

ASX ANNOUNCEMENT

19 January 2021

QUARTERLY ACTIVITIES REPORT – DECEMBER 2020

HIGHLIGHTS

- ✦ 20 metric tonne high purity Li_2CO_3 product Sales Contract executed with Korean customer and product cargo currently being shipped
 - Battery quality >99.5% lithium carbonate product from Argosy's industrial scale pilot plant
 - Korean customer specialises in various end-use chemical supply applications, including LiPF₆ battery electrolyte and other battery applications, where ultra-high purity lithium carbonate product is required
- ✦ JORC Exploration Target¹ delineated for Rincon Lithium Project – demonstrates significant potential to materially increase Project mine life and production capacity in due course
- ✦ The Company has an exclusive and proprietary environmentally clean/green chemical process technology with very low energy and raw water requirements to produce high purity battery quality lithium carbonate product acceptable for high-specification international markets
- ✦ Commercial 10,000tpa Environmental Impact Assessment report progressing to final completion, with completed baseline and supporting sections submitted
- ✦ Progressing pre-development works for ~2,000tpa modular lithium carbonate processing plant operation
- ✦ Salta government providing strong support for full development of Rincon Lithium Project
- ✦ Argosy accepted as a member of the European Raw Materials Alliance (ERMA)
- ✦ Argosy has the lithium processing expertise and knowledge to pursue a complementary commercial lithium carbonate and hydroxide production strategy

KEY OBJECTIVES FOR MARCH 2021 QUARTER

- ✦ Progress toward constructing the ~2,000tpa high purity battery quality Li_2CO_3 processing plant and associated development works
- ✦ Our foremost priority is the health, safety and wellbeing of our staff, partners and community during the Covid-19 pandemic

¹ An Exploration Target is not a Mineral Resource. The potential quantity and grade of an Exploration Target is conceptual in nature. A Mineral Resource has been identified above the Exploration Target, but there has been insufficient exploration to estimate any extension to the Mineral Resource and it is uncertain if further exploration will result in the estimation of an additional Mineral Resource.

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EXECUTIVE SUMMARY

Argosy Minerals Limited (“Argosy” or the “Company”) continued its fast-track development strategy at the Rincon Lithium Project in Argentina, achieving significant milestones during the Quarter, including -:

- ▶ Signed a Spot Sales Contract with Korean chemical company for the sale of 20 metric tonnes of high purity battery quality lithium carbonate product produced from the Company’s industrial scale pilot plant. The product cargo is currently being shipped to the customer.
- ▶ Delineated a JORC Exploration Target¹ of 262,000 tonnes to 479,000 tonnes of contained Li₂CO₃ based on a weighted average grade of between 315 mg/L and 327 mg/L, with depth interval between 102.5m to 300m below ground level.
- ▶ Pre-development works for the ~2,000tpa modular lithium carbonate processing plant operation.
- ▶ Environmental Impact Assessment report for the commercial scale 10,000tpa operation and project development progressing to final completion, with completed baseline and associated sections submitted to the department of the Salta Province Secretary of Mining.
- ▶ Salta government providing support for full development of Rincon Lithium Project following meetings with Salta Governor, Ministers and local government officials – who conducted a site visit to the Company’s industrial scale pilot plant site operations.
- ▶ Argosy joined the European Raw Materials Alliance.
- ▶ Sustained validation of the Company’s exclusive and proprietary successful environmentally clean and conventional chemical process technology to produce high purity battery quality lithium carbonate product acceptable for high-specification international markets.

The chemical process technology specially developed for the Rincon Lithium Project will enable a low emissions operation with a small carbon footprint, low energy and raw water usage requirements, and will deliver exceptional product quality results for the ~2,000tpa and ~10,000tpa operations.

Rincon Lithium Project – Argentina (77.5% JV interest, earning up to 90%)

The Rincon Lithium Project is the flagship asset in Argosy’s lithium development strategy, located within the Salar del Rincon in Salta Province, Argentina, in the world renowned “lithium triangle”. The Project is a JV partnership with pre-eminent lithium processing expert Pablo Alurralde. His extensive historical works within the Project area and the Salar, together with successful works completed to date have established a well-defined pathway to target commercial production of battery quality LCE product.

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A summary of works conducted during the Quarter is noted below.

