



## ASX ANNOUNCEMENT

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27 April 2018

# QUARTERLY ACTIVITIES REPORT – MARCH 2018

## HIGHLIGHTS

- ◆ Rincon Stage 1 industrial scale pilot plant operational
- ◆ Argosy now at 77.5% of Rincon JV ownership
- ◆ Fast-track development of Rincon Lithium Project continues
- ◆ Stage 2 development works continue to progress
  - ▶ Initial ~10Ha Stage 2 evaporation ponds filled with lithium brine – solar evaporation and lithium brine concentration in full effect
  - ▶ Construction commenced for remaining ~24Ha of Stage 2 lithium brine evaporation ponds
  - ▶ Exploration drilling works and data being prepared for JORC Resource estimate by independent hydrogeological consultant
  - ▶ Two production wells completed, test-works conducted, and continued lithium brine pumping into Stage 2 ponds
- ◆ Continued engagement with Asian and Middle East LCE end-users for potential off-take and Stage 3 investment
- ◆ Arrangements made with major international customers to be provided samples of battery grade LCE for quality specification

## KEY OBJECTIVES FOR JUNE 2018 QUARTER

- ◆ Continue Stage 1 industrial scale pilot plant lithium processing works to produce battery grade LCE product
- ◆ Progress construction works for additional ~24Ha of Stage 2 evaporation ponds
- ◆ Finalise initial JORC Resource estimate
- ◆ Progress works to prepare Preliminary Economic Assessment
- ◆ Execute purchase agreements for mining properties currently under option



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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 a major Stage 1 target of completing construction of the industrial scale pilot plant, conducting commissioning works and initial lithium brine concentrate processing test-works. In addition, the Company increased its ownership to 77.5% of Puna Mining S.A. – the JV entity that owns the Rincon Project, made substantial progress with Stage 2 development works, preparing the JORC resource estimate from the initial drilling campaign, and commenced works on the Preliminary Economic Assessment – all leading to the objective of successfully proving a chemical process solution for production of battery grade LCE product, and then subsequent operational expansion for targeted development of Stage 2 works (up to 1,500tpa) and Stage 3 full commercial 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, 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.

#### Stage 1 Industrial Scale Pilot Plant

During the Quarter, the Company advised of the initial start-up of Stage 1 industrial scale pilot plant operations, with plant commissioning and lithium brine concentrate processing test-works commenced.

The commissioning and test-works phase involves fine-tuning the chemical process pathway until production of in-specification quality battery grade LCE product is consistent and satisfactory for customer samples and subsequent initial commercial sales. The commissioning and test-works phase includes refining the chemical balances, formulations and equipment settings to not only ensure product quality consistency, but also to have the plant operating in the most effective and efficient manner to deliver into future sales agreements.

The Company’s Rincon Lithium Project personnel, headed by the Company’s JV partner – Mr Pablo Alurralde, are hastened to carry out commissioning and test-works to realise the ultimate principal milestone – a scalable, cost effective chemical process solution to produce battery grade LCE product for all development stages, for the joint venture and the Company.



