

30 October 2017

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2017

HIGHLIGHTS

- ◆ Fast-track development of Rincon Lithium Project on target – first battery grade LCE product planned for March 2018 Quarter
- ◆ Stage 2 development works progressing – ponds under construction and drilling commenced
- ◆ Upgraded schedule of works will increase Stage 1 plant capacity to approximately 500tpa of LCE product
- ◆ \$17 million raised via placement and SPP – Company fully funded to first production
- ◆ In-principle agreement for Argosy to move to 77.5% ownership in Rincon Lithium Project Joint Venture early
- ◆ Additional tenements comprising ~1,057Ha secured by Puna Mining S.A. for future Stage 3

KEY OBJECTIVES FOR DECEMBER 2017 QUARTER

- ◆ Continue fast-track development of Rincon Lithium Project
- ◆ Complete first set of Stage 2 evaporation ponds to commence lithium brine pumping and solar evaporation process
- ◆ Finalise construction of Stage 1 lab-scale pilot plant



Photos 1 & 2. Rincon Lithium Project – Exploration drilling core and Stage 1 evaporation ponds concentrating lithium brine.

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EXECUTIVE SUMMARY

Argosy Minerals Limited (“Argosy” or the “Company”) continued its fast-track development strategy at its Rincon Lithium Project in Argentina – achieving significant milestones during the Quarter, including commencing and progressing Stage 2 development works (incorporating initial pond construction works, and production and exploration drilling), successfully completed a \$17 million capital raising, and acquired additional landholdings (via Puna Mining S.A.) at the Rincon Project, all leading to the objective of first production of battery grade LCE product during the March 2018 Quarter and then subsequent operational expansion.

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

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

During the Quarter, Argosy further progressed development works at Rincon, with initial Stage 2 evaporation pond construction works currently in progress, which will result in a combined total of approximately 10 hectares of evaporation ponds to be utilised for the lithium brine concentration processes. Combined with the Stage 1 evaporation ponds already constructed – that have been concentrating lithium brine since April – the Company will have over 11 hectares of evaporation ponds concentrating lithium brine during the current peak solar evaporation season. The lithium brine concentrate is expected to be available for processing through the Stage 1 plant, and targeted to produce first LCE product during the March 2018 Quarter.

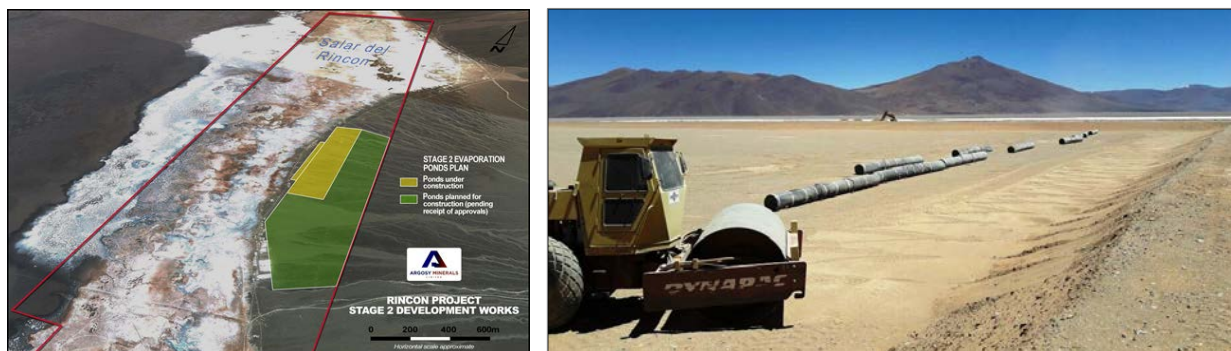


Figure 1 & Photo 3. Rincon Lithium Project – Stage 2 Evaporation Ponds Plan & Pond Construction Works

Drilling operations were commenced, where Argosy’s primary objective is to drill several production wells for pumping of lithium brine into the Stage 2 evaporation ponds currently under construction. In addition, exploration diamond drilling works to delineate a JORC-compliant Resource estimate – which is expected in early 2018.

The Company purchased and has now completely refurbished an industrial site to construct the Stage 1 pilot plant. Most of the plant and equipment required for this have already



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been ordered and purchased, and the Company is expecting the Stage 1 plant to be ready for preliminary operations by year-end, with scheduled plant capacity of up to 500 tonnes per annum of LCE product. The plant site will also include laboratory equipment for in-house analysis testing.

Natural solar evaporation conditions at the Project have increased considerably since September, and have resulted in better than expected lithium brine concentration and generation of lithium concentrate. The Company will keep reusing the Stage 1 ponds and continue re-filling with lithium brine so that solar evaporation processes ensure a continuous cycle for maximum lithium concentrate production, which will be processed through the Stage 1 pilot plant into final LCE product.

Acceleration of achievement of 77.5% shareholding in Rincon Lithium Project

In recognition of the accelerated commencement of Stage 2 development at Rincon (i.e., prior to completion of Stage 1), Argosy has reached an in-principle agreement with its project partners for an early move to a 77.5% interest in Puna Mining S.A. – the JV entity that owns the Rincon Lithium Project. This confirms the excellent working relationship between Argosy and its joint venture partners, namely lithium processing expert Pablo Alurralde. The Company expects to formalise the in-principle agreement with detailed documentation in the coming months.

