ARGOSY MINERALS
LIMITED

ABN | 27 073 391 189

Annual Report
31 December 2010

Corporate Directory

Directors

Mr John Maloney	Chairman
Mr Peter Lloyd	Chief Executive Director
Mr Philip Thick	Non Executive Director
Mr Cecil Bond	Non Executive Director

Group Secretary

Mr Peter Lloyd

Registered Offices

Australia

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154 Hampden Road
Nedlands WA 6009
Australia
Telephone: +61 8 9389 5803
Facsimile: +61 8 9389 5879
Website: www.argosyminerals.com.au
Email: admin@argosyminerals.com.au

Share Registry

Computershare Investor Services
Level 2, 45 St Georges Terrace
Perth WA 6000

Telephone 1300 577 010
Email: web.queries@computershare.com.au

Solicitors
Allion Legal Pty Ltd
Level 2, 50 Kings Park Road
West Perth WA 6005
Australia

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Australia

Telephone 08 6382 4600
Facsimile 08 6382 4601

Bankers
Australia and New Zealand Banking Group Limited
Nedlands Branch
31 Broadway
Nedlands WA 6009
Australia

Home Exchange

Australian Securities Exchange Limited
Home Branch: Perth
ASX Code AGY
ABN 27 073 391 189

Financial Year End
December 31, 2010

Contents

Chairman's Report

During the course of the year 2010, Argosy reviewed a number of opportunities prospective for base and precious metals.

In about June, Mr Johan de Wit, on behalf of Argosy travelled to Sierra Leone and reviewed a number of possibilities that were presented in that country. Subsequently Argosy made an application for an exploration licence over an area prospective for iron ore and a further three applications over areas prospective for chromite.

On the 3 March 2011, the group through a combination of a placement and Directors exercising options, raised $1.95 million to proceed with exploration and for working capital purposes.

The group will continue to pursue opportunities as and when they arise and looks forward to commencing a detailed exploration programme over the iron ore and chromite properties.

Mr John S Maloney
Chairman

Directors' Report

Your directors submit their report on the consolidated entity (the "Group") consisting of Argosy Minerals Limited and the entities it controlled at the end, or during, the financial year ended 31 December 2010.

DIRECTORS and MANAGEMENT

The names and details of the group's directors in office during the financial year and until the date of this report are as follows:

Directors:

John Stuart Maloney OAM
Chairman

Mr Maloney served as administrator of Wesley College for 26 years. During that time he established the Wesley College Endowment Fund and was instrumental in growing the fund to be one of the most significant assets of any educational institution in Australia. He was awarded the Order of Australia for his services to education and community. John has decades of experience in a variety of high level managerial position in a variety of organisations.

Peter Lloyd
Bachelor of Law
Chief Executive Officer

Mr Lloyd, a lawyer by profession, is a founding member of Argosy Minerals Limited and has been involved in mining exploration for 25 years. He has extensive experience in corporate life and has been involved in projects in Canada, United States of America, Eastern Europe, Africa, New Caledonia and Australia.

Cecil Bond
Chartered Accountant
Non-Executive Director

Mr Bond is a Chartered Accountant with over 25 years of experience in public and private companies. Over the last 15 years he has held various positions in a number of public exploration companies with activities in Canada, South America, Africa, Europe and Australia. He has been involved with Argosy for 15 years and also serves as a director or holds senior positions in a number of other public and private companies.

Philip Thick
Bachelor of Engineering (Hons)
Non-Executive Director

Mr Thick worked as an engineer for Alcoa Australia Limited for 5 years before joining Shell Australia Limited. His 20 year career with Shell covered roles in most cities around Australia and a 3 year appointment in London. He was an Executive Director of Shell Australia Limited from 2003 to 2006 and was responsible for the Downstream Oil business across Australia and the Pacific Islands. Mr Thick is Chairman of Perth Home Care Services and Chief Exective Officer of Coogee Chemicals.

Management:

Johan de Witt
Mining Engineer

Consultant

Mr de Witt has 20 years of experience in senior management and strategic levels in mining organisations. He holds a Master in Business Leadership from the University of South Africa and a Bachelor of Engineering (mining) from the University of Pretoria. He has particular experience and expertise in the areas of iron ore and chrome, with respect to evaluation, development and marketing of projects.

Alieu Mahdi

Consultant Geologist

Mr Mahdi holds an honours degree in Geology and a masters in Engineering Geology from the University of Durham in the United Kingdom. For many years he served as a senior geologist for the Geological Survey of Sierra Leone. He has held various directorships for national companies in Sierra Leone and served as a member of the Minerals Advisory Board from 1997 to 2004. Mr Mahdi is currently a member of the Board of Rokel Commercial Bank of Sierra Leone amongst other positions.

