ARGOSY MINERALS
LIMITED

ABN 27 073 391 189

ANNUAL REPORT
31 DECEMBER 2016

Argosy Minerals Limited
Table of Contents
31 December 2016

Argosy Minerals Limited
Corporate Directory
31 December 2016

Directors	Alexander Molyneux Jerko Zuvela Ranko Matic Malcolm Randall	Non-Executive Chairman Managing Director Non-Executive Director Non-Executive Director
Company Secretary	Andrea Betti	
Registered Office	Level 3 216 St Georges Terrace Perth WA 6000	
Contacts	Ph: 08 9226 4500 Fx: 08 9226 4300 www.argosyminerals.com.au	
Auditors	Rothsay Chartered Accountants Level l, Lincoln Building 4 Ventnor Avenue WEST PERTH WA 6005	
Share Registry	Automic Registry Services Level 2 267 St Georges Terrace PERTH WA 6000 08 9324 2099	
ASX Listing	ASX:AGY	

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Argosy Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 31 December 2016.

Directors

The following persons were directors of Argosy Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Alexander Molyneux (appointed 15 August 2016)
Mr Jerko Zuvela
Mr Ranko Matic
Mr Malcolm Randall (appointed 3 March 2017)
Ms Andrea Betti (resigned 3 March 2017)

Principal activities

The principal activity of the Group during the period was the development of exploration projects for lithium, base metals, graphite and other mineral commodities. No significant change in the nature of this activity occurred during the financial period.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The net loss for the consolidated entity after providing for income tax amounted to $665,268 (31 December 2015: $321,565 profit).

CORPORATE

Capital Raisings and Share Issues

In May 2016, the Company raised $800,000 through a capital raising from sophisticated and professional investors and issued 26,666,667 shares at an issue price of $0.03 on 26 May 2016 to enable the Company to consider additional lithium opportunities. At the same time the Company issued 1,000,000 shares with a deemed issue price of $0.021 per share, to a service provider for services rendered to the Company in lieu of a cash payment.

On 1st June 2016, the Company issued 58,698,900 shares upon the conversion of three convertible notes (and accrued interested on these notes) at an issue price of $0.002, upon received conversion notices, as per the terms of the Convertible Notes.

On 12th August 2016, the Company issued 130,297,905 shares upon the conversion of the remaining convertible notes (and accrued interest) at an issue price of $0.002 as per the terms of the Convertible Notes.

On 20th October 2016, the Company announced it had completed a placement of $3,000,000 with the issue of 100,000,000 shares at an issue price of $0.03 per share to sophisticated and professional investors with funds to be used to progress the development of the Rincon Project.

Board Changes

On 15th August 2016, the Company appointed Mr Alexander Molyneux as the Non-Executive Chairman of the Company, replacing Mr Ranko Matic as Chairman, with Mr Matic remaining on the Board as a Non-Executive Director. Subsequent to year end on the 3rd of March 2017, the Company accepted the resignation from Ms Andrea Betti as a Non-Executive Director and the Company then appointed Mr Malcolm Randall as a new Non-Executive Director. Ms Betti has remained with the Company as Argosy's Company Secretary.

EXPLORATION

Argosy Minerals Limited is an Australian based mineral exploration company with interests in the Rincon, Mina Teresa and Pocitos Lithium Projects in Argentina. Other projects included the Mt Paris Project in Tasmania, the Wee MacGregor Project in Queensland and the Erongo Project in Namibia.

Subsequent to the reporting period, the Company has terminated the Heads of Agreement for the Mt Paris Project in Tasmania and the Farm-In Agreement for the Wee MacGregor Project in Queensland.

Argosy Minerals Limited – Argentina Lithium Project Location Map

Rincon Lithium Project

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, Argentina - in the world renowned "lithium triangle". The Project, currently comprising up to 654 hectares of mining concessions, 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 lithium carbonate equivalent ("LCE") product production.

The Company executed the definitive Farm-In Joint Venture Agreement ("Agreement") with Mr Francisco Menendez and Mr Pablo Alurralde (the "Vendors") pursuant to which the Company and the Vendors will establish an Argentinian joint venture company (the "JV Entity") to own the Rincon Lithium Project in Salta Province, Argentina, and the Company will have the right to earn up to a 90% interest in the JV Entity. Refer to the announcement on 20 September 2016 – "Rincon Project JV Agreement Executed*".*

Argosy will progressively earn an increasing interest in the Project subject to meeting performance milestones associated with funding the development of the Project. The Company, with Mr Alurralde's expertise and direction, has formulated a three-stage development plan to advance the Project, subject to receipt of relevant regulatory approvals and permits.

The 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					■	■

Pending successful laboratory scale production at Stage 1, the Company will consider commencing Stage 2 development works with an aim to produce a pilot plant scale quantity of LCE product (targeting up to 1500 tonnes), and increase its shareholding in the JV Entity to 77.5%.

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

The Company continues to review and assess additional mining concessions prospective for lithium for the Rincon Lithium JV Project to increase the Project landholding in preparation for potential Stage 2 and 3 development works.

The Company is confident that the Rincon Project has a clear conceptual pathway to lithium production, with historical results and Mr Alurralde's previous operating and production experience from the Project and over the broader Salar del Rincon justifying the fast-track approach.

The Company is continuing works to progress with the legal and administrative works to fully incorporate the Argentinian joint venture company (JV Entity), and establish all other administrative functions to ensure the effective operations of the local Company.

Mina Teresa and Pocitos Lithium Projects

Argosy has a binding Option Agreement with Ekeko S.A. granting the Company the exclusive right for a 12-month period (to 3 September 2017) to purchase the Mining Titles comprising the Mina Teresa and Pocitos Lithium Projects in Jujuy and Salta Provinces, Argentina.

The Projects have the following key characteristics:
- The Mina Teresa Project consists of one mining concession (File Number 227-C-2004) within the Salinas Grandes Salar in Jujuy Province.
- The Pocitos Project comprises three mining concessions (File Numbers 19457, 19458 & 19463) within the Salar de Pocitos.
- Historical data and records within the Project areas have been reviewed and will be used to assist with the Company's exploration works programs.