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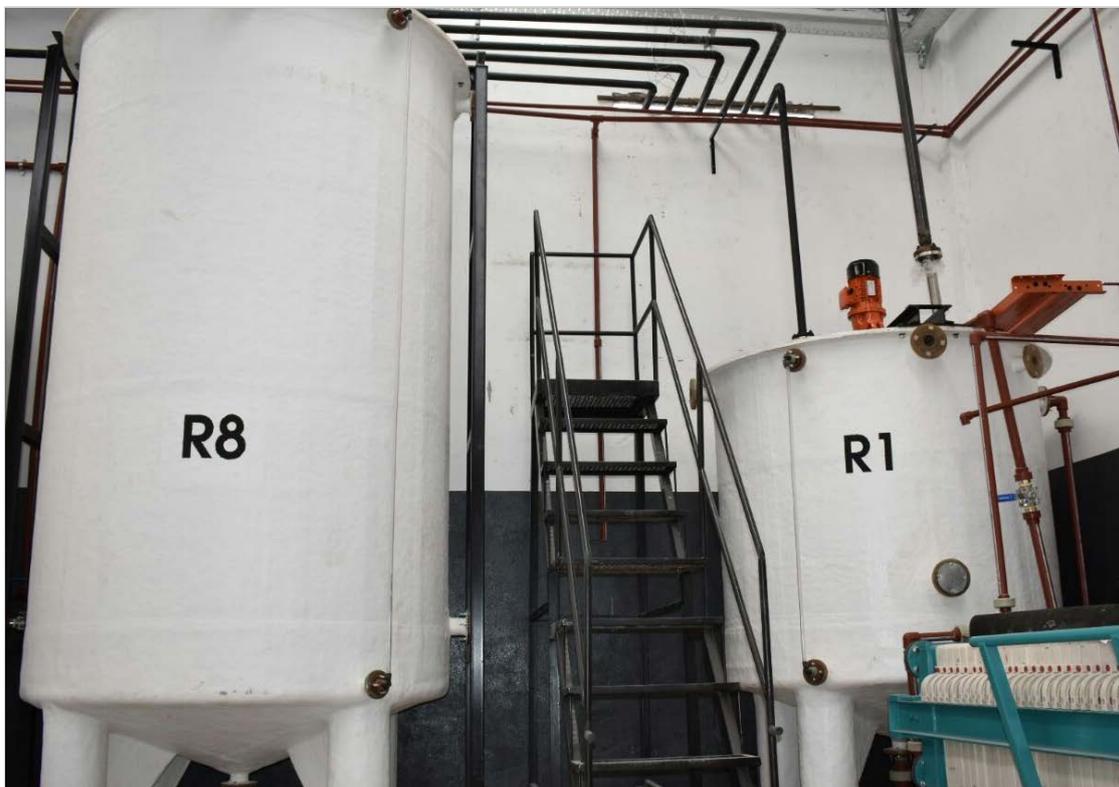


Figure 1. Rincon Lithium Project – Stage 1 industrial scale pilot plant operational

Off-take Arrangements and LCE Samples to International Customers

Argosy has made arrangements with a number of international cathode and battery industry participants to provide them with samples of battery grade LCE material produced from Rincon for their own quality confirmation and testing.

Given the early availability of product from Rincon derived from our fast-track, process-led development strategy, Argosy is in a unique position to be able to provide high quality product samples to potential customers at this time in our development plan.

The Company is currently working to progress a preliminary off-take arrangement for Stage 1 product and is also working towards arranging potential medium and long-term off-take agreements with the highest quality major battery and cathode industry participants as a result of having proven the quality of our Rincon Project battery grade LCE product.

Strategic Investor Update

In conjunction with the battery grade LCE product samples Asian end-users have requested, the Company has held several meetings with associated and other Japanese, Korean, Chinese and Middle Eastern groups to discuss Argosy's development strategy and propositions for the Rincon Lithium Project, including the potential to consider strategic investment funding, off-take or other value-adding commercial agreements in consideration for Stage 3 development of the Project.

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Argosy notes that any meetings or considerations in regard to any potential transactions are preliminary and there is no certainty that any agreement will be reached. The Company will update shareholders upon any further developments in this regard.

### Stage 2 Evaporation Pond Works

Argosy confirmed it had commenced site works for the construction of ~24 hectares of additional Stage 2 lithium brine evaporation ponds. These works will result in an additional eight evaporation ponds to complement the nine Stage 2 ponds currently in operation. The Company will then have a combined total of ~34 hectares of Stage 2 evaporation ponds.

The Company has agreed the budget and timeframe for these works with the pond construction contractor, who also completed the Company's already constructed evaporation ponds (see Figure 2 below). The Company is targeting that the additional Stage 2 evaporation ponds are operational for peak solar evaporation and lithium concentration by the start of the upcoming summer season.



Figure 2. Rincon Lithium Project – Stage 2 Evaporation Ponds & Plan

### Drilling Operations

The Company has conducted two concurrent phases of drilling operations – resource exploration drilling utilised a diamond drill rig to collect drill cores for porosity assessment and to obtain brine samples for resource estimation, and production well drilling using a rotary drill rig for construction of wells for pumping of lithium brine into the Stage 2 evaporation ponds.

