

28 July 2022

QUARTERLY ACTIVITIES REPORT – JUNE 2022

HIGHLIGHTS

- **Rincon 2,000tpa Li_2CO_3 operation development – 90% of total construction works complete & first production of battery quality Li_2CO_3 product targeted over coming months**
- **Environmental Impact Assessment approval process in progress – to develop an additional 10,000tpa Li_2CO_3 operation, supplementing the 2,000tpa operation currently in construction**
- **Continued strong interest from top-tier groups for strategic investment for next stage 10,000tpa capex funding solution – with associated 2,000tpa and 10,000tpa off-take arrangements**
- **Resource expansion & production well drilling works commenced – targeting potential to materially expand current JORC Indicated Resource, and increase project mine-life & future annual production capacity**
- **Exploration geophysical survey works progressing to test lithium brine targets at Tonopah Lithium Project in Nevada, USA**
- **Continued positive lithium market sentiment supporting Argosy's multi-project development and production strategy**
- **Strong financial position with cash reserves of ~\$36 million at 30 June 2022**

KEY OBJECTIVES FOR SEPTEMBER 2022 QUARTER

- **Complete construction works and continue commissioning works for the 2,000tpa high purity battery quality Li_2CO_3 operation**
- **Resolve strategic investment for 10,000tpa expansion capex funding and Li_2CO_3 product off-take**
- **Progress resource expansion and feasibility works at Rincon, and exploration works at Tonopah Lithium Project**
- **Our foremost priority is the health, safety and wellbeing of our staff, partners and community during the Covid-19 pandemic**

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EXECUTIVE SUMMARY

Argosy Minerals Limited ("Argosy" or the "Company") continued its fast-track development strategy at the Rincon Lithium Project in Argentina, and progressed exploration works at the Tonopah Lithium Project in Nevada, USA, achieving significant milestones during the Quarter, including -:

- 2,000tpa lithium carbonate process plant development works progressing, with 90% of construction works completed. The Company remains on budget and schedule to achieve first battery quality lithium carbonate product over coming months.
- Robust lithium market fundamentals supporting the formal negotiation process ongoing with several strategic groups for lithium carbonate off-take arrangements and related strategic capital funding proposals for the 10,000tpa operation expansion at Rincon.
- Resource expansion and production well drilling works have commenced at Rincon targeting potential to materially expand the current JORC Indicated Mineral Resource, delineate a brine Ore Reserve, increase project mine-life and future annual production capacity.
- On-going exploration works targeting lithium brine prospectivity, and progress toward drilling to determine lithium brine potential at Tonopah Project – with passive seismic survey data processing and interpretation currently being conducted.
- International lithium carbonate prices supporting very positive lithium market sentiment, further enabling potential to realise Argosy's multi-project lithium production development strategy.

Rincon Lithium Project – Argentina (77.5% JV interest, earning up to 90%)

The Rincon Lithium Project is the flagship asset in Argosy's lithium development strategy, located within the Salar del Rincon in Salta Province, Argentina, in the world renowned "lithium triangle". The Project is a JV partnership with pre-eminent lithium processing expert Pablo Alurralde. His extensive historical works within the Project area and the Salar, together with successful works completed to date have established a well-defined pathway to target commercial production of battery quality LCE product.

A summary of works conducted during the Quarter is noted below.

2,000tpa Operation Construction Works

The 2,000tpa production operation major works are 90% complete, with three main phases of works - comprising design, construction, and commissioning. The design phase works (including engineering layout) are complete (100%), the construction phase is at 94% completion, whilst plant commissioning works (comprising raw materials acquisition, workforce/team development and tender works) are 42% complete.



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Figure 1. Rincon Lithium Project – 2,000tpa Operation Site Works in Progress

The construction phase comprises the process plant, equipment and associated installations, earthworks and site facilities (including additional camp development and associated site infrastructure), and expansion of the brine system (pumping station, plant settling ponds), with;

- earthworks/land movements completed (100%);
- 98% of site works completed (comprising site camp/accommodation, laboratory, office, and other works);
- brine system works completed (100%) (comprising pumping station and plant settling ponds works);
- 94% of the process plant completed (comprising plant equipment acquisition, installation and plant warehouse works); and
- 91% of utilities and associated services (comprising vapour system, communication system and ancillary services works).

The commissioning phase comprises dry (air) and wet (fresh water then brine) plant and equipment testing, first-fill raw materials procurement, and recruitment, development and training of the production operations personnel.

The Company is progressing toward successfully developing the 2,000tpa operation and becoming a commercial battery quality lithium carbonate producer.