Argosy's strategy to advance the Projects will involve obtaining any necessary regulatory permits and approvals. The Company may conduct geological, engineering and development work programs with the ultimate objective to prepare a bankable feasibility study for the Project(s).

During the reporting period, the Company confirmed it had received regulatory approvals to commence exploration at the three mining concessions comprising the Pocitos Lithium Project in Salta Province, Argentina.

The Company acquired a substantial historical exploration data package over the central portion of the Salar de Pocitos, which covers part of the three mining properties of the Pocitos Lithium Project. The data comprises exploration conducted during 2010 to 2012, including extensive geochemical augur drilling and brine sampling, electrical geophysical surveying and interpretation, geological and stratigraphic mapping, and limited drilling.

Argosy engaged an independent consultant to review and evaluate the historical data, whereby the Company was advised that additional re-sampling and analysis is required for the consultant to provide a comprehensive recommendation on the Pocitos Lithium Project.

The Company continued to liaise with the vendors to obtain regulatory approvals to commence works at the Mina Teresa Lithium Project. Unfortunately, the Company is still waiting for the necessary approvals from the Jujuy government. Through its Argentinian legal advisors, the Company has been informed that the approvals process is extremely slow and protracted, however the Company will progress as best it can to obtain the approvals as required.

Mt Paris Project

The Mt Paris Project comprised one granted exploration licence covering an area of 115km², located approximately 60km northeast of Launceston with access via the sealed Tasman Highway. Argosy executed a Heads of Agreement with Geotech International Pty Ltd in February 2016, granting the Company a two-year option period to purchase the Project.

The Company has, subsequent to the end of the reporting period, terminated the Heads of Agreement for the Mt Paris Project.

Wee MacGregor Project

Argosy announced the Farm-in Agreement with Mining International Pty Ltd in November 2015 to earn up to an 80% interest in the Wee MacGregor Project located in Queensland. The Wee MacGregor Project comprises three granted mining licences located approximately 60km southeast of Mt Isa with access via the sealed Barkly Highway.

The Company has, subsequent to the end of the reporting period, terminated the Heads of Agreement for the Wee MacGregor Project.

Erongo Project

The Erongo Project is located in Namibia, approximately 275km northwest of the capital Windhoek. The company has not made any final decision on its strategy for the Project, pending further review.

Schedule of Tenements

The schedule of tenements held by the Company as at 30 March 2017 is shown below.

Tenement	Location	Beneficial Percentage held
EPL4079	Namibia	100%
EL19/2014[1]	Tasmania	0% - HOA terminated
ML90098[2]	Queensland	0% - Farm-In Agreement terminated
ML2504[2]	Queensland	0% - Farm-In Agreement terminated
ML2773[2]	Queensland	0% - Farm-In Agreement terminated
File 227-C-2004 (Mina Teresa)[3]	Argentina	0% (option to purchase 100%)
File 19457 (Pocitos 1) [3]	Argentina	0% (option to purchase 100%)
File 19458 (Pocitos 2) [3]	Argentina	0% (option to purchase 100%)
File 19463 (Pocitos 7) [3]	Argentina	0% (option to purchase 100%)
File 7272 (Mina Telita) [4]	Argentina	0% (JV, earning up to 90%)
File 14432 (Mina Chiquita 2) [4]	Argentina	0% (JV, earning up to 90%)
File 1414 (Talisman) [5]	Argentina	0% (option to purchase 100%)
File 1904 (Nelly) [5]	Argentina	0% (option to purchase 100%)
File 1905 (Angelica) [5]	Argentina	0% (option to purchase 100%)
File 2889 (Maria) [5]	Argentina	0% (option to purchase 100%)
File 2890 (Irene) [5]	Argentina	0% (option to purchase 100%)
File 6343 (Tigre) [5]	Argentina	0% (option to purchase 100%)
File 6345 (Puma) [5]	Argentina	0% (option to purchase 100%)
File 100561 (Praga I) [5]	Argentina	0% (option to purchase 100%)
File 100562 (Praga II) [5]	Argentina	0% (option to purchase 100%)
File 100625 (Praga III) [5]	Argentina	0% (option to purchase 100%)
File 10626 (Praga IV) [5]	Argentina	0% (option to purchase 100%)

[1] Interest in mining tenement held by Geotech International Pty Ltd.
[2] Interest in mining tenement held by Mining International Pty Ltd.
[3] Interest in mining tenement held by Ekeko S.A.
[4] Interest in mining tenement held by Francisco Menendez
[5] Interest in mining tenement held by Salonix SRL

Matters subsequent to the end of the financial year

On 31 January 2017, the Company had advised that it had engaged Airguide International Pte Ltd as its Strategic Adviser, as part of its lithium development strategy.

On 14 February 2017, the Company advised it had commenced pond excavation and construction works at its Rincon Project.

On 16 February 2017, the Company advised that it had terminated the Heads of Agreement with Geotech International Pty Ltd regarding the option to purchase the Mt Paris Project in Tasmania.

On 3 March 2017, the company announced the appointment of Malcolm Randall as a Non-Executive Director, replacing Andrea Betti, who resigned, but will remain as Company Secretary.

On 20 March 2017, the Company announced it had entered into an MOU with CCK International Group Co Ltd which provides scope for the Company and CCK to work together whereby CCK may invest to facilitate the funding of Argosy's Stage 2 development on works at their Rincon Project in Argentina.

On 27 March 2017 the Company announced it had decided to withdraw from the Wee MacGregor Project and terminate the Farm-In Agreement.

On 28 March 2017 the Company announced it had completed pond excavation works and were continuing with the construction of the ponds.

On 31 March 2017 the Company announced it had entered into an MOU with Shanghai GreatPower Industry Co Ltd which will provide scope for the Company and Shanghai GreatPower to work together whereby Shanghai GreatPower may invest to also facilitate the funding of the Stage 2 development on works at the Rincon Project in Argentina.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity holds participating interests in a number of mining and exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the year ended 31 December 2016.

