevant geological information to which AGY has had regard when making those decisions.

3. Please confirm that AGY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
4. Please confirm that AGY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AGY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3.00 p.m. WST on Friday, 6 October 2017**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AGY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on MAP under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at anjuli.sinniah@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to AGY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that AGY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Anjuli Sinniah
Senior Adviser, Listings Compliance (Perth)