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Figure 2. Rincon Lithium Project – 2,000tpa Operation Site Works in Progress

Construction works have comprised plant and equipment deliveries to site, assembly and installation of equipment and auxiliary systems, first phase commissioning works, completing the on-site office and laboratory, camp accommodation expansion and continued recruitment of operational staff.

Furthermore, the Company continued its procurement of first-fill process reagents in preparation for production operations. In addition, an official project inspection was successfully completed with participation from the Salta Province Mining Secretary, local municipality representatives and local community members.

Upon completion of the construction phase works, plant commissioning and production test-works, the Company's ramp-up to 2,000tpa operations will proceed immediately thereafter.



Figures 3-4. Rincon Lithium Project – 2,000tpa Operation Site Works in Progress



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Strategic Developments

Lithium prices maintained near record-highs and continued lithium sector corporate activity during the quarter has led to sustained interest in Argosy and our Rincon Project, noting our near-term development strategy towards commencing battery quality lithium carbonate production. This has allowed continued advancement with several global groups on strategic investment propositions being presented for the next stage 10,000tpa capex funding solution and associated 2,000tpa and 10,000tpa off-take arrangements.

Competition for securing lithium supply arrangements continues to escalate, with key strategic groups, battery producers and EV manufacturers becoming more active in securing lithium supply through direct investments and long-term purchase agreements.

The Company's current strategy is targeting strategic and prepayment investment around off-take arrangements to form the basis for the 10,000tpa project expansion capex funding solution, with formal discussions focusing on a full funding package. The Company is targeting timing to meet the 10,000tpa Environmental Impact Assessment regulatory approval (or near this time), and in the lead up to the commencement of the 2,000tpa lithium carbonate production operations.

With the 2,000tpa operation fully funded and strongly progressing toward production operations, and the Company's nil debt position, Argosy has the financial flexibility to consider varying strategic investment and off-take proposals to ensure a favourable outcome for future project expansion beyond the next stage 12,000tpa capacity, and cooperation opportunities for mutual strategic and economic benefit.

The Company will also consider selling lithium carbonate product from the 2,000tpa operation via the spot market to realise the lucrative current lithium market pricing during the interim period prior to formalising these strategic arrangements.

These strategic groups and lithium sector participants in the battery supply chain are recognising Argosy's chemical processing technology expertise, clean lithium credentials, and advanced project development status.

Rincon Resource Expansion & Production Well Drilling Works

The Company has commenced production well rotary drilling and resource expansion exploration diamond drilling works at the project, with the rotary rig planned to drill two production wells up to 300m in depth whilst the diamond rig is planned to drill up to six exploration drill-holes targeting depths to 300m and possibly deeper.

The production wells will then be used to conduct pump testing and associated works to facilitate the preparation of a brine Ore Reserve estimate and subsequent completion of an upgraded feasibility study.

The resource expansion diamond drilling program is designed to increase the current JORC Indicated Mineral Resource estimate, project mine-life and/or provide scope to considerably increase the annual production capacity currently defined at the Project – based on the Preliminary Economic Assessment currently confirming the Project's life-of-

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mine estimate of 16.5 years at a 10,000tpa Li_2CO_3 production rate, or an 11 year life-of-mine at a 15,000tpa Li_2CO_3 production rate.

¹ An Exploration Target is not a Mineral Resource. The potential quantity and grade of an Exploration Target is conceptual in nature. A Mineral Resource has been identified above the Exploration Target, but there has been insufficient exploration to estimate any extension to the Mineral Resource and it is uncertain if further exploration will result in the estimation of an additional Mineral Resource.



Figures 5-6. Rincon Lithium Project – 2,000tpa Operation Site Works in Progress

10,000tpa Environmental Impact Assessment Process

The Company submitted its Environmental Impact Assessment (EIA) for an additional 10,000tpa lithium carbonate production operation to the department of the Salta Province Secretary of Mining and Energy, who are currently processing the report.

Argosy and Puna Mining senior executives held meetings with Salta government officials to ensure effective finalisation of the Company's EIA approval process, with the Company maintaining regular communication seeking to expedite official approval receipt. The Company remains confident a positive outcome will be confirmed.

Regulatory authorisation of the EIA report by Salta Province government regulatory bodies is the final requirement to approve the development and construction of an additional 10,000tpa lithium carbonate production operation (and all associated works) at the Rincon Lithium Project.

Clean Lithium Technology Powered by Renewable Solar Energy

Argosy has developed a proprietary chemical process technology to produce clean battery quality lithium carbonate product that is conscious of limiting its environmental footprint, with low energy use and low raw water consumption.