Information on directors

Name:	Alexander Molyneux
Title:	Non-Executive Chairman
Qualifications:	B. Ec
Experience and Expertise:	Mr. Alex Molyneux is an experienced resources industry executive. He currently serves as CEO of uranium producer, Paladin Energy Limited (ASX:PDN). He is a Co-Founder of Azarga Resources Group and Non-Executive Chairman of Azarga Metals Corp. (TSX-V:AZR). He was previously President, CEO and Director of SouthGobi Resources (TSX:SGQ, HKEX:1878) (2009 - 2012), an Ivanhoe Mines Group company, and a Non-Executive Director of Goldrock Mines Corp. (2012 - 2016). Prior to joining SouthGobi, Mr. Molyneux had a 10-year career as a natural resources investment banker, including as Managing Director, Head of Metals and Mining Investment Banking, Asia for Citigroup.
Other current directorships:	None
Former Directorships (in last 3 years)	None
Special Responsibilities:	None
Interests in Shares:	10,016,657 Ordinary Shares 5,000,000 Unlisted Options expiring 31/12/2018 and exercisable at $0.03 10,000,000 Performance Rights

Name:	Jerko Zuvela
Title:	Managing Director
Qualifications:	B.Sc (Applied Geology)
Experience and Expertise:	Mr Jerko Zuvela has over 20 years experience in Australia and internationally, during which time he has held senior executive positions in public listed and unlisted companies including for Kangaroo Resources Limited as Chief Geologist, Strike Resources Limited as General Manager Operations and Fireside Resources Limited as Chief Geologist. Mr Zuvela is a Chartered

	Professional (Geology) Member of the Australian Institute of Mining and Metallurgy.
Other current directorships:	Discovery Africa Limited (ASX:DAF) appointed 24/11/2015
Former Directorships (in last 3 years)	Dromana Estate Limited (ASX:DMY) now known as Fastrack Robotics Limited (ASX:FBR) appointed 15/11/2011, resigned 14/01/2016.
Special Responsibilities:	None
Interests in Shares:	68,696,260 Ordinary Shares

Name:	Ranko Matic
Title:	Non-Executive Director
Qualifications:	B. Bus, CA
Experience and Expertise:	Mr. Ranko Matic is a Chartered Accountant with over 25 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic is a director of a chartered accounting firm and a corporate advisory company based in Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Mr Matic is currently a director of several ASX listed companies and has also acted as Chief Financial Officer and Company Secretary for companies in the private and public sector. Mr Matic currently holds company secretarial roles with publicly listed companies including Antilles Oil and Gas NL, Paladin Energy Ltd, Summit Resources Ltd, Celsius Coal Limited, and East Energy Resources Ltd.
Other current directorships:	Celsius Resources (ASX:CLA) appointed 23/12/12 East Energy Resources Ltd (ASX:EER) appointed 13/7/2007 Antilles Oil and Gas NL (ASX:AVD) appointed 12/02/2016
Former Directorships (in last 3 years)	Antilles Oil and Gas NL (ASX:AVD) appointed 11/4/14, resigned 15/8/14, re-appointed 12/02/2016 Valmec Ltd (ASX:VMX) appointed 6/2/2012 and resigned 7/3/2017.
Special Responsibilities:	None
Interests in Shares:	26,704,305 Ordinary Shares

Name:	Malcolm Randall
Title:	Non-Executive Director (appointed 3 March 2017)
Qualifications:	B.ApChem FAICD
Experience and Expertise:	Malcolm Randall holds a Bachelor of Applied Chemistry degree and has more than 45 years' of extensive experience in corporate, management and marketing in the resources sector, including more than 25 years with the Rio Tinto group of companies. His experience has covered a diverse range of commodities including potash (brine), iron ore, base metals, uranium, mineral sands and coal. Mr Randall has held the position of chairman and director of a number of ASX listed companies.
Other current directorships:	Kalium Lakes Limited (ASX:KLL) appointed 14/7/16 Thundelarra Limited (ASX:THX) appointed2001 Summit Resources Limited (ASX:SMM) appointed 30/5/07 Magnetite Mines (ASX: MGT) appointed 4/10/06
Former Directorships (in last 3 years)	MZI Resources Limited (ASX:MZI) appointed 2009and resigned 22/11/16 Iron Ore Holdings Limited (ASX:IOH) appointed 2003 resigned 7/10/14
Special Responsibilities:	None
Interests in Shares:	200,000 Ordinary Shares

Name:	Andrea Simone Betti
Title:	Non-Executive Director (resigned 3.3.2017) and Company Secretary
Qualifications:	BCom, CA, MBA, Grad Dip in Finance/Investment; Grad Dip in Corporate Governance
Experience and Expertise:	Ms. Andrea Betti is an accounting and corporate governance professional with over 18 years' experience in accounting, corporate governance, finance and corporate banking. She has a Bachelor of Commerce, Graduate Diploma in Corporate Governance, Graduate Diploma in Applied Finance and Investment and a Masters of Business Administration. Ms Betti has acted as Chief Financial

	Officer and Assistant Company Secretary for companies in the private and public sector, as well as senior executive roles in the banking and finance industry.
Other current directorships:	None
Former Directorships (in last 3 years)	Argosy Minerals Limited (appointed 28.10.15 and resigned 3.3.2017)
Special Responsibilities:	None
Interests in Shares:	Nil

'Other current directorships' quoted above are current directorships for Australian listed entities only and excludes directorships of all other types of entities, unless otherwise stated. 'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for Australian listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2016, and the number of meetings attended by each director were:

Director	Meetings Eligible to Attend	Meetings Attended
Alex Molyneux	1	1
Jerko Zuvela	2	2
Ranko Matic	2	2
Andrea Betti	2	2
Malcolm Randall	-	-

Remuneration report (audited)

The remuneration policy of Argosy Minerals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The board of Argosy Minerals Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain high calibre executives and directors to run and manage the Group

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information

Principles used to determine the nature and amount of remuneration

Non-executive directors' remuneration

The Group's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time to time the Group may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Group. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting.

Executive remuneration

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Consolidated entity performance and link to remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end. No market based performance remuneration has been paid in the current year.

