

**ASX ANNOUNCEMENT**

27 April 2023

**QUARTERLY ACTIVITIES REPORT – MARCH 2023**

**HIGHLIGHTS**

- 2,000tpa operation commissioning and ramp-up phase works progressing, with ramp-up toward continuous production operations targeted from end Q2-CY2023
- Current production trials have produced over 10 tonnes of battery quality lithium carbonate product (average 99.79% purity) from batch operations during commissioning and ramp-up works
- Advancing formal progress with strategic arrangements for off-take and capital funding for 10,000tpa operation expansion
- Pre-development works progressing for 10,000tpa operation expansion
- Resource expansion & production well drilling works progressing – targeting to materially expand current JORC Indicated Resource, and increase project mine-life & future annual production capacity
- Continued positive lithium market sentiment supporting Argosy’s project development and production strategy
- Argosy progressing toward becoming the 2<sup>nd</sup> ASX-listed battery quality lithium carbonate producer
- Strong financial position with cash reserves of ~\$30.7 million at 31 March 2023



Figure 1. Rincon Lithium Project – 2,000tpa Operation

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### OVERVIEW

Argosy Minerals Limited ("Argosy" or the "Company") continued its fast-track development strategy at the Rincon Lithium Project ("Rincon") in Argentina, and reviewing its exploration strategy at the Tonopah Lithium Project in Nevada, USA, achieving significant milestones during the Quarter, including -:

- ▶ The 2,000tpa lithium carbonate facility commissioning and ramp-up phase works continued toward continuous production operations, with current batch production trials having produced 10.2 tonnes of battery quality lithium carbonate product, with average product quality of 99.79% achieved to date.
- ▶ Chemical process and technology validation and verification works completed, confirming the successful operational capability to produce battery quality lithium carbonate product at commercial scale.
- ▶ Strategic lithium carbonate product off-take arrangements and associated capital funding for the Rincon 10,000tpa expansion operation progressing toward being finalised.
- ▶ Environmental Impact Assessment approval process progressing towards conclusion – to develop the 10,000tpa  $\text{Li}_2\text{CO}_3$  expansion operation, supplementing the 2,000tpa operation.
- ▶ Resource expansion exploration diamond drilling works continuing, targeting potential to materially expand the current JORC Indicated Mineral Resource, delineate a brine Ore Reserve, increase project mine-life and future annual production capacity.
- ▶ Strong international lithium carbonate price outlook supporting positive lithium market sentiment, enabling potential to realise Argosy's growing lithium production development strategy.

During the upcoming Quarter, the Company is aiming to finalise the key significant milestones to de-risk and confirm the long-term sustainability and significance of our Rincon Lithium Project – the long-term lithium carbonate product off-take arrangements for the 2,000tpa and 10,000tpa operations, the strategic capex funding and EIA regulatory approval to develop the 10,000tpa expansion operation.

### **Rincon Lithium Project – Argentina** (77.5% JV interest, earning up to 90%)

The Rincon Lithium Project is the flagship asset in Argosy's lithium development strategy, located within the Salar del Rincon in Salta Province, Argentina, in the world renowned "lithium triangle". The Project is a JV partnership with pre-eminent lithium processing expert Pablo Alurralde. His extensive historical works within the Project area and the Salar, together with successful works completed to date have established a well-defined pathway to target commercial production of battery quality lithium carbonate product.

### 2,000tpa Lithium Carbonate Production Operation

The 2,000tpa lithium carbonate facility commissioning and ramp-up phase works are progressing toward continuous production operations.

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Batch production trials have produced 10.2 tonnes of battery quality lithium carbonate product, with an average product quality of 99.79%.

The Company has completed all chemical process and technology validation and verification works, successfully confirming capability in producing battery quality lithium carbonate product at commercial scale.

The 2,000tpa commissioning phase works are nearing completion, in preparation for continuous production operation trials, whilst in parallel, batch ramp-up phase works are ongoing toward achieving continuous production operations.

The Company is targeting to achieve continuous production operations from end of Q2-CY2023. This will be a significant milestone as the Company moves to commercial producer status and generate cash flows from lithium carbonate product sales.



**Figure 2. Rincon Lithium Project – 2,000tpa Operation**

### 10,000tpa Operation Pre-Development Works

Following regulatory approval last year, the Company constructed an additional ~20 hectares of evaporation ponds to complement the current ponds in operation. The larger 10-hectare pond has commenced lithium brine concentration operations, whilst the remaining ponds have recently been constructed and will commence brine pumping operations when required.

