

**ASX ANNOUNCEMENT**

30 January 2018

**QUARTERLY ACTIVITIES REPORT – DECEMBER 2017**

**HIGHLIGHTS**

- ◆ Fast-track development of Rincon Lithium Project on target to produce first battery grade LCE product
- ◆ Stage 2 development works continue to progress
  - ▶ Initial Stage 2 evaporation ponds filled with lithium brine, solar evaporation and lithium brine concentration in full effect
  - ▶ Two production wells completed
  - ▶ Exploration drilling works continuing in preparation for JORC resource estimate
  - ▶ Application submitted for construction of remaining Stage 2 lithium brine evaporation ponds
  - ▶ Strategic and highly prospective Mina Tincal tenement comprising 196Ha secured with mining service easement for Stage 2 plant construction
- ◆ Stage 1 development works nearing production
  - ▶ Pilot plant to be operational for first lithium concentrate
  - ▶ Regulatory permits for specialty chemicals use approved
- ◆ \$17 million raised via placement and SPP – Company fully funded to first production
- ◆ Argosy progressing to 77.5% ownership in Rincon Lithium Project Joint Venture early
- ◆ Continued engagement with Asian LCE end-users for potential off-take and Stage 3 investment

**KEY OBJECTIVES FOR MARCH 2018 QUARTER**

- ◆ Continue fast-track development of Rincon Lithium Project
- ◆ Commence Stage 1 pilot plant lithium processing test-works in preparation for production of first battery grade LCE product
- ◆ Progress with fast-tracking Stage 2 development works

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### EXECUTIVE SUMMARY

Argosy Minerals Limited (“Argosy” or the “Company”) continued its fast-track development strategy at the Rincon Lithium Project in Argentina, achieving significant milestones during the Quarter – including substantial progress of Stage 2 development works, successful completion of a \$17 million capital raising, and securing a strategic tenement for the Rincon Project – all leading to the objective of successfully proving a chemical process solution for production of battery grade LCE product, and then subsequent operational expansion for targeted development of Stage 2 works (up to 1,500tpa) and Stage 3 commercial operations.

#### **Rincon Lithium Project – Argentina (JV, earning up to 90%)**

The Rincon Lithium Project is the flagship asset in Argosy’s lithium development strategy, and is located within the Salar del Rincon in Salta Province, in the world renowned “lithium triangle”. The Project is a JV partnership with pre-eminent lithium processing expert Pablo Alurralde, with extensive historical works within the Project area and the Salar, and the Company has established a well-defined pathway to target production of battery grade LCE product.

#### Lithium Development Works

During the Quarter, Argosy further progressed development works at Rincon, with initial Stage 2 evaporation pond construction works completed, resulting in ~10 hectares of evaporation ponds fully operational for lithium brine concentration processes during the current peak solar evaporation season. Combined with the Stage 1 evaporation ponds constructed earlier last year – and concentrating lithium brine since April 2017 – the Company currently has over 11 hectares of evaporation ponds for concentrating lithium brine.