Group performance, shareholder wealth and directors' and executives' remuneration
The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives' performance. Currently, this is facilitated through the issue of options to executives to encourage the alignment of personal and shareholder interests. No market based performance remuneration has been paid in the current year.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, 99.99% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			**Post-emp benefits**	**Long-term benefits**	**Share-based payments**	
	Cash salary and fees	**Termination**	**Non-Monetary**	**Super-annuation**	**Long Service Leave**	**Payments**	**Total**
2016	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Exec Directors							
Alex Molyneux	-	-	-	-	-	-	-
Ranko Matic*	88,000	-	-	-	-	-	88,000
Andrea Betti**	-	-	-	-	-	-	-
Non-Exec Directors							
Jerko Zuvela	226,563	-	-	5,937	-	-	232,500
	314,563	-	-	5,937	-	-	320,500

* Ranko Matic is a director and shareholder of Bentleys Corporate Advisory (Bentleys). Bentleys was paid $88,000 in relation to directorship, corporate secretarial and accounting services performed.
** Andrea Betti is an employee of Bentleys. The fees in relation to her services for directorship, corporate secretarial and accounting services are included in the above.

	Short-term benefits			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**	
	Cash salary and fees	**Termination**	**Non-Monetary**	**Super-annuation**	**Long-Service Leave**	**Payments**	**Total**
2015	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Exec Directors							
Frank Knezovic*	-	-	-	-	-	-	-
Ranko Matic	-	-	-	-	-	-	-
Jerko Zuvela	-	-	-	-	-	-	-
Andrea Betti	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

* Mr Frank Knezovic resigned on 28 October 2015

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2016	2015	2016	2015	2016	2015
Non-Executive Directors:						
Alex Molyneux	0%	-	0%	-	0%	-
Ranko Matic	0%	0%	0%	0%	0%	0%
Andrea Betti	0%	0%	0%	0%	0%	0%
Frank Knezovic	-	0%	-	0%	-	0%
Executive Directors						
Jerko Zuvela	0%	0%	0%	0%	0%	0%

Service agreements
The employment conditions of the Managing Director, Mr Jerko Zuvela, are formalised in an executive service agreement. Mr Zuvela's agreement is a fixed 36 month agreement from 1 October 2016. After the Initial Term, the agreement continues until a party terminates it by giving notice.

Either party may terminate the agreement, without cause, by giving 3 months notice. The Company can also terminate the agreement summarily, and without notice or compensation, in circumstances of serious misconduct or breach by the Executive.

Upon termination, the Executive is subject to a 12 month non-competition covenant, whereby the Executive must not: engage in, directly or indirectly, through any person in an enterprise, company or firm; or carry on a substantially similar activity to that of the Company's business. The Executive is also subject to covenants prohibiting the solicitation of Company personnel.

Share-based compensation
Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2016.

Options
There were no options issued to directors and other key management personnel as part of compensation during the year ended 31 December 2016.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2016 was nil.

There were no options over ordinary shares granted, exercised or lapsed for directors and other key management personnel as part of compensation during the year ended 31 December 2016.

This concludes the remuneration report, which has been audited.

Additional information
The earnings of the consolidated entity for the five years to 31 December 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Profit/Loss after income tax	(665,268)	(321,565)	67,269	(1,645,529)	(941,378)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014	2013	2012
Share price at financial year end ($)	0.029	0.002	0.001	0.02	0.09
Basic earnings per share (cents per share)	(0.12)	(0.08)	0.03	(1.31)	(0.78)

Shares under option
Unissued ordinary shares of Argosy Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30 May 2014	13 June 2017	$0.09	12,500,000
30 January 2017	31 December 2018	$0.03	5,000,000

Shares issued on the exercise of options
There were no ordinary shares of Argosy Minerals Limited issued on the exercise of options during the year ended 31 December 2016 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Rothsay Chartered Accountants
There are no officers of the company who are former audit partners of Rothsay Chartered Accountants.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the next page.

Auditor
Rothsay Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

____
Mr Jerko Zuvela
Managing Director
31 March 2017
Perth

ROTHSAY
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The Directors
Argosy Minerals Limited
PO Box 7775
CLOISTERS SQUARE WA 6850

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2016 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the review.

Graham R Swan (Lead auditor)

Rothsay Auditing

Dated 31st March 2017

APPROACH TO CORPORATE GOVERNANCE

As an integral part of its preparations to list on the Australian Securities Exchange ("**ASX**"), the Consolidated Entity has considered and set up a framework for embracing the ASX Corporate Governance Principles and Recommendations Third Edition ("**Recommendations**"). The Group has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Group and the Board, the resources available to the Group and the activities of the Group. Where, after due consideration the Group's corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is available on the Company's web site at www.argosyminerals.com.au.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Group's practices depart from the Recommendations. As the Group's activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

	PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
	Recommendation	**Argosy Minerals Ltd Current Practice**
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are resolved for the Board and specific matters that are deleted to manager. A copy of the Corporate Governance Statement and associated policies are available on the Company's website – www.argosyminerals.com.au
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director: and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Adopted Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent or non-independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Adopted The Company Secretary is directly accountable to the Board on all matters related to the proper functioning of the Board. The Company Secretary is appropriate qualified with a Graduate Diploma in Applied Corporate Governance and is a member of the Governance Institute of Australia.
1.5	A listed entity should: (a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually (b) disclose that policy	Not Adopted The Company has yet to adopt a Diversity Policy. Although there are no immediate plans to develop a Diversity policy with specific measurable objectives, the Company intends to undertake a complete review of all its corporate governance and associated policies and will determine if a

	(c) disclose at end of reporting period how objectives are being achieved via: (i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or (ii) if entity is a ''relevant employer" under the Workplace Gender Equality Act, the entities most recent "Gender Equality	diversity policy is appropriate at this development stage of the business. The Company makes the following disclosures regarding the proportion of women employed in the organisation: - Women on Board: 0% - Women in Senior Management: 20% - Women in whole organisation: 20%
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Not Adopted The Company does not currently have a performance evaluation policy. It is the Company's intention to eventually develop and adopt a process for periodic board and director evaluations. An evaluation has not taken place within the financial period.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Not Adopted. The Company does not currently have an executive performance evaluation policy. It is the Company's intention to eventually develop and adopt a process for periodic senior executive evaluations. An evaluation has not taken place within the financial period.
	PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE	
	Recommendation	**Argosy Minerals Limited Current Practice**
2.1	The board of a listed entity should: (a) Have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director; and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Not Adopted The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination and Remuneration Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Nomination Committee Charter is available on the Company's website www.argosyminerals.com.au
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not Adopted

