

Argosy Minerals Inc

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended June 30, 2004
(expressed in Canadian dollars)

ARGOSY MINERALS INC
(An Exploration Stage Corporation)
CONSOLIDATED BALANCE SHEETS
(Unaudited, prepared by Management)
As at June 30, 2004 and December 31, 2003
(Expressed in Canadian Dollars)

	June 30, 2004	Dec. 31, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,208,787	\$ 8,058,383
Accounts receivable and prepaids	74,165	163,555
	<u>6,282,952</u>	<u>8,221,938</u>
Property Plant and Equipment	34,975	39,413
	<u>\$ 6,317,927</u>	<u>\$ 8,261,351</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 377,720	\$ 451,173
SHAREHOLDERS' EQUITY		
Capital Stock		
Authorised - unlimited		
Issued - 95,969,105 common shares (2003: 95,969,105)	44,075,384	44,075,384
Deficit	(38,135,177)	(36,265,206)
	<u>5,940,207</u>	<u>7,810,178</u>
	<u>\$ 6,317,927</u>	<u>\$ 8,261,351</u>

Contingency - see New Caledonia Nickel Project and Request for Arbitration

APPROVED BY THE DIRECTORS



Cecil R. Bond, Director



John Nicholls, Director

(An Exploration Stage Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited - Prepared by Management)

For the Three Months ended June 30, 2004 and 2003
and the Six Months ended June 30, 2004 and 2003

	Three Months ended June 30		Six Months ended June 30	
	2004	2003	2004	2003
Income:				
Interest income and other	\$ 78,566	\$ 103,615	\$ 168,303	\$ 197,769
Profit on disposal of mineral property	-	125,500	-	125,500
Foreign exchange gain / (loss)	(437,461)	181,001	(238,794)	159,089
	\$ (358,895)	\$ 410,116	\$ (70,491)	\$ 482,358
Expenses:				
Accounting and audit	16,009	49,823	48,408	53,677
Arbitration	53,351	258,247	131,926	316,732
Bank charges	1,134	3,331	2,850	5,060
Depreciation	3,647	4,027	7,105	7,807
Directors' fees	26,749	18,750	39,249	31,250
Insurance	21,738	17,537	41,760	37,858
Legal	17,116	21,195	47,156	28,696
Management and consulting fees	53,064	93,520	566,410	208,566
Office	9,124	12,136	15,228	15,978
Project assessment	237,370	454,395	479,121	699,432
Rent	14,216	15,123	31,744	30,838
Salaries and benefits	112,100	99,591	226,048	197,370
Shareholder communications	19,275	25,460	34,330	30,814
Telecommunications	3,273	8,633	7,506	11,627
Transfer agent and stock exchange	16,389	15,944	34,025	23,122
Travel	62,146	91,524	86,614	150,278
Write down of Marketable Securities	-	100,203	-	100,203
Write off of Mineral Properties & Deferred Costs	-	19,783	-	19,783
	\$ 666,701	\$ 1,309,222	\$ 1,799,480	\$ 1,969,091
Loss for the period	\$ (1,025,596)	\$ (899,106)	\$ (1,869,971)	\$ (1,486,733)
Deficit, beginning of period	\$ (37,109,581)	\$ (34,359,700)	\$ (36,265,206)	\$ (33,772,073)
Deficit, end of period	\$ (38,135,177)	\$ (35,258,806)	\$ (38,135,177)	\$ (35,258,806)
Basic & Diluted Loss per				
Common Share	(\$0.011)	(\$0.009)	(\$0.019)	(\$0.015)
Weighted Average Number of				
Common Shares Outstanding	95,969,105	95,969,105	95,969,105	95,969,105

ARGOSY MINERALS INC

(An Exploration Stage Corporation)

CONSOLIDATED CASH FLOW STATEMENTS

(Unaudited - Prepared by Management)

