

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97

Name of entity

**Argosy Minerals Inc**

ACN or ARBN

ARBN 073 391 189

Quarter ended ("current quarter")

31 December 2004

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$C	Year to date (12 months) \$C
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(42,776)	(640,896)
(b) development	-	-
(c) production	-	-
(d) administration	(581,608)	(2,084,943)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25,207	214,246
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid (capital taxes paid)	-	-
1.7 Other (provide details if material) – arbitration costs	(233,190)	(922,976)
<b>Net Operating Cash Flows</b>	<b>(832,367)</b>	<b>(3,434,569)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(3,234)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
marketable securities	-	-
(c) other fixed assets	-	-

1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	-	(3,234)
1.13	Total operating and investing cash flows (carried forward)	(832,367)	(3,437,803)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	-	-
1.20	Cash at beginning of quarter/year to date	5,449,125	8,058,383
1.21	Exchange rate adjustments to item 1.20	(351)	(4,173)
1.22	<b>Cash at end of quarter</b> <span style="float: right;">Note (A)</span>	<b>4,616,407</b>	<b>4,616,407</b>

**Note:** (A) The exchange rate for conversion of C\$ to A\$ at 31 December 2004 was 0.9388, which results in a cash balance of approximately A\$4,917,000

### Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter \$C
1.23	Aggregate amount of payments to the parties included in item 1.2	92,018
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors and associates of the Directors are for directors fees, for management and consulting fees and for the provision of office facilities and staff in Canada. The provision of staff and office facilities is charged at cost. In addition the Company re-imburses expense incurred on Company business.

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A
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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A
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## Financing facilities available

*Add notes as necessary for an understanding of the position*

	Amount available \$C'000	Amount used \$C'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

## Estimated cash outflows for next quarter

	\$C
4.1 Exploration and evaluation	\$250,000
4.2 Development	-
<b>Total</b>	<b>\$250,000</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$C	Previous quarter \$C
5.1 Cash on hand and at bank	4,616,407	5,449,125
5.2 Deposits at call	-	-
5.3 Bank overdraft	NIL	NIL
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,616,407</b>	<b>5,449,125</b>

5.4 Details:

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	mining Interests in tenements acquired or increased			

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number issued	Number quoted	Par value (cents)	Paid-up value(cents)
7.1	<b>Preference securities</b> <i>(description)</i>	N/A		
7.2	Issued during quarter	N/A		
7.3	<b>+Ordinary securities</b>	95,969,105	95,064,073	N/A
7.4	Issued during quarter	NIL		N/A
7.5	<b>+Convertible debt securities</b> <i>(description and conversion factor)</i>	N/A		
7.6	Issued during quarter	N/A	N/A	
7.7	<b>Options</b> <i>(description and conversion factor)</i>		<i>Exercise Price</i> See Appendix I	<i>Expiry Date</i>

7.8	Issued during quarter	Nil	Nil	See Appendix I	
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired/cancelled during quarter	Nil	Nil		
7.11	<b>Debentures</b> <i>(totals only)</i>	Nil	Nil	Nil	Nil
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	Nil	Nil		

## Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards in Canada except that exploration expenses which are treated as investing activities under Canadian GAAP have been deducted in determining net operating cash flows.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

\_\_\_\_\_  
(Director/Company secretary)

Date: January 28, 2005

Print name:

Cecil R. Bond

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (Items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 4 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**Argosy Minerals Inc**  
**Additional Information**  
**APPENDIX I**

**Item 7.7 – Options**

<u>Granted / Exercised</u>	<u>Expiry Date</u>	<u>Exercise Price (\$)</u>	<u>Number of Options</u>	<u>Balance Outstanding at December 31, 2004</u>
Granted June 20, 2002	May 24, 2006	A0.35	4,175,000	
Cancelled 2002			(600,000)	
Cancelled 2003			(500,000)	
Cancelled July 27, 2004			<u>(350,000)</u>	2,725,000
<b>Balance outstanding December 31, 2004</b>				<b><u><u>2,725,000</u></u></b>

# ARGOSY

M I N E R A L S I N C

ARBN 073 391 189

January 28, 2005

The Appendix 5B Report for this quarter is an integral part of this summary and is attached.

## **Quarter Ending December 31, 2004 - Summary of Activities and Expenditures**

The final quarter of the 2004 financial year was a period of reconnaissance exploration and project identification in Nevada, USA, seeking Carlin Trend style gold mineralisation, and in Mexico, for high grade epithermal gold projects.

The corporation awaits the outcome from its permit application to the US Forestry Service in Nevada for its proposed drill program at Gold Creek.

In December, Argosy signed a settlement agreement with the Norilsk Mining Company's subsidiary, NN Invest Holdings SA, ("NNIH"), over the arbitration previously initiated on the New Caledonia nickel project.

### **Summary of Activity**

- In USA, Argosy conducted property appraisals on 5 submittals in Nevada, two in Humboldt County, two in Lander County and one in Elko County. All 5 are gold-silver properties.
- In Mexico, Argosy appraised 5 properties: one in the state of Coahuila (silver-copper), one in Guanajuato (silver-lead-zinc), one in Chihuahua (gold-silver) and two in Sinaloa (gold-silver).

### **Summary of Expenditures**

Legal, Administrative, Consultants	\$ 51,009
Drilling and Assessment	(36,243)
Travel and Accommodation	28,010
	<u>\$ 42,776</u>

### **Gold Creek Project, Nevada, USA**

Argosy is awaiting approval on drilling permits for its Gold Creek Project near Elko, Nevada. Once the Heritage Resource Survey and Environmental reports are approved a drill program can be undertaken. It is likely that cold temperatures and snow cover will restrict any activities at Gold Creek until Spring 2005.

### **Investigation of New Gold - Silver Opportunities in Nevada, USA**

Argosy conducted property appraisals on five submittals in Nevada, two in Humboldt County, two in Lander County and one in Elko County. All five are gold-silver properties with potential

for Carlin-style gold mineralisation. Discussions are taking place with respect to one of these opportunities.

### **Investigation of New Gold - Silver Opportunities in Mexico**

In Mexico, Argosy appraised five properties: one in the state of Coahuila (silver-copper), one in Guanajuato (silver-lead-zinc), one in Chihuahua (gold-silver) and two in Sinaloa (gold-silver). With the exception of the silver-copper property in Coahuila, mineralisation in the remaining four is hosted by epithermal-style quartz / carbonate veins.

### **Albetros Project, RSA**

The implementation of the new Mining Charter in South Africa and the requirement to conform to a 51% Black Economic Empowerment (BEE) participation in the Project has adversely affected Argosy's ability to continue with its exploration project in Namaqualand. As reported previously, an application for a new prospecting permit over the Albetros Project area was filed with the Department of Mines and Energy early in 2004 on the basis of the then Mining Charter requirement of an initial 15% BEE participation, rising to 26% over ten years. To date the permit has not been renewed and consequently Argosy is currently reviewing its future involvement in the Project given the revised BEE requirements, recently clarified by the South African Department of Minerals and Energy.

### **New Projects**

Argosy is focusing on the acquisition of precious metals projects and continues to investigate project opportunities.

### **Arbitration**

In December, Argosy and its subsidiary, Balzan Investments Limited, announced that the arbitration initiated by Norilsk Nickel's subsidiary, NNIH in September 2002 over the New Caledonia nickel laterite project had been discontinued and is now settled.

The Settlement Agreement, the terms of which are bound by a confidentiality agreement signed between the parties, follows a meeting held in Paris on the 25th of November, 2004. Each party will remain responsible for its costs incurred in the arbitration process and neither party has any claim outstanding against the other.