		The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is no immediate plans to develop and disclose a Board Skills Matrix.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted. (a) Alex Molyneux - Independent Malcolm Randall - Independent (b) n/a n/a (c) Alex Molyneux – appointed 15/8/16 – 7 months Malcolm Randall - appointed 3/3/17 – 1 month
2.4	A majority of the Board of a listed entity should be independent directors.	Not Adopted. There are two directors that is considered to be independent – Malcolm Randall and Alex Molyneux. Therefore only one half of the board is considered independent.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Adopted. Alex Molyneux is the current Chairman of the Company with Jerko Zuvela the Managing Director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Adopted. The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.
	PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING	
	Recommendation	**Argosy Minerals Limited Current Practice**
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) disclose that code of conduct or a summary of it.	Adopted. The Company has a Code of Conduct which is published on the Company's website: www.argosyminerals.com.au
	PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
	Recommendation	**Argosy Minerals Limited Current Practice**
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board; And disclose:	Not Adopted The role of the audit committee is currently undertaken by the full board. The Company has adopted an Audit Committee Charter which is published on the Company's website www.argosyminerals.com.au The Board follows the Audit Committee Charter which provides for integrity of corporate reporting and the removal of the external auditor and the rotation of the audit engagement partner.

	(iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Adopted
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Adopted
	PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
	Recommendation	**Argosy Minerals Limited Current Practice**
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Adopted. The Company has a written Continuous Disclosure Policy, a copy of which is available on its website – www.argosyminerals.com.au
	PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS	
	Recommendation	**Argosy Minerals Limited Current Practice**
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Adopted Refer to the Company's Corporate Governance page on its website - www.argosyminerals.com.au
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Adopted

		The Company has a Shareholder Communication strategy, which is available on the Company's Corporate Governance page on its website – www.argosyminerals.com.au
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Adopted The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted
	PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
	Recommendation	**Argosy Minerals Limited Current Practice**
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, And disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Not Adopted The Company does not currently have a Risk Committee. The role of the risk committee is undertaken by the whole board. The Board reviews risk on a regular basis and adopts mitigation processes as required.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Not Adopted. The Board reviews risk on a regular basis, however has not developed a formal risk management framework. A review has not taken place in the reporting period.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or	Not Adopted The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis. Internal controls are reviewed on an annual basis.

	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Not Adopted. The Company does not have a sustainability policy.
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	PRINCIPLE 8 – REMUNERATE FARILY AND RESPONSIBLY	
	Recommendation	**Argosy Minerals Limited Current Practice**
8.1	The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Not Adopted. The Company does not have a Remuneration Committee, although the company does have a remuneration policy, a copy of which is available on the Company's website – www.argosyminerals.com.au. The Board follows the Remuneration Policy which provides for dealing with board remuneration issues.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Adopted. This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Not Applicable

Corporate Governance Statement dated 31 March 2017
Approved by the Board 31 March 2017

Argosy Minerals Limited
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	5	4,771	5,552
Expenses			
Accounting and Company Secretary Fees		(32,000)	(18,000)
ASX and ASIC fees		(40,432)	(17,767)
AGM and GM fees		(8,912)	(3,984)
Audit Fees		(7,500)	(15,000)
Bank charges		(1,937)	(444)
Directors fees	6	(54,063)	-
Exploration and Project Assessment		(27,440)	-
Impairment of exploration assets	10	(285,305)	(179,893)
Insurance		(14,366)	(4,175)
Interest		(27,396)	(36,002)
Legal fees		(49,571)	(4,701)
Office Costs and Rental expenses		(14,584)	(304)
Professional Fees		(67,752)	(35,661)
Share Registry Costs		(10,954)	(5,589)
FX loss/gain		28,895	-
Other Expenses		(56,722)	(597)
Profit/(Loss) before income tax expense		(665,268)	(321,565)
Income tax expense	7	-	-
Profit/(Loss) after income tax expense for the year attributable to the owners of Argosy Minerals Limited	15	(665,268)	(321,565)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the owners of Argosy Minerals Limited		(665,268)	(321,565)
		Cents	**Cents**
Basic earnings/(loss) per share	27	(0.12)	(0.08)
Diluted earnings/(loss) per share	27	(0.12)	(0.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Argosy Minerals Limited
Consolidated Statement of financial position
As at 31 December 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	8	2,772,134	264,000
Trade and other receivables	9	20,734	3,588
Total current assets		2,792,868	267,588
Non-current assets			
Exploration and evaluation	10	864,769	169,991
Total non-current assets		864,769	169,991
Total assets		3,657,637	437,579
Liabilities			
Current liabilities			
Trade and other payables	11	107,256	21,734
Loans Payable	12	-	350,597
Total liabilities		107,256	372,331
Net assets		3,550,381	65,248
Equity			
Issued capital	13	57,698,383	53,547,982
Reserves	14	3,612,406	3,612,406
Accumulated losses	15	(57,760,408)	(57,095,140)
Total equity		3,550,381	65,248

The above statement of financial position should be read in conjunction with the accompanying notes

Argosy Minerals Limited
Consolidated Statement of changes in equity
For the year ended 31 December 2016

Consolidated	**Issued capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
Balance at 1 January 2015	53,449,636	(56,773,575)	3,612,406	288,467
Loss after income tax expense for the year	-	(321,565)	-	(321,565)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(321,565)	-	(321,565)
Transactions with owners in their capacity as owners:				
Share Issues	100,000	-	-	100,000
Share Issue Costs	(1,654)	-	-	(1,654)
Balance at 31 December 2015	53,547,982	(57,095,140)	3,612,406	65,248

Consolidated	**Issued capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
Balance at 1 January 2016	53,547,982	(57,095,140)	3,612,406	65,248
Loss after income tax expense for the year	-	(665,268)	-	(665,268)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(665,268)	-	(665,268)
Transactions with owners in their capacity as owners:				
Share Issue – May 2016	821,000	-	-	821,000
Share Issue – October 2016	3,000,000	-	-	3,000,000
Shares issued upon conversion of Convertible Notes	377,994	-	-	377,994
Share issue costs	(48,593)	-	-	(48,593)
Balance at 31 December 2016	57,698,383	(57,760,408)	3,612,406	3,550,381

