

ASX ANNOUNCEMENT

16 January 2018

RINCON CONSTRUCTION UPDATE – STAGE 2 PONDS FULLY OPERATIONAL

HIGHLIGHTS

- ✦ Initial Stage 2 evaporation ponds filled with lithium brine
- ✦ Solar evaporation and lithium brine concentration in full effect
- ✦ Pumping tests scheduled for production wells 1 & 2
- ✦ Application submitted for construction of remaining Stage 2 lithium brine evaporation ponds
- ✦ Stage 1 pilot plant undergoing construction in preparation for upcoming LCE test-works
- ✦ Argosy progressing to 77.5% ownership in Rincon Lithium Project Joint Venture early
- ✦ Exploration diamond drilling re-commencing this week
- ✦ Continued engagement with Asian LCE end-users for potential off-take and Stage 3 investment

Argosy Minerals Limited (ASX: **AGY**) ("**Argosy**" or "**Company**") is pleased to announce continued Stage 2 development progress at its Rincon Lithium Project located in the "Lithium Triangle" in Salta Province, Argentina, where the Company has filled the initial Stage 2 evaporation ponds with lithium brine, and these ponds are now fully operational for solar evaporation and lithium concentration during the peak summer season.

With the initial lithium brine pumping works completed, the Company has now planned additional pumping tests to commence this week on the completed two production wells to measure flow rates among other testing for future analytical / study works. From field observations and the positive effect of the lithium brine pumping works into the Stage 2 ponds, the Company considers the two completed production wells will provide ample lithium brine volumes for consistent Stage 2 brine pumping operations.



Photo 1. Rincon Lithium Project – Stage 2 Evaporation Ponds filled (panorama view)

ASX ANNOUNCEMENT



Photo 2. Rincon Lithium Project – Stage 2 Evaporation Ponds filled

The Company has continued to fast-track progress of its Stage 2 development works program by submitting the necessary regulatory application documents to construct the remaining Stage 2 evaporation ponds. Pending receipt of successful regulatory approval and permits, the Company will immediately thereafter commence such works, which will result in a combined total of ~34 hectares of completed Stage 2 lithium brine evaporation ponds.

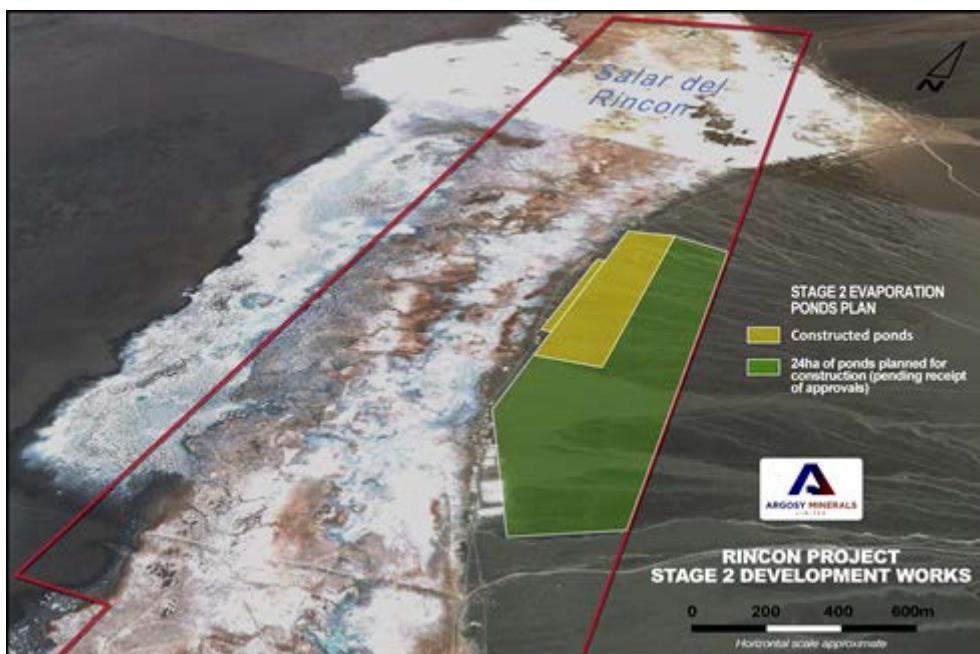


Figure 1. Rincon Lithium Project – Stage 2 Evaporation Ponds Plan

ASX ANNOUNCEMENT

The Company also continues to progress construction of the Stage 1 pilot plant, located at its fully owned industrial warehouse site - in preparation for lithium concentrate processing test-works during the March 2018 Quarter and production of targeted battery grade LCE product shortly thereafter - with plant capacity up to 500 tonnes per annum.

