ARGOSY MINERALS INC.

2009 ANNUAL REPORT

Report from the Chairman

Dear Shareholder,

2009 started on a very negative note as a result of the 2008 global economic crisis which affected most countries and is still ongoing although conditions are improving. Commodity prices have strengthened and there is renewed interest in exploration. These gradually improving conditions have resulted in an increased number of projects being presented to the Company, particularly in the latter stages of 2009 and early 2010.

Projects pursued and considered over the last twelve months include numerous opportunities covering a wide range of mineral commodities from oil and gas, coal, iron, gold and copper. The Company has adopted a very selective approach in evaluating these opportunities and to date has not found a project of sufficient merit to add value for the shareholders.

The Company remains optimistic that with an increased number of projects being offered to it that a suitable project may be acquired in the near future.

On behalf of the Board,

John Maloney, O.A.M.
Chairman

Management's Discussion & Analysis Of Operating Results

Description of Business

Since incorporation, Argosy Minerals Inc. ("the Corporation") has been exclusively a natural resource company engaged in exploration for precious metals, base metals and diamonds. At this stage of its development the Corporation has no producing properties and, consequently, has no current operating income or cash flow. The Corporation is a reporting issuer in British Columbia, Alberta and Ontario and trades on the Australian Stock Exchange under the symbol AGY. In May 2005, the Corporation was continued from the Yukon Territory under the Yukon Corporation's Act to British Columbia, under the British Columbia Business Corporations Act and amalgamated with its wholly owned Canadian subsidiaries.

The Corporation's strategy is to build shareholder value through the acquisition of base and precious metal assets, which have the potential for future development. With this in mind, the Corporation is constantly looking for and evaluating natural resource opportunities, in Africa, North America and Asia.

In 2009, the Corporation assessed a number of projects in Africa and Asia for potential acquisition.

Forward Looking Statements

This management discussion and analysis contains "forward-looking information" and "forward-looking statements" (together, the "forward-looking statements") within the meaning of applicable securities laws applicable in Canada and the United States Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements in this MD&A include, but are not limited to the potential to acquire acceptable new projects and the ability of the Corporation to fund its activities over the next 12 months. These forward-looking statements appear in a number of different places in this report and can be identified by words and phrases such as, but not limited to "estimate", "plans", "is expected", or variations of such words or phrases or statements that certain activities, events or results "may", "would" or "could" occur. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to vary from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. All statements are made as of the date of this Management Discussion and Analysis and the Corporation is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws. See Risk Factors, below.

Risk Factors

The Corporation relies on equity financings to fund its activities. In addition, the Corporation will periodically have to raise additional funds to continue operations from the sale of equity or the sale of some or all of its projects and while it has been successful in raising finance in the past, the global credit crisis has resulted in a shortage of risk capital in the junior resource industry and may result in the Corporation not being able to raise adequate funds in the future. The Corporation had cash and cash equivalents of about $1.5 million and working capital of about $1.47 million at December 31, 2009. Management believes that the Corporation has sufficient capital resources to fund its currently planned levels of activity. Should the current credit crisis persist, the Corporation may have to further reduce its activities, if funding is not available when required.

The Corporation maintains an office in Vancouver, Canada and in Perth, Australia and maintains the majority of its funds in Australian dollars. The ongoing credit crisis has resulted in significant fluctuation in the value of the Canadian and Australian dollars against other currencies and because the Corporation operates in foreign countries it is exposed to significant currency risk. In addition, its operations may be affected by rapid price fluctuation in the countries it operates in due to the effect of current global economic conditions in those countries.

Exploration projects are subject to substantial environmental requirements which could cause a restriction or suspension of certain operations. The anticipated future operations of the Corporation require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing various elements of the mining industry. Exploration activities are subject to various state, provincial and local laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Corporation obtain permits from various governmental agencies.

The exploration and development of mineral deposits involve significant risks which with careful evaluation, experience and knowledge may not, in some cases, fully mitigate. The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit. Other potential impacts could include the location of the mineral deposit and if it is found in remote or harsh climates. These unique environments could limit or reduce production possibilities or if conditions are right for potential natural disasters, including but not limited to volcanoes, earthquakes, tornados and other severe weather, could negatively impact facilities, equipment and the safety of its workers dramatically.

The marketability of minerals is affected by numerous factors beyond the control of the Corporation. These factors include, but are not limited to, market fluctuations, government regulations relating to prices, taxes and royalties, allowable production, import, exports and supply and demand. One or more of these risk elements could have an impact on costs of an operation and if significant enough, reduce the profitability of all future production and threaten the continuation of a particular project or operations altogether.

Additional risk factors relating to the Corporation's activities are discussed in detail in its annual information filings which can be viewed on SEDAR at www.sedar.com.

Projects

BURUNDI NICKEL PROJECT ("MUSONGATI") – Nickel, Cobalt, Platinum Group Metals, Burundi

The Corporation's wholly owned subsidiary Andover Resources NL ("Andover") acquired the Burundi Nickel Project in 1999 pursuant to a Mining Convention with the government of Burundi whereby Andover could earn an 85% interest in the project by completing a feasibility study for the development of a nickel/cobalt processing facility and by reimbursing the Burundi government for certain expenditures incurred on the project.

In early January 2009 the Corporation was advised that the Government of Burundi had awarded the rights to the Burundi Nickel Project deposits to a third party. While the Corporation believes that the award of the mineral rights for Burundi Nickel Project to a third party is a contravention of the terms of the Mining Convention and a breach of the procedures applicable to arbitral proceedings at the ICC, it has determined not to pursue the arbitration proceedings at this time due to the poor prospects of being able to realize any meaningful potential damages award.