The above statement of changes in equity should be read in conjunction with the accompanying notes

Argosy Minerals Limited
Consolidated Statement of cash flows
For the year ended 31 December 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(267,961)	(114,790)
Interest received		4,771	5,552
Net cash used in operating activities	26	(263,190)	(109,238)
Cash flows from investing activities			
Payments for exploration and evaluation	10	(980,083)	(21,712)
Net cash used in investing activities		(980,083)	(21,712)
Cash flows from financing activities			
Proceeds from issue of shares	13	3,800,000	-
Share issue transaction costs		(48,593)	(1,654
Net cash from financing activities		3,751,407	(1,654)
Net increase/(decrease) in cash and cash equivalents		2,508,134	(132,604)
Cash and cash equivalents at the beginning of the financial year		264,000	396,604
Cash and cash equivalents at the end of the financial year	8	2,772,134	264,000

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial report covers Argosy Minerals Limited as a consolidated entity consisting of Argosy Minerals Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Argosy Minerals Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Argosy Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3
216 St Georges Terrace
Perth WA 6000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 31 March 2017. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of new accounting standards applicable to the Group for the first time in 2016 has not had a material on the financial statements. The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective. The impact of accounting standards that have been issued, but are not yet effective, is not material to these financial statements.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Argosy Minerals Limited ('company' or 'parent entity') as at 31 December 2016 and the results of all subsidiaries for the year then ended. Argosy Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciable amount of fixed assets are depreciated on a diminishing value basis over their useful lives to the Group, commencing from the time the assets are held ready for use. The depreciation rates used for each class of depreciable assets are:

- Property, plant and equipment: 3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets
Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings

Employee benefits
Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

Note 2. Significant accounting policies (continued)

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Argosy Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Operating segments

Identification of reportable operating segments
Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Group does not have any customers, and all the group’s assets and liabilities, as recorded in the Statement of Financial Position, are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

The information reported to the CODM is on at least a monthly basis.

Note 5. Revenue

	Consolidated	
	2016	**2015**
	$	**$**
Interest	4,771	5,552
	4,771	5,552

Note 6. Expenses

	Consolidated	
	2016	**2015**
	$	**$**
Loss before income tax includes the following specific expenses:		
Directors' fees	54,063	-
Total Directors payments	54,063	-

Note 7. Income tax expense

	Consolidated	
	2016	**2015**
	$	**$**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(Loss) before income tax expense	(665,268)	(321,565)
Tax at the statutory tax rate of 30%	(199,580)	(96,470)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Project assessment expenses not deductible	(9,834)	(11,306)
	(209,414)	(107,775)
Current year tax losses not recognised	209,414	96,975
Current year temporary differences not recognised	-	10,800
Income tax expense	-	-

	Consolidated	
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	1,058,101	741,493

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2016	**2015**
	$	**$**
Cash at bank	2,772,134	264,000

Deposits at calls are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. Information about the Group's exposure to interest rate risk is disclosure in Note 17.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2016	**2015**
	$	**$**
GST receivable	20,734	3,588
	20,734	3,588

Impairment of receivables
As at 31 December 2016, trade receivables that were past due or impaired were nil (2015: nil).

Refer to Note 17 for details of credit risk and fair value.

Note 10. Non-current assets - exploration and evaluation

	Consolidated 2016 $	Consolidated 2015 $
Exploration and evaluation	864,769	169,991

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & Evaluation $	Total $
Balance at 1 January 2015	328,172	328,172
Purchase of tenements during the year	21,711	21,711
Impairment of exploration expenditure	(179,893)	(179,893)
Balance at 31 December 2015	169,991	169,991
Expenditure during the year	980,083	980,083
Impairment of exploration expenditure*	(285,305)	(285,305)
Balance at 31 December 2016	864,769	864,769

* The Company announced in February 2017 that they had terminated the option on the Mt Paris project and the Wee MacGregor Project. The Company has also impaired the Erongo Graphite Project located in Namibia as the future of the project cannot be determined and it is unlikely that these costs will be recouped.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

Note 11. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	92,318	7,734
Other payables	14,938	14,000
	107,256	21,734

Note 12. Current liabilities – Loans Payable

	Consolidated 2016 $	Consolidated 2015 $
Loans Payable/Convertible Notes	-	300,000
Accrued Interest on Convertible Notes	-	50,597
	-	350,597

During the year the Company converted the Convertible notes of $300,000 and accrued interest on these notes of $77,993.61, into fully paid ordinary shares at a deemed issue price of $0.002 as per the terms of the Convertible Notes.

Note 13. Equity - issued capital

	Consolidated			
	2016	**2015**	**2016**	**2015**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	744,750,788	428,087,315	57,698,383	53,547,982

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 January 2016	428,087,315		53,547,982
Share Issue	26 May 2016	26,666,668	$0.03	800,000
		1,000,000	$0.021	21,000
	1 June 2016	58,698,900	$0.002	117,398
	12 August 2016	130,297,905	$0.002	260,596
	20 October 2016	100,000,000	$0.03	3,000,000
Share issue costs				(48,593)
Balance	31 December 2016	744,750,788		57,698,383

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2015 Annual Report.

Note 14. Equity - reserves

	Consolidated 2016 $	Consolidated 2015 $
Options reserve	3,612,406	3,612,406

Options reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
There have been no movements in any class of reserve during the current and previous financial year.

Note 15. Equity - accumulated losses

	Consolidated 2016 $	Consolidated 2015 $
Accumulated losses at the beginning of the financial year	(57,095,140)	(56,773,575)
Profit/(Loss) after income tax expense for the year	(665,268)	(321,565)
Accumulated losses at the end of the financial year	(57,760,408)	(57,095,140)

Note 16. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity manages risk using a variety of methods, dependent upon the nature of the risk and the options available to the consolidated entity.

Risk management is carried out by the Board of Directors ('the Board') using policies that include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
Foreign exchange risks arise when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency.

The consolidated entity is primarily exposed to the fluctuations in the US dollar and the Argentinian Peso, as the consolidated entity up holds US dollar bank deposits and much of the consolidated entity's exploration costs and contracts are denominated in US dollars and Argentinian Pesos.

