

28 October 2022

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2022

HIGHLIGHTS

- **Rincon 2,000tpa Li_2CO_3 operation development – 97% of total development works complete**
 - **Commissioning works 81% complete and successfully producing primary lithium product**
 - **Steady-state lithium carbonate production operations scheduled during next quarter**
- **Resource expansion & production well drilling works progressing – target is to materially expand current JORC Indicated Resource, and increase project mine-life & future annual production capacity**
- **Continued positive lithium market sentiment supporting Argosy's multi-project development and production strategy**
- **Executive leadership and technical team enhanced with appointments of Chief Operating Officer and Chief Engineer**
- **Strong financial position with cash reserves of ~\$34 million at 30 September 2022**



Figure 1. Rincon Lithium Project – 2,000tpa Operation



ASX ANNOUNCEMENT

OVERVIEW

Argosy Minerals Limited ("Argosy" or the "Company") continued its fast-track development strategy at the Rincon Lithium Project ("Rincon") in Argentina, and progressed exploration works at the Tonopah Lithium Project in Nevada, USA, achieving significant milestones during the Quarter, including -:

- 2,000tpa lithium carbonate process plant development works progressing, with 97% of scheduled works completed. The Company is on track to achieve first battery quality lithium carbonate product, with current commissioning works at 81% completion, which have successfully produced primary lithium product.
- Resource expansion diamond drilling and production well drilling works progressing at Rincon targeting potential to materially expand the current JORC Indicated Mineral Resource, delineate a brine Ore Reserve, increase project mine-life and future annual production capacity.
- Continued strong lithium market fundamentals supporting formal progress with several strategic groups for lithium carbonate off-take arrangements and related strategic capital funding proposals for the 10,000tpa operation expansion at Rincon.
- Environmental Impact Assessment approval process – to develop an additional 10,000tpa Li_2CO_3 operation, supplementing the 2,000tpa operation – progressing with the Salta Province's Mining Secretary's department to conclude final requirements prior to approval.
- Rising international lithium carbonate prices supporting very positive lithium market sentiment, further enabling potential to realise Argosy's multi-project lithium production development strategy.

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, located within the Salar del Rincon in Salta Province, Argentina, in the world renowned "lithium triangle". The Project is a JV partnership with pre-eminent lithium processing expert Pablo Alurralde. His extensive historical works within the Project area and the Salar, together with successful works completed to date have established a well-defined pathway to target commercial production of battery quality LCE product.

2,000tpa Lithium Carbonate Operation Development

The 2,000tpa lithium carbonate production operation total development works are 97% complete, comprising three main phases of works - design, construction, and commissioning. The design phase works are completed, the construction phase is at 98% completion, whilst plant commissioning works are 81% complete.

The Company is on track to achieve first battery quality lithium carbonate product, with current commissioning works successfully producing primary lithium product.

ASX ANNOUNCEMENT



Figure 2. Rincon Lithium Project – 2,000tpa Operation Commissioning Works

Rincon Resource Expansion & Production Well Drilling Works

The Company has conducted production well rotary drilling and resource expansion exploration diamond drilling works. Two production wells and up to six exploration drill sites were planned.

The production well rotary drilling program was completed, with two production wells drilled to a depth of 350m. Pump testing works have been completed for one well where 5 brine samples were also collected, whilst pump testing and brine sampling works are commencing on the second well. These works will facilitate the preparation of a brine Ore Reserve estimate and subsequent completion of an upgraded feasibility study.

The exploration diamond drilling program is progressing well, with the initial drill site location having three boreholes completed to depths of 151m, 411m and 411m. The first two boreholes were sampled – with 11 core samples and 31 brine samples collected, whilst the third borehole was utilised solely for downhole geophysical logging. The key aim of the resource expansion exploration diamond drilling program is to increase the current JORC Indicated Mineral Resource estimate at the project.

Strategic Developments

The Company continued advancement with several global groups on strategic investment propositions being presented for the next stage 10,000tpa capex funding solution and associated 2,000tpa and 10,000tpa off-take arrangements.

The Company is targeting timing for the funding solution to coincide with the 10,000tpa Environmental Impact Assessment regulatory approval (or near this time), and in the lead up to 2,000tpa lithium carbonate production operations.



ASX ANNOUNCEMENT

With the 2,000tpa operation fully funded and progressing toward production operations, and the Company's nil debt position, Argosy has the financial flexibility to assess varying strategic investment and off-take proposals to ensure a favourable outcome for future project expansion beyond the next stage 12,000tpa capacity, and cooperation opportunities for mutual strategic and economic benefit.