Additional Properties

The Company (through Puna Mining S.A.) acquired two additional tenements – Mina Romulo and Mina Frodo - comprising a total of 1,056.9 hectares, which have been transferred to Puna Mining S.A. for nominal cost.

The Mina Romulo tenement comprises 947.9 hectares, which has been acquired (by Puna Mining S.A.) specifically for future Stage 3 development requirements. Mina Romulo provides a contiguous area of a scale that can be utilised for future construction of lithium brine evaporation ponds for Stage 3, which may entail up to 300 hectares, and to situate a large scale plant in the same location and within close proximity to Argosy's existing tenements within the Salar del Rincon.

The Rincon Lithium Project now comprises a landholding of up to 2,345.9 hectares of prospective lithium and associated infrastructure services tenements for future Stage 3 development and commercial production operations.

The Company continues to review and assess additional mining concessions prospective for lithium to further increase the Rincon Lithium Project landholding for a larger future production base.

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Figure 1. Rincon Lithium JV Project Location Map

Lithium Product Marketing Update

Argosy notes that spot lithium carbonate prices have increased by more than 50% year to date, with the bulk of that rise happening over the last few months. Analyst commentary and feedback through direct discussions with customers indicates an increasingly tight lithium market.

Argosy was and continues to be in active engagement with several industry leading participants in the lithium-ion battery sector. The Company is in a much stronger position for its current engagement with customers to pursue additional off-take arrangements and value-adding commercial agreements on enhanced terms for the benefit of Argosy, following its recent \$17 million capital raising and its targeted first production of battery grade LCE product, putting Argosy in a unique position as being the only new participant able to offer potentially high value, premium quality battery grade LCE product to its selected customer(s).

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.

Other

Argosy terminated the Subscription Agreement with Qingdao Qianyun High-tech New Material Co. Ltd. (“**Qianyun**”) that was announced on 17 August 2017 as part of a broader group of transactions that included off-take for battery grade LCE product from Rincon,



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due to certain conditions precedent to the Qianyun placement not being satisfied by their relevant expiry date.

Argosy determined that the alternative \$17 million Placement and Share Purchase Plan ("SPP") was preferred, in particular:

- ◆ The Issue Price represented a 112% premium to the price of the previously proposed Qianyun placement, meaning the Company's required development capital was raised with substantially less dilution to existing shareholders than previously proposed.
- ◆ The Placement and SPP were not subject to an uncertain, complex and time consuming Chinese regulatory approvals process.
- ◆ The Placement and SPP did not result in a major shareholder holding a potential 19.9% 'blocking stake' in the Company.

The Company subsequently received a request from Qianyun to terminate the two separate off-take agreements that had been entered into with them, despite not being within Qianyun's rights to terminate such off-take agreements.

The Company advised Qianyun that it will not accept the termination request and intends to engage in discussions with Qianyun in the near future. The Company confirms its position that, until they are validly terminated or amended, the Off-Take Agreements announced on 17 August 2017 remain in effect and are not conditional on completion of the Placement Agreement and do not confer termination rights on Qianyun without cause. The Company confirms that the Off-Take Agreements provide for customary dispute resolution and arbitration mechanisms to resolve disputes, which the Company may consider should it be unable to reach an agreement with Qianyun.

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

The Company has resolved to relinquish its interest in the Erongo Graphite Project, located in Namibia, with its interest held in EPL4079.

Mina Teresa and Pocitos Lithium Projects

Argosy advised that it did not exercise its Option Agreement with Ekeko S.A. to purchase the Mina Teresa and Pocitos Project properties ("Projects") prior to its expiry. As such, the Company has no further interest in these Projects.

Corporate

Placement and Share Purchase Plan

The Company completed a total \$17 million capital raising (less costs) via an equity placement (\$15m) to institutional and sophisticated investors, and a share purchase plan (\$2m) to eligible shareholders, via the total issue of 94,444,407 ordinary shares at a price of \$0.18 per share.



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Other

Argosy lodged its Interim Financial Report for the Half-Year Ended 30 June 2017 during the Quarter.

The Company will hold a General Meeting at 12.00pm (WST) on Monday, 6 November 2017. The Company will withdraw Resolutions 1- 4 as per the Notice of General Meeting lodged with ASX on 8 September 2017.

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% |
| File 7272 (Telita) ¹ | Salta, Argentina | 0% (JV, earning up to 90%) |
| File 14342 (Chiquita 2) ¹ | Salta, Argentina | 0% (JV, earning up to 90%) |
| File 1414 (Talisman) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 1904 (Nelly) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 1905 (Angelica) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 2889 (Maria) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 2890 (Irene) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 6343 (Tigre) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 6345 (Puma) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 100561 (Praga I) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 100562 (Praga II) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 100625 (Praga III) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 10626 (Praga IV) ² | Salta, Argentina | 0% (option to purchase 100%) |
| File 17902 (Reyna) ³ | Salta, Argentina | 0% (option to purchase 100%) |
| File 22850 (Romulo) ¹ | Salta, Argentina | 0% (JV, earning up to 90%) |
| File 22955 (Frodo) ¹ | Salta, Argentina | 0% (JV, earning up to 90%) |

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

² Interest in mining tenement held by Salonix SRL

³ Interest in mining tenement held by Colorado S.A. (50%) & Adela Reina Calpanchay/Cesar Augusto Cruz (50%)

ENDS

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.

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with an interest in the Rincon Lithium Project in Argentina.

The Company is focused on its flagship Rincon Lithium Project in Argentina – 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