The Company is continuing to progress other pre-development works for the 10,000tpa operation including renewable energy/power sourcing arrangements, industrial water drilling operations, preparing for detailed engineering/scheduling works, preliminary engineering for the aqueduct operation, and realignment of the site access road.

### Strategic Off-take and Funding Developments

The Company advanced its formal process related to strategic arrangements for long-term 2,000tpa and 10,000tpa lithium carbonate product off-take and associated capital funding for the 10,000tpa operation expansion.

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The Company is aiming for the strategic funding and off-take arrangements to be finalised to coincide with the 10,000tpa Environmental Impact Assessment regulatory approval (or near this time), and in the lead up to 2,000tpa lithium carbonate production operations.

With the 2,000tpa operation fully funded and progressing toward production operations, and the Company's nil debt position, Argosy has the financial flexibility to assess varying strategic investment and off-take proposals to ensure a favourable outcome for future project expansion beyond the 12,000tpa stage capacity, and cooperation opportunities for mutual strategic and economic benefit.



**Figure 3. Rincon Lithium Project – 2,000tpa Operation**

### 10,000tpa Environmental Impact Assessment Process

The Company is awaiting regulatory approval from the Salta Province's Secretary of Mining department for its Environmental Impact Assessment (EIA) for an additional 10,000tpa lithium carbonate production operation, who is currently processing the report. The Mining Secretary and her executive team (pictured above) recently conducted a site visit.

Puna Mining senior executives held meetings with Salta government officials, including Governor Saenz and Mining Secretary Sassarini, to ensure effective finalisation of the Company's EIA approval process. The Company is maintaining regular communication with these regulatory authorities seeking to expedite official approval receipt.

As part of the regulatory process, the Company is now conducting notification meetings with stakeholders with a view to finalising the process and obtaining formal approval notice

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from the Mining Secretary. These works were slightly delayed, however formal approval receipt is targeted during the current quarter.



**Figures 4-5. Rincon Lithium Project – 2,000tpa Operations**

### Rincon Resource Expansion & Production Well Drilling

The Company has conducted production well rotary drilling and resource expansion exploration diamond drilling works. Two production wells and up to six exploration drill sites have been planned.

The production well rotary drilling program was completed, with two production wells drilled to depths of 350m. Pump testing and brine sampling works have been completed for both wells, with results awaited. These works will facilitate the preparation of a brine Ore Reserve estimate and subsequent completion of an upgraded feasibility study.

The exploration diamond drilling program is progressing, with three drill sites completed to date.

The first exploration drill site had three boreholes completed, to depths of 151m, 411m and 411m. The first two boreholes were sampled – with 11 core samples and 31 brine samples collected, whilst the third borehole was utilised solely for downhole geophysical logging.

The second exploration drill site had two boreholes completed, to depths of 142m and 424m. Both boreholes were sampled – with 8 core samples and 17 brine samples collected, and downhole geophysical logging was conducted.

The third exploration drill site was successfully completed via one borehole, drilled to a depth of 427m. The borehole was sampled, with 6 core samples and 16 brine samples collected, and downhole geophysical logging was conducted.

The fourth exploration drill site has a borehole with drilling in progress, at a current depth of 87m.



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Current core and brine samples have been sent for laboratory analysis, with results awaited. These results will facilitate the preparation of an upgraded brine Ore Resource estimate scheduled for completion by late-2023.

All current exploration drill sites/boreholes have exceeded the planned initial target depth of 300m. The key aim of the resource expansion exploration diamond drilling program is to increase the current JORC Indicated Mineral Resource estimate at the project.

Drilling operations have proved challenging due to inexperienced drilling operators, however the Company is targeting the completion of the final three exploration drill sites to be completed during Q3-CY2023.

### **Tonopah Lithium Project – Nevada, USA (100% interest)**

The Company's highly prospective Tonopah Lithium Project is strategically located near Albemarle's Silver Peak operation in Nevada, USA. Argosy is reviewing its exploration strategy to assess works conducted and results obtained from neighbouring projects to further assist with defining priority lithium brine targets and select drill sites for planned exploration drilling works to determine the lithium brine potential at the project.