10,000tpa Environmental Impact Assessment Process

The Company submitted its Environmental Impact Assessment (EIA) for an additional 10,000tpa lithium carbonate production operation to the department of the Salta Province Secretary of Mining, who is currently processing the report.

Argosy and Puna Mining senior executives held meetings with Salta government officials to ensure effective finalisation of the Company's EIA approval process, with the Company maintaining regular communication seeking to expedite official approval receipt. The Company remains confident of a positive outcome.

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

The Company's highly prospective Tonopah Lithium Project is strategically located near Albemarle's Silver Peak operation in Nevada, USA. Argosy is progressing its exploration works via geophysical processing, analysis and interpretation works to define priority lithium brine targets and select drill sites for planned exploration drilling works to determine the lithium brine potential at the project.

Lithium Market Update

Lithium prices maintained their record highs during the quarter. Strong demand persisted, driven by a scarcity of lithium carbonate and competition for lithium supplies among auto makers intensifying. Significant growth in EV sales remains the most material driver for future lithium demand.

S&P Platts lithium carbonate price CIF North Asia is currently trading at US\$74,000/t, whilst DDP China lithium carbonate prices increased 16% to CNY544,000/t (US\$75,817/t#).

Benchmark Mineral Intelligence (BMI) lithium carbonate (minimum 99.5% Battery Grade) prices EXW China is currently trading at US\$75,125/t and lithium carbonate (minimum 99.0% Technical Grade) price EXW China is currently at US\$71,725/t.

China remains the leading consumer of lithium and battery manufacturing. EV battery installations in China for September increased to 31.6GWH, representing a year-on-year increase of 101%.

Lithium carbonate prices remain well supported by the strong demand for LFP batteries. LFP batteries accounted for 64% of all EV batteries installed in September, compared to 36% NCM batteries.

ASX ANNOUNCEMENT

The implementation of the Inflation reduction Act in the US is anticipated bolster future EV supply chain and sales. To boost immediate EV sales in the US, the clean vehicle credit was amended to a US\$7,500 tax credit for new EV's.

The demand for lithium is anticipated to remain strong driven by the strong EV sales growth. There are a growing number of factors assisting the transition to EV's - including (1) growing global government policy/tax incentives, (2) advancements in battery technology, (3) high oil prices, (4) improving EV user experiences, and (5) increasing non-EV battery demand.

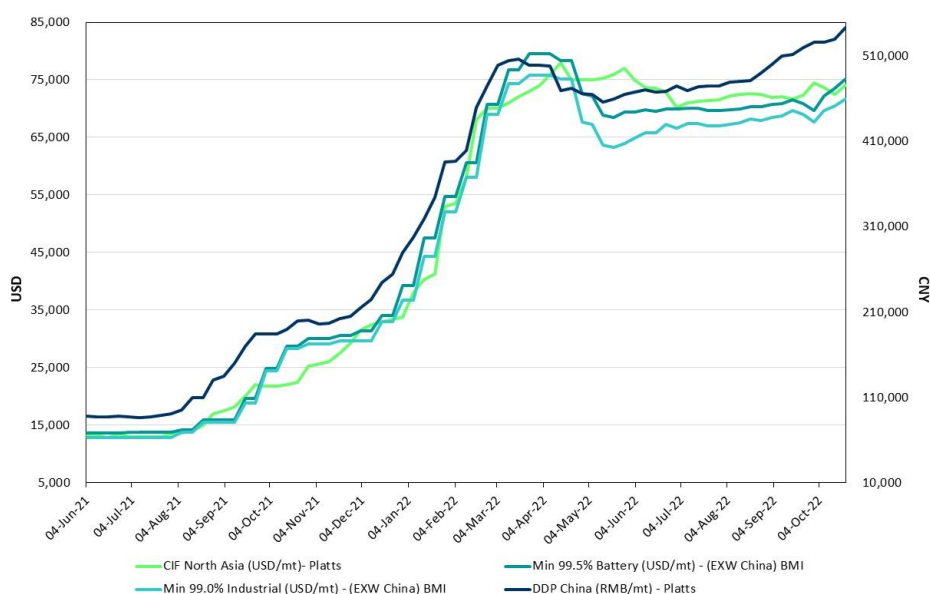


Figure 3. Lithium Carbonate Prices

Current lithium prices remain very positive for the near-term start-up of Argosy's 2,000tpa operation and are expected to deliver robust returns, providing a significant economic benefit for the planned 10,000tpa expansion operation. Beyond this, the growing acknowledgement amongst market participants of a growing structural supply deficit positions Argosy well to take advantage of current and future lithium prices via the 2,000tpa operation, planned 10,000tpa expansion and the potential for additional future expansions.