For the Three Months ended June 30, 2004 and 2003

and the Six Months ended June 30, 2004 and 2003

Cash Provided From (Used For):	Three Months Ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Operating Activities				
Loss for the period	\$ (1,025,596)	\$ (899,106)	\$ (1,869,971)	\$ (1,486,733)
Adjustments for:				
Depreciation	3,647	4,027	7,105	7,807
Foreign exchange (gain) / loss	444,963	(174,403)	256,145	(159,938)
Write down of marketable securities	-	100,203	-	100,203
Write off of mineral properties and deferred costs	-	19,783	-	19,783
Profit on disposal of mineral property	-	(125,500)	-	(125,500)
	(576,986)	(1,074,996)	(1,606,721)	(1,644,378)
Changes in Non-cash working capital				
(Increase) decrease in accounts receivable & prepaids	(57,961)	(49,371)	89,390	(101,367)
Increase/(decrease) in accounts payable & accrued liabilities	(21,766)	63,003	(73,453)	28,679
Cash Flows from Operating Activities	(656,713)	(1,061,364)	(1,590,784)	(1,717,066)
Investing Activities				
Purchase of capital assets	(2,667)	(4,660)	(2,667)	(11,371)
Mineral properties and deferred costs	-	(36,208)	-	(53,771)
Sale of marketable securities	-	-	-	55,524
Restricted cash	-	146,929	-	157,960
Cash Flows from Investing Activities	(2,667)	106,061	(2,667)	148,342
Foreign Exchange (Loss)/Gain on Cash held in Foreign Currency	(444,963)	174,403	(256,145)	159,938
Decrease in Cash & Cash Equivalents	(1,104,343)	(780,900)	(1,849,596)	(1,408,786)
Cash & Cash Equivalents at Beginning of Period	7,313,130	9,152,289	8,058,383	9,780,175
Cash & Cash Equivalents at End of Period	\$ 6,208,787	\$ 8,371,389	\$ 6,208,787	\$ 8,371,389

ARGOSY MINERALS INC
(An Exploration Stage Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Prepared by Management)

For the Three Months ended June 30, 2004 and June 30, 2003

1. These consolidated financial statements have been prepared in accordance with Canadian GAAP and follow the same accounting policies and methods of their application as the most recent annual financial statements of the Corporation dated December 31, 2003 and should therefore be read in conjunction with those statements. These notes do not include all of the information and disclosures required by Canadian GAAP for annual financial statements.
2. Project assessment expenditures for the 3 months ended June 30, 2004 consist of the following:

Project Option Fees	\$ 55,232
Drilling and Processing Expenditures	41,248
Consulting, Supervision, Legal, Accounting	46,580
Travel and Accommodation	80,073
Rehabilitation	14,237
	<hr/>
	\$ 237,370

ARGOSY MINERALS INC
(the "Corporation")

Management Discussion and Analysis
Second Quarter Ended June 30th, 2004

August 10, 2004

The selected consolidated financial information set out below and certain comments which follow are based on, and derived from, the consolidated financial statements of the Corporation, and should be read in conjunction with them. This Management Discussion and Analysis has been prepared as at August 10, 2004.

Description of Business

Since incorporation the Corporation has been exclusively a natural resource Corporation engaged in exploration for precious metals, base metals and diamonds. At this stage of its development the Corporation has no producing properties and, consequently, has no current operating income or cash flow. The Corporation is currently focusing on its diamond project, the Albetros Project, in Namaqualand, South Africa and its gold project, the Gold Creek Project in Elko County, Nevada, USA. The Burundi Nickel Project was subject to force majeure and consequently no activity has taken place on the project during the period ended June 30, 2004. The Corporation is a reporting issuer in British Columbia, Alberta and Ontario and trades on the Australian Stock Exchange under the symbol AGY.

New Caledonia Nickel Project and Request for Arbitration

Pursuant to the terms of an agreement dated October 16, 2001 among the Corporation, its subsidiary Balzan, NN Invest Holdings SA, a Luxembourg Company ("NNIH") that is a subsidiary of Norilsk Mining Company and Societe Des Mines de la Tontouta ("SMT"), a French company, NNIH and SMT agreed to participate with Balzan in the development of mineral properties in New Caledonia. NNIH subsequently terminated the agreement and commenced arbitration proceedings in the International Court of Arbitration in Paris against the Corporation and Balzan to recover funds reimbursed to Balzan of US\$7,166,000 plus amounts expended on the project amounting to US\$1,368,222 plus costs. In November, 2003 in preliminary proceedings, the arbitral tribunal ruled that it had jurisdiction under the terms of the agreement to hear the arbitration claim. It is too early to determine the outcome of merits of the arbitration claim and the Corporation is defending the claim, which it believes to be wholly without merit, and has filed a counterclaim against NNIH. No provision has been made in the Financial Statements relating to this claim.