The consolidated entity aims to reduce and manage its foreign exchange risk by holding the majority of its funds in its US dollar account so that the exchange rate is crystallised early and future fluctuations in rates for settlement of USD denominated payables are avoided. As the consolidated entity's operations develop and expand, the consolidated entity will develop and implement a more sophisticated foreign exchange risk strategy, which will include the use of Forward Exchange Contracts and sophisticated treasury products.

Note 17. Financial Instruments (continued)

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
Exposure arises predominantly from assets and liabilities bearing variable interest rates as the consolidated entity only holds fixed rate liabilities. Financial assets held are cash at bank balances and do not give rise to significant interest income. Interest rate risk is not considered to be material.

Sensitivity analysis
At 31 December 2016, if interest rates had changed by -/+100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the consolidated entity and the parent entity would have been $8,843 (2015: $7,037) lower/higher as a result of lower/higher interest income from cash and cash equivalents. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade and other payables	107,256	-	-	-	107,256
Interest bearing					
Convertible Notes	-	-	-	-	-
Total non-derivatives	107,256	-	-	-	107,256

Consolidated - 2015	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade and other payables	21,734	-	-	-	21,734
Interest bearing					
Convertible Notes	350,597	-	-	-	350,597
Total non-derivatives	372,331	-	-	-	372,331

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Note 17. Financial Instruments (continued)

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Key management personnel disclosures

Directors
The following persons were directors of Argosy Minerals Limited during the financial year:
Mr Jerko Zuvela
Mr Ranko Matic
Ms Andrea Betti (resigned 3 March 2017)
Mr Alex Molyneux (appointed 15 August 2016)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016	**2015**
	$	**$**
Short-term employee benefits	54,063	-
	54,063	-

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2016	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Alex Molyneux*	500,000	-	1,500,000	-	2,000,000
Ranko Matic	17,170,310	-	9,533,995	-	26,704,305
Jerko Zuvela	14,670,305	-	54,025,955	-	68,696,260
	32,340,615	-	65,059,950	-	97,400,565

* These shares were held by Mr Molyneux upon his appointment to the Board.

2015	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Ranko Matic**	17,170,310	-	-	-	17,170,310
Jerko Zuvela**	14,670,305	-	-	-	14,670,305
	31,840,615	-	-	-	31,840,615

*These shares acquired at share issue on 10 July 2014 before the directors were appointed

Option holding

There were no options over ordinary shares in the company held during the financial year by any director or other members of key management personnel of the consolidated entity, including their personally related parties.

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Rothsay Chartered Accountants, the auditor of the company:

	Consolidated	
	2016	**2015**
	$	**$**
Audit services - Rothsay Chartered Accountants		
Audit or review of the financial statements	15,000	15,000

Note 20. Contingent liabilities

There are no material contingent liabilities or contingent assets of the Group at reporting date.

Note 21. Commitments

Licence Expenditure Commitments:

As part of its exploration activities the Company has entered into various agreements where it has the opportunity to earn into projects upon the satisfaction of performance milestones. These agreements contain various expenditure commitments which are dependent upon particular future events occurring.

Capital commitments

There are no capital commitments contracted for at balance date.

Note 22. Related party transactions

Parent entity
Argosy Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2016	**2015**
	$	**$**
Payment for goods and services:		
Payments to Bentleys Corporate Advisory (WA) Pty Ltd	88,000	18,000
Payments to Jerko Zuvela ATF the JAKKZ discretionary trust	226,563	20,000
Payments to Nova Legal	-	2,895

- Bentleys Corporate Advisory (WA) Pty Ltd provided directorship, accounting, company secretarial, office and corporate advisory services. Bentleys Corporate Advisory (WA) Pty Ltd is a related party of Ranko Matic.
- Jerko Zuvela as trustee for the JAKKZ discretionary trust provided directorship, geological services to the Company. The JAKKZ discretionary trust is a related party of Jerko Zuvela.
- Nova Legal provided legal services. Nova Legal is a related entity party of Frank Knezovic.

Note 22. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2016	**2015**
	$	**$**
Current payables:		
Bentleys Corporate Advisory (WA) Pty Ltd	13,301	1,650
JAKKZ Discretionary Trust	45,833	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2016	**2015**
Current borrowings:	**$**	**$**
Ranko Matic – Convertible Note	-	15,000
Jerko Zuvela- Convertible Note	-	67,500

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates. See note 12 for details regarding the terms and conditions of the Convertible Notes.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income	Parent	
	2016	**2015**
	$	**$**
Profit/(Loss) after income tax	(665,268)	(321,565)
Total comprehensive income/(loss)	(665,268)	(321,565)

Statement of financial position	Parent	
	2016	**2015**
	$	**$**
Total current assets	2,792,868	267,588
Total non-current assets	864,769	169,991
Total assets	3,657,637	437,579
Total current liabilities	107,256	372,331
Total liabilities	107,256	372,331
Equity		
Issued capital	57,698,383	53,547,982
Options reserve	3,612,406	3,612,406
Accumulated losses	(57,760,408)	(57,095,140)
Total equity/(deficiency)	3,550,381	65,248

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2016 and 2015.

Note 23. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2016 and 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 31 December 2016 and 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
	Principal place of business /	**2016**	**2015**
Name	**Country of incorporation**	**%**	**%**
Andover Resources NL	Australia	100.00%	100.00%
Argosy Energy Zambia Ltd	Zambia	-	100.00%
Argosy Minerals (S.L.) Ltd	Sierra Leone	-	100.00%
Yucca Investment Sixty Three Corporation	Namibia	-	100.00%
Rhino Mining and Exploration Close Company	Namibia	100.00%	100.00%
Manmar Investments One Hundred and Five Pty Ltd	Namibia	100.00%	100.00%
Hallie Investments Number Three Thousand One Hundred and Seven Pty Ltd	Namibia	-	100.00%

All subsidiaries incorporated overseas are currently dormant.

Note 25. Events after the reporting period

On 31 January 2017, the Company had advised that it had engaged Airguide International Pte Ltd as its Strategic Adviser, as part of its lithium development strategy.

On 14 February 2017, the Company advised it had commenced pond excavation and construction works at its Rincon Project.

