

ARGOSY

MINERALS INC

ARBN 073 391 189

2000 ANNUAL REPORT



You are invited to read our paper **“Argosy – Doing the Hard Yards!”** (presented at the World Nickel Congress in Melbourne in November 2000). The text of this paper is available on our website at: www.argosyminerals.com

This paper was subsequently published in an edited form in the Mining Journal, London. Also on Argosy’s web page is another paper entitled **“Nickel laterites in Africa and the Pacific”**, (presented at the ALTA 2000 Nickel and Cobalt Conference in Perth, May 2000), which presents a detailed overview of your Company’s nickel projects.

CHAIRMAN'S STATEMENT

Whether the Year 2000 was the first year of the new Millennium or the last year of the old one, it proved to be a difficult year for Argosy and our industry. This resulted from eroding metal fundamentals, in particular declining nickel and gold prices in US dollar terms and by a stock market firstly infatuated then devastated by the dot.com companies.

The nickel price tailed away during the year from its earlier highs above US\$4.50/lb in the first quarter. The price had risen despite the looming spectre of a significant future nickel supply from laterite mines. This new supply did not materialise to the extent forecast but a cyclical slowdown in the global demand growth rate for nickel resulted in a weaker metal price, despite lower inventories.

The resources sector had almost no appeal to stock market investors in 2000 as the "new economy" dot.com companies moved to centre stage. However, given the volatility of the market and a major collapse of the "new economy" stocks, many investors became shy of all small companies, even those in totally unrelated market sectors. As a consequence, several years on in a race to beat the Canadian Voiseys Bay nickel project into production, many competing nickel laterite companies became friendless as investors found alternative investments more to their taste. Unfortunately the extremely disappointing progress of the newly commissioned Western Australian laterite projects further eroded investor confidence.

The above scenario created a problem for Argosy and its competitors with emerging laterite projects – firstly how to survive the downturn, then how to best advance the project? In Argosy's case, we resolved to stick to our business plan and not be tempted to be a dot.com company! We then reduced costs to a minimum to maintain sufficient funds to hold our assets in good standing. Thirdly and most importantly we built more value into the Company and our New Caledonia Nickel Project by acquiring the rights to the Bogota mining concessions. This move increased the known and potential resource base of our project so substantially that it is now considered to be the highest ranking development opportunity in the industry not under the control of a major producer. This fact has not been lost to the major international nickel industry players.

Recognising that funding the development of a new project is now beyond the ability of a small company, Argosy has steadfastly moved to secure a major joint venture partner for its New Caledonian project. Progress towards an agreement with a major mining and/or refining company has been slower than anticipated, but significant progress is being made. During 2000 the number of companies undertaking advanced due diligence studies on the New Caledonia Nickel Project reinforced our belief in the quality of the project. Several major companies currently continue their investigations.

Argosy is now in an enviable position with regard to its exposure to the nickel laterites of New Caledonia. Late in 2000, Inco announced the go ahead for its Goro project on the island, which along with Falconbridge's Koniambo project is a massive vote of confidence not only in nickel laterites but also in doing business in New Caledonia.

The attractiveness of New Caledonia has been further enhanced by the recent government announcement of a significant tax holiday for the Goro project. The tax concession includes a 100% tax holiday for the first fifteen years of the project life, followed by five years with a 50% tax saving annually. The tax package was granted as an incentive to a new laterite project that incorporates hydrometallurgical processing technology. Outside of New Caledonia no other nickel laterite project in the world is known to have been granted such an attractive tax concession. Naturally the incorporation of such a taxation regime into Argosy's project in New Caledonia significantly enhances the financial return available to the investor relative to competing projects.

On Argosy's Burundi Nickel Project some discussions were held with possible joint venture partners although in each case participation is predicated on an end to the conflict between ethnic groups. In the meantime Argosy has maintained the project on a force majeure basis.

The lower gold price has certainly affected the financial attractiveness of the Kremnica Gold Project in Slovakia. Despite this, Argosy has conducted discussions, under signed confidentiality agreements with a number of senior gold mining companies as the potential of the Carpathian Arc in Eastern Europe has come to light. That potential was highlighted during the year when a gold resource of 10 million ounces was announced at Rosia Montana in Romania.

During this difficult year Argosy has remained focussed on achieving its goals for both its nickel and gold projects. The Company's major thrust in 2001 will continue to be its New Caledonia Nickel Project, followed by its Kremnica Gold Project. When the security situation in Burundi improves significantly we anticipate that joint venturing of the project will be possible.

We can perhaps take heart from history. In 1983 a junior company called Barrick had a market capitalisation of US\$15 million. Today its capitalisation is around US\$5.7 billion – the most highly valued gold company in the world. This performance was due to the combination of good management, world class orebodies and low-cost extractive technology. The similarities with the nickel laterite industry are apparent.

The year 2001 is a critical one for Argosy. The ground work for success has been painstakingly laid by management and my fellow directors. My thanks to them for their efforts towards the success of your Company.

On Behalf of the Board,



Yale R. Simpson

REPORT FROM THE CHIEF EXECUTIVE OFFICER

In preparing the report that follows I considered it relevant to the shareholders that some discussion be included on the nickel and gold markets, the trends emerging within the industry, and the strategy that Argosy has adopted to maximize the opportunities available to us. Given that our primary focus is to develop the New Caledonia Nickel Project, discussion on the Burundi Nickel Project and the Kremnica Gold Project will be limited. Firstly however I wish to highlight the most significant event for the Year 2000 – the acquisition of the right to develop the Bogota mining concessions in New Caledonia.

The Bogota Acquisition

The Bogota mining concessions near our Nakety concessions are known to contain potentially large resources of high grade nickel laterite mineralisation. Based on the geology and drill hole data the target resource is 140 – 176 million dry tonnes at 1.2% – 1.6% Ni and 0.09% – 0.13% Co. Given a successful follow-up evaluation program at Bogota, the combined Bogota and Nakety resources available to a central hydrometallurgical processing facility could exceed 250 million dry tonnes, a resource sufficient to sustain an operation producing 50,000 tonnes of nickel for a period exceeding 75 years. A deposit capable of development at this scale, particularly given the grades indicated in the drilling, is equivalent to or better than the projects currently under active pre-production evaluation by the world's major nickel companies.

We have incorporated the Bogota data into our development scenario. The heightened level of interest shown by potential joint venture candidates reflects the increased opportunity represented by Bogota.

The Nickel Laterite Industry

Over the past few years there has been growing recognition that a new era in nickel production is emerging and rapidly evolving. Traditional production of nickel from underground sulphide deposits, processed through concentrators and smelters is now being challenged directly by “new” techniques – hydrometallurgical processing using high pressure acid leaching (HPAL) of nickel-cobalt laterite ores in autoclaves followed by the recovery of high quality nickel and cobalt metal. It is not really “new” – given that the HPAL process has been in operation at Moa Bay in Cuba since before the 1959 revolution. The original plant in Cuba was installed by Americans but was subsequently nationalised and operated by the Russians.

The nickel laterite industry evolved as Cuba opened up to foreign investment. Suddenly without the benefit of Russia as a major benefactor, the Cubans had to become more pragmatic about alternative trade partners. Enter Sherritt of Canada – a pioneer in the field of HPAL technology and initially a supplier of maintenance technology to the Moa Bay operations. Rapidly the provision of western maintenance procedures and plant upgrades resulted in the key to a new process for producing nickel – the adoption of HPAL to laterite nickel deposits outside of Cuba.

Outside of the nickel industry HPAL technology has been embraced enthusiastically for treating refractory gold ores. Particularly in Nevada, USA the use of autoclaves for leaching difficult gold ores resulted in a renaissance in their gold industry. In addition autoclave technology is very well established in the alumina industry. Consequently industry's experience in using autoclaves to process diverse ore types is now being focussed on nickel laterite ores, a development which will revolutionize nickel production costs.

Even the traditional sulphide nickel miners such as Inco of Canada have become enthusiastic about HPAL technology given the success of their commissioned HPAL pilot plant at Goro in New Caledonia. This plant was brought on stream ahead of their Voiseys Bay sulphide nickel project, a rate of progress that speaks volumes about the advantages of New Caledonia over Labrador in Canada. Furthermore the recent announcement by Inco of a 15 year 100% tax holiday for the Goro Project is evidence of the strong commitment to mining by the New Caledonia Government. Importantly to Argosy shareholders it shows that major nickel companies are very successfully conducting business in New Caledonia.

The importance attached to the development of nickel laterites in New Caledonia in the future can be gauged further by the number of major companies competing to acquire Prony, the last remaining major deposit on the island. The bidder list contains the world's leading mining and refining companies, and unless joint ventures are formed, only one company can succeed. Argosy with its comparable Nakety/Bogota project, is well placed to play a significant part in establishing New Caledonia as a major source of future nickel production.

The greatest challenge faced by Argosy in developing our laterite project is sourcing the very significant development capital required. The favoured financing strategy is to secure a joint venture partner with the technical and metallurgical excellence, marketing expertise and balance sheet to satisfy the major lending institutions. These capabilities are being carefully scrutinised as Argosy investigates potential partners.

THE NEW CALEDONIA NICKEL PROJECT

Ownership and Tenure

On August 6, 1999 Argosy entered into an agreement with the Ballande Group company Societe des Mines de la Tontouta (SMT) over 4 mining concessions near Nakety, securing mining rights to 10.4 square kilometres. Pursuant to that agreement Argosy would undertake a feasibility study to develop a HPAL refinery near Nakety. On July 7, 2000 the agreement was modified to include the rights to SMT's 40 Bogota mining concessions, bringing the total project area to 64.3 square kilometres.