20 Tonne High Purity Li₂CO₃ Product Sales Contract Executed

The Company signed a Spot Sales Contract with Korean chemical company - Y. N Chemical Co. Ltd ("YNCC"), for the sale of 20 metric tonnes of high purity battery quality lithium carbonate product produced from the Company's industrial scale pilot plant.

The Company arranged the shipment of the 20 tonne product, with the cargo currently on the vessel and being shipped to YNCC, who specialise in various end-use chemical supply applications, including LiPF₆ battery electrolyte and other battery applications, where ultra-high purity lithium carbonate product is required.

The Sales Contract agreed was based on a fixed price equating to the S&P Global Platts' assessed battery-grade lithium carbonate CIF North Asia price (at 27/11/20) – an industry standard benchmark index reference, with payment terms being an irrevocable letter of credit at sight (Incoterms) and payment immediately on receipt of original shipping documents.

YNCC successfully completed pre-shipment product sample testing, where they achieved analysis results confirming a very high purity battery quality Li₂CO₃ product with very low impurity levels, and confirmed the excellent purity is suitable for battery electrolyte applications and multiple other battery uses, as well as other conventional requirements.

Based on such product quality results, Argosy is confident of opening up a wide range of market options for future larger off-take arrangements into various markets, including Korea, Japan, Europe and North America.

JORC Exploration Target¹

The Company prepared an independent JORC Code (2012) compliant Exploration Target¹ estimate for the Rincon Lithium Project. The Exploration Target¹ estimate delineated 262,000 tonnes to 479,000 tonnes of lithium carbonate, based on a weighted average grade of between 315 mg/L and 327 mg/L, between the depth interval of 102.5m to 300m below ground level, and underlies the existing JORC Indicated Mineral Resource estimate (completed in 2018).

Combining the existing JORC Indicated Mineral Resource with the Exploration Target¹ estimates, these outline the potential for a range of up to 507,000 tonnes to 724,000 tonnes of contained lithium carbonate at the Rincon Lithium Project to a depth of 300m below ground level.

Noting the potential for the brine aquifer to continue being open at depth (based on historical drilling within Salar del Rincon), the Company notes the potential for further exploration expansion and conducting further studies to increase the current mine life defined at the Project.

With the existing Indicated Mineral Resource estimate of 245,120 tonnes of Li₂CO₃ and associated works on the Preliminary Economic Assessment (completed November 2018),

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the Project's life-of-mine was estimated at 16.5 years at a 10,000tpa Li_2CO_3 production rate, whilst an 11 year life-of-mine was confirmed for a 15,000tpa Li_2CO_3 production rate. Confirmatory works proving the Exploration Target estimate could materially increase the current mine life of the Project and/or provide scope to considerably increase the annual production capacity.

2,000tpa Project Development Works

The Company continued preliminary works in preparation for the ~2,000tpa modular lithium carbonate processing plant operation as the next step in the scale-up development of the Rincon Lithium Project.

For this, the Company is working toward commencement of preliminary 2,000tpa development works by initiating engagement and tender proposals with equipment suppliers, the earthworks contractor for plant site preparation and plant settling ponds, and brine pumping station works.

Furthermore, the Company advises the 38 hectares of evaporation ponds constructed in 2018 to supply concentrated lithium brine to the planned ~2,000tpa processing plant are currently in full operation concentrating lithium brine, with a large inventory of concentrated lithium brine currently stored in the ponds, ready to deliver into the ~2,000tpa plant upon commencement of such operations.

The Company confirms it has received all regulatory and permitting approvals for the development and construction of the ~2,000tpa modular lithium carbonate processing plant and all associated operations at the Project, materially increasing the Company's ability to execute this next stage, once a final investment decision ("FID") is confirmed.

Subject to the FID approval, and based on Argosy's planned schedule of works, development of the ~2,000tpa processing plant is estimated for a 12-15 month construction timeframe, with up to a ~4 month commissioning period thereafter.

10,000tpa Commercial Project Development Works & Approvals/Permitting Process

The Company progressed works on the Environmental Impact Assessment report for the commercial scale 10,000tpa operation and project development toward final completion, and completed all sections except the "Communication Plan and Community Participation" sub-section, which as a part of the Socio-Economic System involves personal consultations with the local community around the project area, which due to Covid-19 restrictions being enforced by the local government, were delayed.