Outlook

New Projects

The Corporation continues to seek additional projects through which shareholder value may be enhanced and has focused on precious and base metals. The Corporation is investigating suitable projects on a global basis and has been active in examining precious and base metal opportunities in North America, Africa and the Pacific region.

Results of Operations

Overall Performance

December 31, 2009 and December 31, 2008

The Corporation incurred a loss of $500,344 for the year ended December 31, 2009 compared to a loss of $2,959,219 for the year ended December 31, 2008. This decreased loss of $2,458,875 is due mainly to NIL stock based compensation expense in the year as no new stock options were granted, stock based compensation expense in 2009 was $0 (2008: $1,748,951); reduced management fees of $234,059 as management voluntarily reduced fees as a result of lower activity levels and reduced arbitral costs of $347,033 following the decision not to pursue the arbitration against the Burundi government at this time.

Interest income of $44,536 for the year ended December 31, 2009, was lower than interest earned in 2008 mainly due to lower interest rates due to the financial crisis in 2009 and lower cash balances collecting interest.

During the year ended December 31, 2009 cash required for operating activities amounted to $710,333 compared to $1,226,051 for the year ended December 31, 2008. The decrease in cash required for operating activities of approximately $516,000 resulted mainly from decreased management fees and the decision not to pursue the arbitration against the Burundi government.

During 2009 administrative expenses were $685,208 compared to $3,049,031 for the year ended December 31, 2008, a decrease of approximately $2,364,000. The decrease was mainly due to the decreased cost associated with the arbitral proceedings in 2009; no stock based compensation expense as no stock options were awarded in the year and decreased management fees.

Selected Annual Information

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles and values are in Canadian dollars, except where stated otherwise. The selected annual financial information is taken from the Corporation's annual financial statements and should be read in conjunction with those statements.

Year ended December 31,		***2009***		***2008***		***2007***
	$ (000's) except for loss per share					
Interest Income	$	45	$	153	$	141
Foreign Exchange Gains / (Losses)	$	136	$	(7)	$	(125)
Loss	$	(500)	$	(2,959)	$	(2,820)
Basic and Diluted Loss per Common Share	$	0.01	$	0.03	$	0.03

As at December 31,	2009	2008
	$ (000's)	
Working Capital	$ 1,473	$ 1,969
Total Assets	$ 1,521	$ 2,119
Total Liabilities	$ 43	$ 140
Share Capital	$ 46,992	$ 46,992
Deficit	$ (48,527)	$ (48,026)

Summary of Quarterly Results

Year	2009				2008			
3 months ended	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**	**Dec 31**	**Sept 30**	**June 30**	**Mar 31**
	$ 000's							
Interest Income	11	10	11	13	17	41	50	45
Foreign Exchange Gain / (Loss)	(7)	13	104	26	21	(273)	78	167
Total Income	4	23	115	39	39	(232)	128	212
Administration Expenditures	(169)	(156)	(207)	(155)	(197)	(264)	(2,247)	(341)
Project Assessment, net of Recoveries	4	-	-	-	(16)	(1)	2	(40)
Loss	(159)	(133)	(92)	(116)	(176)	(497)	(2,117)	(169)
Basic and Diluted Loss per Common Share of Dollars/Share	(.002)	(.001)	(.001)	(.001)	(.003)	(.005)	(.02)	(.002)
Weighted Average Number of Common Shares (000's)	← 99,919 →							

Quarterly Results

Fourth Quarter 2009 to Third Quarter 2009

The Corporation incurred a loss of approximately $159,000 for the quarter ended December 31, 2009 compared to a loss of approximately $133,000 for the quarter ended September 30, 2009. The increased loss is due mainly to costs associated with the corporate year end.

Fourth Quarter 2009 to Fourth Quarter 2008

The results of operations in 2009 and 2008 are similar with only minor variations in expenditure.

Other Quarterly Results

Project assessment expenditures in 2009 were less than 2008 expenditures as the Corporation continued to evaluate new opportunities by reviewing data at its offices with very limited travel required to inspect new projects.

The fluctuation in income over the past eight quarters is mainly due to the foreign exchange gains and losses as a result of the fluctuating rate of exchange between the Australian and Canadian dollar and the Corporation holding a substantial portion of its cash balances in Australian dollars.

Interest income is expected to continue to decline due to declining cash balances, however interest rates are increasing and may result in marginally higher interest income.

Project assessment expenditures decreased in the quarters ended December and March 2009, compared to the same period in 2008, mainly due to the Corporation evaluating new project data at its offices and the recovery of certain expenditures incurred previously.

Administrative expenses decreased in 2009 compared to the immediately preceding quarters, mainly due to no stock based compensation expense being incurred as no options were granted in 2009, lower management fees due to a voluntary reduction in rates and the Corporation not pursuing the arbitration against the Burundi government.

Liquidity and Capital Resources

The Corporation's cash deposits at December 31, 2009 totalled $1,500,935 compared to $2,091,150 at December 31, 2008. The Corporation continues to utilize its cash resources to fund project assessment activities and administrative requirements. Aside from such cash the Corporation has no material unused sources of liquid assets. As the Corporation does not have a source of income, cash balances will continue to decline as the Corporation utilizes these funds to conduct its operations.

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

With cash balances of approximately $1.5 million and current planned expenditures of approximately $0.9 million, over the next 12 months the Corporation has sufficient cash resources to fund its planned activities. Should the Corporation acquire new projects, increase its expenditure to assess projects for acquisition or acquire new projects it will be required to raise additional financing. With the current credit crisis and lack of risk capital of available to junior exploration companies, the Corporation may be required to scale back its operations.

Management of Capital and Financial Instruments

The Corporation'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 optimizes the cost of capital at an acceptable risk.

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

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

The Corporation's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents and accounts receivable. The Corporation deposits the majority of its cash and cash equivalents with high credit quality financial institutions in Canada and Australia.