Projects

Albetros Diamond Project

The Albetros Project is an alluvial diamond project situated on the west coast of South Africa near Kleinsee. The Corporation holds its interest in the Albetros Project through an option to purchase up to 85% of the shares of Albetros Inland Diamond Exploration Pty Ltd ("Albetros") the owner of the Project.

Pursuant to the agreement with the shareholders of Albetros, the Corporation has until August 31, 2004 to fully evaluate the project area prior to making a decision to acquire Albetros, however the Corporation is not making option payments to the shareholders of Albetros until such time as the prospecting licence is renewed. In addition, the Corporation has advised the shareholders of Albetros that the option period must be extended by the period for which no licence is available.

The Option Agreement provides for:

- a) an option exercise date of August 31, 2004. *
- b) monthly option fees totalling R4,050,000 (\$799,000) payable as follows:
 - 2003 – R2,400,000 (\$469,000) – paid.
 - 2004 – R1,650,000 (\$330,000) – of which R550,000 has been paid, and
- c) a purchase price of R17,000,000 (\$3,400,000) less all option fees paid at the date of exercise of the option. Should the Corporation exercise its option to acquire Albetros the purchase price of R17,000,000 less option fees totalling R4,050,000 (R2,950,000 has been paid to date) will be paid in two payments as follows:
 - R7,000,000 (\$1,400,000) on August 31, 2004.*
 - R5,950,000 (\$1,190,000) on December 1, 2004.*

* the Corporation has advised Albetros and the shareholders of Albetros that these dates must be delayed by the period for which Albetros does not have a prospecting permit.

The Corporation can withdraw from the agreement to acquire Albetros at any time.

The Corporation has agreed to sell a 5.5% interest in Albetros to Umnotho weSizwe Diamond Company Pty Ltd. (“Umnotho”), its Black Economic Empowerment partner in South Africa, for a cash consideration of R1,100,000 (\$220,000), which would result in the Corporation retaining a 79.5% interest in Albetros should the Corporation exercise its option to acquire Albetros. In addition, Umnotho will refund the Corporation a pro rata portion of expenditure incurred on assessing the Albetros Diamond Project.

In January 2004, the owners of Albetros transferred 14% of the shares of Albetros to the Corporation for options fees paid to that time of R2,700,000 (\$538,000).

Exploration of the project area during 2003 consisted of 9,330 metres of rotary air blast drilling, identifying two palaeo channels on the project area. This drilling resulted in the establishing of a gravel resource estimated at 6.1 million tonnes in the Megalodon Channel and potential for a further 3.7 million tonnes in the southern extension of the channel. The gravels in Megalodon are well developed with concentrate rich diamond bearing gravels up to 5.2 metres thick.

The Sidewinder channel, which has less mature gravels than Megalodon, is estimated to have a gravel resource of 10.6 million tonnes, however the diamondiferous nature of these gravels is yet to be determined.

A large diameter auger (“LDA”) drill program completed in December 2003, consisted of 22 holes drilled into the Megalodon Channel. Three LDA holes targeted at the Sidewinder Channel had to be abandoned due to encountering free running sand.

During the quarter ended March 31, 2004 processing of the gravel recovered from the LDA drilling of the Megalodon channel was completed and resulted in the recovery of 33 diamonds with a total caratage of 14.962 carats. The diamonds recovered included a largest stone of 4.979 carats and ranged in size down to 0.087 carats.

Initial statistical treatment of these sampling data revealed a bimodal diamond population, with an average stone size of 0.45 carats. Of the total caratage, 57% represented stones greater than 1 carat in size. It is stressed that this limited sampling program is not considered sufficiently representative to establish a resource grade at this stage. The presence of four diamonds in Hole 15, including the largest stone recovered, and 3 diamonds in Hole 19 confirms the potential for diamond clustering and the presence of anomalous large stones.

All except 6 of the Megalodon LDA holes (73%) returned one or more diamonds. Some 91% of the diamonds recovered (94% of the carats) were sourced from the basal zone. Average thickness of basal gravel zone was 1.6 metres.

