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ARGOSY MINERALS LIMITED

ASX ANNOUNCEMENT

30 October 2020

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2020

HIGHLIGHTS

- **Continued progress with LCE product end-users for potential commercial scale product offtake**
  - **500kg high purity lithium carbonate product sample – produced from the Company's industrial scale pilot plant – delivered to Japanese battery cathode end-user customer**
- **Argosy joins EBA250 network – the industrial development program of the European Battery Alliance**
- **Rincon industrial scale pilot plant and site operations continuing, producing high purity >99.5% Li_2CO_3 product**
- **Argosy progressing on preferred funding solution for the development capital requirement**
- **Regulatory approval/permit applications works continuing for enlarged ~10,000tpa commercial scale project development**
- **Clean technology validated with green credentials confirming very low energy and raw water requirements**
- **Argosy has the lithium processing expertise and knowledge to pursue a complementary commercial lithium carbonate and hydroxide production strategy**

KEY OBJECTIVES FOR DECEMBER 2020 QUARTER

- Continue negotiations with potential capital providers with an aim to implement a funding solution and commence construction works for ~2,000tpa Li_2CO_3 processing plant and associated development.
- Deliver additional high-quality >99.5% lithium carbonate product produced from industrial scale pilot plant operations into executed Sales Agreement.
- Our foremost priority is the health, safety and wellbeing of our staff, partners and community during the Covid-19 pandemic.

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Rincon Lithium Project – Argentina (77.5% JV interest, earning up to 90%)

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 -:

- Delivering a 500kg high purity (>99.5%) lithium carbonate product sample, produced from the Company's industrial scale pilot plant, to a Japanese battery cathode end-user customer - as part of the next phase of the product qualification process.

  The product sample testing regime is part of the extensive product supplier qualification process with end-user customers and battery cathode manufacturers, to ensure integrity with these groups' manufacturing process systems. This marks a strong intent that the Company's lithium carbonate product quality and specification should enable progress through the rigorous supplier qualification process of several battery cathode manufacturers, and further advances the Company's options for potential Stage 2 off-take arrangements, as part of the next stage of development of the Rincon Lithium Project.

- Continued to progress works necessary to prepare and submit the Environmental Impact Assessment application for the commercial scale 10,000tpa operation, with a target to submit the application and supporting documents during the December Quarter, with submission of the associated EIA soon thereafter.

  The application documents require comprehensive detail – covering environment, chemicals, community, and baseline studies.

- Continued industrial scale pilot plant operations and production of >99.5% Li_2CO_3 product – using the Company's exclusive, proprietary and successful environmentally clean and conventional chemical process technology, specially developed for our Rincon Lithium Project (compared to other junior and pre-development lithium companies, who are still at laboratory stage or considering untested/unproven direct lithium extraction techniques).

  Successful proof of chemical process technology in producing high purity (up to 99.94%) battery quality lithium carbonate product utilising the industrial scale pilot plant has proven (and considerably reduces the execution risks) that the Company will be able to deliver similar exceptional product quality results in both the ~2,000tpa and ~10,000tpa operations.

- Sustained validation of our chemical process technology confirming our environmentally clean and green credentials via a low emissions operation with a minimal carbon footprint, and low energy and raw water usage requirements.

  The chemical process technology developed for the Rincon Lithium Project will enable a low emissions operation with a small carbon footprint.

The Company has encountered delays to some of its operations as a result of increasing Covid-19 infections across Argentina in recent months. Fortunately, we are currently able to

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operate with regular on-going works at the project, operating within safe control measures implemented by the Company and following government regulations.

As per the Company's core strategy to continue delivering outcomes that will enhance our value proposition, Argosy's focus and priority will continue being the ~2,000tpa modular lithium carbonate processing plant operation as the next step in the scale-up development of the Rincon Lithium Project.

As such, the Company has continued discussions for the 2,000tpa capex funding solution with a preferred group, however this has been hindered due to Covid-19 related issues and the general poor lithium market conditions. The Company will continue progressing with the preferred funding group to try to resolve a successful funding solution amenable to both parties. In addition, the Company has also received separate full capex funding proposals with other groups. All options and proposal will be reviewed to determine their suitability for our specific requirements, ensuring no unwarranted risk to the Company or capital structure. The Company continues to focus on closing the funding arrangement and remains positive for a successful outcome.

Company executives held meetings and presented to European and North American battery and lithium industry participants, to further advance interest for potential off-take arrangements and/or strategic relationships. Such interest is based on Argosy's validated and demonstrated ability to produce high quality lithium carbonate and lithium hydroxide products.

Based on the Company's progress to date at the Rincon Lithium Project and potential synergies within Europe, Argosy was accepted into the EBA250 network – the industrial workstream of the European Battery Alliance.

Europe has been a key focus area for recent funding and investor interest. European investors and participants in the battery supply chain are recognising Argosy's chemical processing technology expertise, clean/green credentials, and advanced project development status. Europe is fast becoming a major growth hub for the sector with substantial government support (noting the pipeline of battery mega-factories due for construction).