Currency risk

The Corporation operates in a number of countries, including Canada and Australia and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The Corporation's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are held in several currencies (mainly Australian dollars) and are therefore subject to fluctuation against the Canadian dollar.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Corporation manages liquidity by maintaining adequate cash and cash equivalent balances.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

Commitments and Property Option Payments

The Corporation has no current property option or expenditure commitments.

Related Party Transactions

During the year ended December 31, 2009, $393,012 (2008: $627,176) was paid to four directors of the Corporation, or to companies controlled by them, for director's fees, management consulting services and project management and assessment services. Fees paid for management and consulting services are mostly paid pursuant to management contracts entered into between the Corporation and the related party.

Fees paid to each non-executive director do not exceed Australian $30,000 per annum except for fees paid to the Chairman which are set at Australian $40,000 per year.

In addition $135,345 (2008: $133,968) was paid to two companies, $88,693 to an Australian Corporation and $46,653 to a Canadian company, each controlled by a director of the Corporation for the provision of office facilities and personnel in Australia and Canada respectively. These services are reimbursed at cost, which approximate fair value.

At December 31, 2009, management and consulting fees and directors' fees payable amounted to $NIL (2008: $52,393).

The transactions with the related parties 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.

Proposed Transactions

The Corporation is currently evaluating new opportunities. Should it enter into agreements over any of these opportunities it may be required to make cash payments and complete work expenditure commitments.

Critical Accounting Estimates

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

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

(b) *Income Tax* – Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the consolidated balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce future income tax assets arising from loss carry-forwards to amounts expected to be realized.

Changes in Accounting Policies

(i) Goodwill And Intangible Assets, Section 3064

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company adopted the new standard effective January 1, 2009 and there was no significant impact on the financial statements.

(ii) Financial Instruments - Disclosure, Section 3862

In June 2009, Handbook Section 3862 was further amended to include disclosures about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

These amendments are required to be adopted for the fiscal years ending after September 20, 2009. The Corporation has adopted these amendments for the fiscal year ended December 31, 2009 and the additional required disclosures are included in Note 9.

(iii) Business Combinations

In January 2009, the CICA issued Handbook section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-Controlling Interests. These sections replace the former section 1581, Business Combinations, and section 1600, Consolidated Financial Statements, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.
These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Corporation is currently evaluating the impact of the adoption of these sections.

(iv) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Corporation for the year ended December 31, 2010. While the Corporation has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Other

Capitalization

The Corporation has 99,919,105 shares outstanding at March 31, 2010. The Corporation did not issue any common shares during the year ended December 31, 2009.

In addition, at March 30, 2010, the Corporation had 5,100,000 director and employee stock options outstanding and exercisable at Australian $0.10 per share, 2,750,000 director stock options outstanding and exercisable at Australian $0.50 per share and 6,500,000 options outstanding and exercisable at Australian $0.35 per share.

Management's Responsibility and Oversight

The disclosures and information contained in this MD&A have been prepared by the management of the Corporation. Management has implemented and maintained a system of controls and procedures to ensure the timeliness and accuracy of information disclosed in the MD&A.

The Corporation's audit committee and Board of Directors review the disclosures made in the MD&A to ensure the integrity thereof.

Disclosure Controls and Procedures
Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as is appropriate to permit timely decisions regarding public disclosure.

Evaluation
Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of December 31, 2009. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), were effective at that time to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Due to the small staff, however, the Corporation will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Corporation's disclosure controls and procedures. It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable assurance as to the effectiveness, and there can be no assurance that any design will succeed in achieving its stated objectives. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such lapses occur the Corporation will take reasonable steps necessary to minimize the consequences thereof.

Internal Controls and Procedures over Financial Reporting
Management is also responsible for the design of the Corporation's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. It should be noted that a control system is based in part upon certain assumptions and no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

There has been no change to the system of internal controls during the year ended December 31, 2009.

List of Directors and Officers at Signature and Filing Date

*Peter H. Lloyd	President and CEO
Cecil R. Bond	Director
*John Maloney	Non-executive Director and Chairman
*Philip Thick	Non-executive Director

*Denotes member of audit committee.

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Corporation's registered independent accountants, Meyers Norris Penny LLP, who have been appointed by the directors, conduct an audit in accordance with generally accepted auditing standards in Canada to allow them to express an opinion on the financial statements.

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

Chief Executive Officer
Argosy Minerals Inc.
March 30 , 2010

MEYERS NORRIS PENNY LLP

REPORT OF INDEPENDENT AUDITORS

To The Shareholders of Argosy Minerals Inc.

We have audited the consolidated balance sheet of Argosy Minerals Inc. as at December 31, 2009 and 2008 and the consolidated statements of operations, comprehensive loss, and deficit and cash flows for years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008 and the results of its operations for the years then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Toronto, Ontario
March 27, 2010

Chartered Accountants
Licensed Public Accountants

50 BEST EMPLOYERS IN CANADA 2010 REPORT ON BUSINESS

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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Argosy Minerals Inc.
(an exploration stage corporation)
CONSOLIDATED BALANCE SHEETS
As at December 31, 2009 and 2008
(expressed in Canadian dollars)

			2009		2008
ASSETS					
Current Assets					
Cash and cash equivalents		$	1,500,935	$	2,091,150
Accounts receivable			14,388		18,054
			1,515,323		2,109,204
Office equipment and furniture			5,373		9,578
		$	1,520,696	$	2,118,782
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		$	42,601	$	140,343
SHAREHOLDERS' EQUITY					
Capital Stock	Note 6				
Issued			46,991,751		46,991,751
Contributed Surplus			3,013,073		3,013,073
Deficit			(48,526,729)		(48,026,385)
			1,478,095		1,978,439
		$	1,520,696	$	2,118,782