1. PRINCIPAL ACTIVITIY

The principal activity of the Group during the year was the acquisition of exploration projects for precious metals.

2. INTERESTS IN SHARES AND OPTIONS

As at the end of the financial year, the interests of the directors in the shares and options of Argosy Minerals Limited were:

	Fully Paid Ordinary Shares		Options		Details of Options
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	
John Maloney	-	-	2,250,000	-	-
Cecil Bond	732,000	-	3,500,000	-	-
Philip Thick	250,000	-	1,000,000	-	-
Peter Lloyd	-	16,201,161	7,500,000	-	-

3. DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

4. OPERATING AND FINANCIAL REVIEW

Operating Results for the Period

The operating loss after income tax of the Group for the year ended 31 December 2010 was $1,064,592 (2009: $739,803)

Shareholder Returns

	2010	2009
Basic loss per share (cents)	(0.01)	(0.007)

Risk Management

The board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Strategic planning, which encompasses strategy statements designed to meet stakeholders needs and manage business risk; and
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

5. REVIEW OF OPERATIONS

During the period, the Group continued to assess new opportunities. In particular the Group pursued projects that had the potential for early cash flow or significant resource size potential. The Group reviewed a number of precious metals, base metals and energy related projects located in Africa. As detailed further below, subsequent to the end of the financial year, the Group was granted four exploration licenses, through its wholly own subsidiary Argosy Minerals (S.L.), over chromite prospects in Sierra Leone.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the above or as noted elsewhere in this report no significant changes in the state of affairs of the Group occurred during the financial period.

7. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Group raised $1.5 million through private placement of 14.9 million ordinary shares at 10 cent per share. In addition, the Directors exercised 4.75 million options at 10 cents per option to raise a further $475,000. This placement was subject to the grant of an exploration licence over Argosy 93 Prospect in Sierra Leone to explore iron ore. The project was subsequently granted to the Group on 4 March 2011. The funds raised will be used to fund the development of this project and for working capital purposes.

In addition to the Argosy 93 Prospect, the Group was also granted three exploration licenses, through its wholly own subsidiary Argosy Minerals (S.L.), over chromite prospects in Sierra Leone. These projects are Gorahun Vaama Chromite Project located in south-eastern Sierra Leone, Bunumbu Chromite Project located in eastern Sierra Leone, and Mayepema Chromite Project located in south-eastern Sierra Leone.

On 14 January 2011, Argosy Minerals Limited ('formerly Argosy Minerals Inc') announced the Company's redomicile from Canada to Australia. The redomicile was approved by shareholders on 27 May 2010. The Company has received notice from Australian Securities and Investments Commission ('ASIC') that it has been registered as an Australian company effective from 24 December 2010.

Argosy Minerals Limited Shares commenced trading on ASX on a deferred settlement basis on 1 March 2011.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As the Group's areas of interest are at an early stage, it is not possible to postulate the likely developments and any expected results.

9. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to environmental regulation in respect to its mineral tenements relating to exploration activities on those tenements. No breaches of any environmental restrictions were recorded during the financial year.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

The information provided in this remuneration report has been audited as required under Section 308 (3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration (audited)

Remuneration Policy

The remuneration policy of Argosy Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Argosy Minerals Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain high calibre executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and executives.

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

The Group's policy is to remunerate non executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time the Group may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non executive directors with additional incentive to continue those efforts for the benefit of the Group. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non executive directors is subject to approval by shareholders at a General Meeting.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. The group believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 14 to the financial statements. No market based performance remuneration has been paid in the current year.

Group performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives' performance. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. No market based performance remuneration has been paid in the current year.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Argosy Minerals Limited are set out in the following table.

The key management personnel of Argosy Minerals Limited include the directors who have authority and responsibility for planning, directing and controlling the activities of the Group:

Given the size and nature of operations of Argosy Minerals Limited there are no other specified executives who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

Key management personnel and other executives of Argosy Minerals Limited

	Short-Term	**Post Employment**	**Share-based Payments**		**Total**
	Fees	Superannuation	Options	Remuneration consisting options	
	$	**$**	**$**	**%**	**$**
Directors					
Mr John Maloney					
2010	40,000	-	-	-	40,000
2009	40,000	-	-	-	40,000
Mr Peter Lloyd					
2010	288,000	-	-	-	288,000
2009	288,000	-	-	-	288,000
Mr Philip Thick					
2010	30,000	-	-	-	30,000
2009	30,000	-	-	-	30,000
Mr Cecil Bond					
2010	77,000	-	-	-	77,000
2009	82,000	-	-	-	82,000
Total key management personnel compensation					
2010	**435,000**	**-**	**-**	**-**	**435,000**
2009	**440,000**	**-**	**-**	**-**	**440,000**

There are no cash bonuses or non-monetary benefits relating to any of the Directors during the year.

