

ASX ANNOUNCEMENT

30 January 2017

QUARTERLY ACTIVITIES REPORT – DECEMBER 2016

HIGHLIGHTS

- ✦ Commenced stage one pilot plant development at Rincon Lithium Project.
- ✦ Raised \$3 million from cornerstone strategic investors.
- ✦ Acquired additional strategic Mining Titles for the Rincon Lithium Project.

KEY OBJECTIVES FOR MARCH 2017 QUARTER

- ✦ Achieve milestones for continuation of stage one pilot plant development at Rincon Lithium Project.
- ✦ Conduct pond construction and associated pond lining works at Rincon Lithium Project.



Photo 1 & 2. Rincon Lithium Project - December 2016 site visit with Pablo Alurralde inspecting pond location sites



Photo 3. Rincon Lithium Project – November 2016 topographic survey works



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EXECUTIVE SUMMARY

Argosy Minerals Limited ("Argosy" or the "Company") had a significant Quarter to 31 December 2016. The Company continued its lithium development strategy in Argentina, commenced site works at the Rincon Lithium Project, executed critical agreements for the Project, and successfully completed a \$3 million capital raising at a premium to the share price.

Rincon Lithium Project - Argentina (JV, earning up to 90%)

The Rincon Lithium Project is the flagship asset in AGY's lithium development strategy, and is located within the Salar del Rincon in Salta Province, in the world renowned "lithium triangle". The Project, currently comprising up to 654 hectares of mining concessions, is a JV partnership with pre-eminent lithium processing expert Pablo Alurralde, with extensive historical works within the Project area and the Salar, and the Company has established a well-defined pathway to lithium carbonate equivalent ("LCE") product production.

During the Quarter, the Company executed a binding and exclusive option agreement to purchase an additional nine Mining Titles within the Salar del Rincon, comprising approximately 460 hectares for the Project. Argosy paid an upfront, non-refundable option fee of US\$50,000 and will pay an additional US\$50,000 upon completion of specific regulatory items. Argosy can elect, at any time during the 18-month exclusive option period, to purchase any or all (or none) of the Mining Titles for a fee based on a purchase price of US\$2,414 per hectare. The Option Agreement also includes two additional Mining Titles (total of 120 hectares) that are subject to regulatory discrepancies, which if resolved within the option period, can be acquired on the same terms as noted above.

This significant milestone marks a further step towards achieving the Company's aim to develop the Rincon Lithium Project by increasing the project landholding for potential Stage 2 and 3 scale development works (pending prior stage success).

With funding in place and an expanding strategic tenement portfolio within the Salar del Rincon, the Argosy approved to go ahead with the stage one pilot plant development plan. The ultimate target for stage one is to produce a laboratory scale quantity (targeting 100 – 150 tonnes) of LCE product.

Further to this, the Company commenced initial site works at the Project in November by engaging local survey contractors to conduct the initial topographic survey works to obtain the data required to prepare for the commencement of pond construction works.

The Company's key local management, led by Pablo Alurralde undertook a site visit to the Project area in December to select the initial ponds location site. Since then, Argosy has procured a local pond construction contractor to construct the first stage ponds. The Company expects physical pond construction works to commence imminently.

The targeted schedule of activities at the Rincon Lithium JV Project in order for the Company to earn the first stage 50% interest includes:

ASX ANNOUNCEMENT

Stage 1 Works Schedule	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Environmental studies and regulatory approvals/permits	█					
Pond construction and associated works, including contractor tendering	█	█				
Pond lining and associated works		█	█			
Brine extraction, pumping, storage and transportation works		█	█	█		
Pilot plant construction and test-works, including brine processing, analysis and laboratory treatment of the lithium concentrate		█	█	█	█	
Pending success of the stage 1 development works, produce LCE product					█	█

Pending successful laboratory scale production at Stage 1, the Company will consider commencing Stage 2 development works with an aim to produce a pilot plant scale quantity of LCE product (targeting up to 1500 tonnes), and increase its shareholding in the JV Entity to 77.5%.

For Stage 3, pending successful pilot plant scale production at Stage 2, the Company will consider the best development pathway to ultimately target commercial production from the Project and then earn its ultimate 90% interest in the JV Entity.

The Company continues to review and assess additional mining concessions prospective for lithium for the Rincon Lithium JV Project to increase the Project landholding in preparation for potential Stage 2 and 3 development works.

The Company is confident that the Rincon Project has a clear conceptual pathway to lithium production, with historical results and Mr Alurralde's previous operating and production experience from the Project and over the broader Salar del Rincon justifying the fast-track approach.