Under the agreement with SMT a joint venture will be established and the relative shareholdings of Argosy and SMT will be determined after completion of a feasibility study that confirms the project is viable. The shareholdings of Argosy and SMT will depend on the equity contributions made by each party. Third parties can also be invited to contribute equity in return for an interest in the joint venture. SMT's decision to invest in the project will be predicated on many factors, however SMT have advised that a 10% shareholding is their intended level of participation. Under the agreement SMT will transfer its mining concessions to the joint venture when appropriate. SMT may also elect to receive payment by the issuance of shares in Argosy at an agreed price.

Project Geology

The Nakety and Bogota nickel laterite deposits overlie Oligocene age ultramafic rocks. The best deposits are located on plateaus where erosion was incomplete. As is typical of laterite weathering profiles, the deposits are zoned (top to bottom) from an iron-rich caprock zone, a nickel-limonite zone, a nickel-saprolite zone and a basal zone of unweathered bedrock. The maximum thickness of laterite, defined by drilling is in excess of 60 metres, with the average thickness being 30 metres.

Nakety consists of four deposits, known as Lucienne 2H, Lucienne 2, Barbouillée and Belle Asashi 2. The bulk of the resource is the Lucienne 2H deposit in the middle and the Lucienne 2 deposit in the southern section of the area defined by drilling. The Bogota deposit comprises an extensive area of laterite development that extends in a northwesterly direction along the Bogota Peninsula over a distance of 15 kilometres. It is separated into four areas of known mineralization and four areas of potential mineralization. Each of the areas of known mineralization is referred to by the mining concession name: J.V.3-5, Belle Asashi 1, AFC 13 and NIGL Pie2-GDNK. The Nakety and Bogota deposits appear to be geologically identical although in detail the deposits are variable, particularly with respect to the relative thickness of the limonite and saprolite zones. At some locations one zone may be thin or absent due in large part to the processes of erosion.

The Nakety Deposit

A total of 676 drill holes for 19,984 m of sample data is documented at Nakety for the period between 1969 and 1997. The great majority of the drilling was by NQ-size diamond coring. The sampling procedure used was to log, dry and then to crush 100% of the core followed by splitting and pulverising. The remaining sample material was stored for reference. The mean sample length for the Nakety assay data was 2.0 m. Assaying was by the Moore Method and by aqua regia/AAS. Quality control data was provided by the Noumea laboratories of Services des Mines and Analabs Laboratories in Australia. Density data was based on a 34% moisture content. Dry densities for the limonite and saprolite ores were determined to be 1.2g/cm³ and 1.1 g/cm³ respectively.

THE NEW CALEDONIA PROJECT - AT A GLANCE

- Feasibility Study in progress
- Active discussions with potential partners
- 676 + 196 drill holes (Nakety + Bogota)
- Measured, Indicated and Inferred resources
- Grades 50% higher than W. Australian projects
- 15 year 100% tax holiday
- Exclusive HPAL technology licence
- Close proximity to deep water bay



In March 1998, Resource Services Group (“RSG”), Australian exploration and resources consultants reviewed the drilling and sample database of the Nakety leases. RSG compiled all topographic, lithographic and assay data into a Micromine file containing 9,114 nickel records representing 18,556 m of drilling (93% of the total). A quality control review of the assay data resulted in the following statement by RSG: “It is concluded that the assay quality and precision of the nickel and cobalt data for both the SMT and MKM regions meets industry standards.”

RSG March 1998 Nickel Laterite Resource Estimate

Measured and indicated	Cutoff	Wet Tonnes	Dry Tonnes	Ni Grade	Co Grade	Ni Equiv	Ni Equiv
		(millions)	(millions)	%	%	%	Mlbs
Limonite	0.80%	31.9	21.0	1.33	0.14	1.90	883
Saprolite	1.40%	20.5	13.5	1.83	0.06	2.08	621
Total Measured and indicated		52.4	34.5	1.53	0.11	1.97	1,504

Inferred	Cutoff	Wet Tonnes	Dry Tonnes	Ni Grade	Co Grade	Ni Equiv	Ni Equiv
		(millions)	(millions)	%	%	%	Mlbs
Limonite	0.80%	50.0	33.0	1.28	0.14	1.85	1,344
Saprolite	1.40%	23.1	15.3	1.73	0.07	2.01	675
Total Inferred		73.1	48.3	1.42	0.12	1.90	2,019

The Bogota Deposit

The Bogota data set consists of 196 drill holes for a total of 5,654 metres (average of 28.9 metres per drill hole). The drilling was conducted in the period 1982-1995 to assess the potential for high grade nickel saprolite ore for export to Asian ferronickel producers. The identification of drill targets was on the basis of geological mapping. The drill holes were continuously sampled from surface to the ultramafic bedrock providing sufficient analytical data to determine the potential for ore grade mineralisation in both the limonite and saprolite zones.

On the basis of the geological drill logs and chemical analyses the distribution of mineralisation exceeding 1% Ni was shown to be extensive. Of 193 holes examined by Argosy, 97 holes carried 5 metres or more at +1% Ni in the limonite zone and 70 holes carried 5 metres or more at +1% Ni in the saprolite zone. Data from 109 diamond drill holes on four of the mining concessions, 56 of which were mineralised, were originally used by a previous operator to arrive at a mineralisation estimate of 43 million tonnes at a grade of 1.65% Ni and 0.18% Co. Argosy used the larger 193 drill hole data set to derive a first pass estimate of the target size for all of the areas drilled, and a second pass target estimate of the resource potential for the remaining area of the mining concessions geologically mapped as laterite but not yet drilled. The methodology used in the first pass estimate was to assign areas of influence to the mineralised intercepts in the drill holes leading to tonnage and grade estimates. For the second pass estimate the global average thickness of mineralisation determined from the first pass estimate was extrapolated over the area of laterite not drilled leading to a second tonnage estimate which was discounted by 40% and 60%. **This approach is adequate for a target size estimation but is not sufficiently rigorous to arrive at a geological resource estimation that conforms to AusIMM/JORC standards.**

The following table summarises the target size estimates derived to date:

Bogota Target Size Estimate

Source	Mineralisation Type	Number of Concessions	Dry Tonnes (millions)	Ni Grade %	Co Grade %
Pre-Argosy estimate	All	4	43	1.65	0.18
Argosy First Pass (estimate based solely on drilled areas with +1% Ni)	Limonite	7	48	1.27	0.14
	Saprolite	7	19	1.73	0.04
Total, First Pass	All	7	67	1.40	0.11
Argosy Second Pass (areas not yet drilled)	Limonite	18	129	1.27	0.14
	Saprolite	18	52	1.73	0.04
Total, Second Pass	All	18	181	1.40	0.11
Bogota Estimate*	All	18	140-176	1.2-1.6	0.09-0.13

* Tonnage is estimated by accepting 100% of the first pass estimate and assuming the areas not drilled (second pass) are converted to actual resources by a factor of 40% or 60%. Grade ranges are based on actual grade estimates from the first pass estimate.

Refinery Process Description

The HPAL hydrometallurgical process is not discussed in this report as it has been extensively described both by Argosy and industry participants. Dynatec (formerly Sherritt International) designed the pressure acid leach sulphide and metals plant flow sheets based on test-work carried out on bulk ore samples from the Nakety ore bodies. Kvaerner prepared design layouts and estimates of capital and operating costs for the feasibility study completed in 1998. Substantial modifications to those studies are being incorporated in current design work to take advantage of the ever expanding industry experience.

Based on the testwork to date on the Nakety ore, metallurgical recoveries are 95% for nickel and 92% for cobalt. According to Dynatec, the Nakety ore was the most amenable feedstock for HPAL processing of all the laterites it had tested. This was reflected in a low acid consumption (320 kgs. acid/tonne of ore), good settling rates, low autoclave residence times (50 minutes) and good slurry densities.

Development Scenarios

The process of bringing a partner into the project has highlighted the various development options available to the project. One of these options is to produce an intermediate product for sale to an existing refiner instead of producing refined nickel. The capital cost saving of this option is considerable although it ties the project to a refiner who benefits from the value added in producing metal. The intermediate product can be a nickel sulphide, hydroxide, oxide or carbonate depending on the preference of the refiner.

The option of a fully integrated plant for the production of nickel and cobalt metal is a more attractive scenario for some producers and continues to be the scenario of choice for most major companies. Argosy has completed sufficient work to demonstrate the advantages of this scenario but we acknowledge that a future funding partner will play a fundamental role in the decision process.

Taxation regime and operating environment

New Caledonia is considered to have low political risk – equivalent to that of “metropolitan Paris” by major European banks. The reason for this is that New Caledonia is a Province of France. Under the Noumea Accord it is entitled to a gradual devolution of power over the next 18 years as it moves towards full independence in 2018. The New Caledonia Nickel Project benefits from a development agreement with local tribal authorities and has support across the political spectrum.

The country enjoys an excellent fiscal and taxation regime (35%) and has set a precedent by offering significant tax concessions to the first of the new laterite nickel hydrometallurgical facilities. The recent announcement by the New Caledonian authorities of a significant tax holiday for the new Goro

project included a 100% tax holiday for the first fifteen years of the project's life, followed by five years with a 50% annual tax saving. The impact of this taxation regime on our project would further increase the financial robustness of the project, clearly enhancing our claim that Argosy controls a world class nickel project.