### **Lithium Market Update**

Lithium prices weakened during the quarter, primarily due to falling demand and product de-stocking in China. The China spot lithium prices were most affected, however, more recently, prices seem to have stabilised, whilst international contract prices were less impacted. The S&P Platts lithium carbonate price CIF North Asia ended the March quarter at US\$56,500/t, whilst the Benchmark Mineral Intelligence lithium carbonate CIF Asia (contract) price was recently quoted at US\$54,000/t.

Significant growth in EV sales remains the most material driver for future lithium demand, with underlying strength in the sector continuing, noting global demand for lithium increased during the quarter driven by the increasing transition to electric vehicles in the USA, Europe and Asian markets – all with year-on-year increases.

The USA is fast becoming a new and material growth region for lithium demand. With the introduction of the Inflation Reduction Act (IRA), the USA is increasing tax credits for EV purchases to boost EV sales and phase out ICE vehicles.

The EU recently passed the Critical Raw Materials Act and the Net-Zero Industry Act, which are aimed at securing future supply to support its emerging EV market and clean energy industry. Similar to the USA's IRA, it is a material shift in the way the EU is planning to position itself and attract significant investment.

Looking towards the balance of 2023, general market consensus is that recent de-stocking (following removal of EV subsidies in China at the end of 2022), is now fading. Cathode producers are expected to begin re-stocking in coming months, which is anticipated to result in lithium prices increasing.

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Argosy is well positioned with strengthening lithium prices being very positive for the near-term start-up of Argosy's 2,000tpa operation, and are expected to deliver robust returns, providing a significant economic benefit for the planned 10,000tpa expansion operation. Beyond this, the growing acknowledgement amongst market participants of a growing structural supply deficit positions Argosy well to take advantage of current and future lithium prices via the 2,000tpa operation, planned 10,000tpa expansion, and the potential for additional future expansions.

### Corporate & Social Responsibility Programme

The Company has undertaken broad range CSR initiatives within the Salta Province and reinforced its CSR strategies with a focus on local communities in the Puna region as a priority, and remains committed to supporting the local communities through jobs and training. The Company is also focused on procuring goods and services locally as it undertakes development of the 2,000tpa operation.

Argosy is proud of its valuable contribution through its CSR programme, and will continue supporting local communities in developing a sustainable economic environment with sustaining benefits.

### Corporate

The Company is in a strong financial position with cash reserves of ~\$30.7 million (as at 31 March 2023).

During the Quarter, total expenditure of approximately \$5.16 million was provided to Puna Mining to fund the continued development works at the Rincon Lithium Project (as per ASX Listing Rule 5.3.2).

Exploration and evaluation expenditure conducted during the Quarter was nil (accounted for in the funds provided to Puna Mining) (as per ASX Listing Rule 5.3.1).

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, approximately \$147,000 in payments were made to related parties and their associates, for director salaries, consultancy fees and superannuation (as per ASX Listing Rule 5.3.5).

### Schedule of Tenements

The schedule of tenements held by the Company at the end of the Quarter is shown below. No tenements were acquired or disposed during the Quarter.

| Tenement                             | Location         | Beneficial Percentage held    |
|--------------------------------------|------------------|-------------------------------|
| File 7272 (Telita) <sup>1</sup>      | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 14342 (Chiquita 2) <sup>1</sup> | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 22850 (Romulo) <sup>1</sup>     | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 22955 (Frodo) <sup>1</sup>      | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 1414 (Talisman) <sup>1</sup>    | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 1904 (Nelly) <sup>1</sup>       | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 1905 (Angelica) <sup>1</sup>    | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 2889 (Maria) <sup>1</sup>       | Salta, Argentina | 77.5% (JV, earning up to 90%) |



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|   |                  |                               |
|---|------------------|-------------------------------|
| File 2890 (Irene) <sup>1</sup>                  | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 6343 (Tigre) <sup>1</sup>                  | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 6345 (Puma) <sup>1</sup>                   | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 100561 (Praga I) <sup>1</sup>              | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 100562 (Praga II) <sup>1</sup>             | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 100625 (Praga III) <sup>1</sup>            | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 10626 (Praga IV) <sup>1</sup>              | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 17902 (Reyna) <sup>1</sup>                 | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 62308 (Tincal) <sup>1</sup>                | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 6681 (San Marcos) <sup>1</sup>             | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 7215 (Jujuy) <sup>1</sup>                  | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| File 14970 (San Jose) <sup>1</sup>              | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| Mining easement right (File 4128) <sup>1</sup>  | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| Mining easement right (File 15698) <sup>1</sup> | Salta, Argentina | 77.5% (JV, earning up to 90%) |
| NMC1162672 - 1162935                            | Nevada, USA      | 100%                          |
| NMC1131801 - 1131815                            | Nevada, USA      | 100%                          |
| NMC1131817 - 1131827                            | Nevada, USA      | 100%                          |
| NMC1131830 - 1131837                            | Nevada, USA      | 100%                          |
| NMC1131842 - 1131852                            | Nevada, USA      | 100%                          |
| NMC1131856 - 1131868                            | Nevada, USA      | 100%                          |
| NMC1131871 - 1131973                            | Nevada, USA      | 100%                          |