The Company is continuing works to progress with the legal and administrative works to fully incorporate the Argentinian joint venture company (JV Entity), and establish all other administrative functions to ensure the effective operations of the local Company.

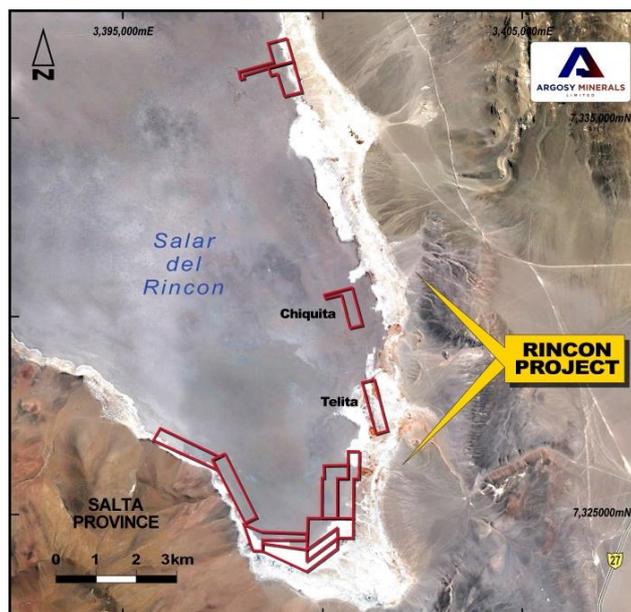


Figure 1. Rincon Lithium Project Location Map



ASX ANNOUNCEMENT

Mina Teresa and Pocitos Lithium Projects - Argentina (option to purchase 100%)

Argosy has a binding Option Agreement with Ekeko S.A. granting the Company the exclusive right for a 12-month period (to 3 September 2017) to purchase the Mining Titles comprising the Mina Teresa and Pocitos Lithium Projects in Jujuy and Salta Provinces, Argentina.

During the Quarter, the Company continued to liaise with the Project vendors to obtain regulatory approvals to commence works at the Mina Teresa Lithium Project. Unfortunately, the Company is still waiting for the necessary approvals from the Jujuy government. Through its Argentinian legal advisors, the Company has been informed that the approvals process is extremely slow and protracted, however the Company will progress as best it can to obtain the approvals as required.

Wee MacGregor Copper-Gold-Cobalt Project - Queensland (JV, earning up to 80%)

Argosy announced the Farm-in Joint Venture Agreement with Mining International Pty Ltd ("MIPL") in November 2015 to earn up to an 80% interest in the Project, located in the world class Mt Isa base metals province in north-west Queensland. The Project comprises three granted mining licences located approximately 60km southeast of Mt Isa.

Argosy received approval from MIPL to extend the minimum expenditure commitment requirement for an additional six months. The Company now has until 8 June 2017 to meet the \$250,000 minimum expenditure requirement, or unless the term is otherwise extended by mutual agreement.

As such, the Company will now work to prepare an exploration plan and budget for the Project, with a target to update the current JORC 2012 Mineral Resource estimate and Exploration Target delineated at the Project. Added focus of the proposed exploration plan will be greater emphasis on the cobalt mineralisation.

The Company will target for works to commence following completion of planning works, budget approval, contractor availability and receipt of regulatory permits and approvals.

Mt Paris Lithium Project - Tasmania (option to purchase 100%)

The Mt Paris Lithium Project comprises one granted exploration licence covering an area of 115km², located approximately 60km northeast of Launceston with access via the sealed Tasman Highway. Argosy executed a Heads of Agreement with Geotech International Pty Ltd in February 2016, granting the Company a two-year option period to purchase the Project.

During the Quarter, Argosy prepared an initial preliminary exploration plan and budget for the Project, with a target to determine the general lithium prospectivity of the Project prior to the first anniversary of the HOA.

The Company considers the Project to be prospective for lithium mineralisation, given the presence of fertile greisens and the indication of lithium mineralisation within those greisens and background granites, a similar geological setting to the Cinovec lithium deposit, and that no previous lithium exploration has been conducted within the Project.



ASX ANNOUNCEMENT

Erongo Graphite Project (Area 51) - Namibia (100% interest)

The Erongo (Area 51) Graphite Project is located in Namibia, approximately 275km northwest of the capital Windhoek. The company has not made any final decision on its strategy for the Project, pending further review.

Corporate

CAPITAL RAISING

During the Quarter, the Company completed a share placement from a group of strategic investors to raise \$3,000,000. 100 million new shares were issued at a price of 3 cents per share, which represented a significant premium to the traded price prior to the placement.