APPROVED ON BEHALF OF THE BOARD

John Maloney, Chairman

Peter Lloyd, President & Director

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

Argosy Minerals Inc.
(an exploration stage corporation)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
For the Years Ended December 31, 2009 and 2008
(expressed in Canadian dollars)

		2009	2008
Income			
Interest		$ 44,536	$ 152,959
Foreign exchange gain / (loss)		136,020	(6,558)
		180,556	146,401
Expenses			
Accounting and audit		$ 32,652	$ 63,695
Arbitration	*Note 4(a)*	22,717	369,750
Bank charges		1,425	1,563
Amortization		4,205	4,145
Directors' fees		62,580	62,686
Insurance		807	1,779
Legal		5,590	8,041
Management and consulting fees		330,431	564,490
Office		9,585	11,160
Project assessment expenditures	*Note 5*	(4,308)	56,589
Rent		21,114	31,087
Salaries and benefits		116,557	101,084
Stock based compensation		-	1,748,591
Shareholder communications		24,897	16,133
Telecommunications		5,200	6,677
Transfer agent and stock exchange		40,745	58,150
Travel		6,703	-
		680,900	3,105,620
Net Loss for the Year		(500,344)	(2,959,219)
Deficit - Beginning of Year		(48,026,385)	(45,067,166)
Deficit - End of Year		$ (48,526,729)	$ (48,026,385)
Basic & Fully Diluted Loss per Common Share		$ (0.01)	$ (0.03)
Weighted Average Number of Common Shares Outstanding, Basic and Fully Diluted		99,919,105	99,919,105

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

Argosy Minerals Inc.
(an exploration stage corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2009 and 2008
(expressed in Canadian dollars)

	2009	2008
Cash Provided from (Used for)		
Operating Activities		
Net loss for the year	$ (500,344)	$ (2,959,219)
Items not affecting cash:		
Amortization	4,205	4,145
Foreign exchange (gain) / loss	(120,118)	23,849
Stock based compensation	-	1,748,591
	(616,257)	(1,182,634)
Changes in Non-cash Working Capital		
(Increase) Decrease in accounts receivable	3,666	(11,138)
Decrease in accounts payable and accrued liabilities	(97,742)	(32,279)
Cash Flows from Operating Activities	(710,333)	(1,226,051)
Foreign Exchange Gain / (loss) on cash held in Foreign Currency	120,118	(23,849)
Decrease in Cash and Cash Equivalents	(590,215)	(1,249,900)
Cash and Cash Equivalents - Beginning of Year	2,091,150	3,341,050
Cash and Cash Equivalents - End of Year	$ 1,500,935	$ 2,091,150

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

1. Nature of Operations

On May 26, 2005, the Corporation amalgamated with its wholly owned subsidiaries and continued its jurisdiction of incorporation from the Yukon Territory under the Yukon Corporations Act to British Columbia, under the Business Corporations Act.

The Corporation and its subsidiaries are engaged in the acquisition and exploration of mineral properties and is considered to be an exploration stage company. The Corporation is in the process of investigating possible property acquisitions. The continuing operations of the Corporation is dependent upon, obtaining necessary financing to meet its commitments as they come due and to finance exploration and development of the properties, the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitability, production or proceeds from disposition of the mineral properties.

The recoverability of any amount, if any, recorded for mineral properties and deferred costs is dependent on the existence of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral properties and deferred costs, if any, represent costs to date, less amounts recovered or written off, and do not necessarily represent present or future values.

2. Changes in Accounting Policies and New Accounting Developments

(i) Goodwill And Intangible Assets, Section 3064

The CICA issued the new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company adopted the new standard effective January 1, 2009 and there was no significant impact on the financial statements.

(ii) Financial Instruments - Disclosure, Section 3862

In June 2009, Handbook Section 3862 was further amended to include disclosures about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

These amendments are required to be adopted for the fiscal years ending after September 20, 2009. The Corporation has adopted these amendments for the fiscal year ended December 31, 2009 and the additional required disclosures are included in Note 9.

(iii) Mining Exploration Costs

In March 2009, the EIC issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. Is also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion for recognition of long lived assets. EIC-174 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-174. The Corporation has adopted this recommendation in its fair value determinations effective for the year ended December 31, 2009. This new standard did not impact the Company's financial results.

(iv) Business Combinations

In January 2009, the CICA issued Handbook section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-Controlling Interests. These sections replace the former section 1581, Business Combinations, and section 1600, Consolidated Financial Statements, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Corporation is currently evaluating the impact of the adoption of these sections.

(v) International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Corporation for the year ended December 31, 2010. While the Corporation has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries after elimination of inter-company accounts and transactions:

Company Name	Country
Argosy Mining Corporation Pty. Ltd.	South Africa
Andover Resources N.L. ("Andover")	Australia
Argosy Energy Zambia Limited	Zambia

Financial Statement Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the period. Significant areas where management’s judgement is applied are valuation of future income tax benefits, stock based compensation and contingent liabilities. Actual results may differ from those estimates.

Cash and Cash Equivalents

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

Office Equipment and Furniture

Equipment and furniture is recorded at cost less accumulated amortization. The Corporation records amortization of equipment at the following rates and methods based on the assets’ estimated useful lives:

Computer equipment	35%	declining balance method
Computer software	50%	declining balance method

The Corporation regularly reviews its equipment and furniture to recognize impairments.

Project Assessment Expenditures

Project assessment costs consist of expenditures to evaluate new projects. These expenditures are charged to income when incurred. Once the Corporation decides to acquire the property, costs associated with further exploration or development are accounted for as described under Mineral Properties and Deferred Costs below. Included in project assessment expenditures are option payments for mineral properties. These payments are charged to income when incurred.