C Service agreements

There is no service agreement with any key management personnel except for Mr Peter Lloyd, details of which are as follows: The Group entered into a service agreement with Peninsular Services Pty Ltd for the provision of Mr Lloyd's services. The agreement provides for the payment of an annual fee of $480,000 which was subsequently voluntarily reduced to $288,000 by Mr. Lloyd. In the event of termination of the agreement Peninsular will be entitled to twice the annual fee.

D Share-based compensation

No share-based remuneration was granted to directors during the financial year.

10. DIRECTORS' MEETINGS

During the period the group held nine meetings of directors. The attendance of directors at meetings of the board was:

	Directors' Meetings	
	A	**B**
Mr John Maloney	9	9
Mr Peter Lloyd	9	9
Mr Philip Thick	9	9
Mr Cecil Bond	9	9

Notes

A - Number of meetings attended B - Number of meetings held during the time the director held office during the period

11. SHARES UNDER OPTION

As at the end of the financial year there are 14,350,000 listed options outstanding and exercisable.

	Number of options
Balance at the beginning of the year	**14,350,000**
Total number of options outstanding as at the date of this report	**14,350,000**

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
25 May 2011	10	5,100,000
25 May 2012	50	2,750,000
22 May 2013	35	6,500,000
Total number of options outstanding at the date of this report		**14,350,000**

No shares were issued on conversion of options during the period.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

12. PROCEEDINGS ON BEHALF OF GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001.*

13. INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Directors did not have Directors insurance. Since the end of the financial year, the Directors have been investigating insuring all of the directors of Argosy Minerals Limited.

14. NON-AUDIT SERVICES

Details of the amounts paid or payable for non-audit services provided during the year are set out below:

	2010 $	2009 $
Fee for corporate tax services :		
BDO Corporate Tax (WA) Pty Ltd	20,000	-
Total remuneration	**20,000**	-

15. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors, and on behalf of the board by

Peter Lloyd
Chief Executive Officer
Perth, 30 March 2011

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38 Station Street
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PO Box 700 West Perth WA 6872
Australia

30 March 2011

Board of Directors
Argosy Minerals Limited
9/154 Hampden Road
NEDLANDS WA 6009

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF ARGOSY MINERALS LIMITED

As lead auditor of Argosy Minerals Limited for the year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Argosy Minerals Limited and the entities it controlled during the period.

Glyn O'Brien
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Corporate Governance Statement

The Group has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Group's needs. To the extent they are applicable, the Group has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Group's practises depart from the recommendations.

Principle 1 recommendation 1.1

Notification of Departure
The Group has not formally disclosed the functions reserved to the Board and those delegated to management.

Explanation for Departure:
The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established a framework for the management of the Group and the roles and responsibilities of the Board and management.

Previously due to the small size of the Board and of the Group, the Board did not think that is was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Group and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:
The Board does not have a majority of independent Directors.

Explanation for Departure:
The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Group's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Group's recent history. The Group considers that the non-independent Directors possess the skills and experience suitable for building the Group. Furthermore, the Board considers that in the current phase of the Group's growth, the Group's shareholders are better served by Directors who have a vested interest in the Group. The Board intends to reconsider its composition as the Group's operations evolve, and may appoint independent Directors as it deems appropriate.

Principle 2 Recommendation 2.4

Notification of Departure:
The full Board carries out the role of a nomination committee in the Nomination Committee Charter. The Board has not adopted a charter relevant to the specific functions of a nomination committee.

Explanation for Departure:
The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the Group's operation, where the Group's focus is on the retention of Directors and senior executives.

Corporate Governance Statement (continued)

Principle 4 Recommendation 4.2, 4.3, 4.4

Notification of Departure:
There is a separate Audit Committee that includes 3 Directors all of whom are Non-Executive and the majority of which are independent.

The Group's financial statements are prepared by management under the direction of Mr Cecil Bond and reviewed in detail by not only the Audit Committee but also the full Board.

Principle 7 Recommendation 7.1

Notification of Departure:
The Group has an informal risk oversight and management policy and internal compliance and control system.

Explanation for Departure:
The Board is aware of the various risks that affect the Group and its particular business and reviews these risks on a regular basis. As the Group develops, the Board will further develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Group and the stage of development of its projects.

Principle 8 Recommendation 8.1

Notification of Departure:
The Group does not have in place a formal process for evaluation of the Board, its committees, individual Directors and key executives.

Explanation for Departure:
Due to the size and structure of the Board a formal evaluation process is not conducted.

The Group operates with only two full time employees. The Group uses consultants for geological functions and pays market rates for experienced professionals.

Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2010	Notes	CONSOLIDATED 2010 $	2009 $
REVENUE	4	32,287	49,816
Compliance costs		(73,880)	(36,507)
Bank charges		(3,072)	(1,592)
Rental expenses		(54,190)	(22,428)
Wages & salaries		(124,124)	(130,377)
Directors fees		(70,000)	(70,000)
Legal fees		(32,728)	(6,252)
Office expenses		(30,622)	(18,461)
Depreciation		(5,049)	(4,584)
Project Assessment		(202,626)	(2,679)
Consulting fees		(43,481)	-
Management fee		(365,674)	(369,610)
Exploration assessment		-	(25,410)
Other expenses	5	(91,433)	(101,719)
LOSS BEFORE INCOME TAX		(1,064,592)	(739,804)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
LOSS FOR THE YEAR		(1,064,592)	(739,804)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(1,064,592)	(739,804)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF ARGOSY MINERALS LIMITED		(1,064,592)	(739,804)
Earnings per share for loss attributable to ordinary equity holders of the group:			
Basic and diluted loss per share (cents per share)	22(a)	(0.011)	(0.007)

The above consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

YEAR ENDED 31 DECEMBER 2010	Notes	CONSOLIDATED 2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	7	571,781	1,597,589
Trade and other receivables	8	15,648	15,316
TOTAL CURRENT ASSETS		587,429	1,612,905
NON-CURRENT ASSETS			
Property, plant & equipment	9	7,016	5,856
TOTAL NON-CURRENT ASSETS		7,016	5,856
TOTAL ASSETS		594,445	1,618,761
CURRENT LIABILITIES			
Trade and other payables	10	85,619	45,343
TOTAL CURRENT LIABILITIES		85,619	45,343
TOTAL LIABILITIES		85,619	45,343
NET ASSETS		508,826	1,573,418
EQUITY			
Contributed Equity	11	50,333,611	50,333,611
Reserves	12(a)	3,187,406	3,187,406
Accumulated losses	12(b)	(53,012,191)	(51,947,599)
TOTAL EQUITY		508,826	1,573,418

The above consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

CONSOLIDATED

	Contributed Equity $	Accumulated Losses $	Option Issue Reserve	Total Equity $
BALANCE AT 1 JANUARY 2009	**50,333,611**	**(51,207,795)**	**3,187,406**	**2,313,222**
Loss for the year	-	(739,804)	-	(739,804)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**(739,804)**	**-**	**(739,804)**
Contributions to equity net of transactions costs	-	-	-	-
Share based payments	-	-	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	-	-	-	-
BALANCE AT 31 DECEMBER 2009	**50,333,611**	**(51,947,599)**	**3,187,406**	**1,573,418**

	Share Capital Ordinary $	Accumulated Losses $	Option Issue Reserve	Total Equity $
BALANCE AT 1 JANUARY 2010	**50,333,611**	**(51,947,599)**	**3,187,406**	**1,573,418**
Loss for the year	-	(1,064,592)	-	(1,064,592)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**(1,064,592)**	**-**	**(1,064,592)**
Contributions to equity net of transactions costs	-	-	-	-
Share based payments	-	-	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	-	-	-	-
BALANCE AT 31 DECEMBER 2010	**50,333,611**	**(53,012,191)**	**3,187,406**	**508,826**

The above consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2010	Notes	CONSOLIDATED 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,044,089)	(901,645)
Interest received		32,287	49,816
Interest paid		-	(1,592)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	21(a)	(1,011,802)	(853,421)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase)/Disposal of property, plant and equipment		(6,206)	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(6,206)	-
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,018,008)	(853,421)
Cash and cash equivalents at the beginning of the year		1,597,589	2,479,135
Effect of foreign exchange rate movements		(7,800)	(28,125)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**571,781**	**1,597,589**

The above consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial information included in this report have been set out below.

(a) Basis of preparation of historical financial information

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Australian Accounting Interpretations and the *Corporations Act 2001*. The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009.These financial statements have been prepared on a historical cost basis.

The consolidated financial statements, comprising the notes thereto, comply with International Financial Reporting Standards. As issued by the International Financial Reporting Standards (AIFRS). These consolidated financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

(i) Change in Presentation Currency

The functional currency of the Company and each of the operating subsidiaries is Australian dollars which represents the currency of the primary economic environment in which the Company and each of the subsidiaries operates. Previously the presentation currency of the financial statements was Canadian dollars. To facilitate clarity and understanding following the re-domicile of the Company back to Australia, on 31 December 2010 the Directors resolved to change the presentation currency and present the consolidated financial statements in Australian dollars from 1 January 2010. The presentation in Australian dollars is consistent with internal management reporting. The change in accounting policy was applied retrospectively and the comparative restated.

(ii) Redomicile of Argosy Minerals Limited from Canada to Australia

On 14 January 2011, Argosy Minerals Limited ('formerly Argosy Minerals Inc') announced the Company's redomicile from Canada to Australia. The redomicile was approved by shareholders on 27 May 2010. The Company has received notice from Australian Securities and Investments Commission ('ASIC') that it has been registered as an Australian company effective from 24 December 2010.

