# ARGOSY MINERALS INC.

**ARBN 073 391 189**

**HALF YEAR REPORT FOR THE PERIOD**
**Ended June 30, 2010**

## CONTENTS

The directors present their report on the consolidated half year report of Argosy Minerals Inc. (the "Corporation") and all the entities controlled by it at the end of or during the half year ended June 30, 2010.

**Directors**

The following persons were directors of the Corporation during the whole of the half year and up to the date of this Report:

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

**Review of Operations:**

A summary of the consolidated results is set out below:

| | | 2010 ($000) | 2009 ($000) |
|---|---|---|---|
| Income: | | | |
| | Interest | 18 | 24 |
| | Foreign Exchange (Loss)/Gain | (43) | 130 |
| | | (25) | 154 |
| Expenses: | | | |
| | Administration Expenses | 165 | 111 |
| | Arbitration Expenses | - | 28 |
| | Management and Consulting fees | 171 | 162 |
| | Project Assessment | 55 | - |
| | Salaries and Benefits | 59 | 55 |
| | Travel | - | 6 |
| | | 450 | 362 |
| Loss for the Period | | (475) | (208) |

Comments on the consolidated results are set out below:

**a) Interest and Foreign Exchange Gain**

Interest income decreased during the current period due to lower cash balances earning interest and lower interest rates. As the Corporation has no current source of revenue, cash balances will be used to fund operations and will continue to decline unless further capital raisings are undertaken. The foreign exchange loss arose from the Corporation holding substantial cash balances in Australian dollars and the Australian dollar exchange rate declining during the period.

**b) Administrative Expenses and Salaries and Benefits**

Administrative expenses increased during 2010 by approximately $54,000, mainly due to increased expenditures related to shareholder communications and transfer agent and filing fees related to expenditures for annual information distributed to shareholders.

**c) Arbitration Expenses**

No arbitration expenses were incurred in 2010 due to the Corporation terminating the arbitration process following the Burundi Government awarding the rights to the Burundi Nickel Project to a third party.

**d) Management and Consulting**

Management and consulting fees payable to management reflect only the exchange rate effect as monthly fees paid remained the same in 2010 as those paid in 2009.

**e) Project Assessment**

Project assessment expenditures have increased significantly due to the Corporation increasing its activity to find suitable new projects.

**f) Travel**

Due to the location of the projects the Corporation pursues, substantial amounts of travel may be required. Travel costs have decreased in the period ended June 30, 2010 due to potential projects being initially evaluated on data provided for review, consequently significant travel was not required during the period.

**Review Report to the Audit Committee of Argosy Minerals Inc.**

In accordance with our engagement letter dated August 16, 2010, we have reviewed the consolidated balance sheet of Argosy Minerals Inc. ("the Company") as at June 30, 2010, the interim consolidated statements of operations, comprehensive loss and deficit, and cash flows for the three and six month periods ended June 30, 2010 and for the three and six month periods ended June 30, 2009. These interim consolidated financial statements are the responsibility of the Company's management.

We performed our reviews in accordance with Canadian generally accepted standards for a review of financial statements by an entity's auditor. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our reviews, we are not aware of any material modification that needs to be made for these consolidated financial statements to be in accordance with Canadian generally accepted accounting principles.

The accompanying summarized balance sheet as at December 31, 2009 is derived from the complete consolidated financial statements of Argosy Minerals Inc., as at December 31, 2009 and for the year then ended, on which we expressed an opinion without reservation in our report dated March 27, 2010. The fair summarization of the complete consolidated balance sheet is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized balance sheet. In our opinion, the accompanying balance sheet as at December 31, 2009 fairly summarizes, in all material respects, the related complete consolidated balance sheet of the Company in accordance with the Assurance Guideline referred to above.

This report is solely for the use of the Audit Committee of Argosy Minerals Inc. to assist it in discharging its regulatory obligation to review these consolidated financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third party. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report. Toronto, Ontario Chartered Accountants

Meyers Norris Penny LLP

Toronto, Ontario
August 30, 2010

Chartered Accountants
Licensed Public Accountants

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
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**ARGOSY MINERALS INC**

(An Exploration Stage Corporation)

**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

As at June 30, 2010 and December 31, 2009

(Expressed in Canadian Dollars)

| | June 30, 2010 | (Audited) Dec. 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $ 1,030,709 | $ 1,500,935 |
| Accounts receivable and prepaids | 12,159 | 14,388 |
| | 1,042,868 | 1,515,323 |
| Office equipment and furniture | 8,751 | 5,373 |
| | $ 1,051,619 | $ 1,520,696 |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 48,973 | $ 42,601 |
| **SHAREHOLDERS' EQUITY** | | |
| Capital Stock | | |
| Authorized - Unlimited | | |
| Issued and outstanding - common shares | 46,991,751 | 46,991,751 |
| Contributed Surplus | 3,013,073 | 3,013,073 |
| Deficit | (49,002,178) | $ (48,526,729) |
| | 1,002,646 | 1,478,095 |
| | $ 1,051,619 | $ 1,520,696 |

