



# ARGOSY MINERALS LIMITED

## ASX ANNOUNCEMENT

29 July 2016

# QUARTERLY ACTIVITIES REPORT - JUNE 2016

## HIGHLIGHTS

- Entered into a Heads of Agreement to earn up to a 90% interest in an Argentinian joint venture company to be established to own the Rincon Lithium Project in Salta Province, Argentina.
- Executed a binding Option Agreement for up to a 12-month exclusive period to purchase the Mina Teresa and Pocitos Lithium Projects in Argentina.
- Successfully raised \$800,000 during the quarter to advance development of its lithium project portfolio.

## OBJECTIVES FOR SEPTEMBER 2016 QUARTER

- Formalise and execute the definitive Farm-In Joint Venture Agreement for the Rincon Lithium Project.
- Commence development test-works at the Rincon Lithium Project.
- Progress exploration works at the Mina Teresa and Pocitos Lithium Projects.



Figure 1. Argosy's Argentina Project Location Map





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### **EXECUTIVE SUMMARY**

Argosy Minerals Limited ("Argosy" or the "Company") has had a significant Quarter, whereby the Company implemented its previously highlighted strategy of expansion into lithium in Argentina with an aim to become a lithium developer and producer.

The Company has executed agreements on three strategic lithium projects in Argentina during the Quarter, with key relationships formed with the project vendors, following a meticulous identification and selection process.

#### **Rincon Lithium Project**

The Company signed a HOA and will now look to execute the definitive Farm-In Joint Venture Agreement for the Rincon Lithium Project with its strategic partner – Mr Pablo Alurralde, a pre-eminent lithium processing specialist. Argosy will progressively earn an increasing interest in the Project subject to meeting performance milestones associated with funding the development of the Project. The Company, with Mr Alurralde's expertise, is formulating a three-stage development plan to advance the Project, whereby

- Upon receipt of relevant regulatory approvals and permits, the Company will immediately commence works with the aim to produce a laboratory scale quantity of lithium carbonate equivalent (LCE) product;
- Pending successful laboratory scale production, conduct development works with an aim to produce a pilot plant scale quantity of LCE product;
- Pending successful pilot plant scale production, the Company will then consider the best development pathway to ultimately target commercial production from the Project.

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

The Company will conduct environmental studies during the current Quarter with an aim to commence pond construction and lining next Quarter.

However, it should be noted that the Heads of Agreement remains subject to due diligence and Argosy's election to enter into the definitive Farm-In Agreement is subject to shareholder approval under ASX Listing Rule 11.1.2. The Company will seek to obtain that approval as soon as possible.

#### **Mina Teresa and Pocitos Lithium Projects**

Argosy initially executed a HOA, then a binding Option Agreement with Ekeko S.A. granting the Company the exclusive right for a 12-month period to purchase the Mining Titles comprising the Pocitos and Mina Teresa Lithium Projects in Salta and Jujuy Provinces, Argentina.



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Argosy's 12-month exclusive option period to purchase, at any time during the option period, commences upon receipt of all necessary regulatory approvals and permits to conduct works in the project areas. The timing of this is expected to correspond with the general commencement of field operations in the Puna region following the extreme winter weather conditions of June and July.

The Company's strategy will then involve – in the short-term, geological exploration works – which if successful, will then lead to engineering and development work programs with the ultimate objective to prepare a bankable feasibility study for the Project(s).

During the current Quarter, pending receipt of regulatory approvals, the Company will conduct stage 1 exploration works – a trenching and sampling program to be completed over 3-4 months, targeting the delineation of a JORC Inferred Resource.

The Company will then aim to commence stage 2 exploration works during the latter stages of the next Quarter, involving geophysical surveying and drilling over an approximately six month period, culminating with the target of an updated JORC Resource.

### Corporate

The Company will be looking to enhance its own corporate position to accommodate this growth strategy, including strengthening the Board to add substantial experience, expertise and additional skills to add value across the board. Corporate structures are being considered to best generate long term value within the Company and these will begin to take shape over the next quarter as legal and tax advisors complete their work. The Company will increase its marketing campaign during the next Quarter in order to build market support.