Argosy Minerals Limited Shares commenced trading on ASX on a deferred settlement basis on 1 March 2011.

(b) Revenue Recognition

Sale of Goods and Services

Revenue from sale of goods or services is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipt over the expected life of the financial asset.

(c) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax loses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(d) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(e) Cash and Cash Equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable no earlier than 365 days of statement of financial position date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is credited to the statement of comprehensive income immediately and amortised using the effective interest method. Loans and receivables are carried at amortised costs using the effective interest rate method.

(g) Fair value estimation

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at statement of financial position date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The fair value of trade receivables and payables is their normal value less estimated credit adjustments due to their short term nature.

(h) Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently at amortised cost.

(i) Employee Benefits

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of statement of financial position date are recognised in respect of employees' services rendered up statement of financial position date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefits Provisions.

Long Service Leave
Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected future projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Exploration and evaluation expenditure
The Group has adopted the policy of expensing all exploration and evaluation expenditure in relation to its mineral tenements as incurred.

(k) Contributed Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Goods and Services Tax
Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Leases
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(n) Provisions
Provisions for legal claims are recognised when the Group has a legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(o) Share based payments
The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Argosy ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the statement of comprehensive income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(p) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on the straight line basis to write off the net cost of each item over its expected useful life. Depreciation rate for computer equipment is 33%. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(d)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount/. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(q) Earnings per Share

(i) Basic Earnings per Share
Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

(r) Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Group as the Managing Director and other members of the Board of Directors. This standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting.

(s) Principles of Consolidation

Subsidiaries

A controlled entity is any entity Argosy Minerals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 19 to the financial statements.

All inter-group balances and transactions between entities in the Consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(t) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
Accounting Standards					
AASB 9 Financial Instruments AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only.	Unlikely to have significant impact.
AASB 124 Related Party Disclosures AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124.	AASB 124 Related Party Disclosures	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011	Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.	Unlikely to have significant impact in Australia.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	AASB 132 Financial Instruments: Presentation	AASB 2009-10 makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	31 January 2011	As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.	Potentially significant if rights issues have been offered and denominated in foreign currency.
AASB 2009-13 Amendments to AASB 1 arising from Interpretation 19	Interpretation 19	This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	Unlikely to have significant impact.
AASB 2010-01 Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7)	AASB 1: First-time adoption of Australian Accounting Standards AASB 7 Financial instruments: Disclosures	These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	Reduced disclosures for first-time adopters.
IFRS Annual Improvements 2010 (May 2010)	Various	Makes various amendments to a number of standards and interpretations.	Application dates either 30 June 2011 or 31 December 2011.	Unlikely to have significant impact on the financial report.	Varies depending on relevance; however impact is unlikely to be significant.
Australian Accounting Interpretations					

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	N/A	This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as 'debt for equity swaps'.	30 June 2011	As the entity has not renegotiated any financial liabilities into equity instruments this interpretation is not expected to have any impact on the entity's financial report.	Significant if the entity has renegotiated any financial liabilities to equity instruments.
AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14)	N/A	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.	31 December 2011	As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.	Unlikely to have significant impact.

(u) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year are discussed below.

Income Taxes

The Group is subject to income taxes in Australia and jurisdictions where it had foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred tax provisions in the period in which such determination is made.

Fair value of share options and assumptions

The fair value of services received in return for share options granted to Directors and employees is measure by reference to the fair value of options granted. The estimate of the fair value of the services is measure based on Black-Scholes options valuation methodology.

2. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks, to minimise potential adverse effects on the financial performance and position of the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	2010	2009
	$	$
Cash and cash equivalents	571,781	1,597,589
Trade and other receivables	15,648	15,316
	587,429	**1,612,905**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2010	2009
Cash at bank and short-term bank deposits		
Term deposit	486,021	1,392,435
	486,021	**1,392,435**

Impairment Losses

None of the Group's other receivables are past due. There is no impairment loss recognised in 2010 (2009: nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts if required.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

There were no undrawn borrowing facilities in place during the current or prior year.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2010

	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	85,619	85,619	85,619	-	-	-	-
	85,619	85,619	85,619	-	-	-	-

2009

	Carrying amount	Total Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trade and other payables	45,343	45,343	45,343	-	-	-	-
	45,343	45,343	45,343	-	-	-	-

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk
The Group is not exposed to any material currency risk.

Interest rate risk
Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. Interest rate risk is not considered to be material.

Sensitivity Analysis
If the interest rates had weakened/strengthen by 1% at 31 December 2010, there would be no material impact on the statement of comprehensive income. There would be no effect on the equity reserves other that those directly related to the statement of comprehensive income movements (2009: nil).