### Resource Exploration Drilling

The eight drill-hole resource exploration drilling program was completed, with the final drill-hole (R6) being completed to a depth of 81.5m, due to poor down-hole ground conditions.

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The Company is now awaiting the final laboratory analysis results of the drill cores for porosity assessment and brine analysis, to then produce a Resource estimate for the Project that will be reported in accordance with JORC 2012 requirements.

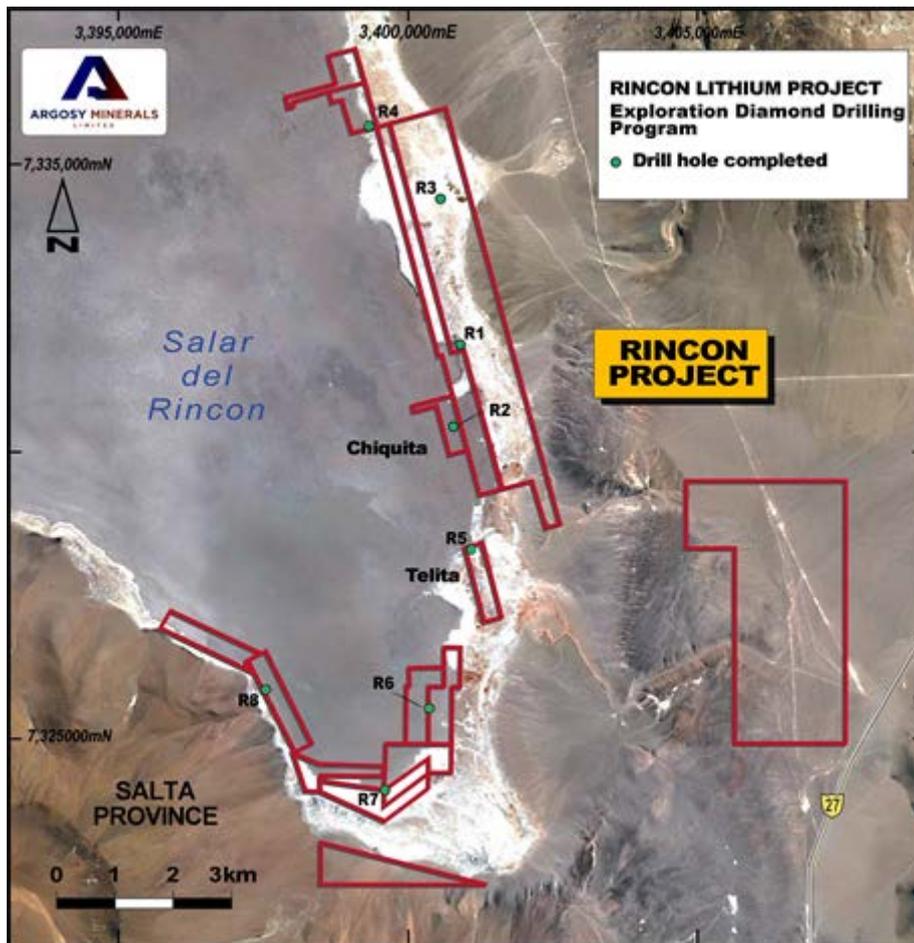


Figure 3. Rincon Lithium Project – Resource Diamond Drilling Program Drill-hole Location Map

*Production Well Drilling*

The Company completed two rotary drill-holes that are utilised as production wells, both wells being completed to a depth of 102.5m.

The first production well is at the same site as the R1 diamond drill-hole. The production well is installed with 8 inch PVC piping and screens in the hole drilled at a 17 inch diameter. This well has been operational since December 2017 and is supplying lithium brine to the constructed Stage 2 evaporation ponds. The initial pumping rate from this hole is highly encouraging and estimated at 20 l/s, to be confirmed by recent tests. Flow rates were measured from both step and constant rate tests.

The second production well is currently undergoing pump-tests to determine the flow rates, including step and constant rate tests. This well is a back-up and can be connected to piping to pump lithium brine into the Stage 2 evaporation ponds, when required.