Argosy believes that it enjoys specific advantages in comparison to other existing and proposed nickel laterite HPAL projects. The coastal location of the project, immediately adjacent to deep water sheltered harbours contributes to low transportation costs as well as abundant process water. Fresh water is readily available from the river systems in the area. Power is available from the local grid sufficient for the early development stage of the plant. Finally the local people are experienced in mining given their long history as operators in the nearby open pit mines.

Legal Authorisations

Argosy has continued to investigate the legal, fiscal, infrastructure and environmental aspects of the project. Argosy has met with Government departments and representatives of Pricewaterhouse-Coopers from both Paris and Noumea regarding the authorisations and rights required by the project.

According to the laws of New Caledonia the project is subject to numerous authorisations in respect of foreign investment regulations, mining, surface land use, environmental and construction operations. There is no global project approval process for the granting of the required authorisations. A full investigation into this process was commissioned in order to analyse the time constraints and final approvals of the various applications. It is clear that the issuance of authorisations from the relevant departments are independent of one another.

During the year Inco succeeded in commissioning its pilot plant at Goro, in the south of New Caledonia. This achievement highlights the ability to conduct business on the island with the cooperation of the authorities in permitting new mining projects applying HPAL technology. As Argosy's New Caledonian project will require the same approval process to be negotiated, Inco has set an important precedent.

BURUNDI NICKEL PROJECT

Argosy acquired the rights to the strategic nickel laterite deposits of Burundi in 1999. The Musongati deposits are well documented and are known to be among the largest and best grade laterite resources in the world. Since their discovery in 1972 the deposits have been the subject of drilling, bulk sampling, metallurgical testwork and feasibility studies under aid programs funded principally by the United Nations. Overall the calibre of the documentation is high.

The Burundi Nickel Project comprises three separate mineral deposits. The Musongati deposit is the largest and best-defined and is covered by an Exploration Licence. The other two deposits are Waga and Nyabikere, which are reserved exclusively for Andover by the government of Burundi. The Burundi laterite deposits are reported to comprise 266.1 million dry tonnes at a grade of 1.35% nickel, 0.07% cobalt and 0.15% copper (inferred in-situ geological resource). In addition there are significant platinum group metal (PGM) values in the Musongati deposit. The laterite nickel cobalt copper resources of Burundi are significant, reported as 10.0 billion pounds of contained nickel (equivalent).

The Musongati deposits have not been developed to date due to the cost of providing infrastructure and because HPAL technology is only now being successfully applied to such deposits. In addition Burundi is a landlocked country with a history of political instability that has been unattractive to large scale foreign investment. Given an escalation in the level of violence and uncertainty in the country, Argosy had no option but to declare force majeure in April 2000.

Under the stewardship of Nelson Mandela the international community had high expectations for a peaceful resolution to Burundi's difficulties but these expectations have been slow to materialise. Despite the setback Argosy anticipates that given the attractive fiscal terms granted to the project and the political progress being made, the deposits will ultimately be advanced towards production. The fiscal and regulatory terms governing the project are embodied in an extensive mining convention with the Burundi government.

THE BURUNDI PROJECT AT A GLANCE

- 318 drill holes
- Inferred resource:
 - 266 million tonnes
 - 1.34 % nickel 0.07% cobalt, 0.15% copper
 - 10 billion lbs nickel (equivalent)
- Mining concession negotiated with Government
- Significant sulphide target, with anomalous Platinum-group metals

Exploration Potential for Nickel Sulphides, Platinum and Palladium

The recent strength in the platinum group metal prices has revitalised world wide interest in exploration for PGM's. The Musongati deposits were extensively assayed for platinum, palladium, rhodium and gold in the 1970's and 1980's. That work and subsequent mineralogical studies confirmed the presence of PGM's in both the laterite and in association with nickel-copper sulphides in the underlying ultramafic rocks. The PGM association and the implications for an underlying massive sulphide deposit make the Musongati deposit unique from an exploration perspective.

Upon the resumption of the current laterite feasibility study at Musongati Argosy would be encouraged to follow up on previous drill intersections of nickel-copper sulphide mineralisation where PGM assays are known to exceed 3 ppm. Drilling would follow a geophysical survey. PGM-enriched massive sulphide deposits constitute the most attractive exploration target in the base metal industry today. The opportunity for PGM's in addition to the very significant nickel-cobalt laterite resource defined to date presents an opportunity for a major company to fund exploration on a joint venture basis.

KREMNICA GOLD PROJECT

The Kremnica Gold Project in Slovakia was maintained as an active project in anticipation of an improvement in the gold price during year 2000. Unfortunately gold foundered which is a serious disappointment for our Company. With a gold price ending down 4.5% for the year 2000 (and going lower in 2001), most of the junior gold companies posted negative returns for the year. The physical market had entered year 2000 optimistically following the Washington accord but was depressed by the Bank of England auctions, high levels of liquidity in the leasing market and an exceptionally strong US dollar. The depressed outlook for gold certainly did not raise investor enthusiasm for gold exploration.

Argosy acquired the Kremnica epithermal gold project in 1995 and owns 100% of both the mining and exploration licences. Kremnica was an historic producer, founded in the year 770. Since 1328 recorded production was 1.5 million ounces of gold. Exploration by Argosy in 1996 and 1997 established a gold resource of 1.1 million ounces (inferred category) at a 0.5 g/t Au cutoff. Subsequent work has progressed the permitting and environmental process and identified other drill targets. Immediately along strike from the defined resource a compilation of historical data at Teich, Wolf and Vollehenne has identified mineralisation that significantly increases the tonnage potential of Kremnica. Also during 2000, Argosy recognised extensive zones of clay alteration and silicification within rhyolite tuffs and epiclastic volcanic sandstones that appear to be manifestations of another buried system. These zones are approximately 10 km. south of the main Kremnica deposit and lie within Argosy's 100% exploration licence.

SUMMARY

Argosy has evolved its New Caledonia Nickel Project from an initial concept of transporting ore to a dedicated processing facility in Australia to the far more attractive concept of constructing a processing facility close to the much expanded Nakety and Bogota deposits. During the time taken to conduct the scoping and feasibility studies the new HPAL industry itself has evolved and matured, incorporating many process and engineering advances. Argosy has definitely benefited from this improved knowledge, and has as a consequence spared itself from repeating the expensive start up difficulties that the three new West Australian laterite mines are experiencing. The contra is that the investment community is much more wary of investment in "new technology" hence our desire to team up with a strong joint venture partner.

To this end Argosy has made significant progress and is at this time in discussions with a number of major international mining and refining companies. The first half of year 2001 should see the completion of negotiations and due diligence reviews of the New Caledonia Nickel Project. In the meantime we must await developments beyond our control to make significant progress on our other nickel and gold projects. Indeed 2001 will be a critical year for your Company.

On behalf of the Board,



Peter H. Lloyd

THE KREMNICA PROJECT AT A GLANCE

- 169 drill holes
- Inferred resource:
 - 22 million tonnes
 - 1.54 g/t gold, 12.5 g/t silver
 - 1,100,700 oz. gold, 8,965,000 oz. silver
- Mining licence owned by Argosy
- Indicative economics:
 - cash costs under \$200/oz.
 - potential annual production - 65,000 oz.
- Exploration upside

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS

The selected consolidated financial information set out below and certain of the comments which follow are based on, and derived from, the consolidated financial statements of the Corporation, and should be read in conjunction with them.

Selected Consolidated Financial Information

Year ended December 31

(amounts are expressed in thousands of Canadian dollars)

	2000	1999	1998
Interest Income	\$ 144	\$ 215	\$ 292
Loss	\$ (1,055)	\$ (1,296)	\$ (1,539)

Balance Sheet Data

As At December 31

(amounts are expressed in thousands of Canadian dollars)

	2000	1999
Working Capital	\$ 1,971	\$ 4,323
Mineral Properties and Deferred Costs	\$ 28,369	\$ 27,006
Total Assets	\$ 30,610	\$ 31,689
Total Liabilities	\$ 86	\$ 149
Share Capital	\$ 44,029	\$ 43,989
Deficit	\$ (13,505)	\$ (12,450)

OVERVIEW

Since incorporation the Corporation has been exclusively a natural resource company 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. In August 1998, Argosy Mining Corp. ("Argosy") acquired an 18.35% interest in Andover Resources N.L. ("Andover"), an Australian company. In March 1999, Argosy acquired the remaining 81.65% of Andover not already owned through the issuance of 53,371,808 common shares of Argosy at a deemed value of \$6,938,336. Andover has acquired the rights to a large high grade nickel/cobalt laterite deposit in the Republic of Burundi in central Africa.

Effective May 7, 1999 Argosy and Calliope Metals Corporation ("CMC") completed a statutory plan of arrangement (the "Plan") whereby CMC acquired all the issued and outstanding shares of Argosy through the issuance of 57,183,960 CMC common shares. As the shareholders of Argosy as a group acquired control of CMC, the transaction is accounted for as a reverse takeover with Argosy the deemed acquiror and CMC the deemed acquiree.

The results of operations of Andover and CMC have been consolidated with the results of Argosy from March 7 and May 7, 1999 respectively, being the effective date of acquisition for Andover and the effective date of the Plan between Argosy and CMC. All comparatives are those of Argosy, the deemed acquiror of CMC.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's cash deposits at December 31, 2000 totalled \$2,001,837 compared to \$4,396,236 at December 31, 1999. Aside from such cash the Corporation has no material unused sources of liquid assets. In addition, the Corporation has \$146,850 in restricted cash which has been provided as security for a performance bond provided by the Corporation's bankers to the Government of Burundi. The acquisition of Andover and the Plan contributed \$641,349 and \$1,087,445 respectively, to cash resources during 1999. During the year ended December 31, 2000 \$39,376 was raised on the issuance of capital stock resulting from the exercise of stock options.