Mineral Properties and Deferred Costs

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

The Corporation will reduce the carrying value of mineral properties and deferred costs by any amount received from the introduction of a joint venture partner.

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

Although the Corporation has taken steps to investigate title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Stock Based Compensation

Stock options issued by the Corporation are accounted for in accordance with the fair value based method of accounting. This section requires that an expense to be recognized in financial statements for all forms of employee stock-based compensation, including stock options. Stock based compensation expense is calculated using the Black-Scholes Model which requires the input of highly subjective assumptions including expected stock price volatility. Differences in input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of any stock options granted. Upon the exercise of the option, the consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

Comprehensive loss

Section 1530 establishes standards for reporting and presenting comprehensive loss which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but which are excluded from net income calculated in accordance with generally accepted accounting principles.

Loss per Common Share

Loss per common share is calculated using the weighted average number of common shares issued and outstanding during each year. Basic and fully diluted loss per share, are the same, as the effect of potential issues of shares under stock option arrangements would be anti-dilutive. For the year ended December 31, 2009, there is no difference between net loss and comprehensive loss.

Foreign Currency Translation

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

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

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

Financial Instruments

Under Section 3855, all financial instruments are classified into one of five categories: Held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities.

The following is a summary of the accounting model the Corporation has elected to apply to each of its significant categories of financial instruments outstanding at December 31, 2009 and 2008.

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

The Corporation initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- (a) Held for trading financial assets are measured at fair value at the balance sheet date with any gain or loss recognized immediately in net income. Interest and dividends earned from held-for-trading assets are also included in income for the period.
- (b) Loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses are recognized in net income.
- (c) Other financial liabilities are measured at amortized cost using the effective interest method.
- (d) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in net income.

Future Income Taxes

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the consolidated balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce future income tax assets arising from loss carry-forwards to amounts expected to be realized.

4. Mineral Properties

Burundi Nickel Project

Early in 2009, the Corporation was advised that the Government of Burundi had awarded the rights to the Musongati deposits to a third party. While the Corporation believes that the award of the mineral rights for Musongati to a third party is a contravention of the terms of the Mining Convention and a breach of the of the procedures applicable to arbitral proceedings at the International Chamber of Commerce (ICC), it determined not to pursue the arbitration proceedings at this time due to the poor prospects of being able to realize any meaningful potential damages award.

5. Project Assessment Expenditures

Details of Project Assessment Expenditures during the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Lac Panache, Fish Creek and Copper Cliff Projects		
Consulting	$ -	$ 1,444
	-	1,444
Other Projects (Botswana, Zambia and South Africa)*		
Consulting and Assessment	20,138	15,536
Travel, Accommodation and other	8,088	39,609
Expenses Recovered	(32,534)	-
	(4,308)	55,145
Total	$ (4,308)	$ 56,589

* Includes expenditures on projects that were the subject of negotiation for possible acquisition, travel related to attempts to advance the Burundi Nickel project and expenditures on a number of projects that were reviewed but which did not meet the Corporation's criteria for ongoing exploration.

6. Capital Stock

a) Authorised Capital Stock

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

Issued and Outstanding

	Number of Shares	Amount
Total Issued – December 31, 2008 and 2009	99,919,105	46,991,751

Contributed Surplus

	2009	2008
Balance, beginning of year	$ 3,013,073	$ 1,264,482
Grant of stock options – Stock based compensation	-	1,748,591
Balance, end of year	$ 3,013,073	$ 3,013,073

Stock Options

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

No compensation expense was recognised in 2009 (2008: $1,748,591) as no stock options were granted during the year. Compensation expense on stock options granted during 2008 was calculated using the Black Scholes model based on the following assumptions with a corresponding charge to contributed surplus:

Risk free interest rate	2.8%
Expected life of stock options	5 years
Expected volatility	1.50 - 1.55
Expected dividend	Nil

Upon the exercise of the option, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

The status of stock options granted to employees and directors as at December 31, 2009 and 2008 and the changes during the periods ended on those dates is presented below:

	December 31, 2009		December 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding and exercisable - Beginning of Year	14,350,000	$0.25	7,850,000	$0.21
Granted	-	-	6,500,000	$0.30
Options outstanding and exercisable - End of Year	14,350,000	$0.25	14,350,000	$0.25

Number of Options Outstanding	Exercise Price	Remaining Life
5,100,000	$ 0.09	1.4 years
2,750,000	$ 0.43	2.4 years
6,500,000	$ 0.30	3.4 years

b) Escrow Shares

At December 31, 2009 there were no common shares of the Corporation subject to escrow.

7. Related Party Transactions

During the year ended December 31, 2009 $393,012 (2008: $627,176) was paid to four directors of the Corporation, or to companies controlled by them, for director's fees, management consulting services and project management and assessment services. Generally management fees are paid pursuant to agreements entered into between the Corporation and the related party.

In addition $135,345 (2008: $133,968) was paid to two related companies; $88,693 (2008: $89,444) to an Australian company and $46,653 (2008: $44,424) to a Canadian company, each controlled by a director of the Corporation for the provision of office facilities and personnel in Australia and Canada respectively. These services are reimbursed at cost, which approximate fair value. At December 31, 2009, management and consulting fees and directors' fees payable amounted to $nil (2008: $52,393).

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.

8. Management of Capital

The Corporation'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 optimizes the cost of capital at an acceptable risk.

In the management of capital, the Corporation includes the components of shareholders' equity.

The Corporation 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 Corporation 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 Corporation 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.

In order to maximize ongoing development efforts, the Corporation does not pay out dividends.

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

9. Financial Instruments

a) Fair Value

The fair value of cash and cash equivalents; accounts receivable and accounts payable approximate their carrying amounts.

