

**ASX ANNOUNCEMENT**

31 October 2016

**QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2016**

**HIGHLIGHTS**

- ✦ Executed the definitive Farm-In Joint Venture 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.
- ✦ Successfully raised \$3 million from cornerstone strategic investors.
- ✦ Commenced development test-works at the Rincon Lithium Project.
- ✦ Acquisition of additional strategic Mining Titles for the Rincon Lithium Project.
- ✦ Key appointments of Alexander Molyneux as Non-Executive Chairman and Jerko Zuvela as Managing Director.

**OBJECTIVES FOR DECEMBER 2016 QUARTER**

- ✦ Continue development test-works at the Rincon Lithium Project.
- ✦ Incorporate Argentinian joint venture company (the “JV Entity”) for the Rincon Lithium Project.



Figure 1. Argosy’s Argentina Project Location Map



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### EXECUTIVE SUMMARY

Argosy Minerals Limited ("Argosy" or the "Company") had a significant Quarter (and subsequently) to date, whereby the Company continued its lithium development strategy in Argentina, executed critical agreements for the Rincon Lithium Project, made key corporate appointments and successfully completed a vital \$3 million capital raising at a significant premium to the share price at the time.

#### **Rincon Lithium Project - Argentina** (JV, earning up to 90%)

The Company executed the definitive Farm-In Joint Venture Agreement for the Rincon Lithium Project with its strategic partners – Mr Francisco Menendez and Mr Pablo Alurralde, a pre-eminent lithium processing specialist, following the signing of the HOA earlier in the Quarter. The Agreement provides for the Company and Vendors to establish an Argentinian joint venture company (the "JV Entity") to own the Rincon Lithium Project, and Argosy will have the right to earn up to a 90% interest in the JV Entity.

The Company recently executed a binding and exclusive option agreement to purchase an additional nine Mining Titles comprising approximately 460 hectares for the Project. Argosy will pay an upfront, non-refundable option fee of US\$50,000 and an additional US\$50,000 upon completion of specific regulatory items. Argosy can elect, at any time during the 18-month exclusive option period, to purchase any or all (or none) of the Mining Titles for a fee based on a purchase price of US\$2,414 per hectare. The Option Agreement also includes two additional Mining Titles (total of 120 hectares) that are subject to regulatory discrepancies, which if resolved within the option period, can be acquired on the same terms as noted above.

This significant milestone marks a further step towards achieving the Company's aim to develop the Rincon Lithium Project by increasing the project landholding for potential Stage 2 and 3 scale development works (pending prior stage success).

As such, with substantial funds in place and a strategic tenement portfolio secured within the Salar del Rincon, the Company approved the stage one pilot plant development plan and budget at the Project. The ultimate target for the first stage is to produce a laboratory scale quantity (targeting 100 – 150 tonnes) of lithium carbonate equivalent (LCE) product.

The targeted schedule of activities at the Rincon Lithium JV Project in order for the Company to earn the first stage 50% interest includes:

- ▶ environmental studies and regulatory approvals/permits – target completion during December 2016 Quarter;
- ▶ pond construction and associated works, including contractor tendering – target completion during March 2017 Quarter;
- ▶ pond lining and associated works – target completion during March 2017 Quarter;
- ▶ brine extraction, pumping, storage and transportation works - target completion end of September Quarter 2017;



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- ▶ pilot plant construction and test-works, including brine processing, analysis and laboratory treatment of the lithium concentrate - target completion end of September Quarter 2017;
- ▶ pending success of the stage 1 development works, produce LCE product - target completion during December Quarter 2017.

Pending successful laboratory scale production at Stage 1, the Company will consider commencing Stage 2 development works with an aim to produce a pilot plant scale quantity of LCE product (targeting up to 1500 tonnes), and increase its shareholding in the JV Entity to 77.5%.

For Stage 3, pending successful pilot plant scale production at Stage 2, the Company will consider the best development pathway to ultimately target commercial production from the Project and then earn its ultimate 90% interest in the JV Entity.

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 is progressing with the legal and administrative works to incorporate the Argentinian joint venture company (JV Entity), and expects this to be completed during the December Quarter.

### **Mina Teresa and Pocitos Lithium Projects - Argentina** (option to purchase 100%)

Argosy has a binding Option Agreement with Ekeko S.A. granting the Company the exclusive right for a 12-month period (to 3 September 2017) to purchase the Mining Titles comprising the Mina Teresa and Pocitos Lithium Projects in Jujuy and Salta Provinces, Argentina.

During the Quarter, the Company confirmed it had received regulatory approvals to commence exploration at all three mining concessions comprising the Pocitos Lithium Project in Salta Province, Argentina.

The Company acquired a substantial historical exploration data package over the central portion of the Salar de Pocitos, which covers part of the three mining properties of the Pocitos Lithium Project. The data comprises exploration conducted during 2010 to 2012, including extensive geochemical augur drilling and brine sampling, electrical geophysical surveying and interpretation, geological and stratigraphic mapping, and limited drilling.