However, with support from the department of the Salta Province Secretary of Mining, the Company submitted the completed baseline and associated sections of the EIA report to the Secretary of Mining to commence their review process. In parallel, the Company will work to complete the outstanding social engagement requirements of the EIA.

Regulatory authorisation of the fully completed EIA report by Salta Province government regulatory bodies is the final requirement to approve the development and construction of the ~10,000tpa lithium carbonate production and all associated operations at the Rincon

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Lithium Project. The Company is targeting the EIA regulatory approval process to take approximately six months.

A Preliminary Economic Assessment for the 10,000tpa scale operation was completed in November 2018. Pending receipt of all regulatory approvals/permits, Argosy will consider developing the larger scale operation up to 10,000tpa, positioning the Company in an enviable position to commence construction works. Argosy's immediate strategy remains to develop the ~2,000tpa operation, and during this stage, look to progress with developing the ~10,000tpa operation.

Membership of European Raw Materials Alliance

Argosy was accepted as a member of the European Raw Materials Alliance (ERMA) as a primary raw material partner. The ERMA was launched in September 2020 by the European Commission to drive diversification of sustainable supply and develop resilient value chains.

The ERMA's vision is to secure access to critical and strategic raw materials, advanced materials, and processing know-how for European Union Industrial Ecosystems. The ERMA has developed a plan for diversifying supply from both primary and secondary sources, and improving resource efficiency and circularity while promoting responsible sourcing worldwide.

The Company was also recently accepted as a member of the EBA250 Network (the industrial workstream of the European Battery Alliance). The European Battery Alliance (EBA) was launched by the European Commission in 2017 with the objective of building a strong European battery industry. One of its key priority actions is to secure access to sustainably produced battery raw materials.

Europe has been a key focus area for recent funding and investor interest. European investors and participants in the battery supply chain are recognising Argosy's chemical processing technology expertise, clean/green credentials, and advanced project development status. Europe is fast becoming a major growth hub for the sector with substantial government support (noting the pipeline of battery mega-factories due for construction).

Tonopah Lithium Project – Nevada, USA (100% interest)

The Company's highly prospective Tonopah Lithium Project ("TLP") is strategically located near Albemarle's Silver Peak operation in Nevada, USA. The Company remains excited by the potential future development of the Tonopah Lithium Project and aims to define an appropriate strategy and work programme during 2021. Argosy is further encouraged by Albemarle's recent announcement to invest US\$30-\$50 million to double lithium production at Silver Peak by 2025 (current capacity up to 5,000tpa).

The US market is fast becoming a major growth market for the EV industry, with growing support from the Government via the critical minerals act, plans to support investment in automobile infrastructure, improving battery technology, and EV purchases. Tonopah is perfectly positioned to capitalise on this market, and the Company is eager to commence works on the project once funding is secured for the Rincon Lithium Project.

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Lithium Market Update

Lithium market conditions improved during the Quarter, with a sharp rebound in Chinese domestic lithium carbonate prices, now trading at a 16-month high. The general lithium sector thematic also improved significantly during the quarter with various notable corporate activities taking place.

Higher prices are being driven by South American and Chinese producers unable to meet buyer demands, with Chinese buyers unable to fill orders. Notwithstanding the extraordinary forecast growth in demand associated with batteries for electric vehicles (EV), the encouraging sign for the lithium sector has been the expanding demand requirements beyond the EV market into other growth areas such as static storage, e-bikes and public transport. All of which provides the foundations for the long-term sustainability of the lithium industry.

Lithium carbonate prices CIF North Asia ended the Quarter at US\$6,350/tonne, whilst DDP China lithium carbonate prices closed the Quarter at CNY50,000 (October Quarter price was CNY40,700/tonne) and is currently trading at US\$7,000/tonne and CNY65,000/tonne (US\$10,046#) respectively (as at 18/1/2021). Chinese domestic lithium prices started increasing from August 2020, and are now trading at prices not seen since September 2019. Lithium Hydroxide prices have remained unchanged for the Quarter, closing at US\$9,000/tonne. Spodumene prices for FOB Australia traded up marginally for the Quarter, closing at US\$405/tonne*.