The Corporation does not have any loans or bank debt and there are no restrictions on the use of its cash resources except for the restricted cash of \$146,850 which has been provided as security.

The Corporation has expenditure commitments as at December 31, 2000 for the payment for rent on office space of approximately \$5000 per month until March 31, 2001 and for payments to secure its New Caledonia Nickel Project until June 30, 2001 totalling FF1,980,000 (\$420,000).

The Corporation does not have any source of funds other than from the issuance of capital stock, the exercise of options or the possible joint venture or sale of its mineral properties. While the Corporation has been successful in the past in raising the necessary funds for the exploration of its mineral properties there is no assurance that conditions will be favourable to secure funding in the future.

OUTLOOK

The Corporation is actively seeking opportunities to further advance the development of the Kremnica Gold Project and its Burundi and New Caledonia Nickel Projects through the introduction of a joint-venture partner. In addition, the Corporation is looking for new opportunities through which shareholder value may be enhanced. At current levels of expenditure the Corporation will require additional cash resources during the next twelve months, however, activities have been reduced on the Kremnica Gold Project and the Burundi Nickel Project in order to reduce expenditures. Such additional sources of funding may come from the sale of equity, the sale of some or all of its assets or the recoupment of past expenditures by the introduction of a joint venture partner to one of the Corporation's projects. Should the Corporation not be successful in acquiring such additional cash resources it may be necessary to reduce further its activities during the next twelve months. In the event that activities on the projects are increased or if new opportunities are pursued the Corporation would require additional funds from the sale of equity or the sale of some of its projects.

OPERATING RESULTS

December 31, 2000 and December 31, 1999

During the year ended December 31, 2000 cash required for operating activities amounted to \$1,060,966 compared to \$1,455,207 for the year ended December 31, 1999. The decrease in cash required for operations resulted mainly from the efficiencies realised after the completion of the Plan between Argosy and CMC and the reduced level of activity during 2000.

The Corporation incurred a loss of \$1,055,049 for the year ended December 31, 2000 compared to a loss of \$1,295,988 for the year ended December 31, 1999.

Income of \$143,773 for the year ended December 31, 2000, comprised of interest, compared to \$215,081 for 1999 a decline of \$71,308 as a result of lower cash balances and lower interest rates.

During 2000 administrative expenses were \$1,198,822 compared to \$1,511,069 for the year ended December 31, 1999. The decrease was mainly attributable to the efficiencies realised following completion of the Plan between Argosy and CMC and the lower levels of corporate activity during the year on the Kremnica Gold Project due to low gold prices and the Burundi Nickel Project, due to the deteriorating security situation in Burundi and the subsequent declaration of force majeure in April 2000. The decrease in costs arose mainly from a decrease of legal fees of \$81,422, management and consulting fees of \$118,437, shareholder communications of \$41,751, telecommunications of \$26,956, transfer agent and stock exchange of \$30,095 and travel of \$20,416.

Expenditures on directors fees declined \$15,833 due to a reduction in the number of directors on the Corporation's board as well as executive directors no longer receiving directors fees; project assessment declined by \$19,376 due to the acquisition of the Burundi and New Caledonia Nickel Projects in early 1999 and the resultant decline on expenditures to find new projects. A further decline in the market value of marketable securities resulted in a write down of \$10,000 in the year ended December 31, 2000 compared to a write down of \$12,000 for the year ended December 31, 1999.

No mineral properties were relinquished during the year and no expenditures were written off.

During the year ended December 31, 2000 expenditures on mineral properties totalled \$1,362,866 compared to \$1,681,912 on mineral properties in 1999, a decrease of \$319,046. Expenditures declined on the Kremnica Gold Project from \$303,021 in 1999 to \$227,091 in 2000 due to the Corporation further reducing expenditures due to continued low gold prices. Expenditures on the Burundi Nickel Project declined from \$506,817 in 1999 to \$113,415 in 2000 due to the declaration of force majeure in April 2000. Expenditures increased from \$597,667 on the New Caledonian Nickel Project in 1999 to \$1,022,360 in 2000 due to the acquisition of the rights to the Bogota concessions and the Corporation focussing on bringing in a joint venture partner to further develop the project.

At December 31, 2000, the Corporation has capitalized \$7.7 million on its Kremnica Gold Property, \$7.8 million on its Burundi Nickel Project and \$12.8 million on its New Caledonia Nickel Project.

December 31, 1999 and December 31, 1998

During the year ended December 31, 1999 cash required for operating activities amounted to \$1,455,207 compared to \$1,030,629 for the year ended December 31, 1998. The increase in cash required for operations resulted mainly from the acquisition of Andover and the completion of the Plan between Argosy and CMC.

The Corporation incurred a loss of \$1,295,988 for the year ended December 31, 1999 compared to a loss of \$1,539,196 for the year ended December 31, 1998.

Income of \$215,081 for the year ended December 31, 1999, comprised of interest, compared to \$291,907 a decline of \$76,826 as a result of lower cash balances and lower interest rates.

During 1999 administrative expenses were \$1,511,069 compared to \$1,109,801 for the year ended December 31, 1998. The increase was mainly attributable to the acquisition of Andover and the completion of the Plan between Argosy and CMC which resulted in increases in insurance of \$55,338, legal costs of \$35,095, management and consulting fees of \$231,546, rent of \$76,926, salaries and benefits of \$125,645, transfer agent and stock exchange fees of \$63,831 and travel of \$55,889.

Expenditures on capital taxes declined by \$18,243 as a result of a refund of taxes previously paid due to reduced amounts of capital tax assessed; directors fees declined \$24,167 due to a reduction in the number of directors on the Corporation's board as well as executive directors no longer receiving directors fees; project assessment declined by \$118,812 due to the acquisition of the Burundi and New Caledonia Nickel Projects in early 1999 and the resultant decline on expenditures to find new projects. A decline in the market value of marketable securities resulted in a write down of \$12,000 in the year ended December 31, 1999 compared to a write down of \$113,000 for the year ended December 31, 1998.

No mineral properties were relinquished during the year and no expenditures were written off.

During the year ended December 31, 1999 expenditures on mineral properties totalled \$1,681,912 compared to \$617,498 on mineral properties in 1998, an increase of \$1,064,414. The increase is attributable to the acquisition of the Burundi and New Caledonia Nickel Projects. Expenditures on the Kremnica Gold Project declined from \$617,498 in 1998 to \$303,021 in 1999 due to the Corporation further reducing expenditures due to continued low gold prices.

At December 31, 1999, the Corporation has capitalized \$7.5 million on its Kremnica Gold Property, \$7.7 million on its Burundi Nickel Project and \$11.8 million on its New Caledonia Nickel Project.

December 31, 1998 and 1997

During the year ended December 31, 1998 cash required for operating activities amounted to \$1,030,629 compared to \$928,156 for the year ended December 31, 1997. The increase in cash required for operations was attributable mainly to the decline in amounts payable of \$368,783. Operating activities, other than the cash used to pay down amounts payable, required less cash during 1998 than 1997 as the Corporation reduced expenditures on its mineral properties in the Slovak Republic.

The Corporation incurred a loss of \$1,539,196 for the year ended December 31, 1998 compared to a loss of \$3,305,583 for the year ended December 31, 1997.

Income of \$291,907 reported for the year ended December 31, 1998, comprised of interest, declined \$36,422 as a result of lower cash balances.

During 1998 administrative expenses were \$1,109,801 compared to \$1,390,671 for the year ended December 31, 1997. The decrease of \$280,870 was a result of the Corporation's efforts to reduce expenses as follows: a decrease in accounting and audit costs of \$9,094, a decrease in capital taxes of \$67,889, a decrease in management and consulting fees of \$129,584, a decrease in office expenses of \$59,471, a decrease in salaries and benefits of \$23,468, a decrease in shareholder communications of \$114,225, a decrease of \$31,487 in telecommunications and a decrease of \$65,993 in travel. Project assessment increased by \$141,721 due to efforts to acquire new projects. The write down of marketable securities of \$113,000 was due to the decline in the value of the shares held in Tri-Star Gold Inc., which the Corporation acquired on the sale of its Austrian subsidiary in 1996.

During the year ended December 31, 1998, the Corporation wrote off mineral properties and deferred costs amounting to \$721,302 compared to \$2,243,241 in 1997. The write-off results from the Corporation relinquishing its joint venture over the Banska Stiavnica Property and other properties in the Slovak Republic as exploration results did not warrant further exploration.

During 1998, mineral property and deferred expenditures totalled \$617,498, a decrease of \$4,782,004 compared to 1997. The decrease was attributable to the Corporation reducing exploration activities in the Slovak Republic due to lower gold prices during 1998.

ARGOSY MINERALS INC (THE "CORPORATION")
(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2000, 1999 and 1998
(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and the information contained in the annual report have been prepared by the management of the Corporation. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates based on currently available information. A system of internal accounting control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Corporation's independent auditors, PricewaterhouseCoopers LLP, who have been appointed by the shareholders, conduct an audit in accordance with generally accepted auditing standards in Canada and the U.S. to allow them to express an opinion on the financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and result of the annual audit, and to review the financial statements and related reporting matters prior to submission to the Board.


 Chief Executive Officer

Perth, Australia
 February 23, 2001

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Argosy Minerals Inc

We have audited the consolidated balance sheets of Argosy Minerals Inc as at December 31, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years ended December 31, 2000, 1999 and 1998. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the US. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years ended December 31, 2000, 1999 and 1998 in accordance with Canadian generally accepted accounting principles.