During April 2004, the Corporation received a valuation of US\$314.7 per carat, for the parcel of diamonds recovered, from DeBeers Diamond Trading Company in Kimberley, South Africa.

RENEWAL APPLICATION FOR THE PROSPECTING PERMIT

In January 2004, Albetros applied for a renewal of the prospecting permit over the Albetros Project area. The prospecting permit expired on March 15, 2004 and the renewal application is for a 2 year extension of the prospecting permit. The project area has been reduced from 125 km² to 76.65 km² in the renewal application, following the results of drilling, which downgraded the prospectivity of the eastern portion of the project area. With the new Minerals Act coming into force on May 1, 2004 there are delays in processing permit applications, consequently the prospecting permit has not yet been issued and no work can be conducted on the project at this time.

In addition, recent announcements regarding Black Economic Entity (“BEE”) participation in new prospecting permits over state owned minerals have indicated a requirement for increased BEE participation of 51% from previous requirements of an initial 15% interest rising to a required 26% interest over a number of years. The Corporation is currently evaluating the impact of these new requirements.

Mr. Hugh Durey B.Sc (Hons) Geol., F.Aus. I.M.M. CP (Geol), who manages the work program at Albetros, is a consultant to the Corporation and has sufficient experience relevant to the style of mineralization and type of deposits under consideration and to the activity undertaken.

Nevada Gold Project

The Nevada Gold Project is situated within the southern boundary area of the Humboldt – Toiyabe National Forest, in Northern Elko County, Nevada and comprises 64 unpatented lode mining claims and 2 unpatented claims covering water rights.

The Corporation holds the Nevada Gold Project under 2 option agreements. The option agreement over the Gold Creek property covers 31 unpatented mining claims and 2 claims covering water rights. The agreement is for 3 years and has an annual option payment of US\$20,000 and a purchase price of US\$1,250,000 for 100% of the claims. During May 2004 the Corporation entered into an option agreement over the adjoining 33 unpatented claims. The agreement is for 3 years and has an annual option payment of US\$20,000 and a purchase price of US\$1,500,000 for 100% of the claims.

WORK CONDUCTED

During the quarter ended June 30, 2004 the Corporation completed a reconnaissance sampling program at its Gold Creek Project in Nevada, USA. After a delayed start to the field season as a result of late winter snow, the Corporation's gold geologist commenced field work in April. Occasional snow falls continued into the months of May and June with some snow drifts remaining into late June.

Summary of exploration activities during the quarter

A program of surface mapping and rock chip sampling was undertaken in order to confirm encouraging high grade gold assays reported by earlier explorers as well as identify areas for drilling later in the year. A total of 162 rock chip samples were collected during the Quarter with most of the samples coming from an area of 3.5 km (in a rough northerly direction) by 0.5 to 1.5 km (east-west).

A group of 7 samples was taken from a stockpile area some 2 km west of the main project area where Harrison Western stockpiled some 1,300 tonnes of ore material taken from drift development in the upper level of the St. Elmo mine in 1990. The average grade of this material, determined by Harrison Western, was reportedly ~10 g/t gold. A 360 kg sample, presumably taken from a high grade stope along the same drift development, was submitted by Harrison Western to Hazen Research Inc for metallurgical studies. Hazen reported an average grade of 81 g/t gold. Samples collected by the Corporation from the abandoned stockpiles returned a highest assay of 37.8 g/t gold (and 48 g/t silver) from a sample of sulphide-bearing quartz vein material. Assays confirmed that pyrite- chalcopyrite - tetrahedrite - sphalerite - galena bearing quartz veins carry the higher gold grades while sulphide-poor veins carry lower gold grades.

A total of 18 rock chip samples were taken from the accessible underground workings at St. Elmo. Veins exposed in the underground workings have north-northwest to north-northeast strikes and steep easterly dips. Widths and grades are highest where veins intersect. The Corporation's sampling returned a best assay of 30.1 g/t gold (51 g/t silver), confirming the encouraging grades from earlier explorers.

An area of high grade outcrop was found some 75m north of the northern limit of the underground workings at St. Elmo. Here an outcrop of vein quartz (19.15 g/t gold) and adjacent limonitic breccia (145.5 g/t gold) are exposed in the wall of a northeasterly trending trench. Totalling 3m in width, the structure in which the vein and breccia are emplaced represents an important drill target for the upcoming drilling program.