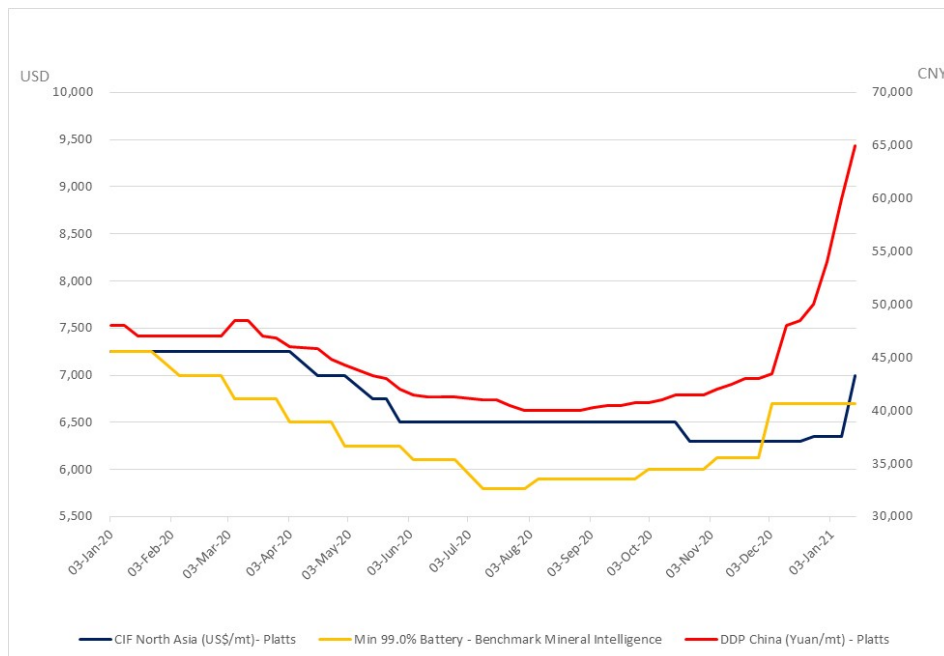


Figure 2. Lithium Carbonate Prices

EV sales continue to grow at a strong pace supported by governments globally providing subsidies and incentives, combined with continuing technological improvements driving down battery costs. A growing number of countries are introducing policies to ban the sale of fossil fuel vehicles - the UK will ban the sale of diesel and petrol cars by 2030, Norway by

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2025, and California from 2035. Japan is considering a ban on fossil fuel cars by 2035, along with a number of European countries targeting 2030.

The strong global government drive to decarbonise and support the EV industry has seen sales continue to grow at a rapid pace. Growth in the EV sector provides for strong underlying demand for lithium in the future.

With the strong recovery in EV sales and the anticipated rapid sales growth over the next decade, the incentive price for new production will need to increase. During the quarter a number investment banks and broking houses acknowledged an anticipated supply shortfall and increase their price forecast over coming years, noting that low lithium prices during 2020 resulted in a 7% year-on-year reduction to lithium supply.

Argosy aims to leverage off this impending shortfall by fast-tracking the construction of a ~2,000tpa processing plant. This targeted scale operation will enable an uncomplicated and speedy pathway to production ahead of many other potential producers.

Underlying all of this is Argosy's expertise, having designed its own proprietary and successful environmentally friendly chemical process technology to produce battery quality lithium carbonate with low impurities. This places Argosy in an enviable position compared to its peers, ready to be the next lithium carbonate producer.

** All lithium price references in this section are sourced from S&P Global Platts
USD/CNY 6.47*

Covid-19 Update

Regarding the Covid-19 pandemic, the Company is taking appropriate safety measures and actions to protect our staff and business operations, including precautions advised and regulated by the Australian, Argentine and USA Governments.

First and foremost, our priority is the health, safety and wellbeing of our staff, partners and community, and as such, the Company is actively monitoring the Covid-19 situation.

The Company has encountered delays to some of its project operations as a result of the pandemic across Argentina and USA. Fortunately, we are currently able to operate with regular on-going works at the Rincon Project, operating within safe control measures implemented by the Company and following government regulations.

CSR Programme

The Company has undertaken broad range CSR initiatives within the Salta Province, focusing on delivering on its CSR policies that begun in 2017, and building relationships with the community in the Salar del Rincon region and the local community.