The placement proceeds are being used primarily to advance the first stage of the Rincon Lithium Project development plan – to produce a laboratory scale quantity, up to 100-150 tonnes of lithium carbonate equivalent (LCE) product. The Company will also use the funds to progress its other projects and for general working capital requirements.

The cornerstone strategic investors have expressed support and longer-term commitment to the Company, our Rincon Lithium Project development plan, and ultimately, to target commercial production from the Project.

MANAGING DIRECTOR APPOINTMENT

The Company appointed Mr Jerko Zuvela to the role of Managing Director. Mr Zuvela will be responsible for continuing to advance the company's projects in Argentina and Australia, building the Company and delivering on its key strategies.

OTHER

The Company advised that Patersons Securities Limited has initiated research coverage on the Company and released a report covering Argosy's operations, entitled "SWEETEST SPOT FOR LITHIUM BRINES EXPLORATION". To view a copy of the report, please visit our website.

The Company presented at the Shenzhen Global Chinese Financial Forum and lodged an Investor Presentation for this, which also formed part of an investor roadshow conducted in China during December.

ASX ANNOUNCEMENT

Schedule of Tenements

The schedule of tenements held by the Company at the end of the quarter is shown below.

Tenement	Location	Beneficial Percentage held
EPL4079	Namibia	100%
EL19/2014 ¹	Tasmania	0% (option to purchase 100%)
ML90098 ²	Queensland	0% (JV, earning up to 80%)
ML2504 ²	Queensland	0% (JV, earning up to 80%)
ML2773 ²	Queensland	0% (JV, earning up to 80%)
File 227-C-2004 (Mina Teresa) ³	Argentina	0% (option to purchase 100%)
File 19457 (Pocitos 1) ³	Argentina	0% (option to purchase 100%)
File 19458 (Pocitos 2) ³	Argentina	0% (option to purchase 100%)
File 19463 (Pocitos 7) ³	Argentina	0% (option to purchase 100%)
File 7272 (Mina Telita) ⁴	Argentina	0% (JV, earning up to 90%)
File 14432 (Mina Chiquita 2) ⁴	Argentina	0% (JV, earning up to 90%)
File 1414 (Talisman) ⁵	Argentina	0% (option to purchase 100%)
File 1904 (Nelly) ⁵	Argentina	0% (option to purchase 100%)
File 1905 (Angelica) ⁵	Argentina	0% (option to purchase 100%)
File 2889 (Maria) ⁵	Argentina	0% (option to purchase 100%)
File 2890 (Irene) ⁵	Argentina	0% (option to purchase 100%)
File 6343 (Tigre) ⁵	Argentina	0% (option to purchase 100%)
File 6345 (Puma) ⁵	Argentina	0% (option to purchase 100%)
File 100561 (Praga I) ⁵	Argentina	0% (option to purchase 100%)
File 100562 (Praga II) ⁵	Argentina	0% (option to purchase 100%)
File 100625 (Praga III) ⁵	Argentina	0% (option to purchase 100%)
File 10626 (Praga IV) ⁵	Argentina	0% (option to purchase 100%)

¹ Interest in mining tenement held by Geotech International Pty Ltd.

² Interest in mining tenement held by Mining International Pty Ltd.

³ Interest in mining tenement held by Ekeko S.A.

⁴ Interest in mining tenement held by Francisco Menendez

⁵ Interest in mining tenement held by Salonix SRL

ENDS

For more information on Argosy Minerals Limited and to subscribe for regular updates, please visit our website at www.argosyminerals.com.au, contact us via admin@argosyminerals.com.au or @ArgosyMinerals on Twitter.

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ASX ANNOUNCEMENT

Forward Looking Statements: Statements regarding plans with respect to the Company's mineral properties are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with interests in the Rincon, Mina Teresa and Pocitos Lithium Projects in Argentina, the Mt Paris Lithium Project in Tasmania, the Wee MacGregor Copper-Gold (& Cobalt) Project in Queensland, and the Erongo Graphite Project in Namibia.

The Company is focused on its Argentinian lithium projects - potentially a game-changing proposition given the project locations within the world renowned "Lithium Triangle" - host to the world's largest lithium resources. Argosy is targeting a fast-track development and production strategy through expedited technical works, testing and studies.

Argosy is committed to building a sustainable lithium production Company, highly leveraged to the forecast growth in the lithium-ion battery sector.

Appendix 1: AGY's Argentina Project Location Map

