

ASX ANNOUNCEMENT

29 April 2022

QUARTERLY ACTIVITIES REPORT – MARCH 2022

HIGHLIGHTS

- Rincon 2,000tpa Li_2CO_3 operation development – 67% of total construction works complete & first production of battery quality Li_2CO_3 product targeted from mid-2022
- Rincon 2,000tpa Li_2CO_3 operation plant/equipment procurement and delivery in progress
- Environmental Impact Assessment approval process in progress – to develop an additional 10,000tpa Li_2CO_3 operation, supplementing the 2,000tpa operation currently in construction
- Continuing strong interest from additional top-tier groups for strategic investment for next stage 10,000tpa capex funding solution – with associated 2,000tpa and 10,000tpa off-take arrangements
- Resource expansion drilling works approved and commencing shortly – to delineate potential for materially expanding current JORC Indicated Resource and increase project mine life & future production capacity
- Renewable solar energy to power Rincon's clean lithium technology with low energy use & raw water consumption for a low emissions/low carbon footprint operation
- Exploration geophysical survey works in progress to test lithium brine targets at Tonopah Lithium Project in Nevada, USA
- Lithium carbonate prices increased 432% during 2021 and have already soared 122% in 2022 – very positive lithium market sentiment supporting Argosy's multi-project development and production strategy

KEY OBJECTIVES FOR JUNE 2022 QUARTER

- Continue construction works for the 2,000tpa high purity battery quality Li_2CO_3 processing plant and associated operations
- Formalise strategic investment for 10,000tpa expansion capex funding and Li_2CO_3 product off-take
- Progress resource expansion and feasibility works at Rincon, and exploration works at Tonopah Lithium Project
- Our foremost priority is the health, safety and wellbeing of our staff, partners and community during the Covid-19 pandemic



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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, and progressed exploration planning works at the Tonopah Lithium Project in Nevada, USA, achieving significant milestones during the Quarter, including -:

- 2,000tpa lithium carbonate process plant development works progressing, with 67% of construction works completed, and first commercial production of battery quality Li_2CO_3 product targeted from mid-2022.
- Plant and equipment manufacturing, procurement and delivery works proceeding for development of the 2,000tpa lithium carbonate production operation.
- Robust lithium markets and pricing have led to enhanced interest and formal progress with several strategic groups for lithium carbonate off-take arrangements and related strategic capex funding proposals for the 10,000tpa project expansion at Rincon.
- EIA regulatory approval obtained for resource expansion drilling program – preparations to commence drilling in coming weeks at Rincon to delineate potential for materially expanding current JORC Indicated Mineral Resource and increase project mine life & annual production capacity.
- On-going exploration targeting works for lithium brine prospectivity and progress to drilling works to determine lithium brine potential at Tonopah Project – with passive seismic survey currently in progress.
- International lithium carbonate prices supporting very positive lithium market sentiment, further enabling potential to realise Argosy's multi-project lithium production development strategy.

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.

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

2,000tpa Operation Construction Works

The 2,000tpa production operation major works are 67% complete, with three main phases of works - comprising design, construction and commissioning. The design phase works (including engineering layout) are complete (100%), the construction phase is at 70%

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completion, whilst plant commissioning works (comprising raw materials acquisition, workforce/team development and tender works) are 13% complete.



Figure 1. Rincon Lithium Project – 2,000tpa Operation Site Works in Progress

The construction phase comprises the process plant, equipment and associated installations, earthworks and site construction (including additional camp development and associated site infrastructure), and expansion of the brine system (pumping station, plant settling ponds) are progressing on budget and schedule, with;

- › 99% of earthworks/land movements completed;
- › 87% of site works completed (comprising site camp/accommodation, laboratory, office, and other works);
- › the brine system works are complete – 100% (comprising pumping station and plant settling ponds works);
- › 67% of the process plant completed (comprising plant equipment acquisition and plant warehouse works); and
- › 61% of utilities and associated services (comprising vapour system, communication system and ancillary services works).

The Company is progressing toward successfully developing the modular 2,000tpa operation and become a commercial battery quality lithium carbonate producer.