 Chartered Accountants

Vancouver, Canada
 February 23, 2001

Comments by the Auditors for U.S. Readers on Canada-U.S. Reporting Conflict

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by significant conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in note 1 to the consolidated financial statements. Our report to the shareholders dated February 23, 2001 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.


 Chartered Accountants

Vancouver, Canada
 February 23, 2001

CONSOLIDATED BALANCE SHEETS

As at December 31, 2000 and 1999
(Expressed in Canadian Dollars)

	2000	1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,001,837	\$ 4,396,236
Accounts receivable and prepaids	55,080	65,718
Marketable securities	-	10,000
	2,056,917	4,471,954
Restricted Cash (Note 4b)	146,850	146,850
Mineral Properties and Deferred Costs (Note 4)	28,369,339	27,006,473
Capital Assets (Note 5)	36,888	63,502
	\$ 30,609,994	\$ 31,688,779
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 85,843	\$ 148,955
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6)		
Authorised - unlimited		
Issued - 95,819,105 common shares (1999: 95,669,105)	44,028,873	43,989,497
Deficit	(13,504,722)	(12,449,673)
	30,524,151	31,539,824
	\$ 30,609,994	\$ 31,688,779

Nature of Operations and Going Concern: See Note 1

Commitments: See Note 10

APPROVED BY THE DIRECTORS



Yale R. Simpson, Director



Cecil R. Bond, Director

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the Years Ended December 31, 2000, 1999 and 1998
(Expressed in Canadian Dollars)

	2000	1999	1998
Income			
Interest	\$ 143,773	\$ 215,081	\$ 291,907
Expenses			
Accounting and audit	113,786	116,711	110,544
Bank charges	3,843	5,351	7,329
Capital taxes	225	(19,353)	(1,110)
Depreciation	31,904	24,319	14,948
Directors' fees	17,500	33,333	57,500
Foreign exchange losses (gains)	13,556	(977)	9,803
Insurance	57,922	55,338	-
Legal	24,657	106,079	70,984
Loss on marketable securities and capital assets	10,000	16,674	113,000
Management and consulting fees	312,849	431,286	199,740
Office	45,844	53,104	40,467
Project assessment	21,077	40,453	159,265
Rent	122,864	104,702	27,776
Salaries and benefits	210,268	212,304	86,659
Shareholder communications	36,301	78,052	76,749
Telecommunications	17,465	44,421	46,595
Transfer agent and stock exchange	52,674	82,769	18,938
Travel	106,087	126,503	70,614
Write-off of mineral properties and deferred costs (Note 4)	-	-	721,302
	1,198,822	1,511,069	1,831,103
Loss for the Year	(1,055,049)	(1,295,988)	(1,539,196)
Deficit - Beginning of Year	(12,449,673)	(11,153,685)	(9,614,489)
Deficit - End of Year	\$ (13,504,722)	\$ (12,449,673)	\$ (11,153,685)
Loss per Common Share	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted Average Number of Common Shares Outstanding	95,781,605	82,278,383	57,183,960

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2000, 1999 and 1998
(Expressed in Canadian Dollars)

	2000	1999	1998
Cash Provided from (Used for)			
Operating Activities			
Loss for the year	\$ (1,055,049)	\$ (1,295,988)	\$ (1,539,196)
Adjustments for:			
Depreciation	31,904	24,319	14,948
Foreign exchange loss	4,653	284	-
Loss on marketable securities and capital assets	10,000	16,674	113,000
Write-off of mineral properties and deferred costs	-	-	721,302
	(1,008,492)	(1,254,711)	(689,946)
Changes in Non-cash Working Capital			
Decrease in accounts receivable and prepaids	10,638	96,308	28,100
Decrease in accounts payable and accrued liabilities	(63,112)	(296,804)	(368,783)
Cash Flows from Operating Activities	(1,060,966)	(1,455,207)	(1,030,629)
Financing Activities			
Issue (redemption) of capital stock	39,376	(15,000)	-
Cash Flows from Financing Activities	39,376	(15,000)	-
Investing Activities			
Mineral properties and deferred costs	(1,362,866)	(1,681,912)	(617,498)
Acquisition of Andover			
- cash acquired/(cash paid)	-	641,349	(818,280)
Acquisition of Calliope - cash acquired	-	1,087,445	-
(Purchase)/sale of capital assets	(5,290)	18,043	(1,249)
Restricted cash	-	(146,850)	-
Cash Flows from Investing Activities	(1,368,156)	(81,925)	(1,437,027)
Foreign Exchange Loss on cash held in Foreign Currency			
	(4,653)	(284)	-
Decrease in Cash and Cash Equivalents	(2,394,399)	(1,552,416)	(2,467,656)
Cash and Cash Equivalents - Beginning of Year	4,396,236	5,948,652	8,416,308
Cash and Cash Equivalents - End of Year	\$ 2,001,837	\$ 4,396,236	\$ 5,948,652

	2000	1999	1998
Supplemental Schedule of Non-cash Financing and Investing Activities			
Non-cash Financing Activities			
Issue of shares for the acquisition of Argosy (Note 3(b))	\$ -	\$ 11,930,000	\$ -
	\$ -	\$ 11,930,000	\$ -
Non-cash Investing Activities			
Acquisition of Argosy (Note 3(b))	\$ -	\$ (11,930,000)	\$ -
	\$ -	\$ (11,930,000)	\$ -

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2000, 1999 and 1998

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Corporation is in the process of exploring its mineral properties and investigating other possible property acquisitions. The Corporation is involved in gold exploration in the Slovak Republic and in studies for the development of nickel/cobalt processing facilities at Nakety in New Caledonia and at Musongati in the Republic of Burundi. On April 19, 2000 the Corporation's subsidiary, Andover Resources N.L., declared force majeure and curtailed its activities in Burundi as a result of the deterioration of the security situation in Burundi. As yet, it has not been determined if the Corporation's mineral properties contain ore reserves that are economically recoverable and whether the processing facilities are economically viable. The recoverability of the amounts shown for mineral properties and deferred costs is dependent on the existence of economically recoverable reserves, the economic viability of the nickel/cobalt processing facilities, the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or proceeds from disposition of the mineral properties or the nickel/cobalt projects. The amounts shown as mineral properties and deferred costs represent costs to date, less amounts written off, and do not necessarily represent present or future values.

The Corporation (formerly Calliope Metals Corporation) was incorporated under the Business Corporations Act (Alberta) on December 17, 1985, was continued under the Canadian Business Corporations Act on September 24, 1987 and was continued under the Yukon Business Corporations Act on June 17, 1997.

The Corporation and Argosy Mining Corp. ("Argosy") completed a Plan of Arrangement (the "Plan") effective May 7, 1999, whereby the Corporation acquired all the issued and outstanding shares of Argosy. See Note 3(b).

At December 31, 2000 the Corporation had working capital of \$1,971,074. In 2000, the Corporation incurred a loss of \$1,055,049 and spent \$1,362,866 on the exploration of its projects. In order for the Corporation to maintain its current level of activity on its projects it will be necessary to secure additional funds. Management is actively pursuing such additional financing which may be raised through additional equity financing, the sale of assets or joint ventures. While management has been successful in securing funding in the past there is no assurance that additional funding will be secured in the future.

In the event that efforts to raise additional funds are not successful the Corporation may be forced to reduce or curtail activities on some or all of its projects.

These consolidated financial statements do not include the adjustments that would be necessary should the Corporation be unable to proceed as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries:

Company Name	Country
Argosy Mining Corp. ("Argosy")	Canada
Calliope Metals (Holdings) Ltd.	Canada
Calliope Metals Pty Ltd. ("Calliope Metals")	Australia
Andover Resources N.L. ("Andover")	Australia
Argosy Slovakia s.r.o.	Slovak Republic
Kremnica Gold a.s.	Slovak Republic
Liberex Limited	Republic of Cyprus
Liberex Mining B.V.	Netherlands

Financial Statement Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant differences between these principles and those that would be applied under United States generally accepted accounting principles are disclosed in Note 11.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingently assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term deposits maturing within 90 days of the original date of acquisition. In order to limit its exposure, the Corporation deposits its funds with major Canadian and Australian banks. A small portion of the cash balances are held in Australian and U.S. dollars; accordingly, the Corporation has some exposure to fluctuations in currency exchange rates.

Marketable Securities

Marketable securities are carried at the lower of cost and quoted market value.

Capital Assets

Depreciation is provided on capital assets using the straight line method over the estimated useful lives of the assets.

Mineral Properties and Deferred Costs

The costs of acquiring mineral properties, and related exploration and development costs, are deferred until the property to which they relate is placed into production, sold or abandoned. Deferred costs will be amortized over the estimated useful life of the ore body following commencement of production, or written off if the property is sold or abandoned.

Management's estimate of carrying values is subject to risks and uncertainties affecting the recoverability of the Corporation's investment in mineral properties. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur in the near term which could adversely affect management's estimate of the recoverability of mineral properties and deferred costs and the need for asset impairment write-downs.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, according to the industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such undetected defects.

Options

Mineral property option payments are made at the discretion of the Corporation and, accordingly, are accounted for when paid.

Stock Based Compensation

The Corporation grants stock options to employees as described in Note 6(c). No compensation expense is recognized when stock options are granted to employees. Any consideration paid by employees on the exercise of stock options is credited to capital stock.

Loss per Common Share

Loss per common share is calculated using the weighted average number of common shares issued and outstanding during each year. Fully-diluted loss per common share is not presented since it is anti-dilutive.

