



ASX ANNOUNCEMENT

10 August 2016

RINCON PROJECT UPDATE

The Rincon Lithium Project is located in the "Lithium Triangle" in Salta Province

Due Diligence completed satisfactorily

HIGHLIGHTS

- ✦ Argosy will now progress to formalise and execute a definitive Farm-In Joint Venture Agreement for the Rincon Lithium Project.
- ✦ Argosy will earn up to a 90% interest in the Argentinian joint venture company to be established with project vendor and strategic partner – Mr Pablo Alurralde, a pre-eminent lithium processing specialist.

Argosy Minerals Limited (ASX: AGY) ("Argosy" or "Company") is pleased to advise, following its announcement on 1 July 2016 – "*Argosy Signs HOA to Earn Interest in Argentinian Lithium Company*" – that it has completed satisfactory due diligence on the Rincon Lithium Project and will now progress to formalise and execute the definitive Farm-In Joint Venture Agreement with Mr Francisco Menendez and Mr Pablo Alurralde (the "Vendors").

The Farm-in and Joint Venture Agreement will provide that the Company and the Vendors will establish an Argentinian joint venture company (the "JV Entity") to own the Rincon Lithium Project in Salta Province, and the Company will have the right to earn up to a 90% interest in the JV Entity.

The commencement of the Farm-in and Joint Venture Agreement is conditional upon Argosy shareholder approval for which the Company intends to shortly convene a General Meeting.

The agreement continues Argosy's expansion into lithium in Argentina and is another substantial step towards achieving the Company's aim to become a lithium developer and producer.

PROJECT OVERVIEW

The Rincon Lithium Project currently consists of two mining concessions (Telita and Chiquita II – File Numbers 7272 and 14342 respectively) in Salta Province and currently covers an area of approximately 74Ha within the Salar del Rincon.

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, is formulating a three-stage development plan to advance the Project, subject to receipt of relevant regulatory approvals and permits.

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For the first stage, the Company will undertake general test-works to determine the possibility of producing a laboratory scale quantity of lithium carbonate equivalent (LCE) product, which the Company expects will involve the following activities at the Rincon Lithium Project in order to earn the first stage 50% interest:

- environmental studies;
- brine extraction and storage works, including small-scale pond construction and lining works;
- brine processing – involving solar evaporation where the lithium will be concentrated;
- analysis and laboratory treatment of the lithium concentrate; and
- pending success of the treatment process, production of a laboratory scale quantity of purified 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.

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.

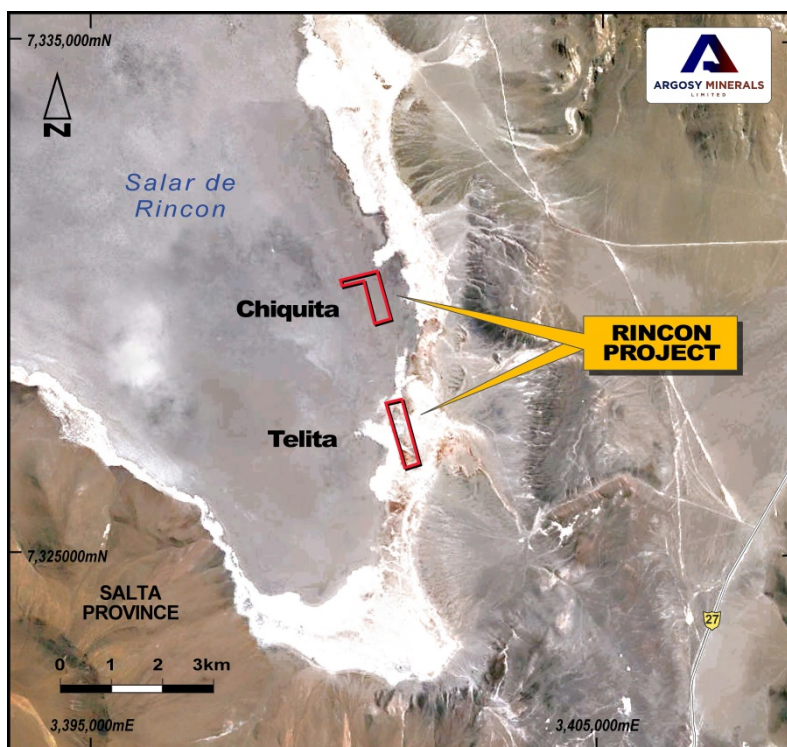


Figure 1. Rincon Project Location Map

The Company understands that the Rincon Lithium Project is situated near to a project in which the 'Sentient Group' holds an interest. For the avoidance of doubt, the Company has

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no association or affiliation with the Sentient Group, including the Sentient Fund's Enirgi Group or projects.

Argosy Director, Jerko Zuvela commented "The Company looks forward to implementing its plans to target fast-tracking works through a staged development and production pathway, utilising the technical expertise of our partners, and potentially establish the Company as a credible and substantial lithium company."

ENDS

For further information:

Jerko Zuvela, Director

T | +61 8 9226 4500

E | jerko@argosyminerals.com.au

W | www.argosyminerals.com.au

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an emerging Australian company with interests in the Rincon, Mina Teresa and Pocitos Lithium Projects in Argentina, the Mt Paris Lithium Project in Tasmania, the Wee MacGregor Copper-Gold (& Cobalt) Project in Queensland, and the Erongo Graphite Project in Namibia.

The Company will focus on its Argentinian lithium projects - potentially a game-changing proposition given the project locations within the world renowned "Lithium Triangle" - host to the world's largest lithium resources. The Company will target a development and production strategy through expedited technical works, testing and studies.

Argosy is committed to building a sustainable mid-tier resources Company, with a strategy of enhancing its project portfolio, now firmly focused on lithium and related minerals, which is highly leveraged to the forecast growth in the lithium-ion battery sector.

Appendix 1: AGY's Argentina Project Location Map