<sup>1</sup> Interest in mining tenement held 100% by Puna Mining S.A.

**ENDS**

*This announcement has been authorised by Jerko Zuvela, the Company's Managing Director.*

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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Argosy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**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

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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.

### Competent Person's Statement – Rincon Lithium Project

The information contained in this ASX release relating to Exploration Targets, Exploration Results and Mineral Resource Estimates has been prepared by Mr Duncan Storey. Mr Storey is a Hydrogeologist, a Chartered Geologist and Fellow of the Geological Society of London (an RPO under JORC 2012). Mr Storey has sufficient experience that is 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 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Duncan Storey is an employee of AQ2 Pty Ltd and an independent consultant to Argosy Minerals Ltd. Mr Storey consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from exploration at the Rincon Lithium Project.

Chemical Engineer's Statement: The information in this announcement that relates to lithium carbonate processing is based on information compiled and/or reviewed by Mr Pablo Alurralde. Mr Alurralde is the President of Puna Mining S.A. and consents to the inclusion in this announcement of this information in the form and context in which it appears. Mr Alurralde is a chemical engineer with a degree in Chemical Engineering from Salta National University in Argentina. Mr Alurralde has sufficient experience which is relevant to the lithium carbonate and lithium hydroxide processing and testing undertaken to evaluate the data presented.

### ASX Listing Rules Compliance

The Mineral Resources information contained in this ASX release is extracted from the report entitled "Argosy Upgrades Lithium Rincon Lithium Project JORC resource" dated 13 November 2018, available at [www.argosyminerals.com.au](http://www.argosyminerals.com.au) and [www.asx.com](http://www.asx.com). Argosy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Argosy advises references to the Company's current target of producing 2,000tpa of high purity battery quality lithium carbonate product at the Rincon Lithium Project should be read subject to and clarified by the Company's current intention that the 2,000tpa production target does not extend beyond a two-year period from the Clarifying Announcement (lodged 10<sup>th</sup> February 2021, available at [www.argosyminerals.com.au](http://www.argosyminerals.com.au) and [www.asx.com](http://www.asx.com)).

At the conclusion of the two-year period, it is the Company's current intention that, subject to feasibility, finance, market conditions and completion of development works at the Rincon Lithium Project, the Company's 10,000tpa production target will apply. The current 2,000tpa production target is intended to form a modular part of the 10,000tpa operation from its commencement.

Argosy further advises that references in this ASX release in relation to the 10,000tpa production target are extracted from the report entitled "Argosy delivers exceptional PEA results for Rincon Project" dated 28 November 2018, available at [www.argosyminerals.com.au](http://www.argosyminerals.com.au) and [www.asx.com](http://www.asx.com). Argosy confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and, in the case of the Production Target, Mineral Resources or Ore Reserves contained in the Announcement, that all material assumptions and technical parameters underpinning the estimates in the PEA announcement continue to apply and have not materially





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changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the PEA announcement.

### Reference to Previous ASX Releases:

This document refers to the following previous ASX releases:

13th Nov 2018 - Argosy Upgrades Lithium Rincon Lithium Project JORC Resource

28th Nov 2018 - Argosy delivers exceptional PEA results for Rincon Project

11th Jan 2021 - Rincon Project JORC Exploration Target

8th Feb 2021 - \$30M Placement to Fund 2,000tpa Production

10th Feb 2021 - Clarifying Announcement

### ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with a current 77.5% (and ultimate 90%) interest in the Rincon Lithium Project in Salta Province, Argentina and a 100% interest in the Tonopah Lithium Project in Nevada, USA.

The Company is focused on its flagship Rincon Lithium Project – 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: Rincon Lithium Project Location Map