The attached notes are an integral part of these financial statements

**ARGOSY MINERALS INC**

(An Exploration Stage Corporation)

**CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

(Unaudited)

For the Three Months and Six Months ended June 30, 2010 and 2009

| | | Three Months ended June 30 | | Six Months ended June 30 | |
|---|---|---|---|---|---|
| | | 2010 | 2009 | 2010 | 2009 |
| **Income:** | | | | | |
| Interest income and other | | $ 8,827 | $ 10,910 | $ 17,791 | $ 24,090 |
| Foreign exchange gain/loss | | (26,068) | 103,724 | (42,641) | 129,872 |
| | | (17,241) | 114,634 | (24,850) | 153,962 |
| **Expenses:** | | | | | |
| Accounting and audit | | 15,456 | 10,557 | 15,456 | 10,557 |
| Arbitration | | - | 8,919 | - | 27,506 |
| Bank charges | | 453 | 344 | 1,108 | 724 |
| Depreciation | | 1,191 | 1,051 | 2,242 | 2,103 |
| Directors' fees | | 16,508 | 15,476 | 32,319 | 29,927 |
| Insurance | | 51 | 772 | 2,356 | 772 |
| Legal | | 4,383 | 4,343 | 8,495 | 4,343 |
| Management and consulting fees | | 87,559 | 82,019 | 170,768 | 161,952 |
| Office | | 2,297 | 2,059 | 10,106 | 3,488 |
| Project assessment | Note 3 | 53,784 | - | 54,852 | - |
| Rent | | 13,609 | 7,888 | 22,734 | 15,024 |
| Salaries and benefits | | 31,304 | 31,957 | 59,314 | 55,155 |
| Shareholder communications | | 34,224 | 23,167 | 35,005 | 23,167 |
| Telecommunications | | 1,846 | 995 | 4,582 | 2,276 |
| Transfer agent and stock exchange | | 26,023 | 10,580 | 31,262 | 18,921 |
| Travel | | - | 6,411 | - | 6,411 |
| | | 288,688 | 206,538 | 450,599 | 362,326 |
| Net loss and comprehensive loss for the period | | (305,929) | (91,904) | (475,449) | (208,364) |
| **Deficit, beginning of period** | | (48,696,249) | (48,142,845) | (48,526,729) | (48,026,385) |
| **Deficit, end of period** | | **$(49,002,178)** | **$(48,234,749)** | **$(49,002,178)** | **$(48,234,749)** |
| Basic & Diluted Loss per Common Share | | ($0.003) | ($0.001) | ($0.005) | ($0.002) |
| Weighted Average Number of Common Shares Outstanding | | 99,919,105 | 99,919,105 | 99,919,105 | 99,919,105 |

The attached notes are an integral part of these financial statements

**ARGOSY MINERALS INC**

(An Exploration Stage Corporation)

**CONSOLIDATED INTERIM CASH FLOW STATEMENTS**

(Unaudited)

For the Three and Six Months ended June 30, 2010 and 2009

| | Three Months ended June 30 | | Six Months ended June 30 | |
|---|---|---|---|---|
| **Cash Provided From (Used For):** | 2010 | 2009 | 2010 | 2009 |
| **Operating Activities** | | | | |
| Loss for the period | $ (305,929) | $ (91,904) | $ (475,449) | $ (208,364) |
| Adjustments for: | | | | |
| Depreciation | 1,191 | 1,051 | 2,242 | 2,103 |
| Foreign exchange (gain)/loss | 34,817 | (103,724) | 43,870 | (129,872) |
| | (269,921) | (194,577) | (429,337) | (336,133) |
| **Changes in Non-cash working capital** | | | | |
| Decrease in accounts receivable and prepaids | 841 | 3,818 | 2,229 | 8,143 |
| Increase/(decrease) in accounts payable & accrued liabilities | 9,158 | (27,790) | 6,372 | (61,096) |
| **Cash Flows used in Operating Activities** | (259,922) | (218,549) | (420,736) | (389,086) |
| **Cash Flows from Investing Activities** | | | | |
| Acquisition of office equipment | (5,620) | - | (5,620) | - |
| | (5,620) | - | (5,620) | - |
| **Foreign Exchange Gain/(Loss) on Cash held in Foreign Currency** | (34,817) | 103,724 | (43,870) | 129,872 |
| **Decrease in Cash & Cash Equivalents** | (300,359) | (114,825) | (470,226) | (259,214) |
| **Cash & Cash Equivalents at Beginning of Period** | 1,331,068 | 1,946,761 | 1,500,935 | 2,091,150 |
| **Cash & Cash Equivalents at End of Period** | $ 1,030,709 | $ 1,831,936 | $ 1,030,709 | $ 1,831,936 |

The attached notes are an integral part of these financial statements

### *1. Basis of Preparation*

These unaudited interim consolidated financial statements, have been prepared in accordance with Canadian generally accepted accounting principles for interim consolidated financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for audited consolidated financial statements. In the opinion of management, all adjustments (consisting of normal or recurring accruals) considered necessary for fair presentation have been included. Operating results for the three month and six month period ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010.