During the Quarter the Company raised a total of \$800,000 (before costs) through the placement of 26,666,668 shares at \$0.03 per share. These funds were used for payment of the option fee for the Mina Teresa and Pocitos Projects, legal works associated with the Projects as well as working capital to advance the Company's projects.

The Company also converted 3 Convertible notes during the quarter, which resulted in the issue of 58,698,900 fully paid shares.

The Company held its Annual General Meeting during the Quarter.

### PROJECT BACKGROUND

The Company currently has interests in six projects:

- ✦ Rincon Lithium Project in Argentina – HOA, to enter into JV to earn up to 90%;
- ✦ Mina Teresa Lithium Project in Argentina- option to purchase 100%;
- ✦ Pocitos Lithium Project in Argentina - option to purchase 100%;
- ✦ Mt Paris Lithium Project in Tasmania - option to purchase 100%;
- ✦ Wee MacGregor Copper-Gold (& Cobalt) Project in Queensland - JV, earning up to 80%; and
- ✦ Erongo Graphite Project in Namibia – 100% interest.



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### Rincon Lithium Project

Argosy executed a Heads of Agreement with Mr Francisco Menendez and Mr Pablo Alurralde (the "Vendors") pursuant to which the Company and the Vendors will establish an Argentinian joint venture company (the "JV Entity") to own the Rincon Lithium Project in Salta Province and the Company will have the right to earn up to a 90% interest in the JV Entity. Refer to the announcement on 1 July 2016 – "*Argosy Signs HOA to Earn Interest in Argentinian Lithium Company*".

The Project has the following key characteristics:

- ✦ The Project lies within the Salar del Rincon – which is also currently being explored and developed by the Sentient Group.
- ✦ The Salar is located in the elevated and arid Puna region of Argentina and forms part of a number of highly mineralized Salar's in production and development, including, amongst others, NYSE-listed FMC Corp's Fenix operations at Hombre Muerto Salar, ASX-listed Orocobre Ltd's Olaroz operation, Lithea Inc's Pozuelos Project, Western Lithium Corp's Cauchari-Olaroz Project and Sentient Group's Rincon Project.
- ✦ Geological studies within the Salar show historical sample values that are promising for further studies to determine a potential development perspective.
- ✦ Historical data and records within the Project area has been investigated by Mr Alurralde, and will be used to assist with the Company's work programs.
- ✦ Evaporation rates are expected to be very effective, given UV is very high, with ~90% of all the days of the year being cloud free and the remainder of the year having minimal cloud cover, and an average rainfall of less than 5mm per year.
- ✦ High quality regional and site infrastructure, including the Pocitos industrial site, will facilitate project development, with road, rail, port facilities and power generation services such as electrical and natural gas.
- ✦ Potash and boron potential identified within Salar brines may assist in project economics and development strategy.

### Mina Teresa and Pocitos Lithium Projects

The Company made a US\$100,000 option fee payment, which provides Argosy up to a 12-month exclusive option period to purchase, at any time during the option period, 100% of the Mina Teresa and Pocitos Projects for US\$4,500,000. Argosy's election to exercise the option to purchase the Projects will be subject to shareholder approval under ASX Listing Rule 11.1.2. Refer to the announcement on 8 June 2016 – "*Argosy Executes Option Agreement on Lithium Projects*".

The Projects have the following key characteristics:

- ✦ The Mina Teresa Project consists of a 2,596Ha mining concession within the Salinas Grandes Salar in Jujuy Province.
- ✦ The Pocitos Project comprises three mining concessions totalling 2,132Ha within the Salar de Pocitos.