Argosy engaged an independent consultant to review and evaluate the historical data, whereby the Company was advised that additional re-sampling and analysis is required for the consultant to provide a comprehensive recommendation on the Pocitos Lithium Project.

The Company continued to liaise with the vendors to obtain regulatory approvals to commence works at the Mina Teresa Lithium Project. Unfortunately, the Company is still waiting for the necessary approvals from the Jujuy government. Through its Argentinian legal advisors, the Company has been informed that the approvals process is extremely slow and



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protracted, however the Company will progress as best it can to obtain the approvals as required.

### **Wee MacGregor Copper-Gold (& Cobalt) Project - Queensland** (JV, earning up to 80%)

Argosy announced the Farm-in Joint Venture Agreement with Mining International Pty Ltd ("MIPL") in November 2015 to earn up to an 80% interest in the Project, located in the world class Mt Isa base metals province in north-west Queensland. The Project comprises three granted mining licences located approximately 60km southeast of Mt Isa.

Argosy has recently requested and subsequently received approval from MIPL to extend the minimum expenditure commitment requirement for an additional six months. The Company now has until 8 June 2017 to meet the \$250,000 minimum expenditure requirement, or unless the term is otherwise extended by mutual agreement.

As such, the Company will now work to prepare an exploration plan and budget for the Project, with a target to update the current JORC 2012 Mineral Resource estimate and Exploration Target delineated at the Project. Added focus of the proposed exploration plan will be greater emphasis on the cobalt mineralisation.

The Company will target for works to be conducted during the next quarter following planning works, budget approval, contractor availability and receipt of regulatory permits and approvals.

### **Mt Paris Lithium Project - Tasmania** (option to purchase 100%)

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.

Argosy will now work to prepare an initial preliminary exploration plan and budget for the Project, with a target to determine the general lithium prospectivity of the Project prior to the first anniversary of the HOA.

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

### **Erongo Graphite Project (Area 51) - Namibia** (100% interest)

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.



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### Corporate

#### *CHAIRMAN APPOINTMENT*

The Company appointed experienced resources executive, Mr Alexander Molyneux, as the Company's Non-Executive Chairman on 15 August. Mr Molyneux's experience and extensive international network will benefit the Company in its strategy to fast-track lithium production at its Argentinian projects.

Mr Molyneux's role at Argosy will be to assist the Company with its corporate development, as well as utilising his expertise, associates and relationships. As a Chinese language speaker and Hong Kong Permanent Resident, Mr Molyneux has deep relationships in Asia that are particularly relevant to the Company.

#### *MANAGING DIRECTOR APPOINTMENT*

The Company appointed Mr Jerko Zuvela to the role of Managing Director. Mr Zuvela will be responsible for continuing to advance the company's projects in Argentina and Australia, building the Company and delivering on its key strategies.

#### *CAPITAL RAISING*

The Company recently completed a share placement from a group of strategic investors to raise \$3,000,000. 100 million new shares were issued at a price of 3 cents per share, which represented a significant premium to the traded price prior to the placement.

The placement proceeds will be used primarily to advance the first stage of the Rincon Lithium Project development plan – to produce a laboratory scale quantity of lithium carbonate equivalent (LCE) product. The Company will also use the funds to progress its other projects and for general working capital requirements.

The cornerstone strategic investors have expressed support and longer-term commitment to the Company, our Rincon Lithium Project development plan, and ultimately, to target commercial production from the Project.

#### *OTHER*

The Company converted 15 convertible notes during the quarter, which resulted in the issue of 130,297,905 fully paid shares.

The Company held a General Meeting during the Quarter and lodged its Interim Financial Report (for the Half-Year ending 30 June 2016).



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### 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% (JV, earning up to 90%)
File 14432 (Mina Chiquita 2) <sup>4</sup>	Argentina	0% (JV, earning up to 90%)
File 1414 (Talisman) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 1904 (Nelly) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 1905 (Angelica) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 2889 (Maria) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 2890 (Irene) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 6343 (Tigre) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 6345 (Puma) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 100561 (Praga I) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 100562 (Praga II) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 100625 (Praga III) <sup>5</sup>	Argentina	0% (option to purchase 100%)
File 10626 (Praga IV) <sup>5</sup>	Argentina	0% (option to purchase 100%)

<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

<sup>5</sup> Interest in mining tenement held by Salonix SRL

**ENDS**

For more information on Argosy Minerals Limited and to subscribe for regular updates, please visit our website at [www.argosyminerals.com.au](http://www.argosyminerals.com.au), contact us via [admin@argosyminerals.com.au](mailto:admin@argosyminerals.com.au) or @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.

### ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with interests in the Rincon, Mina Teresa and Pocitos Lithium Projects in Argentina, the Mt Paris Lithium Project in Tasmania, the Wee MacGregor Copper-Gold (& Cobalt) Project in Queensland, and the Erongo Graphite Project in Namibia.

The Company is focused on its Argentinian lithium projects - potentially a game-changing proposition given the project locations within the world renowned "Lithium Triangle" - host to the world's largest lithium resources. Argosy is targeting a fast-track development and production strategy through expedited technical works, testing and studies.

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