Since this time, the Company has developed long-term relationships with the community and stakeholders as well as creating long lasting benefits. The Company has adapted elements of the programme due to Covid-19 developments.

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Argosy continues making a valuable contribution to the local communities through its CSR programme and will continue supporting local communities in developing a sustainable economic environment with long lasting benefits.

Corporate

The Company is in a strong financial position with cash reserves of ~\$2.9 million (as at 31 December 2020), and will continue to maintain prudent financial management.

During the Quarter, the total expenditure of approximately \$360,000 was provided to Puna Mining to fund the continued development works at the Rincon Lithium Project (as per ASX Listing Rule 5.3.2).

Exploration and evaluation expenditure conducted during the Quarter was nil (as per ASX Listing Rule 5.3.1).

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, approximately \$134,000 in payments were made to related parties and their associates, this being for director salaries, consultancy fees, superannuation and other related costs associated with the provision of Company Secretarial and accounting services (as per ASX Listing Rule 5.3.5).

Schedule of Tenements

The schedule of tenements held by the Company at the end of the Quarter is shown below. No tenements were acquired or disposed during the Quarter.

Tenement	Location	Beneficial Percentage held
File 7272 (Telita) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 14342 (Chiquita 2) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 22850 (Romulo) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 22955 (Frodo) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1414 (Talisman) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1904 (Nelly) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1905 (Angelica) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 2889 (Maria) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 2890 (Irene) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6343 (Tigre) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6345 (Puma) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100561 (Praga I) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100562 (Praga II) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100625 (Praga III) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 10626 (Praga IV) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 17902 (Reyna) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 62308 (Tincal) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6681 (San Marcos) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 7215 (Jujuy) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 14970 (San Jose) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
Mining easement right (File 4128) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)

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Mining easement right (File 15698) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
NMC1162672 - 1162935	Nevada, USA	100%
NMC1131801 - 1131815	Nevada, USA	100%
NMC1131817 - 1131827	Nevada, USA	100%
NMC1131830 - 1131837	Nevada, USA	100%
NMC1131842 - 1131852	Nevada, USA	100%
NMC1131856 - 1131868	Nevada, USA	100%
NMC1131871 - 1131973	Nevada, USA	100%

¹ Interest in mining tenement held 100% by Puna Mining S.A.

ENDS

This announcement has been authorised by Jerko Zuvela, the Company's Managing Director.

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

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

Argosy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Person's Statement – Rincon Lithium Project

The information contained in this ASX release relating to Exploration Targets, Exploration Results and Mineral Resource Estimates has been prepared by Mr Duncan Storey. Mr Storey is a Hydrogeologist, a Chartered Geologist and Fellow of the Geological Society of London (an RPO under JORC 2012). Mr Storey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Duncan Storey is an employee of AQ2 Pty Ltd and an independent consultant to Argosy Minerals Ltd. Mr Storey consents to the inclusion in this announcement of this information in the form and context in

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which it appears. The information in this announcement is an accurate representation of the available data from exploration at the Rincon Lithium Project.

Chemical Engineer's Statement: The information in this announcement that relates to lithium carbonate processing is based on information compiled and/or reviewed by Mr Pablo Alurralde. Mr Alurralde is the President of Puna Mining S.A. and consents to the inclusion in this announcement of this information in the form and context in which it appears. Mr Alurralde is a chemical engineer with a degree in Chemical Engineering from Salta National University in Argentina. Mr Alurralde has sufficient experience which is relevant to the lithium carbonate and lithium hydroxide processing and testing undertaken to evaluate the data presented.

ASX Listing Rules Compliance

The Mineral Resources information contained in this ASX release is extracted from the report entitled "Argosy Upgrades Lithium Rincon Lithium Project JORC resource" dated 13 November 2018, available at www.argosyminerals.com.au and www.asx.com. Argosy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with a current 77.5% (and ultimate 90%) interest in the Rincon Lithium Project in Salta Province, Argentina and a 100% interest in the Tonopah Lithium Project in Nevada, USA.

The Company is focused on its flagship Rincon Lithium Project – potentially a game-changing proposition given its location within the world renowned "Lithium Triangle" – host to the world's largest lithium resources, and its fast-track development strategy toward production of LCE product.

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

Appendix 1: AGY's Argentina Project Location Map



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