Enhancing Rincon's clean/green credentials is the potential to connect via local solar energy plants to power the 2,000tpa operation and 10,000tpa expansion operation. The

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renewable solar energy facilities are closely located to Rincon and are a major distinctive benefit potentially assisting the Company to produce clean lithium. The Company remains in discussions with the solar park operators and is progressing towards incorporating solar power as a key part of the energy mix for future Rincon project development.

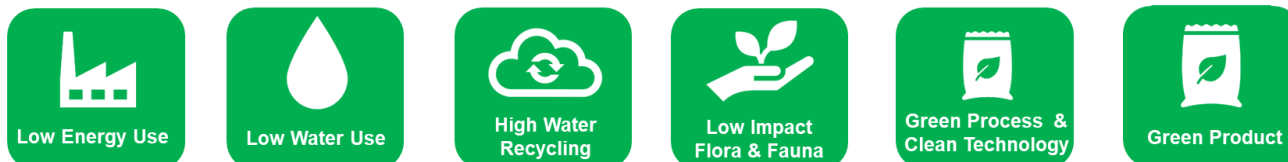


Figure 7. Rincon Lithium Project – Proprietary process technology with minimal environmental footprint

Tonopah Lithium Project – Nevada, USA (100% interest)

The Company's highly prospective Tonopah Lithium Project ("Tonopah") is strategically located near Albemarle's Silver Peak operation in Nevada, USA. Argosy is progressing its exploration works via geophysical survey works – including the recently conducted passive seismic surveying works (complementing the magnetotelluric (MT) resistivity survey works conducted in 2021), to define priority lithium brine targets and select drill sites for planned exploration drilling works to determine the lithium brine potential at the project.

The passive seismic field survey and data acquisition works were recently completed, with data processing, analysis and interpretation works currently being conducted to outline and delineate priority drill site targets. The Company's geophysical consultants have also sourced and utilised additional geological and geophysical data-sets (including the Company's MT data) to provide further confidence in their analysis and interpretation works to confirm priority lithium brine targets for drill testing.

The Company considers the opportunity to develop a USA-based lithium project as a strategic position to further develop Argosy into a world-class lithium producer. Furthermore, the USA Federal Government has advised that "unprecedented action" would be taken to strengthen the USA's critical mineral supply chains, including via support for domestic resource development.

Lithium Market Update

Lithium prices continued their strong momentum during the quarter, maintaining near record highs. This was despite China Covid restrictions disrupting supply lines, with lithium carbonate demand remaining well supported by record electric vehicle (EV) sales and continued growth in lithium iron phosphate (LFP) battery adoption by EV manufacturers.

S&P Platts lithium carbonate price CIF North Asia is currently trading at US\$71,400/t, whilst DDP China lithium carbonate prices are CNY475,500/t (US\$70,236/t#).

The Benchmark Mineral Intelligence (BMI) lithium carbonate (minimum 99.5% battery grade) price EXW China is currently trading at US\$69,625/t, and lithium carbonate (minimum 99.0% technical grade) price EXW China is currently at US\$66,975/t.

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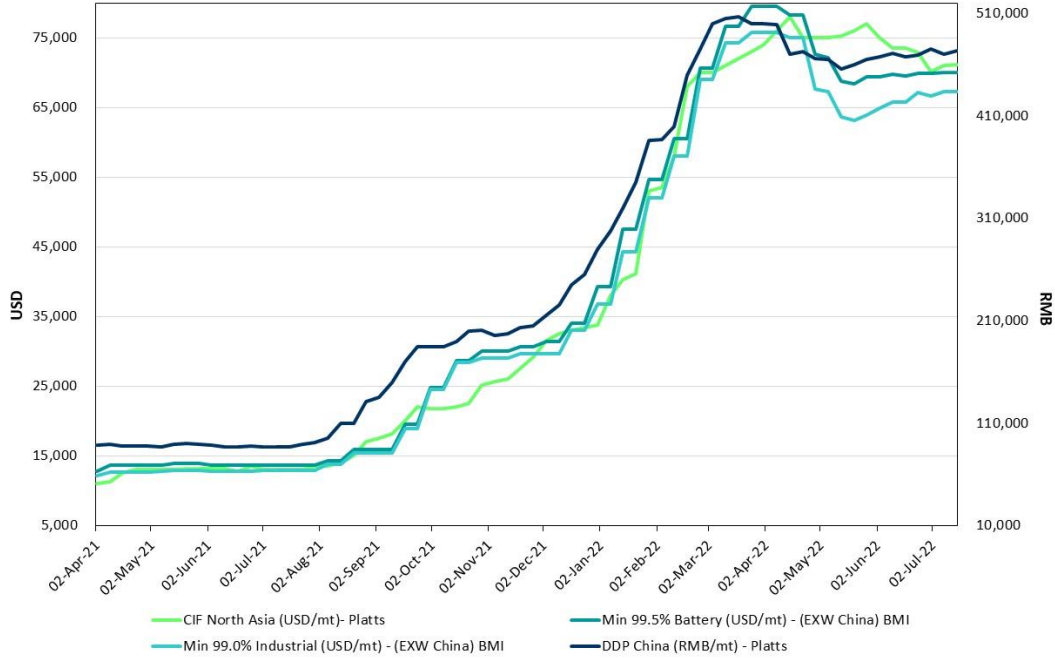