The fair value of financial instruments at December 31, 2009 and 2008 is summarized as follows:

	December 31, 2009		December 31, 2008	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets				
Held for trading				
Cash and cash equivalents	$ 1,500,935	$ 1,500,935 (i)	$ 2,091,150	$ 2,091,150
Accounts receivable	14,388	14,388 (ii)	18,054	18,054
Financial Liabilities				
Accounts payable and accrued liabilities	$ 42,601	$ 42,601 (ii)	$ 140,343	$ 140,343

(i) The Corporation's cash and cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.
(ii) The carrying amount of accounts receivable, accounts payable and accrued liabilities approximates fair value due to their short term nature.

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments.

b) Financial Risk Management

The Corporation's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents and accounts receivable. The Corporation deposits the majority of its cash and cash equivalents with high credit quality financial institutions in Canada and Australia.

Currency risk

The Corporation operates in a number of countries, including Canada and Australia and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The Corporation's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are held in several currencies (mainly Australian dollars) and are therefore subject to fluctuation against the Canadian dollar. The Corporation does not engage in any hedging activities to mitigate such currency risk.

The Corporation had the following balances in foreign currency as at December 31, 2009:

	Australian Dollar
Cash and cash equivalents	1,421,518
Accounts receivable	7,715
Accounts payable and accrued liabilities	(6,282)
Net balance	1,422,951
Equivalent in Canadian dollars	1,336,862

Based on the above net exposures as at December 31, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Australian dollar against the Canadian dollar would result in an increase/decrease of approximately $157,000 in the Corporation's net loss.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Corporation manages liquidity by maintaining adequate cash and cash equivalent balances.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

Based on the amount of cash and cash equivalents invested as at December 31, 2009, and assuming that all other variables remain constant, a 1% change in the applicable interest rate would result in an increase/decrease of approximately $15,000 in the interest earned by the Corporation per annum.

10. Income Taxes

A reconciliation of income taxes (recoverable) at statutory rates with the reported income taxes (recovery) is as follows:

	December 31, 2009	**December 31, 2009**
Net loss for year before taxes	$ (500,000)	$ (2,959,000)
Computed taxes recovered at statutory rates	(150,000)	(917,000)
Non deductible items	-	542,000
Change in rates	234,000	60,000
Change in valuation allowance	(460,000)	(132,000)
Expired losses	376,000	447,000
Income tax (recovery)	$ -	$ -

The Corporation has a potential future income tax asset of $4,988,000 (2008-$5,448,000). The significant components of the Corporation's future income tax asset are as follows:

	December 31, 2009	**December 31, 2009**
Other tax pools	$ 774,000	$ 797,000
Capital losses carryforward	2,403,000	2,500,000
Non-capital losses carry forward	1,811,000	2,151,000
	4,988,000	5,448,000
Less: valuation allowance	(4,988,000)	(5,448,000)
	$ -	$ -

The Corporation has available for deduction against future taxable income non-capital losses of $7,244,000 (2008: $8,275,000). These losses, if not utilized, will expire commencing 2013 (see table below). In assessing the ability of future tax assets to be realized, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the periods in which the unused tax losses and temporary differences become deductible. The Corporation does not consider it more likely than not that the unused tax losses and deductible temporary differences will be used and a future income tax asset will be recovered. The Corporation has reduced the value of the potential future income tax asset to $Nil through the application of a valuation allowance of $4,988,000 (2008: $5,448,000) as the Corporation does not have any current source of income against which the unused tax losses can be applied.

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

	2013	$ 2,073,000
	2014	511,000
	2015	1,648,000
	2026	999,000
	2027	762,000
	2028	778,000
	2029	473,000
Total		$ 7,244,000

11. Segmented Information

The Corporation operates in one business segment, being the acquisition and exploration of mineral properties. The Corporation maintains corporate offices in Canada and Australia with each jurisdiction reflected as a segment.

	2009		
	Canada	Australia	Total
Current Assets	$ 172,559	$ 1,342,764	$ 1,515,323
Office equipment and furniture	-	5,373	5,373
	$ 172,559	$ 1,348,137	$ 1,520,696

	2008		
	Canada	Australia	Total
Current Assets	$ 402,928	$ 1,706,276	$ 2,109,204
Office equipment and furniture	-	9,578	9,578
	$ 402,928	$ 1,715,854	$ 2,118,782

Shareholder Information

As at February 28, 2010 the Corporation had 2,137 shareholders each of whom on a poll, has one vote for each share held. Of these shareholders 1,483 are holders of CHESS Units in Foreign Securities (CUFS). While CUFS holders have the right to vote on a poll (whereupon proxies can be counted), they are not able to personally vote on a show of hands.

Distribution of Shareholdings

Shareholdings were distributed in the following categories as at February 28, 2010:

Substantial Shareholders

As at February 28, 2010 the interest of Peter H. Lloyd, a director of the Corporation, was 6.5% of the total issued and outstanding shares of the Corporation as follows:

Indirect Interest

Sunbreaker Holdings Pty Ltd	5,135,381
Java Black Mining Pty Ltd	1,093,659
Wedgefield Holdings Pty Ltd	58,499

Category of Holding	Number of Shareholdings	%	Shares Held	%
Ordinary Common Shares				
1-1,000	300	14.04	103,266	0.10
1,001-5,000	218	10.20	506,165	0.51
5,001-10,000	85	3.98	685,415	0.69
10,001-100,000	40	1.87	818,569	0.82
100,001 & over	11	0.51	12,010,761	12.02
Sub-Total, Common	654	30.60	14,124,176	14.14
CUFS				
1-1,000	104	4.87	69,043	0.07
1,001-5,000	457	21.39	1,479,082	1.48
5,001-10,000	281	13.15	2,350,386	2.35
10,001-100,000	503	23.54	17,803,506	17.82
100,001 & over	138	6.46	64,092,912	64.14
Sub-Total, CUFS	1,483	69.40	85,794,929	85.86
Total	2,137	100.00	99,919,105	100.00

