

**ASX ANNOUNCEMENT**

30 January 2023

## QUARTERLY ACTIVITIES REPORT – DECEMBER 2022

### HIGHLIGHTS

- Rincon 2,000tpa  $\text{Li}_2\text{CO}_3$  operation development – 98% of total development works complete
  - Commissioning works 90% complete and successfully producing battery quality 99.76% lithium carbonate during current commissioning and production test-works
- Ramp-up phase of continuous lithium carbonate production operations scheduled during current quarter and advancing toward steady-state production operations by end of Q2-CY2023
- Argosy on-track to become only the 2<sup>nd</sup> ASX-listed battery quality lithium carbonate producer
- Strong progress with strategic arrangements for off-take and capex funding for 10,000tpa operation expansion
- Pre-development works progressing for 10,000tpa operation expansion
- 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 project development and production strategy
- Strong financial position with cash reserves of ~\$36.6 million at 31 December 2022



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



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### 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 98% of scheduled works completed and current commissioning works at 90% completion – successfully producing battery quality 99.76% lithium carbonate product during commissioning and production test-works.
- 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  $\text{Li}_2\text{CO}_3$  operation, supplementing the 2,000tpa operation – progressing, with the Company targeting formal approval from the Salta Province's Mining Secretary's department during this quarter.
- 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.
- Rising international lithium carbonate prices supporting very positive lithium market sentiment, further enabling potential to realise Argosy's growing 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 98% complete, and comprise three main phases of works - design, construction, and commissioning. The design and construction phase works are effectively completed.

The plant commissioning works are 90% complete, have produced ~1 tonne of battery quality lithium carbonate product, and have advanced toward full integration of plant and systems commissioning, and progressing toward the production ramp-up phase.

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The Company is targeting to complete the ramp-up phase and achieve steady-state production operations by end of Q2-CY2023.



**Figures 2-3. Rincon Lithium Project – 2,000tpa Operation Commissioning Works**

### 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 aiming for the strategic funding and off-take arrangements to be finalised 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.

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.

In addition, the Company received regulatory approval to construct an additional 20 hectares of evaporation ponds, which are currently in construction. The initial 10-hectare primary pond has been constructed and is commencing brine pumping operations. The remaining ponds are due for construction completion by the end of this quarter.

The Company is also conducting pre-development works for the 10,000tpa operation, with renewable energy/power sourcing arrangements progressing, continuing drilling operations for industrial water usage, and preparing engineering/scheduling works.

### 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, including Governor Saenz and Production Minister de los Rios whilst in Salta, and Mining Secretary Sassarini and her executive team during their visit to Sydney, to ensure effective



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finalisation of the Company's EIA approval process. The Company is also maintaining regular communication with these regulatory authorities seeking to expedite official approval receipt, and based on recent progress, the Company remains confident of a positive outcome and is targeting formal approval receipt during the current quarter.

### 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 have been planned.

The production well rotary drilling program was completed, with two production wells drilled to depths of 350m. Pump testing and brine sampling works have been completed for both wells, with results awaited. 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, with two drill sites conducted to date. The first exploration drill site location had 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 second exploration drill site location has a borehole with drilling in progress, at a current depth of 384m.

Both current exploration drill sites have exceeded the planned initial target depth of 300m. The key aim of the resource expansion exploration diamond drilling program is to increase the current JORC Indicated Mineral Resource estimate at the project.

### **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 remained strong during the quarter, with growing expectations across the market that supply will remain tight over 2023 and lithium prices maintaining their record highs. 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\$72,200/t, having reached a high of US\$78,000/t during the quarter. DDP China lithium carbonate prices are CNY460,000/t, having reached a high of CNY590,000/t during the quarter.



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Benchmark Mineral Intelligence (BMI) lithium carbonate (minimum 99.5% Battery Grade) prices were recently quoted as CIF Asia (spot) at US\$76,000/t, EXW China (battery) at CNY489,500/t, and EXW China (technical) at CNY460,500/t.

The record high lithium prices achieved during the December quarter were largely a result of the strong underlying demand for EV's and the increasing speed of transition from ICE to EV vehicles. China, the world's largest car market, saw the biggest gains in this transition to EV's. During the 2022 calendar year, total plug-in sales increased 95.6% to 6.9 million vehicles, representing 26% of all vehicle sales. The USA also witnessed a large take-up with total plug-in vehicle sales increasing 60% from 2021, with a total of 927,000 sales (>5% of total vehicle sales), whilst Europe saw total sales of 1.7 million vehicles, an increase of 15%. S&P Global Mobility forecasts up to ten million EV's to be sold this year worldwide, which would make up 14% of the total new vehicle sales for 2023, up from 10% in 2022.

In the US, the Inflation Reduction Act (IRA) is set to result in significant investment in the battery and EV market. The IRA has seen US\$7.5 billion committed for a national network of 500,000 EV chargers and extended tax credits for vehicle purchases. President Joe Biden wants half of all new passenger vehicle sales in the U.S. to be electric vehicles by 2030. This year will see automakers source or process at least 40% of their EV battery components in USA or countries the USA has a free trade agreement, increasing to 100% in 2029. All of which is incentivising automakers to make material investments in the transition to EV manufacturing and move supply chains back to USA.

Lithium prices are forecast to remain high during 2023 supported by strong demand for EV and energy storage, and also, a growing concern amongst industry experts that supply will be unable to meet the market's demand requirements. According to Bloomberg, total spot value of lithium consumption increased to US\$35 billion in 2022, up from US\$3 billion in 2020. Whilst BMI believe lithium supply will need to increase from 2022 levels of 678,000t to 4 million tonnes by 2035, an increase of 3.322 million tonnes. To achieve this, BMI believe this would translate to the requirement for an additional 59 lithium mines with an average size of 45,000tpa LCE by 2035.

Argosy is well positioned with strong lithium prices being 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.

### 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.

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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.

### Corporate

The Company has increased its executive leadership and technical team, and is continuing its executive recruitment process 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 ~\$36.6 million (as at 31 December 2022).

During the Quarter, total expenditure of approximately \$4.71 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 ~\$118,000 (as per ASX Listing Rule 5.3.1).

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, approximately \$147,000 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) <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>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1904 (Nelly) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1905 (Angelica) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 2889 (Maria) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 2890 (Irene) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6343 (Tigre) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6345 (Puma) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100561 (Praga I) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100562 (Praga II) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100625 (Praga III) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 10626 (Praga IV) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 17902 (Reyna) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 62308 (Tincal) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6681 (San Marcos) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
File 7215 (Jujuy) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)

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File 14970 (San Jose) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
Mining easement right (File 4128) <sup>1</sup>	Salta, Argentina	77.5% (JV, earning up to 90%)
Mining easement right (File 15698) <sup>1</sup>	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%

<sup>1</sup> 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](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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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



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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.

### 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](http://www.argosyminerals.com.au) and [www.asx.com](http://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 10<sup>th</sup> February 2021, available at [www.argosyminerals.com.au](http://www.argosyminerals.com.au) and [www.asx.com](http://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](http://www.argosyminerals.com.au) and [www.asx.com](http://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:

13<sup>th</sup> Nov 2018 - Argosy Upgrades Lithium Rincon Lithium Project JORC Resource

28<sup>th</sup> Nov 2018 - Argosy delivers exceptional PEA results for Rincon Project

11<sup>th</sup> Jan 2021 - Rincon Project JORC Exploration Target

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

10<sup>th</sup> Feb 2021 - Clarifying Announcement



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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: Rincon Lithium Project Location Map