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### PEA Works

The Company has engaged independent consultants to prepare a PEA for the Rincon Lithium Project, and is very encouraged by the works to date. The main items of the PEA will comprise:

- Hydrogeological data, with life of mine modelling, production and brine pumping parameters, mineral resources, borefield details;
- Capital and operating costs;
- Processing and engineering works;
- Financial analysis;
- Marketing analysis; and
- Financial analysis.

As part of the PEA works, the Company has consulted with its independent consulting hydrogeologists and decided to conduct an additional three exploration diamond drill-holes. The aim of the extra holes is to include more material in the Indicated category of the Mineral Resource estimate for the PEA. As such, the JORC Resource estimate works will be prepared in two parts using the current drilling data to prepare a maiden Mineral Resource estimate for Rincon, and then following the completion of the additional diamond drilling works, an updated Mineral Resource estimate will be prepared in conjunction with the PEA.

### Argosy Completes Increase in Rincon JV Ownership to 77.5%

During the Quarter, the Company executed a binding Second Earn-In Joint Venture Agreement with Mr Pablo Alurralde and Mr Francisco Menendez, confirming that Argosy now owns a 77.5% interest in Puna Mining S.A. – the entity that owns the Rincon Lithium Project.

The Company continues to have the right to ultimately earn a 90% interest in Puna Mining upon completing Stage 3 development of the Project.

All mining titles within Argosy's Rincon Lithium Project are either owned 100% by Puna Mining S.A. – our local joint venture entity, or Argosy has legal, secure, binding and exclusive option rights to fulfil the conditions and complete the 100% acquisitions of the properties.

The Company also 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.

### Lithium Product Market Update

Following recent lithium product supply media attention, Argosy notes that spot lithium carbonate prices maintain near recent highs, with the bulk of that rise happening over the last 6 - 9 months. Argosy's feedback through direct discussions with product users and most analyst commentary indicates an increasingly tight lithium market for 2018 and the next few years ahead (ie, the window within which Argosy aims to enter commercial production).

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The Company considers it is in a much stronger and unique position for its current engagement with potential customers due to being the only new participant able to offer potentially high value, premium quality battery grade LCE product directly via the spot market or potential off-take arrangements.

### Erongo Graphite Project (Area 51) - Namibia

The Company received formal confirmation from the Ministry of Mines and Energy in Namibia that the tenement EPL 4079, comprising the Erongo Project, has been fully relinquished.

### Corporate

The Company lodged its Annual Report to shareholders on 29 March 2018.

The Annual General Meeting for the Company will be held at 11:00am AWST on Monday, 14 May 2017 at the Conference Room of London House, Level 3, 216 St Georges Terrace, Perth, Western Australia.

The Company was notified that it had been included on the ASX All Ordinaries Index, effective from 19 March 2018.

### 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
File 7272 (Telita) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 14342 (Chiquita 2) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 22850 (Romulo) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 22955 (Frodo) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1414 (Talisman) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 1904 (Nelly) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 1905 (Angelica) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 2889 (Maria) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 2890 (Irene) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 6343 (Tigre) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 6345 (Puma) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 100561 (Praga I) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 100562 (Praga II) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 100625 (Praga III) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 10626 (Praga IV) <sup>2</sup>	Salta, Argentina	0% (option to purchase 100%)
File 17902 (Reyna) <sup>3</sup>	Salta, Argentina	0% (option to purchase 100%)
File 62308 (Tincal) <sup>4</sup>	Salta, Argentina	0% (option to purchase 100%)
Mining easement right (File 4128) <sup>4</sup>	Salta, Argentina	0% (option to purchase 100%)

<sup>1</sup> Interest in mining tenement held by Puna Mining S.A.

<sup>2</sup> Interest in mining tenement held by Salonix SRL

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

<sup>4</sup> Interest in mining tenement held by Colorado S.A.

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) or contact us via [admin@argosyminerals.com.au](mailto: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 a current 77.5% interest in the Rincon Lithium Project in Salta Province, Argentina.

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