Foreign Currency Translation

The Corporation's subsidiaries are integrated foreign operations. Currency translations into Canadian dollars are made as follows:

- (i) monetary assets and liabilities at the rates of exchange prevailing at the balance sheet date;
- (ii) non-monetary items at rates prevailing when they are acquired;
- (iii) deferred costs and administration costs at average rates for the period.

Gains and losses arising on currency translation are included in the statement of operations.

Financial Instruments

Cash and cash equivalents, accounts receivable and accounts payable are valued at their carrying amounts which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments.

3. BUSINESS COMBINATION

(a) Acquisition of Andover

On August 14, 1998 Argosy purchased an 18.35% interest in Andover, an Australian company, at a cost of \$818,280. Effective March 8, 1999, Argosy acquired the remaining 81.65% of Andover not already owned by issuing 53,371,808 Argosy shares having an ascribed value of \$6,938,336. The acquisition of Andover has been accounted for as a step acquisition using the purchase method. The results from operations of Andover have been included in the results from operations of Argosy from the effective date of the acquisition.

The following summarizes the financial position of Andover at the date of acquisition:

NET ASSETS	
Cash	\$ 641,349
Mineral properties and deferred costs	485,526
	\$ 1,126,875
Loans from related parties	\$ (27,627)
NET ASSETS ACQUIRED	1,099,248
PURCHASE PRICE	
Cash	\$ 818,280
53,371,808 common shares	6,938,336
Cash - transfer duty on Andover shares	47,806
	\$ 7,804,422
NET ASSETS ACQUIRED	1,099,248
Excess of purchase price over net assets	\$ 6,705,174

The excess of purchase price over net assets acquired is accounted for as the cost of the Burundi Nickel Project.

(b) Plan of Arrangement

Effective May 7, 1999 the Corporation completed a statutory Plan of Arrangement approved by the Supreme Court, Yukon and the shareholders of the Corporation and Argosy, pursuant to which (i) the Corporation issued 57,183,960 common shares to acquire 100% of the issued and outstanding shares of Argosy and (ii) changed its name from Calliope Metals Corporation ("CMC") to Argosy Minerals Inc.

As the shareholders of Argosy, as a group, gained control of CMC, the transaction is accounted for as a reverse takeover and Argosy is deemed to have purchased the net assets of CMC. The purchase consideration was based on the fair value of CMC which was determined to be \$11,930,000.

Costs of \$359,729 associated with the Plan have been added to mineral properties and deferred costs.

The following summarizes the financial position of CMC at May 7, 1999, the effective date of the reverse takeover. From April 30, 1999 CMC did not conduct any commercial activity.

NET ASSETS	
Cash	\$ 1,087,445
Accounts receivable	44,576
Mineral properties and deferred costs	12,873,388
Capital assets	83,231
Corporate arrangement expenditures	133,130
	14,221,770
Accounts payable and accrued liabilities	(103,329)
Amounts due to related parties	(175,065)
NET ASSETS ACQUIRED	\$ 13,943,376
PURCHASE PRICE	
57,183,960 common shares issued at deemed value of	\$ 11,930,000
NET ASSETS ACQUIRED AT BOOK VALUE	\$ 13,943,376
Excess of net assets acquired over purchase price	\$ 2,013,376

The excess of net assets acquired over purchase price was deducted from mineral property costs.

4. MINERAL PROPERTIES AND DEFERRED COSTS

	Mineral Properties	Deferred costs	Total
December 31, 2000			
Slovak Gold Property - Kremnica	\$ 752,500	\$6,966,138	\$ 7,718,638
Burundi Nickel Project - Musongati	7,190,700	620,232	7,810,932
New Caledonia Nickel Project - Nakety	11,219,742	1,620,027	12,839,769
	\$19,162,942	\$9,206,397	\$28,369,339
December 31, 1999			
Slovak Gold Property - Kremnica	\$ 752,500	\$6,739,047	\$ 7,491,547
Burundi Nickel Project - Musongati	7,190,700	506,817	7,697,517
New Caledonia Nickel Project - Nakety	11,219,742	597,667	11,817,409
	\$19,162,942	\$7,843,531	\$27,006,473

(a) Slovak Gold Properties

The Slovak properties include the following:

i. Wholly-owned properties:

[a] Kremnica

Argosy has acquired a 100% interest in the Kremnica property by making cash payments and share issuances of \$737,500 and 25,000 shares respectively up to December 31, 1998.

[b] Other

Argosy acquired the rights to the Zlata Bana, Slivnik and Remetske Hamre areas during the years ended December 31, 1996 and 1997. Results from exploration of these areas proved unsatisfactory and Argosy wrote-off expenses amounting to \$113,454 during 1998.

ii. Joint venture properties:

[a] Banska Stiavnica Property

Pursuant to a joint venture agreement, Argosy acquired the right to earn up to a 75% interest in the Banska Stiavnica Property. During 1998, following unsatisfactory results from exploration, Argosy abandoned the property and wrote off costs of \$621,391.

(b) Burundi Nickel Project

During 1998, Andover entered into a Protocol agreement with the Republic of Burundi acquiring the exclusive rights to the Musongati resources. On February 11, 1999, a mining convention setting out Andover's rights and obligations for the completion of a feasibility study on the Musongati resources was ratified by the Burundian Parliament. The Mining Convention requires that Andover complete a feasibility study for the development of a nickel/cobalt processing facility by the end of 2001 or such later date as may be determined by extensions granted by the Minister of Mines. On April 19, 2000, Andover declared force majeure and curtailed its activities in Burundi as a result of the deterioration in security in the region. Pursuant to the terms of the Mining Convention the declaration of force majeure may be in place for up to two years during which time Andover's obligations are interrupted and the completion of the feasibility study delayed by the period of force majeure. Pursuant to the terms of the Mining Convention, Andover was required to post a performance bond of US\$100,000, which has been provided by the Corporation's bankers to the Ministry of Energy and Mines in Burundi.

Andover is required to pay a finder's fee to an arms length party in stages, with the final payment dependent upon the successful completion of a feasibility study and the commencement of construction of a nickel refinery.

(c) New Caledonia Nickel Project - Joint Venture and Process Technology Arrangements

In May 1998, the Corporation entered into a Heads of Agreement with Societe des Mines de la Tontouta ("SMT") to carry out a feasibility study for the development of a nickel refinery based upon SMT's mining concessions at Nakety, New Caledonia. The Heads of Agreement also provides for a joint venture to be established between the Corporation and SMT to develop the project. The joint venture company will only be established, and the shareholdings of the Corporation and SMT in the joint venture will only be determined, after receipt of a feasibility study that concludes that the project is viable. The ownership interests of SMT and the Corporation in the joint venture will depend upon their respective equity contributions to the joint venture. The Corporation is pursuing the introduction of third parties to complete the feasibility study and provide financing and guarantees to develop the project in return for an equity interest in the Joint Venture.

On July 19, 2000 the Heads of Agreement was amended to include the rights to acquire the Bogota Concessions for inclusion in the feasibility study.

The Heads of Agreement provides for monthly payments to be made by the Corporation to SMT to secure the concessions at Nakety and Bogota, one-half of which will be credited against the Corporation's equity contribution to the joint venture. The Heads of Agreement secures the rights to the Nakety and Bogota concessions until June 30, 2001 by which time a joint venture partner must be introduced to the project or a development decision must be made. The Corporation's expenditures to obtain the feasibility study will count as a credit against the Corporation's equity contribution to the joint venture. See Note 10(b) for details of required expenditure.

Under the agreement, SMT reserves its mining concessions at Nakety and Bogota for the project and will transfer them into the project (either by sale, lease or royalty) at the appropriate time. SMT may also elect to receive payment for its concessions by the issue of shares of the Corporation at a price agreed by the parties. At the joint venturers' option, SMT will reserve and contribute to the joint venture any new mining concessions in the Nakety area which it acquires.

The Corporation has executed a Technical Services Agreement with Dynatec Corporation ("Dynatec"), formerly Sherritt International Consultants Inc. The Technical Services Agreement provides a right and license to Calliope Metals to use Dynatec's technology to evaluate, design and construct a nickel/cobalt

plant and to use in that plant the Pressure Acid Leach process and further information provided by Dynatec.

The Agreement grants Calliope Metals the exclusive right and license to utilize the Dynatec processing technology for a project located within 40 kilometres of the town of Canala, New Caledonia for a period of five years following commencement of operations of the processing facility, or until the facility reaches normal operating capacity of 2,000,000 dry tonnes per annum of nickel or cobalt containing lateritic ores, whichever is the shorter period.

Dynatec will also provide development and engineering work related to the testing, evaluation, development, construction, operation and maintenance of the proposed processing facility.

For this right and license, Calliope Metals must pay a license fee, which is payable in annual instalments and calculated on a sliding scale based on the plant's annual throughput. The rate at which the license fee is payable per tonne of annual throughput decreases where the total annual throughput of the plant reaches a minimum threshold level.

The license fee shall be payable as follows:

- (i) an initial instalment of US\$1,000,000 shall be payable upon the date Calliope Metals secures equity and/or debt finance for at least 75% of the funding required to construct the plant; and
- (ii) the balance shall be paid by instalments of US\$2,000,000 per annum payable on each successive anniversary of the date of commencement of operations of the plant until the total license fee is paid in full.

The total license fee may be adjusted upward if the processing plant throughput increases. The maximum plant throughput for which the license fee is payable is 2,500,000 dry tonnes per annum. Calliope Metals may pay all or any outstanding instalments to the license fee early and each instalment paid early shall be discounted at the rate of 10% per annum. Dynatec must, pursuant to the Technical Services Agreement, provide Calliope Metals with requisite Dynatec technology in relation to the nickel/cobalt plant, including developments in Dynatec technology.