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Figure 2. Rincon Lithium Project – 2,000tpa Operation Site Works in Progress

The Company confirms the evaporator/dryer, vibrator equipment and associated parts procured and manufactured in Germany have been delivered to site, installed and commissioned.

The remaining offshore plant and equipment items, such as the press and belt filters procured and fabricated in Asia, are estimated for delivery into Argentina during May (subject to no shipping delays).

The processing mill was built in the USA and already delivered.

The local plant and equipment items – engineered and fabricated in-country, such as 150kVA generators, industrial pumps, agitators and motors from local manufacturers/suppliers – have been delivered.

Longer-lead locally fabricated plant and equipment items, such as the chillers/coolers have been delivered and installed on site, the initial batch of process tanks and reactors have been delivered, whilst the industrial boilers are being prepared for scheduled delivery.

Other plant and equipment items – laboratory equipment, packing equipment, hoppers, other filters, valves and instrumentation have started arriving to site.

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Figures 3-4. Rincon Lithium Project – Operational Equipment Delivered, Installed & Commissioned

Strategic Developments

Surging lithium prices to record highs and increasing lithium sector corporate activity over the past quarter has led to very aggressive interest in Argosy and our Rincon Project, noting our near-term development strategy toward commencing battery quality lithium carbonate production. This has resulted in very positive advancement with several significant groups on strategic investment propositions being presented for the next stage 10,000tpa capex funding solution and associated 2,000tpa and 10,000tpa off-take arrangements.

Competition for securing lithium supply has escalated over the quarter, with new strategic groups entering the sector resulting in upstream acquisitions and investment. Furthermore, it is expected that battery producers and EV manufacturers will continue to play a more active role in securing lithium supply in 2022 through direct investments and long-term purchase agreements.

The Company's current strategy is targeting strategic and prepayment investment around off-take arrangements to form the basis for the 10,000tpa project expansion capex funding solution, with discussions to date focusing on a full funding package. The Company is targeting the timing for this to meet the 10,000tpa scale Environmental Impact Assessment approvals receipt (or around this time), and in the lead up to the commencement of the 2,000tpa lithium carbonate production operations.

With the 2,000tpa operation fully funded and strongly progressing toward production operations, and the Company having nil debt, Argosy has the financial flexibility to consider varying strategic investment and off-take proposals to ensure a favourable strategic outcome for future project expansion beyond the next stage 12,000tpa capacity, and cooperation opportunities for mutual strategic and economic benefit.



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The Company can also consider selling lithium carbonate product from the 2,000tpa operation via the spot market to realise the lucrative current lithium market pricing, during the interim period prior to formalising such strategic arrangements.

These strategic groups and lithium sector participants in the battery supply chain are recognising Argosy's chemical processing technology expertise, clean lithium credentials, and advanced project development status.

10,000tpa Environmental Impact Assessment Process

The Company submitted its Environmental Impact Assessment for an additional 10,000tpa lithium carbonate production operation to the department of the Salta Province Secretary of Mining and Energy, who are currently processing the report.

Puna Mining senior executives are maintaining regular communication with Salta government officials to ensure effective finalisation of the Company's EIA approvals process. The Secretary reaffirmed her department's priority and attention to our Rincon Lithium Project development.

Regulatory authorisation of the EIA report by Salta Province government regulatory bodies is the final requirement to approve the development and construction of an additional 10,000tpa lithium carbonate production operation (and all associated works) at the Rincon Lithium Project.

Rincon Resource Expansion Drilling Works

The Company obtained regulatory approval to commence the resource expansion drilling program, with the intent to increase the current JORC Indicated Mineral Resource estimate and target realising the defined Exploration Target¹ estimate at the project. The Company has prepared an exploration drill-hole and testing program, and is now preparing to commence exploration and production well drilling works in the coming weeks.

The combined JORC Indicated Mineral Resource and Exploration Target¹ estimates outline the potential for a range of up to 507,000 tonnes to 724,000 tonnes of contained lithium carbonate to a depth of 300m.