Less than Marketable Parcel		
Ordinary Common Shares	618	1,460,215
CUFs Common Shares	842	3,898,511

The twenty largest shareholders of ordinary common shares were:

	Number of Shares	% of Total
Sunbreaker Holdings Pty Ltd	4,135,381	4.14
Cede & Co	3,421,352	3.42
CDS & Co	1,330,096	1.33
Java Black Mining Pty Ltd	1,093,659	1.09
Glencore Finance (Bermuda) Ltd.	710,568	0.71
Bedel & Sowa Corp Pty Ltd	500,000	0.50
Kaleen Holdings Pty Ltd	358,075	0.36
Second Diviyar Pty Ltd	190,630	0.19
Yamuni Investments Pty Ltd	127,000	0.13
Michael S Vitton	144,000	0.14
Wedgefield Holdings Pty Ltd	58,499	0.06
F&F Finance Pty Ltd	50,000	0.05
Gaje Pty Ltd	50,000	0.05
Mr. Kevin John Wright	50,000	0.05
Beachcraft Pty Ltd	40,000	0.04
Mr. Terence William Fulton-Kennedy	40,000	0.04
Mr. Rodney Howe	35,000	0.04
Centennial Holdings Pty Ltd	30,000	0.03
Claremont Superannuation Pty Ltd	30,000	0.03
Plato Holdings Pty Ltd	28,000	0.03
Total	**12,422,260**	**12.43**

The twenty largest CUFS holders were:

	Number of Shares	CUFS % of Total
National Nominees Limited	11,321,212	13.20
Dawesville Nominees Pty Ltd	2,750,000	3.21
Merrill Lynch (Australia)	2,146,117	2.50
Frollo Enterprises Limited	2,139,000	2.49
Walker Super Fund	1,800,000	2.10
Mr. Steve Panomarenko	1,626,616	1.90
Citicorp Nominees Pty Limited	1,539,330	1.79
ANZ Nominees Limited	1,384,924	1.61
Mr. Robert Dobson	1,205,664	1.41
Mr. Peter John Fisher & Mrs. Loris Joyce Fisher	1,051,000	1.23
Mr. Peter James Avery	1,000,000	1.17
Sunbreaker Holdings Pty Ltd	1,000,000	1.17
J & T. W. Dekker Pty Ltd	900,000	1.05
Mr. Troy Harris	800,323	0.93
Mr. Graham Geoffrey Walker & Mrs. Thelma Jean Walker	800,000	0.93
Celtic Capital Pty Ltd.	700,000	0.82
E. C. Dawson Investments	700,000	0.82
Gaje Pty Ltd.	700,000	0.82
Kefford Holdings Pty Ltd	700,000	0.82
Mr. Christopher Hamilton Turle, Mrs. Susannah Turle	699,950	0.82
Total	**34,964,136**	**40.75**

Restricted Securities

As at March 31, 2010 there were no common shares subject to escrow.

Unquoted Securities

As at March 31, 2010 there were 14,350,000 incentive stock options held by 6 option holders. Option holders holding more than 20% of the Unquoted Securities are as follows:

Peter H. Lloyd 7,500,000

The shares in the Corporation are not subject to Chapter 6 of the Corporations Act dealing with the acquisition of shares.

Restrictions Affecting the Corporation's Shares

By virtue of its status as a public company, the purchase and sale of shares of the Corporation in the market is regulated by the securities legislation of the provinces of British Columbia, Alberta and Ontario. These provisions are complex and any holder or prospective holder of common shares of the Corporation should consult professional advisors as to whether and how these provisions might apply. This discussion does not address all potentially relevant legal matters and it does not consider the potential effects of any future legislation with regard to such matters. The following is for general information only and is not intended to be, nor should it be construed to be, legal advice to any holder or prospective holder of common shares of the Corporation and no opinion or representation with respect to the consequences to holders or prospective holders of common shares of the Corporation of such laws, regulations and policies is made. Accordingly, holders and prospective holders of common shares of the Corporation should consult their own legal advisors about the consequences of purchasing, owning and disposing of common shares of the Corporation.

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

By virtue of its status as a public company, the purchase and sale of shares of the Corporation in the market is regulated by the securities legislation of British Columbia, Alberta and Ontario, and the policies of the security regulatory authorities of such Provinces. In general, purchasers of shares of the Corporation may be subject to (i) insider trading rules which prohibit trading on the basis of undisclosed material facts or material changes in the affairs of the Corporation; (ii) insider reporting requirements for persons holding more than 10% of the Corporation's shares; (iii) restrictions on sales by persons holding more than 20% of the Corporation's shares; and (iv) "early warning" and reporting requirements on the acquisition of 10% or more of the Corporation's shares and takeover bid restrictions on the acquisition of 20% or more of the Corporation's shares.

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

Audit Committee

The Audit Committee of the Corporation at March 31, 2010 is comprised of:

Mr. Peter H. Lloyd	- Director and President
Mr. John Maloney	- Director
Mr. Philip Thick	- Director

Corporate Governance

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

General

The Corporation has adopted a written Audit Committee Charter, a Code of Conduct and Ethics for directors and officers and qualifications for directors. While the Corporation strives to implement the recommendation of the ASX Corporate

Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, small companies such as Argosy have limited resources and necessarily are not always able to implement all recommendations.

Discussion of Best Practice Recommendations

1. Role of the Board and Management

The Corporation has not adopted a formal statement of matters reserved for the board as frequent board meetings allow for board participation in all significant matters.