5. CAPITAL ASSETS

	Cost	Accumulated Depreciation	2000 Net Book Amount	1999 Net Book Amount
Office Furniture and Equipment	\$189,284	\$ 152,396	\$36,888	\$63,502

6. CAPITAL STOCK**(a) Authorised Capital Stock**

The Corporation is authorised to issue an unlimited number of common shares without par value.

(b) Issued

	Number of Shares	Amount
Total issued - December 31, 1998	41,994,792	\$ 25,136,161
Issued - Acquisition of Andover	53,371,808	6,938,336
Redeemed - Dissenting Shareholder	(60,000)	(15,000)
	95,306,600	32,059,497
Argosy shares exchanged in Plan	(95,306,600)	
Shares issued to acquire Argosy	57,183,960	11,930,000
Shares of CMC outstanding before the Plan	38,485,145	
Total issued - December 31, 1999	95,669,105	43,989,497
Shares issued on exercise of stock options	150,000	39,376
Total issued - December 31, 2000	95,819,105	\$ 44,028,873

(c) Stock Options

The Corporation grants stock options to employees as determined by the Corporation's Board of Directors. Stock options granted to the directors of the Corporation are granted subject to approval of the Corporation's shareholders.

The status of stock options granted to employees and directors as at December 31, 2000 and the changes during the year ended December 31, 2000 are as follows:

	Shares	Weighted Average Exercise Price
Options outstanding - Beginning of Year	5,200,000	\$0.58
Exercised	(150,000)	\$0.26
Granted	700,000	\$0.46
Cancelled/Expired	(1,710,000)	\$0.52
Options outstanding - End of Year	4,040,000	\$0.59
Options exercisable - End of Year	3,890,000	\$0.57

The following table summarizes information about stock options outstanding at December 31, 2000:

Range of Prices	Options Outstanding			Options Exercisable	
	Number	Average	Weighted Average Contractual Exercise Price	Number	Weighted Average Exercise Price
		Remaining Life			
\$0.25 - 0.33	1,145,000	1.3 years	\$0.26	1,145,000	\$0.26
\$0.50	1,200,000	1.7 years	\$0.50	1,200,000	\$0.50
\$0.75	845,000	2.0 years	\$0.75	845,000	\$0.75
\$1.00	850,000	2.4 years	\$1.00	700,000	\$1.00
	4,040,000			3,890,000	

(d) Escrow Shares

At December 31, 2000 a total of 6,108,482 (1999: 7,330,177) common shares of the Corporation were subject to escrow as required by the Canadian Venture Stock Exchange ("CDNX") and are eligible for release in five equal annual tranches starting March 8, 2000.

7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2000, \$514,750 (1999: \$568,434; 1998: \$334,437) was paid to four Directors of the Corporation or its subsidiaries, or to companies controlled by them, for management consulting services and project managing and assessment services. Of this amount, the Corporation expensed \$387,401 (1999: \$400,208; 1998: \$266,189) and capitalized \$127,349 (1999: \$168,226; 1998: \$68,248) to deferred costs.

In addition \$347,999 (1999: \$63,787; 1998: \$nil) was paid to a company controlled by a director for the provision of office facilities and personnel in Australia. These services are provided at cost.

At December 31, 2000, management and consulting expenses payable amounted to \$24,000 (1999: \$24,000; 1998: \$14,583) and are included in accounts payable and accrued liabilities.

8. INCOME TAXES

The Corporation has adopted CICA Accounting Standard 3465 - Future Income Taxes. A potential future income tax asset of approximately \$4,425,000, from the adoption of Accounting Standard 3465, arises from the following loss carry forwards:

Non capital loss carry forwards	\$ 8,217,000
Foreign deductible exploration expenditures	1,182,000
Other deductible tax pools	435,000
	<u>\$ 9,834,000</u>

The non-capital loss carry forwards can be offset against income for Canadian purposes in future years and expire as follows:

2001	\$ 818,000
2002	1,342,000
2003	1,208,000
2004	909,000
2005	1,136,000
2006	1,341,000
2007	1,577,000
Total	<u>\$ 8,217,000</u>

The Corporation has reduced the value of the potential future income tax asset to \$Nil through the application of a valuation allowance of \$4,425,000 as the Corporation does not have any current source of income to which the tax losses can be applied.

9. SEGMENTED INFORMATION

The Corporation's sole operating segment is the exploration of mineral resources.

	2000			
	Canada	Australia	Slovak Rep.	Burundi
Current Assets	\$2,000,734	\$ 43,396	\$ 12,787	\$ -
Capital Assets	19,183	17,705	-	-
Mineral Properties and Deferred Costs	-	12,839,769	7,718,638	7,810,932
Other	146,850	-	-	-
	<u>\$2,166,767</u>	<u>\$12,900,870</u>	<u>\$7,731,425</u>	<u>\$7,810,932</u>
	1999			
	Canada	Australia	Slovak Rep.	Burundi
Current Assets	\$4,301,795	\$ 116,445	\$ 43,714	\$ -
Capital Assets	25,459	38,043	-	-
Mineral Properties and Deferred Costs	-	11,817,409	7,491,547	7,697,517
Other	156,850	-	-	-
	<u>\$4,484,104</u>	<u>\$11,971,897</u>	<u>\$7,535,261</u>	<u>\$7,697,517</u>

10. COMMITMENTS

(a) The Corporation and its subsidiaries have entered into leases, expiring March 31, 2001, for office premises which require rental payments of approximately \$5,000 per month.

(b) Monthly payments to SMT to secure the Nakety and Bogota concessions for the next 6 months total Frf 1,980,000 (approximately \$420,000). See Note 4(c).

11. DIFFERENCES BETWEEN CANADIAN AND U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

(a) Balance Sheet

Mineral Properties and Deferred Costs

	2000	1999
Mineral Properties and Deferred Costs		
- under Canadian GAAP	\$ 28,369,339	\$ 27,006,473
Deferred Costs	(9,206,397)	(7,843,531)
Mineral Properties		
- under U.S. GAAP	\$ 19,162,942	\$ 19,162,942

Shareholders' Equity

	2000	1999
Shareholders' Equity		
- under Canadian GAAP	\$ 30,524,151	\$ 31,539,824
Deficit - under Canadian GAAP	13,504,722	12,449,673
Deficit - under U.S. GAAP	(22,711,119)	(20,293,204)
Shareholders' Equity		
- under U.S. GAAP	\$ 21,317,754	\$ 23,696,293

(b) Statement of Operations and Deficit

	2000	1999	1998
Loss for the Year			
- under Canadian GAAP	\$1,055,049	\$1,295,988	\$1,539,196
Exploration Expenditures	1,362,866	1,407,505	6,436,026
Loss for the Year			
- under U.S. GAAP	\$2,417,915	\$2,703,493	\$7,975,222
Loss per common share			
- under U.S. GAAP	\$(0.03)	\$(0.03)	\$(0.14)
Deficit - under US GAAP			
- Beginning of Year	\$20,293,204	\$17,589,711	\$9,614,489
Loss - under U.S. GAAP	2,417,915	2,703,493	7,975,222
Deficit - under U.S. GAAP			
- End of Year	\$22,711,119	\$20,293,204	\$17,589,711

The Corporation determined in the year ended December 31, 1998, for U.S. GAAP purposes, to expense the previously deferred costs relating to unproven mineral properties. When proven and probable reserves are determined for a property, subsequent development costs of the property will be capitalized. The capitalized costs of such properties will then be measured, on a periodic basis for recoverability of carrying values. Acquisition costs of mineral properties are capitalized for U.S. GAAP purposes.

(c) Stock Options

For financial statement disclosure purposes, the Corporation follows the recommendation of APB Opinion 25 in accounting for stock options issued to employees. This requires the recognition of compensation expenses only when the option price is less than the market price on the grant date.

(d) New Pronouncements

Effective January 1, 2001, the CICA issued a revised version of CICA 3500, Earnings per Share. This standard complies in all material aspects with FASB 128.

SHAREHOLDER INFORMATION

As at March 30, 2001 the Corporation had 811 shareholders each of whom on a poll, has one vote for each share held. In addition, the Corporation has 1397 holders of CHESS Units in Foreign Securities (CUFS). While CUFS holders have the right to vote on a poll (whereupon proxies can be counted), they are not able to personally vote on a show of hands.