USD/CNY 7.18

Corporate & Social Responsibility Programme

The Company has undertaken broad range CSR initiatives within the Salta Province and reinforced its CSR strategies with a focus on local communities in the Puna region as a priority, and remains committed to supporting the local communities through jobs and training. The Company is also focused on procuring goods and services locally as it undertakes development of the 2,000tpa operation.

Argosy is proud of its valuable contribution through its CSR programme, and will continue supporting local communities in developing a sustainable economic environment with sustaining benefits.



ASX ANNOUNCEMENT

Corporate

The Company increased its executive leadership and technical team with the appointments of a Chief Operating Officer and Chief Engineer. Argosy is continuing its recruitment process to appoint a Chief Financial Officer and additional key executives to assist with production operations of the 2,000tpa facility and delivery of the 10,000tpa expansion operation.

The Company is in a strong financial position with cash reserves of ~\$34 million (as at 30 September 2022).

During the Quarter, total expenditure of approximately \$4.79 million was provided to Puna Mining to fund the continued development works at the Rincon Lithium Project (as per ASX Listing Rule 5.3.2).

Exploration and evaluation expenditure conducted during the Quarter was ~\$49,000 (as per ASX Listing Rule 5.3.1).

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, approximately \$158,000 in payments were made to related parties and their associates, for director salaries, consultancy fees and superannuation (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%)



ASX ANNOUNCEMENT

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

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.

For further information:

Jerko Zuvela
Managing Director

T | +61 8 6188 8181

E | admin@argosyminerals.com.au

W | www.argosyminerals.com.au

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.

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.

Competent Person's Statement – Rincon Lithium Project

The information contained in this ASX release relating to Exploration Targets, Exploration Results and Mineral Resource Estimates has been prepared by Mr Duncan Storey. Mr Storey is a Hydrogeologist, a Chartered Geologist and Fellow of the Geological Society of London (an RPO under JORC 2012). Mr Storey 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.

Duncan Storey is an employee of AQ2 Pty Ltd and an independent consultant to Argosy Minerals Ltd. Mr Storey 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.



ASX ANNOUNCEMENT

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.

ASX Listing Rules Compliance

The Mineral Resources information contained in this ASX release is extracted from the report entitled "Argosy Upgrades Lithium Rincon Lithium Project JORC resource" dated 13 November 2018, available at www.argosyminerals.com.au and www.asx.com. 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.

Argosy advises references to the Company's current target of producing 2,000tpa of high purity battery quality lithium carbonate product at the Rincon Lithium Project should be read subject to and clarified by the Company's current intention that the 2,000tpa production target does not extend beyond a two-year period from the Clarifying Announcement (lodged 10th February 2021, available at www.argosyminerals.com.au and www.asx.com).

At the conclusion of the two-year period, it is the Company's current intention that, subject to feasibility, finance, market conditions and completion of development works at the Rincon Lithium Project, the Company's 10,000tpa production target will apply. The current 2,000tpa production target is intended to form a modular part of the 10,000tpa operation from its commencement.

Argosy further advises that references in this ASX release in relation to the 10,000tpa production target are extracted from the report entitled "Argosy delivers exceptional PEA results for Rincon Project" dated 28 November 2018, available at www.argosyminerals.com.au and www.asx.com. Argosy confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and, in the case of the Production Target, Mineral Resources or Ore Reserves contained in the Announcement, that all material assumptions and technical parameters underpinning the estimates in the PEA 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 PEA announcement.

Reference to Previous ASX Releases:

This document refers to the following previous ASX releases:

13th Nov 2018 - Argosy Upgrades Lithium Rincon Lithium Project JORC Resource

28th Nov 2018 - Argosy delivers exceptional PEA results for Rincon Project

11th Jan 2021 - Rincon Project JORC Exploration Target

8th Feb 2021 - \$30M Placement to Fund 2,000tpa Production

10th Feb 2021 - Clarifying Announcement

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.

ASX ANNOUNCEMENT

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: Rincon Lithium Project Location Map