Fair Values
All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value due to their short term nature.

Capital risk management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the acquisition and potential development of mineral properties and to maintain a flexible capital structure which optimises the cost of capital at an acceptable risk.

In the management of capital, the Group includes the components of shareholders' equity as well as cash and cash equivalents.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Group may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Group prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Group's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with initial maturity terms of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Group expects that its current capital resources will be sufficient to carry out its exploration plans and operations through its current operating period.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The group does not have any customers, and all the group's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

4. REVENUE

	CONSOLIDATED	
	2010	**2009**
	$	**$**
From continuing operations		
Other revenue		
Interest income	32,287	49,816
	32,287	**49,816**

5. EXPENSES

	CONSOLIDATED	
	2010	2009
Loss before income tax includes the following specific expenses:	$	$
Foreign exchange	2,126	28,125
Insurance	2,552	903
Other expenses	86,755	72,691
Total general expenses	**91,433**	**101,719**

6. INCOME TAX

Income Tax expense		
Current tax Liability	-	-
Deferred Tax Expense	-	-
	-	**-**
The prima facie tax payable/(loss) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Loss from continuing operations before income tax benefit	(1,064,592)	(739,804)
Prima facie tax payable on profit from ordinary activities before income tax at 30%	(319,378)	(221,941)
Add:		
Tax effect of:		
Non deductible expenses	141,318	58,828
Temporary differences not recognised	(11,849)	21,438
Current year tax losses for which no deferred tax asset has been recognised	189,909	141,675
	-	**-**
Movement in deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Accrued audit fees	4,049	11,550
Provision for annual leave	-	1,450
Foreign exchange loss	7,800	8,438
	11,849	**21,438**
Deferred tax liabilities	-	-

Deferred income tax assets have not been recognised as it is not probable that future profit will be available against which deductible temporary differences can be utilised.

In addition to the above Australian estimated future income tax benefits, the Group has incurred significant expenditure in Sierra Leone, some of which should give rise to taxable deductions. At this stage, the Group is unable to reliably estimate the quantity of such future tax benefits.

There are no franking credits available.

	2010	2009
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS	**$**	**$**
Cash and cash equivalents as shown in the statement of financial position and statement of cash flows	**571,781**	**1,597,589**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at calls are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. Information about the Group's exposure to interest rate risk is disclosure in Note 2.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade receivable	15,648	15,316
	15,648	**15,316**

As of 31 December 2010, trade receivables that were past due or impaired were nil (2009: nil).

Refer to note 2 for details of credit risk and fair value.

9. NON-CURRENT ASSETS

PROPERTY PLANT AND EQUIPMENT

(a) Property, plant and equipment

Cost	85,797	79,588
Accumulated depreciation	(78,781)	(73,732)
	7,016	**5,856**

Reconciliations of the carrying amounts of plant and equipment	
Balance at 31 December 2008	**10,440**
Additions	-
Depreciation expense	(4,584)
Balance at 31 December 2009	**5,856**
Additions	6,209
Depreciation expense	(5,049)
Balance at 31 December 2010	**7,016**

	CONSOLIDATED	
	2010	2009
10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES	**$**	**$**
Trade payables	55,786	40,511
Other payables	29,833	4,832
	85,619	**45,343**

11. ISSUED CAPITAL

(a) Share capital

	Notes	2010 Number of shares	2010 $	2009 Number of shares	2009 $
Ordinary shares fully paid	11(b)	99,919,105	50,333,611	99,919,105	50,333,611
Cost of capital raising			-		-
Total contributed equity			**50,333,611**		**50,333,611**

(b) Movements in ordinary share capital

	2009 Number of shares	2009 $
Beginning of the financial year	99,919,105	50,333,611
End of the financial year	**99,919,105**	**50,333,611**

	2010 Number of shares	2010 $
Beginning of the financial year	99,919,105	50,333,611
End of the financial year	**99,919,105**	**50,333,611**

(c) Movements in options on issue

	Number of options 2009
Beginning of the financial year	14,350,000
End of the financial year	**14,350,000**

	Number of options 2010
Beginning of the financial year	14,350,000
End of the financial year	**14,350,000**

As at 31 December 2010, there are 14,350,000 listed options outstanding.

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the group in proportion to the number of and amounts paid on the shares held.

12 RESERVES AND ACCUMULATED LOSSES

	2010 $	2009 $
(a) Reserves		
Option issue reserve		
Balance at beginning of year	3,187,406	3,187,406
Balance at end of year	**3,187,406**	**3,187,406**
(b) Accumulated losses		
Balance at beginning of year	(51,947,599)	(51,207,795)
Net loss for the year	(1,064,592)	(739,804)
Balance at end of year	**(53,012,191)**	**(51,947,599)**

(c) Nature and purpose of reserves

Option issue reserve
The option issue reserve is used to recognise the fair value of options issued.