On 16 February 2017, the Company advised that it had terminated the Heads of Agreement with Geotech International Pty Ltd regarding the option to purchase the Mt Paris Project in Tasmania.

On 3 March 2017, the company announced the appointment of Malcolm Randall as a Non-Executive Director, replacing Andrea Betti, who resigned, but will remain as Company Secretary.

On 20 March 2017, the Company announced it had entered into an MOU with CCK International Group Co Ltd which provides scope for the Company and CCK to work together whereby CCK may invest to facilitate the funding of Argosy's Stage 2 development on works at their Rincon Project in Argentina.

On 27 March 2017, the Company announced it had decided to withdraw from the Wee MacGregor Project and terminate the Farm-In agreement.

On 29 March 2017 the Company announced it had completed pond excavation works and were continuing with the construction of the ponds.

Note 25. Events after the reporting period (continued)

On 31 March 2017 the Company announced it had entered into an MOU with Shanghai GreatPower Industry Co Ltd which will provide scope for the Company and Shanghai GreatPower to work together whereby Shanghai GreatPower may invest to also facilitate the funding of the Stage 2 development on works at the Rincon Project in Argentina.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 26. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2016	**2015**
	$	**$**
Loss after income tax expense for the year	(665,268)	(321,565)
Adjustments for:		
Shares issues in lieu of cash payment to creditor	21,000	-
Interest Payable	27,396	36,000
Impairment of exploration and evaluation expenditure	285,305	179,893
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(17,146)	(2,576)
Decrease in trade and other payables	85,523	(990)
Net cash used in operating activities	(263,190)	(109,238)

Note 27. Earnings per share

	Consolidated	
	2016	**2015**
	$	**$**
Profit/(Loss) after income tax attributable to the owners of Argosy Minerals Limited	(665,268)	(321,565)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	549,536,862	397,128,411
Weighted average number of ordinary shares used in calculating diluted earnings per share	549,536,862	397,128,441
	Cents	**Cents**
Basic earnings per share	(0.12)	(0.08)
Diluted earnings per share	(0.12)	(0.08)

Argosy Minerals Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Jerko Zuvela
Managing Director
31 March 2017
Perth

Argosy Minerals Limited
Shareholder information
31 December 2016

The shareholder information set out below was applicable as at 20 March 2017.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

Range	Number of holders of ordinary shares	% of issued capital
1 to 1000	361	0.02%
1001 to 5000	278	0.11%
5001 to 10,000	120	0.13%
10,001 to 100,000	513	3.08%
100,001 and over	443	96.67%
Total	1,715	100.00%
Holding less than a marketable parcel	782	

Equity security holders
Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number held	% of total shares issued
JERKO ZUVELA <JAKKZ DISCRETIONARY A/C>	46,450,280	6.20
VELVET BAY HOLDINGS PTY LTD	37,155,617	4.96
DIHNA NADA ZUVELA <DNZ DISCRETIONARY A/C>	32,071,990	4.28
MR PETER ANDREW PROKSA	31,353,378	4.18
STEVEN MARIN ZUVELA <TAEZ DISCRETIONARY A/C>	25,687,024	3.43
PETER VANDA RESOURCES PTY LTD <JOHN A ZAMBONI FAMILY A/C>	23,822,283	3.18
CAVALIER RESOURCES PTY LTD <THE CAVALIER A/C>	22,704,305	3.03
SL INVESTORS PTY LTD <SL SUPERFUND A/C>	21,111,111	2.82
LIGHTHOUSE HOLDINGS WA PTY LTD <THE LIGHTOUSE A/C>	19,511,050	2.60
SUNLIGHT BAY HOLDINGS <SUNLIGHT BAY A/C>	19,511,050	2.60
OSF NOMINEES PTY LTD <FREDERICKSON SUPER FUND A/C>	15,989,247	2.13
MICALE CONSULTING PTY LTD <THE MICALE FAMILY A/C>	15,344,995	2.05
ROBERT LUNDIE & JUDITH LUNDIE <PAROUSIA SUPER FUND A/C>	14,194,995	1.87
JOHN ANOTHONY ZAMBONI	13,333,333	1.78
MR JERKO PETER ZUVELA	11,122,990	1.48
MRS ANITA DRAGANA ZUVELA	11,122,990	1.48
STEVEN CAMARDA <THE SC A/C>	10,855,995	1.45
ALEXANDER ALAN MOLYNEUX	10,506,657	1.40
SUNBREAKER HOLDINGS PTY LTD <LLOYD SUPER FUND A/C>	9,550,000	1.27
MR RODNEY RONALD CHATFIELD&MS JOAN MCCONNON <ROD CHATFIELD S/F A/C>	9,108,022	1.21
	400,507,312	53.42

Options
- There are no listed options.
- There are 12,500,000 unlisted options over unissued shares on issue with an exercise price of $0.09 and an expiry date of 13/6/2017.
- There are 5,000,000 unlisted options over unissued shares on issue with an exercise price of $0.03 and an expiry date of 31/12/2018.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares Issued
JERKO ZUVELA	68,696,260	9.22%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARGOSY MINERALS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Argosy Minerals Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Exploration and evaluation expenditure

The group has incurred significant exploration and evaluation expenditure which has been capitalised. As the carrying value of exploration and evaluation expenditure represents a significant asset of the Group we considered it necessary to assess whether facts and circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.

In doing so we carried out the following work in accordance with the guidelines set out in AASB 6 *Exploration for and Evaluation of Mineral Resources*. Our procedures included but were not limited to the following:

- We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining confirmation of a sample of the Group's tenement holdings;
- We enquired of management and reviewed work programs to ensure that further expenditure on exploration on the tenements in the Group's areas of interest was planned and cross referenced these discussions to where applicable minutes of directors' meetings;
- We enquired of management, reviewed ASX announcements and reviewed directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest;
- We obtained an understanding of the key processes associated with management's review of the carrying value of capitalised exploration and evaluation expenditure and challenged management's assertion that the carrying amount of the capitalised expenditure was likely to be recovered in full from successful development or sale.

We have also assessed the appropriateness of the disclosures included in Notes 1 and 10 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatementt, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2016.

In our opinion the remuneration report of Argosy Minerals Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Dated 31st March 2017

GRSwan

Graham R Swan FCA
Partner