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- Historical data and records within the Project areas have been reviewed and will be used to assist with the Company's exploration works programs.
- The Salars are located in the elevated and arid Puna region of Argentina and form part of a number of highly mineralized Salares in production and development, including, amongst others, Pozuelos (Lithea Inc), Olaroz (Orocobre Ltd), Hombre Muerto (FMC Corp), Rincon (Sentient Group) and Cauchari-Olaroz (Western Lithium Corp).
- Geological studies show historical sample values that are promising for further test-work to determine options for potential production strategies.
- The Salar de Pocitos was explored in 2010, with a PhD thesis completed in 2014 on the solid facies showing potential for lithium, boron and calcite processing.
- Evaporation rates are expected to be very effective, given UV is very high, with ~90% of all the days of the year being cloud free and the remainder of the year having minimal cloud cover, and an average rainfall of less than 5mm per year.
- Access to a laboratory (ISO17025 accredited) and pilot plant equipment to complete the metallurgical and processing studies required to establish Mineral Resources, and Consultants highly skilled and experienced in lithium brine geology, geochemistry, plant design, extraction methodologies and product marketing will expedite the project.
- High quality regional and site infrastructure facilitating project development, with road, rail, port facilities and power generation services such as electrical and natural gas.
- Based on historical works, at least three different concentration processes may be considered - including fractional crystallization, membrane separation and solvent extraction.

### Mt Paris Lithium Project

The Mt Paris Lithium Project comprises one granted exploration licence covering an area of 115km<sup>2</sup>, located approximately 60km northeast of Launceston with access via the sealed Tasman Highway. Argosy executed a Heads of Agreement with Geotech International Pty Ltd in February 2016, granting the Company a two-year option period to purchase the Project.

The Project targets lithium mineralisation within the extensive greisen swarms located within the exploration licence. Previous explorers, all targeting tin mineralisation, classified the hard rock deposits into quartz-greisen veins, stanniferous greisen lodes surrounded by zones of kaolinite-altered granite, and flat-lying greisen sheets, which are all associated with the undulating granite roof-zone/cupola. The greisens and associated pegmatites are prospective for lithium micas (zinnwaldite), lithium pyroxene (spodumene) and lithium clays (hectorite).

The Company considers the Project to be highly prospective for lithium mineralisation, given the presence of fertile greisens and the indication of lithium mineralisation within those

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greisens and background granites, a similar geological setting to the Cinovec lithium deposit, and that no previous lithium exploration has been conducted within the Project.

### Wee MacGregor Copper-Gold Project

Argosy announced the Farm-in Joint Venture Agreement with Mining International Pty Ltd in November 2015 to earn up to an 80% interest in the Wee MacGregor Copper-Gold Project located in the world class Mt Isa base metals province in north-west Queensland. The Wee MacGregor Project comprises three granted mining licences located approximately 60km southeast of Mt Isa with access via the sealed Barkly Highway.

### Erongo Graphite Project (Area 51)

The Erongo (Area 51) Graphite Project is located in Namibia, approximately 275km northwest of the capital Windhoek.

The company has not made any final decision on its strategy for the Project, pending further review and considering funding opportunities.

### Schedule of Tenements

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

Tenement	Location	Beneficial Percentage held
EPL4079	Namibia	100%
EL19/2014 <sup>1</sup>	Tasmania	0% (option to purchase 100%)
ML90098 <sup>2</sup>	Queensland	0% (JV, earning up to 80%)
ML2504 <sup>2</sup>	Queensland	0% (JV, earning up to 80%)
ML2773 <sup>2</sup>	Queensland	0% (JV, earning up to 80%)
File 227-C-2004 (Mina Teresa) <sup>3</sup>	Argentina	0% (option to purchase 100%)
File 19457 (Pocitos 1) <sup>3</sup>	Argentina	0% (option to purchase 100%)
File 19458 (Pocitos 2) <sup>3</sup>	Argentina	0% (option to purchase 100%)
File 19463 (Pocitos 7) <sup>3</sup>	Argentina	0% (option to purchase 100%)
File 7272 (Mina Telita) <sup>4</sup>	Argentina	0% (HOA, to enter into JV to earn up to 90%)
File 14432 (Mina Chiquita 2) <sup>4</sup>	Argentina	0% (HOA, to enter into JV to earn up to 90%)

<sup>1</sup> Interest in mining tenement held by Geotech International Pty Ltd.

<sup>2</sup> Interest in mining tenement held by Mining International Pty Ltd.

<sup>3</sup> Interest in mining tenement held by Ekeko S.A.

<sup>4</sup> Interest in mining tenement held by Francisco Menendez

ENDS

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