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

The development strategy and work programme for the Company's highly prospective Tonopah Lithium Project ("TLP"), located in Nevada, USA - strategically located near Albemarle's Silver Peak operation – have been deferred until the Covid-19 pandemic eases in USA.

The Company remains excited by the potential future development of the Tonopah Lithium Project. The US market is fast becoming a major growth market for the EV industry, with growing support from the Government via the critical minerals act, plans to support investment in automobile infrastructure, improving battery technology, and EV purchases. Tonopah is perfectly positioned to capitalise on this market, and the Company is eager to commence works on the project once funding is secured for the Rincon Lithium Project.

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Lithium Market Update

Market conditions in the lithium sector were challenging during the September quarter, with lithium prices having stabilised, following the fall in prices seen over the first two quarters of 2020, which is due to the impact of Covid-19 across the industry and an inventory overhang of lithium raw materials and chemicals.

The general lithium market thematic started to improve during the quarter with various industry participants calling the bottom to lithium prices. Demand improved during the quarter with EV car manufacturing plants back on line, along with cathode manufacturers.

Recent supply-side curtailments may lead to a tightening of raw material availability for some customers in the near term, and with EV car sales exceeding expectations, together with the push by global automotive companies towards the design and production of new EV models regaining momentum, are all encouraging for the long-term sustainability of the lithium industry.

Lithium carbonate prices based on CIF North Asia remained unchanged for the quarter at USD6,500/tonne, whilst DDP China lithium carbonate prices closed the quarter at CNY40,700tonne. Chinese domestic lithium prices have continued to increase into October, achieving a 19 week high due to tighter availability and stronger demand. Lithium hydroxide prices traded marginally down for the quarter closing at USD9,000/tonne. Spodumene prices for FOB Australia continued to trade down for the quarter closing at USD375/tonne*.

Despite industry consensus of an impending material increase in lithium demand over the next decade, current low lithium prices are threatening the ability of new and existing producers to meet this demand within the timeframe required. Australian spodumene producers continue to operate at a reduced capacity. Tier one lithium carbonate producers have delayed expansions or temporarily shut production. With the marginal cost of production for many new developments being above current market prices, it continues to be extremely difficult to obtain debt and/or project financing. Lithium prices will need to increase in the short-term to ensure new capacity can be added in time to meet extraordinary future demand requirements.

The lithium market has suffered a setback due to Covid-19, however the medium to long term outlook remains positive and continues to be further reinforced with increasing government regulation and funding.

Argosy's strategy to construct a 2,000tpa operation will benefit from the changing dynamics of the lithium market over the coming year. The targeted scale operation will enable an uncomplicated and speedy pathway to production ahead of many other potential producers. Longer term, Argosy's lithium processing expertise to produce battery quality lithium carbonate and the potential for a complementary lithium hydroxide production pathway, will provide the Company with a wider range of growth opportunities.

Underlying all of this is Argosy's expertise, having designed its own proprietary and successful environmentally friendly chemical process technology to produce battery quality

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lithium carbonate with low impurities. This places Argosy in an enviable position compared to its peers, ready to be the next lithium carbonate producer.

* All lithium price references in this section are sourced from S&P Global Platts.

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 and Argentine Governments.

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.

CSR Programme

The Company has undertaken broad range CSR initiatives within the Salta Province, focusing on delivering on its CSR policies that begun in 2017, and building relationships with the community in the Salar del Rincon region and the local community.

Since this time, the Company has developed long-term relationships with the community and stakeholders as well as creating long lasting benefits. The Company has adapted elements of the programme due to Covid-19 developments.

Argosy continues making a valuable contribution to the local communities through its CSR programme and will continue supporting local communities in developing a sustainable economic environment with long lasting benefits.

Summary

The milestones achieved this Quarter reinforce that Argosy continues to genuinely deliver on its 'fast-track' lithium development strategy, particularly with the work completed to qualify our lithium carbonate product with potential customer end-users. Argosy remains confident that key upcoming milestones and achievements will prove successful to demonstrate the long-term sustainability of the Rincon Lithium Project and allow progress toward commercial scale development.

The Company is in a strong financial position with cash reserves of ~$3.63 million (as at 30 September 2020), and will maintain prudent financial management. Argosy will also consider further cash preservation measures as required.

Corporate

The Company lodged its Half Year Financial Report.

During the Quarter, the total expenditure of approximately $214,000 was provided to Puna Mining to fund the continued development works at the Rincon Lithium Project (as per ASX Listing Rule 5.3.2).

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Exploration and evaluation expenditure conducted during the Quarter was $104,000, related to annual tenement fees for the Tonopah Lithium Project (as per ASX Listing Rule 5.3.1).

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, approximately $91,000 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.

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

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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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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.

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.

Competent Person's Statement – Rincon Lithium Project

The information contained in this ASX release relating to Exploration Results has been prepared by Mr Jerko Zuvela. Mr Zuvela is a Member of the Australasian Institute of Mining and Metallurgy and 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. Mr Zuvela is the Managing Director of Argosy Minerals Ltd and 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.

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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: AGY's Argentina Project Location Map



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