Rosebud Peak (2,488m), located 2km northwest of St. Elmo, was the focus for much of the surface sampling by the Corporation. Mapping and assaying identified a roughly 300m long,

north-south trending zone of strong quartz stockwork veining and silicification that runs along the crest and eastern side of the peak. Together with assay results from earlier explorers, grades are gold-anomalous along most of the 300m long zone with highly anomalous grades reaching 15.4 g/t gold along a 160m interval.

Important results from reconnaissance sampling at St. Elmo are tabulated below:

Sample	Gold g/t	Silver g/t
A3101	37.80	48
A3102	1.13	5
A3104	3.94	9
A3105	2.57	15
A3106	1.82	7
A3115	3.45	2
A3117	3.02	1
A3118	145.50	56
A3119	19.15	13
A3120	30.00	13

Samples A3101 – A3107 were collected from stockpiles of St. Elmo mineralisation mined by Harrison Western in 1990.

Surface sampling was also conducted in the vicinity of the Diamond Jim and Rosebud mines, both past silver producers. A total of 15 samples from the Rosebud mines returned greater than 100 g/t silver with the highest being 1,500 g/t silver.

Important results from the reconnaissance sampling conducted by the Corporation in the area surrounding the Diamond Jim mine have been achieved and the best results are tabulated below:

Sample	Gold g/t	Silver g/t
A3111	1.71	1
A3112	9.06	3
A3142	3.03	688
A3144	0.71	461
A3156	0.33	455
A3169	0.86	218
A3174	0.55	344
A3176	0.52	410
A3177	1.06	1500

The results of these sampling assays confirmed the expected high grade gold and silver results previously reported from these claims. As a result the Corporation decided to take an option over the contiguous claims to the north of the Gold Creek claims and effectively doubled the area

of claims under investigation. In addition to the surface rock chip sampling program certain other samples were collected from underground workings of the existing old mines.

The high grades encountered are indicative of epithermal gold systems and are considered highly encouraging for the discovery of further mineralisation at depth. To this end a detailed proposal for a diamond drilling program has been submitted to the Nevada authorities for permission to conduct a drilling program from both surface and underground locations to further investigate the epithermal vein systems encountered at surface.

Proposed Drilling Program

A "Plan of Operations for Mining Activities on National Forest System Lands" has been submitted to the Forestry Service in Elko. Present indications are that approval to conduct a drilling program will be given during September 2004.

Metreage for the planned drilling program will be 3,800m of which 1,600m is "contingency" drilling that will be subject to earlier results. Drilling at St. Elmo will be both surface-collared as well as underground drilling. The 300m long zone of veining and stockworking at Rosebud Peak will be tested as well as an Induced Polarisation chargeability anomaly, located midway between St. Elmo and Rosebud Peak, that was found by earlier explorers.

All this work is being undertaken with a view to assisting in the delineation of distinct high grade zones that can be targeted by future drilling.

Dr. George Katchan, a full time employee of the Corporation, is conducting the exploration program on the Nevada Gold Project and has sufficient experience relevant to the style of mineralization and type of deposits under consideration and to the activity undertaken.

Musongati Nickel / PGM Project

The Musongati Nickel Project is situated in central Burundi and covers an area of 171 km². In August 2002 the Corporation declared force majeure due to instability in the country.

There has been a discernable reduction in tension in Burundi following the implementation of the Peace Process and the recent deployment of a United Nations Peace Keeping Force. According to the Corporation's sources in Burundi, only one rebel group remains outside the inclusive political process and their activities are localised in the SE of the country.

Given the improving outlook the Corporation's subsidiary, Andover Resources is preparing itself for a future return to activities at Musongati and in July advised the Minister of Mines that it was lifting the notice of Force Majeure.