2. Independence of Directors

The Corporation's charter requires the majority of directors be independent. The board reviews the independence of its members based on various criteria, such as the relationship of the directors to the Corporation, any shareholding held by that director, any remuneration paid to the director, as well as other matters that may be considered to impact on their independence. The Corporation is in the process of looking for an independent board member such that the majority of the directors are independent.

The board has established that the following directors are independent:

Mr. John Maloney
Mr. Philip Thick

Mr. John Maloney serves as Chairman of the Corporation.

Board Composition

The board currently has 4 directors, which includes one executive director, Mr. Peter Lloyd, President and CEO and three non-executive directors, Mr. Cecil Bond, Mr. John Maloney and Mr. Philip Thick. The compensation of the board is reviewed by the full board periodically, including the total number of directors and requirements for non and executive directors as well as selection criteria for additional members. The board has the right to appoint directors to fill vacancies on the board and to increase the number of members subject to the Corporation's by-laws. Shareholder approval is required on an annual basis for the composition of the board.

Independent Professional Assistance

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

Nomination of Directors

The Corporation does not have a nomination committee, however the board reviews the requirements for new directors when necessary and nominates candidates who meet these requirements.

3. Promotion of Ethical and Responsible Decision Making

The Corporation has adopted a code of conduct and ethics for directors and officers.

4. Safeguard Integrity of Financial Reporting

The board has appointed an audit committee, two of whom are independent directors. The audit committee consist of:

Mr. Peter Lloyd – Mr. Lloyd is the Chief Executive Officer of the Corporation. Mr. Lloyd has also served as a director of various public companies.

Mr. John Maloney – Mr. Maloney has served in various senior capacities in a number of associations for more than 20 years and is a director of various private companies.

Mr. Philip Thick – Mr. Thick currently serves as a director of various public companies and has served on the Board for Shell Australia Limited.

The Chief Executive Officer and Chief Financial Officer certify certain of the Corporation's financial reports which are filed with regulatory authorities.

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

5. Timely and Balanced Disclosure

The Corporation prepares a Management Discussion and Analysis on a quarterly and annual basis as well as releases information in news releases to its shareholders. It strives to provide information in an open, clear and balanced manner while maintaining the integrity of confidential information where required.

6. Rights of Shareholders

The Corporation endeavours to keep shareholders informed of all its activities by filing all materials required in Canada, which can be reviewed at www.sedar.com and by releasing information to the ASX, which shareholders can access at www.asx.com.au.

7. Management of Risk

The Corporation does not have a separate risk committee however the board reviews the Corporation's activities from time to time to ensure that the Corporation is not exposed to unacceptable risk. It should be noted that the business of mining exploration is a high risk business and that the Corporation's activities necessarily expose it to significant risks. For more information on risk, please review the Management Discussion and Analysis in this Annual Report.

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

8. Enhanced Performance

The board reviews the performance of itself and of management from time to time and determines the need for changes to board or management based on that review. In addition, information relating to industry and corporate governance matters is regularly provided to board members and management is encouraged to attend meetings and seminars to improve performance.

9. Remuneration

The Corporation does not have a separate remuneration committee. The full board reviews the terms and conditions of employment and remuneration levels for employees. Remuneration paid to directors and officers of the Corporation during the year ended December 31, 2009 is as follows:

	Directors Fees	Other Services
Mr. Peter Lloyd	Nil	$257,472
Mr. Cecil Bond	Nil	$72,000
Mr. John Maloney	$37,760	Nil
Mr. Philip Thick	$24,820	Nil

No stock options were granted during 2009.

Fees paid to non-executive directors have been approved by the shareholders and are set at a maximum of A$30,000 per director per annum, except for the Chairman who receives A$40,000 per annum.

Any stock options granted to directors are granted subject to shareholder approval.

10. Recognition of Legitimate Interests of Shareholders

The Corporation has adopted a written code of conduct.

CORPORATE INFORMATION

Directors

Peter H. Lloyd
Cecil R. Bond
John S. Maloney
Philip Thick

Secretary

Peter H. Lloyd

Registered Offices

Canada

1600 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
Canada. V6C 3L2

Australia

Level 1, Suite 9
154 Hampden Road,
Nedlands WA, 6009
Australia
Telephone: + 618 9 389 5803
Facsimile: + 618 9 389 5879
Email: info@argosyminerals.com
Website: www.argosyminerals.com.au.

ARBN

073 391 189

Company Reports

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

Share Registries

Computershare Investor Services Pty Limited,

GPO Box 242
Melbourne,
Victoria 3001 Australia
Telephone: + 613 9415 5000
Facsimile: + 613 9473 2500

Computershare Investor Services Inc.

510 Burrard Street
Vancouver, British Columbia
V6C 3B9
Canada
Telephone: + 1 604 661 9400
Facsimile: + 1 604 683 3694

Auditors

Meyers Norris Penny LLP
Chartered Accountants

Annual General Meeting

The Annual General Meeting of Argosy Minerals Inc. will be held on May 27, 2010 at 11:00 am in the Board Room, 1600 Cathedral Place, 925 West Georgia Street, Vancouver, BC. V6C 3L2.

Shareholder Enquiries

Computershare Investor Services Inc. is the Corporation's Canadian share transfer agent. Computershare Investor Services Pty Ltd maintains the Australian share registry for the Corporation. Enquiries regarding shareholdings should be addressed to the appropriate company at the addresses listed above.

Stock Exchange Listing

Argosy Mineral Inc.'s shares are listed on the Australian Stock Exchange and traded under the ASX code "AGY" under the Mining industry grouping.

Financial Year End
December 31, 2010

ARGOSY

MINERALS INC.

ARBN 073 391 189