These planned confirmatory works proving the Exploration Target estimate could materially increase the resource estimate, project mine life and/or provide scope to considerably increase the annual production capacity currently defined at the Project – the Preliminary Economic Assessment (completed in November 2018) currently confirms the Project's life-of-mine estimate of 16.5 years at a 10,000tpa Li₂CO₃ production rate, or an 11 year life-of-mine at a 15,000tpa Li₂CO₃ production rate.

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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Clean Lithium Technology Powered by Renewable Solar Energy

Argosy has developed a proprietary chemical process technology to produce clean battery quality lithium carbonate that is conscious of limiting its environmental footprint, with low energy use and low raw water consumption.

Enhancing Rincon's clean and green credentials is the potential connection of the 208MW Altiplano 200 solar energy plant to power the 10,000tpa expansion operation. The renewable solar energy facility is immediately adjacent to Rincon and is a major distinctive benefit to assist the Company in producing clean lithium. The Company has been in discussions with the solar park operator and is progressing towards incorporating solar power as a part of the energy mix for the Rincon project development.

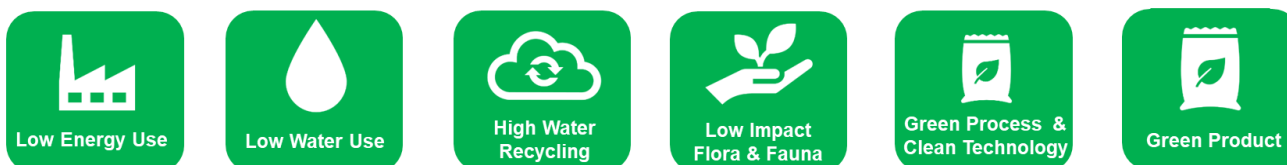


Figure 5. Rincon Lithium Project – Proprietary process technology with minimal environmental footprint

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

The Company's highly prospective Tonopah Lithium Project ("Tonopah") is strategically located near Albemarle's Silver Peak operation in Nevada, USA. Argosy is progressing its exploration programme works, following the completion of the magnetotelluric (MT) resistivity survey works in 2021 – that defined a major conductive anomaly, interpreted as a potential lithium brine aquifer. The three MT targets identified may define a closed basin and have the potential for lithium brine accumulation.

To further define the targets identified, and to progress further exploration works toward drilling, Argosy contracted a Nevada-based geophysical contractor to carry out the passive seismic survey, covering a 400m survey line spacing and 100m station spacing along all transects, for a total of up to 993 survey stations covering the area of interest previously defined.

These works are currently in progress, and upon completion of the survey work and data acquisition, the data will be processed to allow analysis and interpretation works to be conducted, including utilising the existing MT data-set, to determine priority drill site target selection. The already-delineated MT targets are expected to correlate very well with the passive seismic survey data, and provide extra confidence for future drill site selection and testing works.