13 DIVIDENDS

There was no dividend paid during the current and prior years.

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation	**2010 $**	**2009 $**
Short-term benefits	435,000	440,000
Post employment benefits	-	-
Share-based payments	-	-
	435,000	440,000

Detailed remuneration disclosures are provided in the remuneration report.

(ii) Option holdings
The numbers of options over ordinary shares in the group held during the financial year by each director of Argosy Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2010	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**	**Unvested**
Directors of Argosy Minerals Limited							
John Maloney	2,250,000	-	-	-	**2,250,000**	2,250,000	**-**
Cecil Bond	3,500,000	-	-	-	**3,500,000**	3,500,000	**-**
Philip Thick	1,000,000	-	-	-	**1,000,000**	1,000,000	**-**
Peter Lloyd	7,500,000	-	-	-	**7,500,000**	7,500,000	**-**

2009	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**	**Unvested**
Directors of Argosy Minerals Limited							
John Maloney	2,250,000	-	-	-	**2,250,000**	2,250,000	**-**
Cecil Bond	3,500,000	-	-	-	**3,500,000**	3,500,000	**-**
Philip Thick	1,000,000	-	-	-	**1,000,000**	1,000,000	**-**
Peter Lloyd	7,500,000	-	-	-	**7,500,000**	7,500,000	**-**

(ii) Shareholdings
The numbers of shares in the Group held during the financial year by each director of Argosy Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2010	**Balance at start of the year**	**Purchased**	**Options Exercised**	**Sold**	**Balance at end of the year**	**Balance Nominally Held**
Directors of Argosy Minerals Limited						
John Maloney	-	-	-	-	**-**	-
Cecil Bond	732,000	-	-	-	**732,000**	-
Philip Thick	250,000	-	-	-	**250,000**	-
Peter Lloyd	6,299,996	9,901,165	-	-	**16,201,161**	**16,201,161**

2009	Balance at start of the year	Purchased	Options Exercised	Sold	Balance at end of the year	Balance Nominally Held
Directors of Argosy Minerals Limited						
John Maloney	-	-	-	-	**-**	-
Cecil Bond	732,000	-	-	-	**732,000**	-
Philip Thick	250,000	-	-	-	**250,000**	-
Peter Lloyd	6,299,996	-	-	-	**6,299,996**	**6,299,996**

15. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	CONSOLIDATED	
Audit services	**2010**	**2009**
	$	**$**
Audit and review of financial reports – BDO Audit (WA) Pty Ltd	25,000	-
Audit and review of financial reports – Meyers Norris Penny LLP	-	35,000
	25,000	35,000

Details of the amounts paid or payable for non-audit services provided during the year are set out below:

Non Audit services		
Fee for corporate tax services :		
BDO Corporate Tax (WA) Pty Ltd	20,000	-
	20,000	-

16. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date.

17. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2010 $124,475 (2009: $151,393) was paid to two related companies: $75,262 (2009: $99,209) was paid to Peninsular Services Pty Ltd, a company which Peter Lloyd is a director of and $49,213 (2009: $52,184) to 667060 BC Ltd, a company which Cecil Bond is a director. The payments were for the provision of office facilities and personnel in Australian and Canada respectively. These services are reimbursed at cost, which approximate fair value.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. COMMITMENTS

(a) Exploration commitments

All of the group's tenements are situated in Sierra Leone.

In order to maintain an interest in the mining and exploration tenements in which the group is involved, the group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the group are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

These obligations are not provided for in the financial report and are payable.

Outstanding exploration commitments are as follows (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations):

	2010	2009
	$	$
Within one year	-	-

(b) Lease commitments: Group as lessee

The group leases offices located in Nedlands under non-cancellable operating leases expiring within five years. The lease has varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

	2010	2009
	$	$
Within one year	46,000	46,000
Later than one year but not later than five years	148,830	194,830
	194,830	240,830

19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy noted in Note 2 (s).

Name of Entity	Country of Incorporation	Class of shares	2010	2009
Argosy Mining Corporation Pty Ltd	South Africa	Ordinary	100%	100%
Andover Resources N.L. ('Andover')	Australia	Ordinary	100%	100%
Argosy Energy Zambia Limited	Zambia	Ordinary	100%	100%
Argosy Minerals (S.L.) Limited	Sierra Leone	Ordinary	100%	-

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Group raised $1.5 million through private placement of 14.9 million ordinary shares at 10 cent per share. In addition, the Directors exercised 4.75 million options at 10 cents per option to raise a further $475,000. This placement was subject to the grant of an exploration licence over Argosy 93 Prospect in Sierra Leone to explore iron ore. The project was subsequently granted to the Group on 4 March 2011. The funds raised will be used to fund the development of this project and for working capital purposes.

