

ASX ANNOUNCEMENT

31 May 2017

DRILLING TO COMMENCE AT RINCON PROJECT

HIGHLIGHTS

- Initial Stage 2 development works to commence at Rincon Lithium Project ahead of schedule
- Drilling works planned, targeting delineation of JORC Code-compliant resource
- Brine test-works to be conducted
- \$1 million placement completed, funds received. Strong interest in SPP.

Argosy Minerals Limited (ASX: AGY) ("**Argosy**" or "**Company**") is pleased to advise that it plans to commence drilling works at the Rincon Lithium JV Project located in the "Lithium Triangle" in Salta Province, Argentina.

Argosy's primary objective of the initial drilling operations is to delineate a JORC Code-compliant resource within the Project area and conduct brine test-works. These drilling works - originally scheduled during Stage 2 development, however with additional funding in place and the recent acquisition of additional land holdings (pending successful completion of due diligence works) - are being brought forward to fast-track Stage 2 development of the Project.

The drilling works will comprise exploration and production wells ranging in depths up to approximately 100 metres. The site of each drill-hole is strategically selected for maximum utilisation, including brine pumping for upcoming Stage 2 operations.

The brine test-works are fundamental to evaluate and confirm the capacity of the salar to yield brine and measure lithium resources, and will include transmissivity and porosity measurement, and determine expected flow rates.

Additional shallow depth drilling will also be carried out to detect fresh water sources in the project area. These works will assist in determining the location for construction of additional evaporation ponds, which are expected to commence shortly.

Argosy expects to receive all necessary regulatory permits and approvals to commence the drilling operations during June.

Argosy Managing Director, Jerko Zuvela, commented: "*Argosy is delighted to commence initial Stage 2 development works well ahead of schedule. The Company is committed to fast-tracking development of the Project, and with strong interest for our strategy and oversubscribed placement completed, we believe we are right on track to becoming a sustainable lithium production Company.*"

Commencing drilling operations at this early stage is a key event that the Company expects to shorten the overall timeline between obtaining the results of Stage 1 lithium carbonate equivalent ("**LCE**") production and being able to move to Stage 2 volumes.

ASX ANNOUNCEMENT

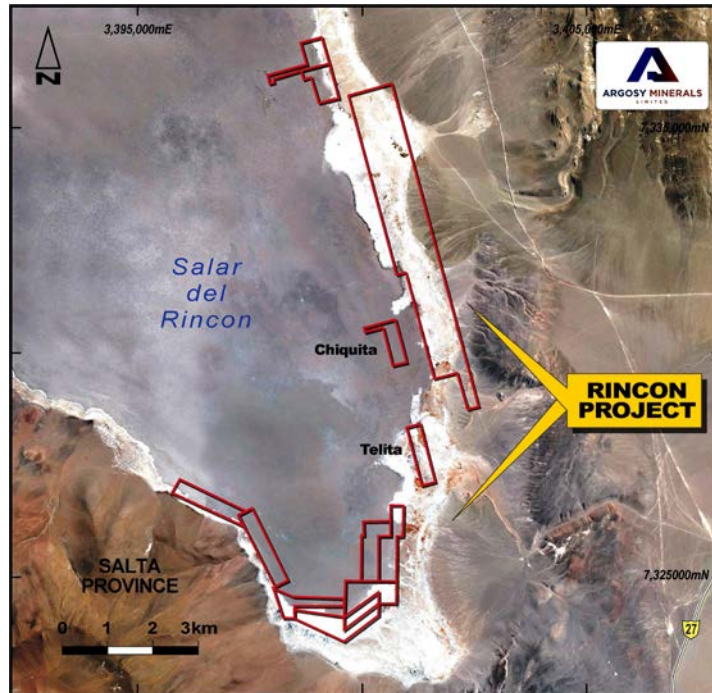


Figure 1. Rincon Lithium Project Location Map.

Argosy also confirms the placement announced on 23 May 2017 (“**Placement**”), has been completed. The Placement, which involved the issue of 13,698,630 fully paid ordinary shares at an issue price of \$0.073 per share (“**Placement Shares**”) to institutional and sophisticated investors, raised \$1 million (before costs). The Placement Shares have been allotted in a single tranche.

The Share Purchase Plan is currently on-going, will raise a further \$1 million, and is fully underwritten by Patersons Securities Limited.

The current targeted schedule of activities at the Rincon Lithium JV Project in order for the Company to earn the first stage 50% interest includes:

Stage 1 Works Schedule	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Environmental studies and regulatory approvals/permits	█					
Pond construction and associated works, including contractor tendering	█	█				
Pond lining and associated works		█	█			
Brine extraction, pumping, storage and transportation works		█	█	█		
Pilot plant construction and test-works, including brine processing, analysis and laboratory treatment of the lithium concentrate		█	█	█	█	
Pending success of the stage 1 development works, produce LCE product					█	█

Argosy will also commence initial Stage 2 development works with an aim to produce a larger quantity of LCE product (targeting up to 1000 - 1500 tpa), and increase its shareholding in the JV Entity to 77.5%.

For Stage 3, pending successful targeted production at Stage 2, the Company will consider the best development pathway for commercial scale production from the Project and then earn its ultimate 90% interest in the JV Entity.

The Company is confident that the Rincon Lithium Project has a clear conceptual pathway to lithium production, with historical results and Mr Alurralde’s previous operating and

ASX ANNOUNCEMENT

production experience from the Project area and over the broader Salar del Rincon justifying the fast-track approach.

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.

For further information:

Jerko Zuvela
Managing Director

T | +61 8 9226 4500

E | admin@argosyminerals.com.au

W | www.argosyminerals.com.au

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 interests in the Rincon, Mina Teresa and Pocitos Lithium Projects in Argentina, and the Erongo Project in Namibia.

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