Outlook

The Corporation expects to complete its evaluation of the Albetros Diamond Project within 6 months of receiving a new prospecting permit, however due to changing Black Empowerment requirements and a backlog on processing licence applications following the implementation of the new Minerals Act in May 2004, it is not known when a new licence will be issued. Should

the evaluation prove successful the Corporation has the right to purchase 85% of Albetros Inland Diamond Exploration Pty Ltd. ("Albetros"), the owner of the Albetros Project for R17 million (\$3.4 million) less option fees paid. To date the Corporation has paid option fees totaling R2.95 million (\$588,000). Should the Corporation exercise its option, it has agreed to sell 5.5% of Albetros to its Black Economic Empowerment partner for a consideration of R1,100,000 plus a pro rata re-imbusement of exploration costs.

The Corporation recently commenced exploration at its Nevada Gold Project acquired under option in December 2003. The Corporation will also seek opportunities to further advance the development of the Musongati Nickel Project as conditions in Burundi allow activities to resume in that country.

The Corporation continues to seek additional projects through which shareholder value may be enhanced and has focused on diamonds and precious metals as targets. The Corporation is investigating suitable projects on a global basis and has been active in examining precious metal and diamond opportunities in South Africa, Angola, elsewhere in Africa and the Pacific region. In the event that activities on the projects are greatly increased or if substantial new opportunities are pursued or if the Corporation is not successful in defending the request for arbitration, the Corporation will require additional funds from the sale of equity or the sale of some or all of its projects.

Overall Performance

June 30, 2004 and June 30, 2003

The Corporation incurred a loss of \$1,025,596 for the quarter ended June 30, 2004 compared to a loss of \$899,106 for the quarter ended June 30, 2003. The increased loss of \$126,490 is mostly attributable to the foreign exchange loss of \$437,461 in 2004 compared to a gain of \$181,001 in 2003, offset by a decrease in accounting and audit fees of \$33,814 and a decrease in arbitration costs of \$204,896, decreased project assessment fees of \$217,025, a decrease in management and consulting fees of \$40,456 due to the termination of the management contract with Peninsular Services Pty Ltd in February 2004. There were no write downs of marketable securities or mineral properties and deferred costs in 2004 compared to a total of \$119,986 written off in 2003.

Interest income of \$78,566 for the quarter ended June 30, 2004, decreased from \$103,615 for the quarter ended June 30, 2003 as a result of decreasing cash balances. Cash balances are held mainly in Australian dollars which gives rise to higher interest earnings due to interest rates on Australian dollar investments averaging 4.9% which is higher than rates for Canadian dollar investments. In addition foreign exchange losses have resulted from the Corporation holding substantial cash balances in Australian dollars and the Australian dollar weakening against the Canadian dollar.

During the quarter ended June 30, 2004 cash required for operating activities amounted to \$656,713 compared to \$1,061,364 for the quarter ended June 30, 2003.

The decrease in cash required for operations of \$404,651 resulted mainly from the reduction in accounts payable of \$21,761 in 2004 compared to an increase in accounts payable of \$63,003 in 2003 and decreased administrative expenditures and project assessment expenditures of \$305,510 and \$217,025 respectively.

During the quarter administrative expenses were \$429,331 compared to \$734,841 for the quarter ended June 30, 2003. The decrease of \$305,510 arose mainly from decreased arbitration expenses, lower monthly management fees due to the Corporation not replacing the Peninsular Services Pty Ltd contract, decrease in travel of \$29,378 and decreased accounting and audit fees of \$33,814.

Results of Operations

Project Assessment April 1, 2004 through June 30, 2004

Project assessment expenditures for the quarter ended June 30, 2004 remained consistent compared to the quarter ended March 31, 2004. Project assessment expenditures decreased by \$217,025 for the quarter ended June 30, 2004 compared to the same period in 2003 mainly due to the exploration program at the Albetros Project being completed early in the 2nd quarter of 2004 and only limited exploration commencing on the Nevada Project in late April 2004.

Second Quarter 2004 to First Quarter 2004

Project assessment expenditures remained consistent with the previous quarter as the drilling program at Albetros was completed in early 2004 resulting in decreased expenditure on that project while the exploration program on the Nevada Gold Project commenced in April resulting in increased expenditure.

The Corporation incurred a loss of \$1,025,596 for the quarter ended June 30, 2004 compared to a loss of \$844,375 for the quarter ended March 31, 2004. The increased loss of \$181,221 is mostly attributable to the foreign exchange loss of \$437,461 in the June quarter, compared to a foreign exchange gain of \$198,667 in the quarter ended March 2003, offset by a decrease in management and consulting fees of \$460,282 due to the termination of the management contract at a cost of \$441,844 with Peninsular Services Pty Ltd in January 2004.