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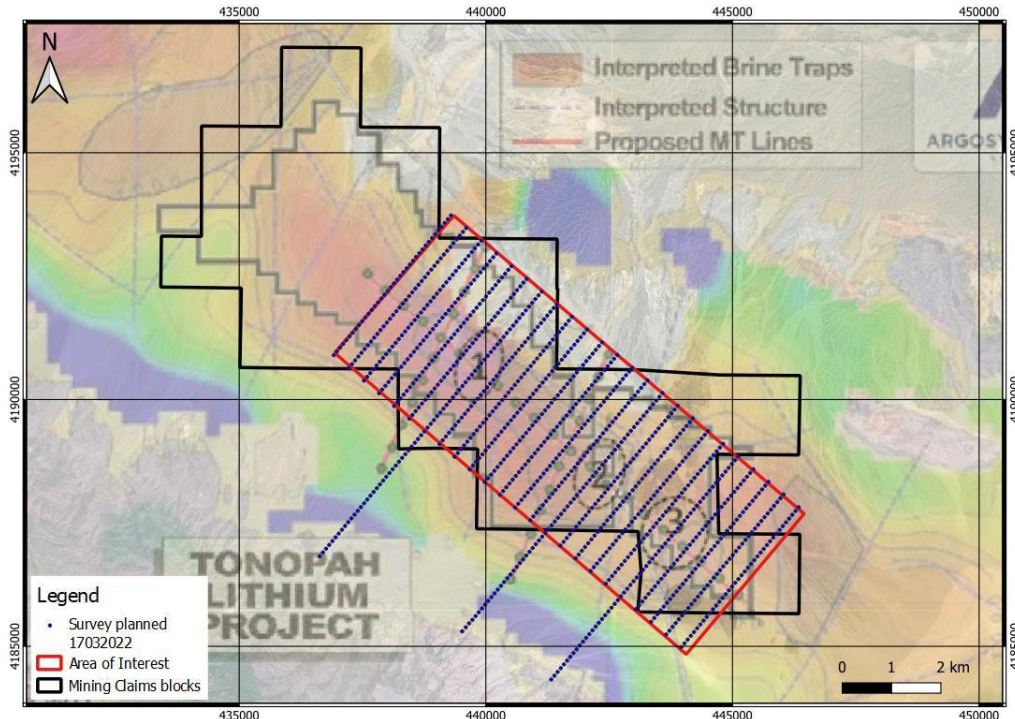


Figure 6. Tonopah Lithium Project – Location of Passive Seismic Survey Area (overlying MT targets)

The Company considers the opportunity to develop a USA-based lithium project as a strategic position to further develop Argosy into a world-class lithium producer. Furthermore, the USA Federal Government has advised that “unprecedented action” would be taken to strengthen the USA’s critical mineral supply chains, including via support for domestic resource development.

Lithium Market Update

Lithium prices continued their strong momentum during the quarter, reaching new record highs. A scarcity of lithium carbonate product supply has been the consistent reason for the price surge during 2022. New product supply remains constrained, with limited product availability from the spot market for domestic Chinese customers.

S&P Platts lithium carbonate price CIF North Asia is currently trading at US\$75,000/t, up 122% from the end of the December 2021 quarter, whilst DDP China lithium carbonate prices increased 69% to CNY473,000/t (US\$72,141/t#).

Benchmark Mineral Intelligence (BMI) lithium carbonate (minimum 99.5% Battery Grade) prices EXW China is currently trading at US\$78,350/t, up 100% during 2022, and lithium carbonate (minimum 99.0% Technical Grade) price EXW China is currently priced at US\$75,075/t, up 104% for the quarter. The BMI Global Weighted Average lithium carbonate price closed the quarter at US\$60,773t, up 122%.

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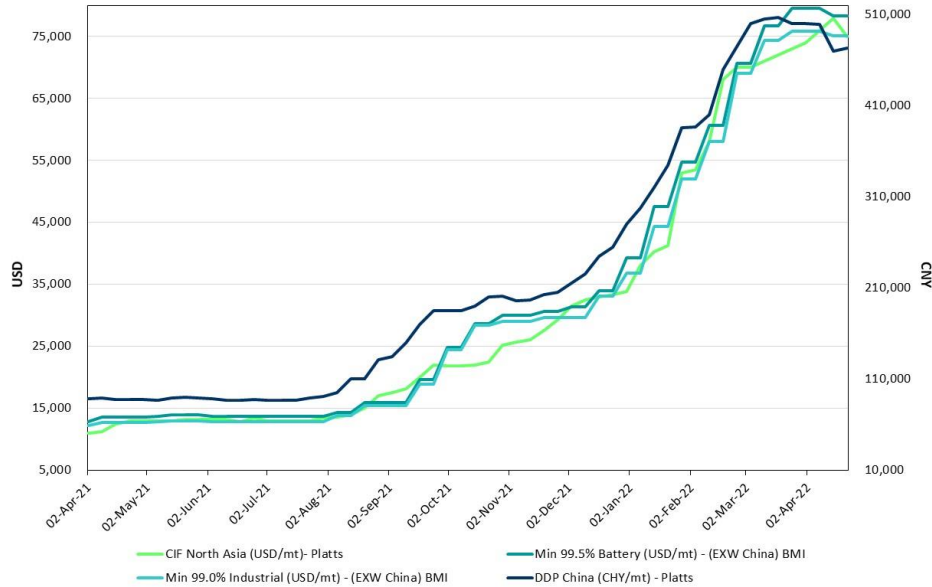