The Company's Stage 1 evaporation ponds, continuously concentrating lithium brine since April 2017, are progressing to a suitable lithium concentrate for processing through the Stage 1 pilot plant.



Photo 3. Rincon Lithium Project – Stage 1 Evaporation Ponds with Lithium Concentrate (panorama view)

Acceleration of achievement of 77.5% shareholding in Rincon Lithium Project

In recognition of the accelerated commencement of Stage 2 development at Rincon (i.e., prior to completion of Stage 1), Argosy reached in-principle agreement with its project partners for an early move to a 77.5% interest in Puna Mining S.A. – the JV entity that owns the Rincon Lithium Project. This confirms the continued excellent working relationship between Argosy and its joint venture partners, namely lithium processing expert Pablo Alurralde. The Company is currently formalising the agreement and will complete the bureaucratic requirements to complete this process.

Drilling Operations

The second phase of drilling operations – the exploration diamond drilling works to delineate a JORC-compliant Resource estimate – are re-commencing this week following the festive period break. Six exploration diamond drill-holes have been completed to a depth of 102.5m, as part of this drilling program. The remaining two diamond drill-holes are planned to be completed during January.

The Company has received the preliminary analytical results for diamond drill-holes 3 – 5 from the Argentina laboratory (drill-hole 6 samples awaiting analysis at laboratory), and will advise of such results pending review and interpretation by the Company's Australian consulting hydrogeologists, who will be conducting a site visit this week. As part of the site trip, additional samples from drill-holes 3 – 6 will be collected for porosity measurement analysis to be undertaken by GeoSystems Analysis Laboratory in the USA for their porosity characteristics (in particular the specific yield – drainable porosity).

Once all drilling and sample testing is completed, with the full set of laboratory analysis results, all the data will be used to produce a Resource estimate for the Project during the current Quarter, to be reported in accordance with JORC 2012 requirements.



ASX ANNOUNCEMENT

Strategic Investor Update

The Company advises that it continues to be engaged with several significant companies in the Asian lithium battery sector to discuss Argosy's development strategy and potential propositions for the Rincon Lithium Project, including the potential to consider investment funding, off-take or other value-adding commercial agreements in consideration for Stage 3 development of the Project.

Argosy notes that any meetings or considerations in regard to any potential transactions are preliminary and there is no certainty that any agreement will be reached. The Company will update shareholders upon any further developments in this regard.

Argosy Managing Director, Jerko Zuvela commented "***Argosy continues its rapid progress and aggressive development strategy toward becoming an LCE producer in the near-term.***"

The Company's JV partner and lithium processing expert, Mr Pablo Alurralde has made significant progress and the Company is confident of achieving its first major milestone target.

The continued interest from potential Asian LCE product end-users provides confidence for Argosy to continue its fast-track development of the Rincon Project."

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

ENDS

For more information on Argosy Minerals Limited and to subscribe for regular updates, please visit our website at www.argosyminerals.com.au or contact us via admin@argosyminerals.com.au or Twitter @ArgosyMinerals.

For further information:

Jerko Zuvela
Managing Director

T | +61 8 9226 4500

E | admin@argosyminerals.com.au

W | www.argosyminerals.com.au

Forward Looking Statements: Statements regarding plans with respect to the Company's mineral properties are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with an interest in the Rincon Lithium Project in Argentina.

The Company is focused on its flagship Rincon Lithium Project in Argentina – potentially a game-changing proposition given its location within the world renowned "Lithium Triangle" – host to the world's largest lithium resources, and its fast-track development strategy toward production of LCE product.

ASX ANNOUNCEMENT

Argosy is committed to building a sustainable lithium production company, highly leveraged to the forecast growth in the lithium-ion battery sector.

Appendix 1: AGY's Argentina Project Location Map