During the quarter administrative expenses were \$429,331 compared to \$891,028 for the quarter ended March 31, 2004. The decrease of \$461,697 arose mainly from decrease in management and consulting fees of \$460,282 due to the termination of the management contract with Peninsular Services Pty Ltd in January 2004.

During the quarter ended June 30, 2004 cash required for operating activities amounted to \$656,713 compared to \$934,071 for the quarter ended March 31, 2004. The decrease in cash required for operations resulted mainly from decreased administrative expenditures and a decrease in accounts receivable and prepaid expenditures in the March quarter of \$147,351 compared to an increase in accounts receivable and prepaids of \$57,961 in the June quarter.

Summary of Quarterly Results

Year 3 months ended	2004			2003		2002		
	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar	Dec 31	Sept 30
	\$ (000's)							
Interest income	79	90	80	86	104	94	112	107
Other	-	-	114	-	125	-	-	-
Foreign exchange gain/(loss)	(438)	198	426	86	181	(22)	292	70
Total income	(359)	288	620	172	410	72	404	177
Administration expenditures	(430)	(890)	(416)	(360)	(735)	(415)	(563)	(323)
Project assessment	(237)	(242)	(720)	(302)	(454)	(245)	(33)	(51)
Write off of mineral properties and deferred costs and other	-	-	-	-	(120)	-	(7,973)	(2,540)
Loss	(1,026)	(844)	(516)	(490)	(899)	(588)	(8,165)	(2,737)
Basic and diluted loss per common share in dollars/share	(.011)	(.009)	(.005)	(.005)	(.009)	(.006)	(.085)	(.029)
Weighted Average Number of Common Shares (000's)	←			95,969		→		

The fluctuation in income over the past eight quarters is mainly due to foreign exchange gains and losses due to the changing rate of exchange between the Australian and Canadian dollar and the Corporation holding a substantial portion of its cash balances in Australian dollars. During the quarter ended June 30, 2004 the loss increased significantly mainly due to the foreign exchange loss of \$437,461 incurred due to the declining value of the Australian dollar.

During the quarter ended March 31, 2004 administrative expenses significantly increased compared to previous quarters this was mainly due to an increase of management fees. The increase in management fees resulted from a payout on termination of the management contract with Peninsular Services Pty Ltd.

Administration expenditures in the quarter ended June 30, 2003 were substantially increased, mainly due to arbitration costs of \$258,247. The write down of marketable securities to fair market value added \$100,203 to the loss for the quarter.

Project assessment expenditures increased during 2003 as a result of the assessment of the Ukrainian gold deposits and the evaluation of the Albetros Diamond Project.

In the quarters ended December 31, and September 30, 2002 the Corporation wrote off its investments in the Musongati Nickel Project due to ongoing instability in Burundi and wrote down its Kremnica Gold Project in Slovakia. The Kremnica Gold Project was sold in 2003 for \$500,000.

Liquidity and Capital Resources

The Corporation's cash deposits at June 30, 2004 totaled \$6,208,787 compared to \$7,313,130 at March 31, 2004 and \$8,058,383 at December 31, 2003. Aside from such cash the Corporation has no material unused sources of liquid assets. As the Corporation does not have a source of income, cash balances will continue to decline as the Corporation utilizes these funds to conduct its operations.

The Corporation does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

As a result of the reimbursement by NNIH to the Corporation in 2001 of \$11,307,948 for a portion of prior project expenses, the Corporation has sufficient cash resources for at least the next twelve months at current levels of expenditure. *See New Caledonia Nickel Project and Request for Arbitration.*

Commitments and Property Option Payments

	2004	2005	2006	Total
Office rent – Australia	\$ 21,600	\$ 44,400	-	\$ 66,000
Property Payments – Nevada, HTMC	paid	\$ 27,000	\$ 27,000	\$ 81,000 ^{1,2}
Property Payments – Nevada, Diamond Jim	paid	\$ 27,000	\$ 27,000	\$ 81,000 ^{1,3}
Option fee – Albetros	\$ 270,000	-	-	\$ 270,000 ^{1,5}
Purchase Consideration, Albetros - R 12,950,000	\$ 2,590,000	-	-	\$ 2,590,000 ^{1,4,5}
				<u>\$ 3,088,000</u>