Figure 7. Lithium Carbonate Prices

International lithium prices have recently started tracking China market prices more closely, as pressure intensifies globally and across Asia to procure battery grade lithium carbonate product. The Chinese electric vehicle (EV) market continues to grow at extraordinary levels, with EV battery production reaching a record high of 31.8GWh in February 2022, representing year on year growth of 236%.

Governments are becoming increasingly anxious as to their ability to source critical minerals, including lithium products. The USA has suggested it may invoke the "Defence Production Act" to encourage domestic production of critical minerals needed for EV battery production. Canada's government advised it will provide up to C\$3.8 billion in support over eight years (starting in 2022-23) to implement Canada's first "Critical Minerals Strategy", to amongst other things, accelerate the production and processing of critical minerals needed for the electric vehicle battery supply chain.

Lithium price forecasts indicate continued strength due to the market's structural product supply deficit. This demand supply gap appears to be continually widening given the world's accelerated push to decarbonisation, adoption of EV's and battery storage technologies. With production from Argosy's 2,000tpa operation targeted for later this year, the Company is ideally positioned to capitalise on the lucrative lithium carbonate prices. Beyond this, the planned expansion to construct the next stage 10,000tpa operation shortly thereafter and then for potential additional expansions beyond the 12,000tpa capacity phase, generating strong revenues from our upcoming production operations.

USD/CNY 6.56

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.



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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's Puna Mining operations team in Argentina are affected with local and international supply chains being delayed, hindered and even suspended. Whilst the Company continues to actively plan for and manage such impacts, it is likely that such issues will impact and/or delay Puna's operations and development activity in the near term.

The Company will continue with regular on-going works, operating within safe control measures and following government regulations.

CSR Programme

The Company has undertaken broad range CSR initiatives within the Salta Province, and following the commencement of construction works for the 2,000tpa operation, Argosy has reinforced its CSR strategies with a focus on local communities in the Puna region as a priority.

Argosy is committed to supporting the local communities through jobs and training. The Company is also focused on procuring goods and services locally as it undertakes construction of the 2,000tpa operation.

Argosy is proud of its valuable contribution 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 ~\$38.3 million (as at 31 March 2022).

During the Quarter, total expenditure of approximately \$3.49 million 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.

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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%)
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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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.

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.

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 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.

Argosy advises references to the Company's current target of producing 2,000tpa of high purity battery quality lithium carbonate product at the Rincon Lithium Project should be read subject to and clarified by the Company's current intention that the 2,000tpa production target does not extend beyond a two-year period from the Clarifying Announcement (lodged 10th February 2021, available at www.argosyminerals.com.au and www.asx.com).



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At the conclusion of the two-year period, it is the Company's current intention that, subject to feasibility, finance, market conditions and completion of development works at the Rincon Lithium Project, the Company's 10,000tpa production target will apply. The current 2,000tpa production target is intended to form a modular part of the 10,000tpa operation from its commencement.

Argosy further advises that references in this ASX release in relation to the 10,000tpa production target are extracted from the report entitled "Argosy delivers exceptional PEA results for Rincon Project" dated 28 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 Announcement and, in the case of the Production Target, Mineral Resources or Ore Reserves contained in the Announcement, that all material assumptions and technical parameters underpinning the estimates in the PEA 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 PEA announcement.

Reference to Previous ASX Releases:

This document refers to the following previous ASX releases:

13th Nov 2018 - Argosy Upgrades Lithium Rincon Lithium Project JORC Resource

28th Nov 2018 - Argosy delivers exceptional PEA results for Rincon Project

11th Jan 2021 - Rincon Project JORC Exploration Target

8th Feb 2021 - \$30M Placement to Fund 2,000tpa Production

10th Feb 2021 - Clarifying 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: Rincon Lithium Project Location Map