Figure 8. Lithium Carbonate Prices

High lithium prices continue to be driven by strong demand for EV's globally. China is leading the EV demand growth story, with China's new energy vehicle (NEV – hybrid and pure EVs) production forecast to rise 56% year on year (yoy) to 5.5 million vehicles. China's June NEV sales were up 33% from May, increasing 129% yoy to 596,000 vehicles. Total NEV sales now account for ~20% of all new vehicle sales in China and represented 23.8% of China's total new vehicle sales in June.

International EV manufacturers are following a similar growth path. Ford recently announced it is targeting annual EV sales of 600,000 by late 2023 and more than 2 million by the end of 2026. Ford plans to invest over US\$50 billion in EV's through 2026 and expects a compound annual growth rate for EVs to exceed 90% through 2026, more than double forecasted global industry growth.

Underlying the exceptional growth in new EV sales has been the growing move by manufacturers to adopt LFP batteries. These batteries utilise lithium carbonate as opposed to NCM batteries which favour lithium hydroxide. Tesla is now utilising LFP batteries in China, whilst Ford recently announced its move to LFP batteries for several of their USA models.

Current lithium prices remain very positive for the near-term start-up of Argosy's 2,000tpa operation and are expected to deliver robust returns, and provide a significant economic benefit for the planned 10,000tpa expansion operation. Beyond this, the growing acknowledgement amongst market participants of a growing structural supply deficit positions Argosy well to take advantage of current and future lithium prices via the 2,000tpa operation, planned 10,000tpa expansion and the potential for additional future expansions.

USD/CNY 6.77



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Covid-19 Update

Regarding the Covid-19 pandemic, the Company is taking appropriate safety measures and actions to protect our staff and business operations, including precautions advised and regulated by the Australian, Argentine and USA Governments.

First and foremost, our priority is the health, safety and wellbeing of our staff, partners and community, and as such, the Company is actively monitoring the Covid-19 situation.

The Company's Puna Mining operations team in Argentina are affected with local and international supply chains being delayed, hindered and even suspended. Whilst the Company continues to actively plan for and manage such impacts, it is likely that such issues will impact and/or delay Puna's operations and development activity in the near term.

The Company will continue with regular on-going works, operating within safe control measures and following government regulations.

Corporate & Social Responsibility Programme

The Company has undertaken broad range CSR initiatives within the Salta Province, and following the commencement of construction works for the 2,000tpa operation, Argosy has reinforced its CSR strategies with a focus on local communities in the Puna region as a priority.

Argosy is committed to supporting the local communities through jobs and training. The Company is also focused on procuring goods and services locally as it undertakes construction of the 2,000tpa operation.

Argosy is proud of its valuable contribution through its CSR programme, and will continue supporting local communities in developing a sustainable economic environment with long lasting benefits.

Corporate

The Company's Annual General Meeting was held during the Quarter.

The Company is in a strong financial position with cash reserves of ~\$36 million (as at 30 June 2022).

During the Quarter, total expenditure of approximately \$2.99 million was provided to Puna Mining to fund the continued development works at the Rincon Lithium Project (as per ASX Listing Rule 5.3.2).

Exploration and evaluation expenditure conducted during the Quarter was ~\$31,000 (as per ASX Listing Rule 5.3.1).

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, approximately \$140,000 in payments were made to related parties and their associates, for director salaries, consultancy fees and superannuation (as per ASX Listing Rule 5.3.5).

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The Company appointed Mr Mal Randall as Non-Executive Chair following the retirement of Mr Alex Molyneux from the Board, and also appointed Mr Bruce McFadzean and Mr Peter De Leo as Independent Non-Executive Directors.

Schedule of Tenements

The schedule of tenements held by the Company at the end of the Quarter is shown below. No tenements were acquired or disposed during the Quarter.