1. These agreements are able to be terminated without penalty at the option of the Corporation.
2. Option payments total US\$20,000/year for 3 years and the purchase consideration for the mining claims at the end of the option period is US\$1,250,000.
3. Option payments total US\$20,000/year for 3 years and the purchase consideration for the mining claims at the end of the option period is US\$1,500,000.
4. The purchase consideration is R17,000,000 less option fees paid to March 31, 2004 of R2,950,000 and option fees payable of R1,100,000 leaving a balance of R12,950,000 (\$2,590,000) payable should the option be exercised.
5. The Corporation has advised Albetros and the shareholders of Albetros that option payments and the option exercise date must be delayed by the period for which no prospecting licence is held by Albetros.

Related Party Transactions

April 1, 2004 through June 30, 2004

The Corporation paid \$48,198 for management fees and accounting services and \$21,343 for personnel and office facilities to three companies, each controlled by a director of the Corporation. Directors' fees totaling \$26,750 were paid to 4 directors of the Corporation. Payments for management fees, staff and office costs and directors' fees were \$48,198, \$21,343, and \$26,750 respectively, for a total payment of \$96,291 in the Quarter ended June 30, 2004, compared to \$279,334 for the quarter ended June 30, 2003, comprised of management fees of \$95,972, staff and office costs of \$152,113, and directors' fees of \$31,250. There has been no increase in rates paid for management fees and salaries, however, since the termination of the Management Contract with Peninsular Services Pty Ltd, Australian office staff are paid directly by the corporation, therefore reducing the related party management fees and staff and office costs paid.

Critical Accounting Estimates

The detailed accounting policies are discussed in the Corporation's annual financial statements, however, the following accounting policies require the application of management's judgment:

- (a) *Mineral property valuations* – Management uses its best estimate for recording any mineral property value based on the results of any exploration conducted, prevailing

market conditions, similar transactions and factors such as stability of the country in which the asset may be located.

- (b) *Contingent Liabilities* – Management evaluates any claims against the Corporation and provides for those claims, where necessary, based on information available to it, including in some instances, legal advice.

Changes in Accounting Policies

There have been no changes in accounting policies during the quarter ended June 30, 2004.

Financial Instruments and Other Instruments

Cash holdings in Australian dollars are subject to exchange rate fluctuations which could give rise to exchange losses.

Other

Capitalization

The Corporation has 95,969,105 shares outstanding at August 10, 2004 of which 905,032 are subject to escrow and eligible for release on March 8th, 2005.

In addition, the Corporation has 3,075,000 options outstanding and exercisable at A\$ 0.35 per share. 350,000 of these options expire on July 27, 2004 and 2,725,000 expire on May 26, 2006.

List of Directors and Officers at Signature and Filing Date

*Peter H. Lloyd	Chairman
Cecil R. Bond	CEO and Corporate Secretary
Marcus N. Foster	CFO
*John Nicholls	Non-executive Director
*John Maloney	Non-executive Director

*Denotes member of audit committee.

Additional information regarding the Corporation is available from its materials filed on Sedar at www.sedar.com.

Certification of Interim Filings

I, Cecil R. Bond, Director, Chief Executive Officer and President of Argosy Minerals Inc. (the "Issuer"), certify that:

1. I have reviewed the interim filings (as that term is defined in Multilateral Instrument 52-109 *Certification of Issuers' Annual and Interim Filings*) of the Issuer for the interim period ended June 30, 2004;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings.

August 10, 2004.



Cecil R. Bond
Director, Chief Executive Officer &
President

Certification of Interim Filings

I, Marcus N. Foster, Director and Chief Financial Officer of Argosy Minerals Inc. (the “Issuer”), certify that:

1. I have reviewed the interim filings (as that term is defined in Multilateral Instrument 52-109 *Certification of Issuers’ Annual and Interim Filings*) of the Issuer for the interim period ended June 30, 2004;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings.

August 10, 2004.

“Marcus Foster”

Marcus N. Foster
Director & Chief Financial Officer