In addition to the Argosy 93 Prospect, the Group was also granted three exploration licenses, through its wholly own subsidiary Argosy Minerals (S.L.), over chromite prospects in Sierra Leone. These projects are Gorahun Vaama Chromite Project located in south-eastern Sierra Leone, Bunumbu Chromite Project located in eastern Sierra Leone, and Mayepema Chromite Project located in south-eastern Sierra Leone.

On 14 January 2011, Argosy Minerals Limited ('formerly Argosy Minerals Inc') announced the Company's redomicile from Canada to Australia. The redomicile was approved by shareholders on 27 May 2010. The Company has received notice from Australian Securities and Investments Commission ('ASIC') that it has been registered as an Australian company effective from 24 December 2010.

Argosy Minerals Limited Shares commenced trading on ASX on a deferred settlement basis on 1 March 2011.

21. STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2010	2009
	$	$
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	(1,064,592)	(739,804)
Non-cash Items		
Movement in foreign exchange	2,126	28,125
Depreciation	5,049	4,584
(Increase)/decrease in accounts receivable	(333)	6,088
Increase/(decrease) in accounts payable	45,948	(152,414)
Net cash outflow from operating activities	(1,011,802)	(853,421)

22. LOSS PER SHARE

	CONSOLIDATED 2010 $	2009 $
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the members of the group used in calculating basic and diluted loss per share	1,064,592	739,804
Basic loss per share	(0.011)	(0.007)
	Number of shares	
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	99,919,105	99,919,105

(c) Information on the classification of options

As the Group has made a loss for the year ended 31 December 2010, all options on issue are considered anti dilutive and have not been included in the calculation of diluted loss per share. These options could potentially dilute basic loss per share in the future.

23. PARENT GROUP DISCLOSURES

The following details information related to the parent entity, Argosy Minerals Limited, at 31 December 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2010 $	2009 $
Net (loss) / profit and total comprehensive (expense) / Income attributable to members of Argosy Minerals Limited	**(1,063,525)**	**(738,804)**
Total current assets	587,429	1,612,905
Total non-current assets	208,739	206,512
Total assets	**796,168**	**1,819,417**
Total current liabilities	85,619	45,345
Total liabilities	**85,619**	**45,345**
Net assets	**710,549**	**1,774,072**
Equity		
Contributed Equity	42,070,569	42,070,569
Reserves	3,218,339	3,218,339
Accumulated losses	(44,578,361)	(43,514,836)
Total Equity	**710,549**	**1,774,072**

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   a) comply with Accounting Standards and the Corporations Regulations 2001; and

   b) give a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the year ended on that date.

2. In the Director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A

4. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS).

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Peter Lloyd
Chief Executive Officer

Perth, 30 March 2011

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARGOSY MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Argosy Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Argosy Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Argosy Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Argosy Minerals Limited for the year ended 31 December 2010 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien
Director

Perth, Western Australia
Dated this 30th day of March 2011

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 February 2011.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			No. of holders
1	-	1,000	142
1,001	-	5,000	560
5,001	-	10,000	318
10,001	-	100,000	526
100,001		and over	151
			1,697

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Sunbreaker Holdings Pty Ltd	15,036,546	15.05%
2	Dawesville Nominees Pty Ltd	2,750,000	2.75%
3	Frollo Enterprises Limited	2,139,000	2.14%
4	Merrill Lynch (Australia) Nominees Pty Ltd	1,945,256	1.95%
5	JP Morgan Nominees Australia Limited	1,841,381	1.84%
6	Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker	1,800,000	1.80%
7	J & TW Dekker Pty Ltd	1,596,812	1.60%
8	Citicorp Nominees Pty Ltd	1,516,930	1.52%
9	Mr Steven Panomarenko	1,310,116	1.31%
10	E C Dawson Super Pty Ltd	1,130,566	1.13%
11	Java Black Mining Pty Ltd	1,093,659	1.09%
12	Mr Peter John Fisher & Mrs Loris Joyce Fisher	1,051,000	1.05%
13	Mr Peter James Avery	1,000,000	1.00%
14	Mr Ianaki Semerdziev	900,000	0.90%
15	HSBC Custody Nominees (Australia) Limited	867,114	0.87%
16	National Nominees Limited	824,040	0.82%
17	Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker	800,000	0.80%
18	Knights Capital Group Ltd	750,000	0.75%
19	Mr Philip Andrew Thick	750,000	0.75%
20	Penson Australia Nominees Pty Ltd	742,182	0.74%
		39,844,602	39.88%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Group in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Sunbreaker Holdings Pty Ltd	15,036,546
Dawesville Nominees Pty Ltd	2,750,000
Frollo Enterprises Limited	2,139,000

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.