Tenement	Location	Beneficial Percentage held
File 7272 (Telita) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 14342 (Chiquita 2) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 22850 (Romulo) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 22955 (Frodo) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1414 (Talisman) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1904 (Nelly) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 1905 (Angelica) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 2889 (Maria) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 2890 (Irene) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6343 (Tigre) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6345 (Puma) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100561 (Praga I) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100562 (Praga II) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 100625 (Praga III) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 10626 (Praga IV) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 17902 (Reyna) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 62308 (Tincal) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 6681 (San Marcos) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 7215 (Jujuy) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
File 14970 (San Jose) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
Mining easement right (File 4128) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
Mining easement right (File 15698) ¹	Salta, Argentina	77.5% (JV, earning up to 90%)
NMC1162672 - 1162935	Nevada, USA	100%
NMC1131801 - 1131815	Nevada, USA	100%
NMC1131817 - 1131827	Nevada, USA	100%
NMC1131830 - 1131837	Nevada, USA	100%
NMC1131842 - 1131852	Nevada, USA	100%
NMC1131856 - 1131868	Nevada, USA	100%
NMC1131871 - 1131973	Nevada, USA	100%

¹ Interest in mining tenement held 100% by Puna Mining S.A.

ENDS

This announcement has been authorised by Jerko Zuvela, the Company's Managing Director.

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

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Argosy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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

Competent Person's Statement – Rincon Lithium Project

The information contained in this ASX release relating to Exploration Targets, Exploration Results and Mineral Resource Estimates has been prepared by Mr Duncan Storey. Mr Storey is a Hydrogeologist, a Chartered Geologist and Fellow of the Geological Society of London (an RPO under JORC 2012). Mr Storey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Duncan Storey is an employee of AQ2 Pty Ltd and an independent consultant to Argosy Minerals Ltd. Mr Storey consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from exploration at the Rincon Lithium Project.

Chemical Engineer's Statement: The information in this announcement that relates to lithium carbonate processing is based on information compiled and/or reviewed by Mr Pablo Alurralde. Mr Alurralde is the President of Puna Mining S.A. and consents to the inclusion in this announcement of this information in the form and context in which it appears. Mr Alurralde is a chemical engineer with a degree in Chemical Engineering from Salta National University in Argentina. Mr Alurralde has sufficient experience which is relevant to the lithium carbonate and lithium hydroxide processing and testing undertaken to evaluate the data presented.

ASX Listing Rules Compliance

The Mineral Resources information contained in this ASX release is extracted from the report entitled "Argosy Upgrades Lithium Rincon Lithium Project JORC resource" dated 13 November 2018, available at www.argosyminerals.com.au and www.asx.com. Argosy confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement





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continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Argosy advises references to the Company's current target of producing 2,000tpa of high purity battery quality lithium carbonate product at the Rincon Lithium Project should be read subject to and clarified by the Company's current intention that the 2,000tpa production target does not extend beyond a two-year period from the Clarifying Announcement (lodged 10th February 2021, available at www.argosyminerals.com.au and www.asx.com).

At the conclusion of the two-year period, it is the Company's current intention that, subject to feasibility, finance, market conditions and completion of development works at the Rincon Lithium Project, the Company's 10,000tpa production target will apply. The current 2,000tpa production target is intended to form a modular part of the 10,000tpa operation from its commencement.

Argosy further advises that references in this ASX release in relation to the 10,000tpa production target are extracted from the report entitled "Argosy delivers exceptional PEA results for Rincon Project" dated 28 November 2018, available at www.argosyminerals.com.au and www.asx.com. Argosy confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and, in the case of the Production Target, Mineral Resources or Ore Reserves contained in the Announcement, that all material assumptions and technical parameters underpinning the estimates in the PEA announcement continue to apply and have not materially changed. Argosy confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the PEA announcement.

Reference to Previous ASX Releases:

This document refers to the following previous ASX releases:

13th Nov 2018 - Argosy Upgrades Lithium Rincon Lithium Project JORC Resource

28th Nov 2018 - Argosy delivers exceptional PEA results for Rincon Project

11th Jan 2021 - Rincon Project JORC Exploration Target

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

10th Feb 2021 - Clarifying Announcement

ABOUT ARGOSY MINERALS LIMITED

Argosy Minerals Limited (ASX: AGY) is an Australian company with a current 77.5% (and ultimate 90%) interest in the Rincon Lithium Project in Salta Province, Argentina and a 100% interest in the Tonopah Lithium Project in Nevada, USA.

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

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



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Appendix 1: Rincon Lithium Project Location Map



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