Distribution of Shareholdings

Shareholdings were distributed in the following categories as at March 30, 2001:

Category of Holding	Number of Shareholders	%	Shares Held	%
<i>Common Shares</i>				
1-1,000	294	36.32%	125,344	0.13%
1,001-5,000	244	30.04%	604,005	0.63%
5,001-10,000	102	12.58%	840,231	0.88%
10,001-100,000	130	16.17%	3,769,473	3.93%
100,001 & over	41	5.06%	54,406,270	56.78%
Sub-Total, Common	811	100.00%	59,745,323	62.35%

CUFS

1-1,000	70	5.01%	51,312	0.05%
1,001-5,000	458	32.80%	1,602,611	1.67%
5,001-10,000	271	19.41%	2,326,482	2.43%
10,001-100,000	533	38.15%	18,178,689	18.97%
100,001 & over	65	4.63%	13,914,688	14.52%
Sub-Total, CUFS	1,397	100.00%	36,073,782	37.65%
Total	2,208	100.00%	95,819,105	100.00%

Less than Marketable Parcel

Ordinary Common Shares	99	131,503
CUFS Common Shares	170	226,239

Substantial Shareholders

As at March 30, 2001 the interest of Peter H. Lloyd, a director of the Corporation, was 5.6% of the total issued and outstanding shares of the Corporation as follows:

Direct Interest

Peter H. Lloyd Ordinary Shares 270,000 Options 800,000

Indirect Interest

Emmerson Holdings Pty Ltd Ordinary Shares 2,549,625
Java Black Pty Ltd Ordinary Shares 2,551,872

The twenty largest shareholders of ordinary common shares were:

	Number of Shares	% of Total
Chess Depository Nominees Pty Ltd	36,048,782	37.62%
Cede & Co	12,420,875	12.96%
CDS & Co	9,666,198	10.09%
Yale Simpson	3,043,332	3.18%
Hawkshead Investments Ltd	2,625,600	2.74%
Emmerson Holdings Pty Ltd	2,549,625	2.66%
Wessex Holdings Ltd	2,441,599	2.55%
Java Black Mining Pty Ltd	2,187,319	2.28%
Carolene Robyn Simpson	2,140,000	2.23%
Kendal Ltd	2,012,150	2.10%
Ardoch Ltd	2,005,992	2.09%
Oxford Investments Ltd	1,891,474	1.97%
D. Russell	1,543,199	1.61%
Claycroft Ltd	1,318,399	1.38%
Mullycourt Ltd	1,200,000	1.25%
John Kenneth Frater	1,113,999	1.16%
International Finance Corporation	649,177	0.68%
Geoffrey Lennard	516,000	0.54%
Jagen Nominees Pty Ltd	500,000	0.52%
National Securities Corporation	461,550	0.48%
Total	86,335,270	90.10%

The twenty largest CUSF holders were:

	Number of Shares	% of Total CUSF
Nullabor Prospecting Co Pty	800,000	0.83%
Horst and Rosemary Jean Hamp	500,000	0.52%
Corcarr Nominees Pty Ltd	494,631	0.52%
Garnett (Holdings) Pty Ltd	421,900	0.44%
Whitehall Securities Pty Ltd	370,000	0.39%
Dawesville Nominees Pty Ltd	352,000	0.37%
Overnight Nominees Pty Ltd	349,654	0.36%
Brian Thomas Ryan	314,801	0.33%
Baseshine Holdings Pty Ltd	300,000	0.31%
Erwin John Clayton	300,000	0.31%
Stephen and Pamela Flitton	300,000	0.31%
Dumbarton Square Pty Ltd	299,666	0.31%
Brian Thomas Ryan	296,255	0.31%
Geoffrey & Jennifer Lennard	295,734	0.31%
Erwin John Clayton	282,825	0.30%
Frank Fiser	270,400	0.28%
Peter & Lynn Whitman	260,000	0.27%
Jeff Dickinson	250,000	0.26%
Factor Pty Ltd	250,000	0.26%
Byrne Trust Company Limited	239,000	0.25%
Total	6,946,866	7.25%

Restricted Securities

As at March 30, 2001 there were 4,886,787 common shares subject to escrow. The common shares subject to escrow will be released from escrow as follows:

March 8, 2002	1,221,695
March 8, 2003	1,221,695
March 8, 2004	1,221,695
March 8, 2005	1,221,702

Unquoted Securities

As at March 30, 2001 there were 4,040,010 incentive stock options held by 10 option holders.

Summary of Mineral Licences

Licence	Location	Ownership
Kremnica Mining Licence	Kremnica, Slovak Republic	100%
Kremnica Surround Exploration Licence	Kremnica, Slovak Republic	100%
Musongati Exploration Licence	Musongati, Burundi	85%

Australian Corporate Law

The Corporation is not subject to Chapter 6 of the Australian Corporation's Law dealing with the acquisition of shares.

Restrictions Affecting the Corporation's Shares

The following is a general discussion of the material restrictions affecting the acquisition of shares of the Corporation based upon current laws, regulations and policies applicable in the Province of British Columbia and the Yukon Territory, Canada. These provisions are complex and any holder or prospective holder of common shares of the Corporation should consult professional advisors as to whether and how these provisions might apply. This discussion does not address all potentially relevant legal matters and it does not consider the potential effects of any future legislation with regard to such matters. The following is for general information only and is not intended to be, nor should it be construed to be, legal advice to any holder or prospective holder of common shares of the Corporation and no opinion or representation with respect to the consequences to holders or prospective holders of common shares of the Corporation of such laws, regulations and policies is made. Accordingly, holders and prospective holders of common shares of the Corporation should consult their own legal advisors about the consequences of purchasing, owning and disposing of common shares of the Corporation.

Except as provided in the Investment Canada Act, there are no limitations under the laws of Canada, the Province of British Columbia, the Yukon Territory or in the charter or any other documents of the Corporation on the right of foreigners to hold or vote the common shares of the Corporation.

By virtue of its status as a public company with its shares listed on the Canadian Venture Exchange (the "CDNX"), the purchase and sale of shares of the Corporation in the market is regulated by the British Columbia Securities Act, the Rules and Regulations thereunder, the policies of the British Columbia Securities Commission and the rules, by-laws and policies of the CDNX. In general, purchasers of shares of the Company may be subject to (i) insider trading rules which prohibit trading on the basis of undisclosed material facts or material changes in the affairs of the Corporation; (ii) insider reporting requirements for persons holding more than 10% of the Corporation's shares; (iii) restrictions on sales by persons holding more than 20% of the Corporation's shares; and (iv) "early warning" and reporting requirements on the acquisition of 10% or more of the Corporation's shares and takeover bid restrictions on the acquisition of 20% or more of the Corporation's shares.

The Investment Canada Act requires a non-Canadian making an investment to acquire control, directly or indirectly, of a Canadian business, the gross assets of which exceed certain defined threshold levels, to file an application for review with Investment Canada, the federal agency created by the Investment Canada Act. For the purposes of the Investment Canada Act, direct acquisition of control means a purchase of the voting interests of a corporation, partnership, joint venture or trust carrying on a Canadian business, or any purchase of all or substantially all of the assets used in carrying on a Canadian business. An indirect acquisition of control means a purchase of the voting interest of a corporation, partnership, joint venture or trust, whether a Canadian or foreign entity, which controls a corporation, partnership, joint venture or trust company carrying on a Canadian business in Canada.

CORPORATE INFORMATION

DIRECTORS

Peter H. Lloyd
Yale R. Simpson
Cecil R. Bond
James W. Prier
David A. Henstridge

SECRETARY

Cecil R. Bond

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ARBN

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Computershare Trust Company of Canada
510 Burrard Street
Vancouver, British Columbia V6C 3B9 Canada
Tel: 0011 1 604 661 9400 Fax: 0011 1 604 683 3694

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants

ANNUAL GENERAL MEETING

The Annual General Meeting of Argosy Minerals Inc will be held in the Board Room, 2300 - 1055 Dunsmuir Street, Vancouver, Canada at 10:00AM on Wednesday, May 23, 2001.

SHAREHOLDER ENQUIRIES

Computershare Trust (formerly Montreal Trust) is the Corporation's Canadian share transfer agent. Computershare Investor Services maintains the Australian share registry for the Corporation. Enquiries regarding shareholdings should be addressed to the appropriate company at the addresses listed above.

STOCK EXCHANGE LISTING

Argosy Mineral Inc's shares are listed on Tier 1 of the Canadian Venture Exchange (formerly the Vancouver Stock Exchange), traded under the CDNX symbol "AGY", as well as on the Australian Stock Exchange and traded under the ASX code "AGY" under the Mining industry grouping.

COMPANY REPORTS

Argosy Minerals Inc's Annual Report to Shareholders will be mailed each year to all shareholders and CUFs holders on the Corporation's Australian register. Any Australian shareholder that does not wish to receive this report is requested to notify the Corporation in writing.

KEY DATES

Annual General Meeting	May 23, 2001
Financial Year End	December 31, 2001

AUDIT COMMITTEE

The Audit committee of the Corporation at March 30, 2000 comprised of:

Mr. Yale R. Simpson	– Chairman
Mr. James W. Prier	– Director
Mr. David A. Henstridge	– Director

The audit committee meets with the Corporation's independent accountants and management periodically to review the scope and results of the annual audit and to review the Corporation's financial statements and related reporting matters prior to the submission of the financial statements to the Board.

CORPORATE GOVERNANCE

The Board of Directors of the Corporation is ultimately responsible for corporate governance and operates within the following broad principles:

Board Composition

The Board currently has 5 directors including an Executive Chairman – Mr. Yale R. Simpson, two Executive directors, Messrs. Lloyd and Bond and two Non-Executive directors, Messrs. Prier and Henstridge. The compensation of the Board is reviewed by the full Board periodically, including the total number of directors and requirements for Non and Executive directors as well as selection criteria for additional members. The Board has the right to appoint directors to fill vacancies on the Board and to increase the number of members subject to the Corporation's by-laws. Shareholder approval is required on an annual basis for the composition of the Board.

Independent Professional Assistance

The Directors have the right to seek independent professional advice, at the Corporation's expense, in connection with their duties and responsibilities as Directors. The Boards' prior approval for such expenditures is required, which will not unreasonably be withheld.

General

As part of its ongoing functions the Board regularly reviews alternate business strategies for developing the Corporation and implements those strategies where necessary to manage significant business risk. In addition the Board regularly reviews, in conjunction with the Corporation's external professional consultants, its procedures in respect of compliance with and maintenance of its statutory legal and other obligations.

Remuneration Committee

The Corporation does not have a separate remuneration committee. The full Board reviews the terms and conditions of employment and remuneration levels for employees.

ARGOSY

MINERALS INC

ARBN 073 391 189