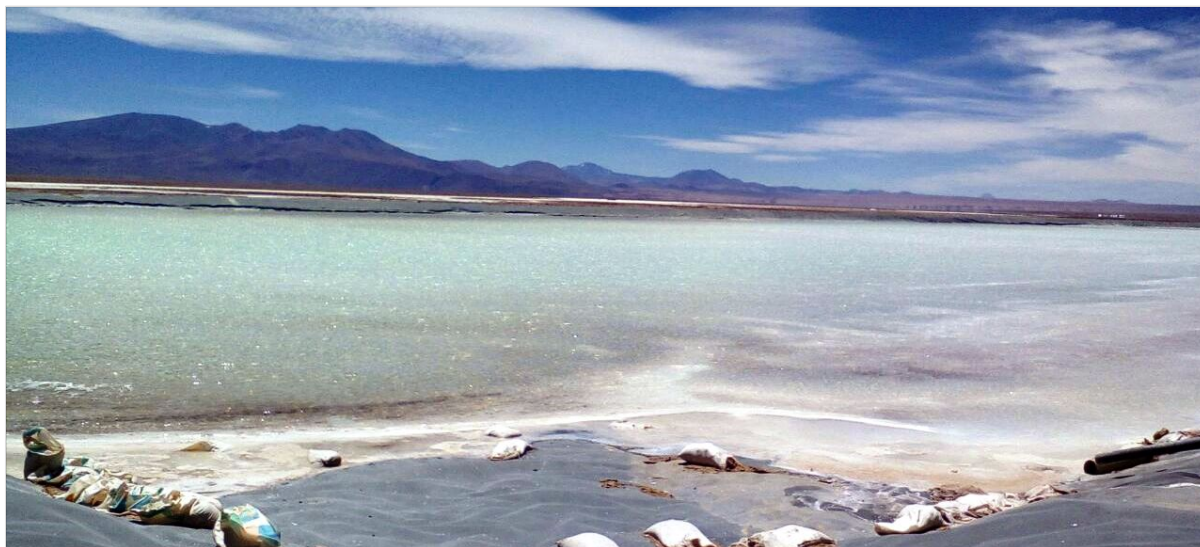


Photo 1. Rincon Lithium Project – Stage 2 Evaporation Ponds

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The Company continues to fast-track progress of its Stage 2 development works program and submitted regulatory application documents to construct the remaining Stage 2 evaporation ponds. Pending receipt of successful regulatory approval and permits, the Company will immediately thereafter commence such works, which will result in a combined total of ~34 hectares of completed Stage 2 lithium brine evaporation ponds.

The Company progressed construction of the Stage 1 pilot plant - with capacity up to 500 tonnes per annum and located at its fully owned industrial warehouse site - with first lithium brine concentrate from Stage 1 evaporation ponds scheduled for lithium processing test-works in March, and first production of targeted battery grade LCE product shortly thereafter. The Company has recently received regulatory approval for purchase and use of specialty chemicals required for lithium processing operations in Argentina.

Natural solar evaporation conditions at the Project during the Quarter resulted in beneficial lithium brine concentration and generation of lithium concentrate. The Company will continue utilising the Stage 1 ponds and re-filling with lithium brine for a continuous cycle of lithium concentrate generation, for processing within the Stage 1 pilot plant.



**Photo 2. Rincon Lithium Project – Stage 1 Evaporation Ponds (panorama view)**

All mining titles within Argosy's Rincon Lithium Project are either owned 100% by Puna Mining S.A. - our local joint venture entity, or Argosy has legal, secure, binding and exclusive option rights to fulfil the conditions and complete the 100% acquisitions of the properties.

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.

### Drilling Operations

The Company conducted two concurrent phases of drilling operations - production well drilling with a rotary drill rig and resource exploration diamond drilling works.

Two production wells were drilled, one of which is being utilised for brine pumping into the Stage 2 evaporation ponds. In addition, pumping tests will be conducted on the completed two production wells to measure flow rates among other testing for analytical / study works.

The resource exploration diamond drilling works are continuing, with seven diamond drill-holes completed to date.



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Once all drilling and sample testing is completed, with the full set of laboratory analysis data – notably brine and porosity analysis results – all the data will be used to produce a Resource estimate for the Project during the current Quarter, to be reported in accordance with JORC 2012 requirements, whereby the Company's Australian consulting hydrogeologists conducted a recent site visit.

### Acceleration of achievement of 77.5% shareholding in Rincon Lithium Project

In recognition of the accelerated commencement of Stage 2 development at Rincon (ie, prior to completion of Stage 1), Argosy signed a letter of intent 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 continued excellent working relationship between Argosy and its joint venture partners, namely lithium processing expert Pablo Alurralde. The Company is currently formalising the definitive documentation and will complete the bureaucratic requirements to finalise this revised arrangement.

### Additional Mining Tenement

The Company executed a binding Option Agreement with Colorado S.A. (ending on 15 May 2018) during which time the Company has the exclusive right to purchase the strategic Mina Tincal Mining Title, comprising 196 hectares within the Salar del Rincon and an additional 31 hectare mining easement right at the nearby industrial site of Olacapato – where the Company has the option, with permits and water access rights in place, to locate, construct, and operate the Stage 2 pilot plant for the Rincon Lithium Project.