These interim consolidated financial statements follow the same accounting policies as the annual financial statements of the Corporation. Accordingly, these interim consolidated financial statements should be read in conjunction with the Corporation's year end audited financial statements and notes thereto.

The Corporation and its subsidiaries are currently engaged in the evaluation of mineral properties for acquisition and exploration and is considered to be an exploration stage company. 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.

### *2. Mineral Properties*

Currently, following the government of Burundi’s decision to award the rights to the Burundi Nickel Project to a third party, the Corporation does not have any projects and is assessing new project opportunities. Expenditures related to new projects are disclosed in Note 3 below.

### *3. Project Assessment Expenditures*

Details of Project Assessment Expenditures during the six month period ended June 30, 2010 and 2009 are as follows:

| | **June 30, 2010** | **June 30, 2009** |
|---|---|---|
| Consulting | $ 1,332 | $ - |
| Travel and miscellaneous | 53,520 | - |
| Total | $ 54,852 | $ NIL |

### *4. Related Party Transactions*

During the six month period ended June 30, 2010, $203,087 (June 30, 2009 - $191,878) was paid or accrued to four directors of the Corporation, or to companies controlled by them, for directors’ fees, management consulting services and project management and assessment services.

In addition $35,407 (June 30, 2009 - $46,783) was paid or accrued to an Australian company and $23,907 (June 30, 2009 - $22,756) to a Canadian company, each controlled by a director of the Corporation for the provision of personnel in Australia and Canada respectively. These services are reimbursed at cost, which approximate fair value.

At June 30, 2010, management and consulting fees and directors’ fees payable amounted to $9,592 (2009 - $12,097). 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.

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.

### 5. *Commitments*

During the six month period ended June 30, 2010, the Corporation entered into a lease for office premises. The lease expires in February, 2012. Minimum future rental payments under the terms of the lease are as follows:

| | |
|---|---|
| 2011 | $ 60,000 |
| 2012 | 10,000 |
| | $ 70,000 |

### 6. *Segmented Information*

| | June 30, 2010 | | |
|---|---|---|---|
| | Canada | Australia | Total |
| Current Assets | $ 48,746 | $ 994,122 | $ 1,042,868 |
| Office equipment and furniture | - | 8,751 | 8,751 |
| | $ 48,746 | $ 1,002,873 | $ 1,051,619 |

| | December 31, 2009 (Audited) | | |
|---|---|---|---|
| | 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 |

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

### 7. *Financial Instruments*

*a) Fair Value*

The fair value of financial instruments at June 30, 2010 and December 31, 2009 is summarized as follows:

| | June 30, 2010 | | December 31, 2009 (audited) | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| **Financial Assets** | | | | |
| Cash and cash equivalents | $ 1,030,709 | $ 1,030,709 | $ 1,500,935 | $ 1,500,935 |
| Accounts receivable | 12,159 | 12,159 | 14,388 | 14,388 |
| **Financial Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ 48,973 | $ 48,973 | $ 42,601 | $ 42,601 |

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.

## *7. Financial Instruments (continued)*

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 had the following balances in foreign currency as at June 30, 2010:

| | **Australian Dollar** |
|---|---|
| Cash and cash equivalents | $ 1,090,765 |
| Accounts receivable | 13,521 |
| Accounts payable and accrued liabilities | (25,012) |
| Net balance | 1,079,274 |
| Equivalent in Canadian dollars | $ 970,591 |

Based on the above at June 30, 2010, and assuming all other variables remain consistent, a 10% depreciation or appreciation of the Australian dollar against the Canadian dollar would result in an increase/decrease of approximately $90,000 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 at June 30, 2010 and assuming all other variables remain constant, a 1% change in applicable interest rates would result in an increase/decrease of approximately $10,000 in interest earned by the Corporation.

# ARGOSY MINERALS INC.

The Directors declare that the Financial Statements and notes set out on pages 5-7:

(a) Comply with Generally Accepted Accounting Principles in Canada, and

(b) Give a true and fair view of the consolidated entity's financial position as at June 30, 2010 and of its performance for the half year ended on that date.

In the Director's opinion:

(a) The financial statements and notes are in accordance with Generally Accepted Accounting Principles in Canada, and

(b) There are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors dated September 10, 2010.

Per: ______________________
Cecil Bond, Director