Assuming the purchase option is exercised at any time during the exclusive option period, Argosy's Rincon Lithium JV Project land area would increase to a total of up to 2,572.9 hectares of significant lithium and associated infrastructure services, and mining easement right landholdings, to be equipped for future Stage 2 and 3 development and commercial production operations.

The Company also continues to review and assess additional mining concessions prospective for lithium to further increase the Rincon Lithium Project landholding for a larger future production base.

### Strategic Investor / Customer Update

The Company advises that it continues to be engaged with several significant companies in the Asian lithium battery sector to discuss Argosy's development strategy and potential propositions for the Rincon Lithium Project, including the potential to consider investment funding, off-take or other value-adding commercial agreements in consideration for Stage 3 development of the Project.

Argosy notes that any meetings or considerations in regard to any potential transactions are preliminary and there is no certainty that any agreement will be reached. The Company will update shareholders upon any further developments in this regard.

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Lithium Product Market Update

Following recent lithium product supply media attention, Argosy notes that spot lithium carbonate prices maintain near recent highs, with the bulk of that rise happening over the last six months. Argosy's feedback through direct discussions with product users and most analyst commentary indicates an increasingly tight lithium market for 2018 and the next few years ahead (ie, the window within which Argosy aims to enter commercial production).

The Company considers it is in a much stronger and unique position for its current engagement with potential customers due to being the only new participant able to offer potentially high value, premium quality battery grade LCE product directly via the spot market or potential off-take arrangements.

Other

During the Quarter, Argosy terminated the Subscription Agreement with 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 LCE product from Rincon, due to certain conditions precedent to the Qianyun placement not being satisfied by their relevant expiry date.

**Erongo Graphite Project (Area 51) - Namibia (100% interest)**

The Company has resolved to relinquish its interest in the Erongo Graphite Project, located in Namibia, with its interest held in EPL4079.

**Corporate**

Placement and Share Purchase Plan

The Company completed a total \$17 million capital raising (less costs) via an equity placement (\$15m) to institutional and sophisticated investors, and a share purchase plan (\$2m) to eligible shareholders, via the total issue of 94,444,407 ordinary shares at a price of \$0.18 per share.

Other

The Company held a General Meeting on 6 November 2017.

**Schedule of Tenements**

The schedule of tenements held by the Company at the end of the Quarter is shown below.

Tenement	Location	Beneficial Percentage held
EPL4079	Namibia	100%
File 7272 (Telita) <sup>1</sup>	Salta, Argentina	0% (JV, earning up to 90%)
File 14342 (Chiquita 2) <sup>1</sup>	Salta, Argentina	0% (JV, earning up to 90%)
File 22850 (Romulo) <sup>1</sup>	Salta, Argentina	0% (JV, earning up to 90%)
File 22955 (Frodo) <sup>1</sup>	Salta, Argentina	0% (JV, earning up to 90%)

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File 1414 (Talisman) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 1904 (Nelly) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 1905 (Angelica) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 2889 (Maria) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 2890 (Irene) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 6343 (Tigre) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 6345 (Puma) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 100561 (Praga I) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 100562 (Praga II) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 100625 (Praga III) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 10626 (Praga IV) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 17902 (Reyna) <sup>3</sup>	Salta, Argentina	0% (option to purchase 100%)
File 62308 (Tincal) <sup>4</sup>	Salta, Argentina	0% (option to purchase 100%)
Mining easement right (File 4128) <sup>4</sup>	Salta, Argentina	0% (option to purchase 100%)

<sup>1</sup> Interest in mining tenement held by Puna Mining S.A.

<sup>2</sup> Interest in mining tenement held by Salonix SRL

<sup>3</sup> Interest in mining tenement held by Colorado S.A. (50%) & Adela Reina Calpanchay/Cesar Augusto Cruz (50%)

<sup>4</sup> Interest in mining tenement held by Colorado S.A.

**ENDS**

For more information on Argosy Minerals Limited and to subscribe for regular updates, please visit our website at [www.argosyminerals.com.au](http://www.argosyminerals.com.au) or contact us via [admin@argosyminerals.com.au](mailto: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.

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**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.





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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**



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