



ARGOSY MINERALS
LIMITED

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PEA Results Rincon Lithium Project

November 2018



ASX Code: AGY



www.argosyminerals.com.au

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Competent Person's Statement – Rincon Lithium Project: The information contained in this ASX release relating to 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.

The information in this report that relates to technical matters is based on information compiled by Jerko Zuvela who is the Managing Director of AGY. Mr Zuvela is a Member of the Australasian Institute of Mining and Metallurgy.

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2 All amounts in A\$ unless stated otherwise.

Cautionary Statement



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- The PEA is a preliminary technical and economic study of the potential viability of the Rincon Lithium Project required to reach a decision to proceed with more definitive studies (equivalent to a JORC Scoping Study). It is based on preliminary/low-level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves or provide certainty that the conclusions/results of the PEA will be realised. Further exploration and evaluation work and appropriate studies are required before Argosy will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case.
- The economic analysis results should be treated as preliminary in nature and caution should be exercised in their use as a basis for assessing project feasibility. The PEA was based on material assumptions including assumptions about the availability of funding. While Argosy considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the PEA will be achieved.
- To achieve the range of proposed feasibility studies and potential mine development outcomes indicated in the PEA, additional funding will be required. Investors should note that there is no certainty that Argosy will be able to raise funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Argosy's existing shares. It is also possible that Argosy could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce Argosy's proportionate ownership of the project.
- 100% of material included in the PEA proposed mining schedules for all cases is included within Indicated Mineral Resources.
- Process and engineering works for the PEA were developed to support capital and operating estimates (and following AUSIMM Guidelines for this study level), and given the preliminary and confidential nature of the plant information, the capital cost margin of error is $\pm 50\%$ on the 'factored cases' estimated figures and operating cost is $\pm 35\%$. Key assumptions that the PEA are based on are outlined in the body of this announcement. Argosy has concluded it has a reasonable basis for providing the forward-looking statements in this announcement.
- The Mineral Resources information in this report 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 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.
- Given the uncertainties involved, all figures, costs, estimates quoted are approximate values and within the margin of error range expressed in the relevant sections throughout this announcement. Investors should not make any investment decisions based solely on the results of the PEA.

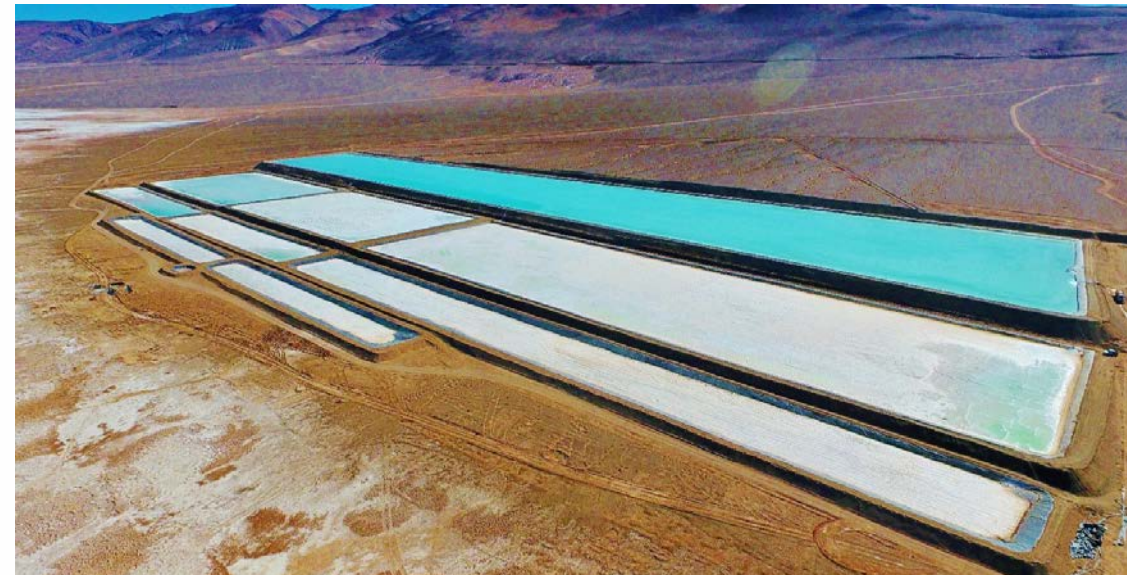
Argosy Minerals Overview



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- **Rincon Lithium Project located in the world-class “Lithium Triangle”**
 - Located in Salar del Rincon, Salta Province, Argentina
 - Successful fast-track development strategy
 - Battery grade lithium carbonate (LCE) product achieved
 - Joint-venture with lithium processing expert, Pablo Alurralde
 - Stage 1 industrial scale pilot plant operational
 - Stage 2 initial pond development ~85% complete and operational
 - Sample battery grade LCE currently being assessed by a number of potential off-take customers
- **\$17m capital raising completed in October 2017**
 - Funds utilised for Stage 2 development works
- **Argosy currently has 77.5% interest in the JV entity that owns Rincon Lithium Project –with the right to move to 90%**
- **Exceptional PEA results have enabled Argosy to move directly to a Stage 3 development phase, bypassing Stage 2 strategy**

Capital Structure	
Issued Capital	923,496,575
Share price ¹	A\$0.185
Market cap ¹	A\$171M
Cash ²	A\$5.0M



¹ As at 29 November 2018

² As at 30 September 2018

Fastrack Development Gaining Momentum

Next phase to commercial scale production confirmed with exceptional PEA Results



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Argosy continues to build on achievements

2017 - 2018

Locking in Value

- Constructed Stage 1 industrial-scale pilot plant and producing LCE Product
- Constructing Stage 2 evaporation ponds (currently ~27 Ha increasing to 36 Ha)
- First LCE product produced May 2018
- First battery quality LCE Product produced August 2018
- Completed 21 well drilling program
- Additional strategic land acquisitions - landholding now ~2,794.4 Ha
- Upgraded JORC Resource - 245,120 tonnes of contained LCE
- Finalised PEA with exceptional results

→ 2016

Securing Strategic Position

- Signed JV Agreement for up to 90% of Rincon Project
- Partnership with lithium expert Pablo Alurralde
- Established experienced Board
- Set up local subsidiary Puna Mining S.A.

2019 →

Cash Generation

- Secure project funding to enable significant increase in production scale
- Finalise off-take agreement(s)
- Continue to develop strategic partnerships

Proven Chemical Process

Proven Stage 1 process to be upscaled

The Base Case presented in the PEA is predicated on:

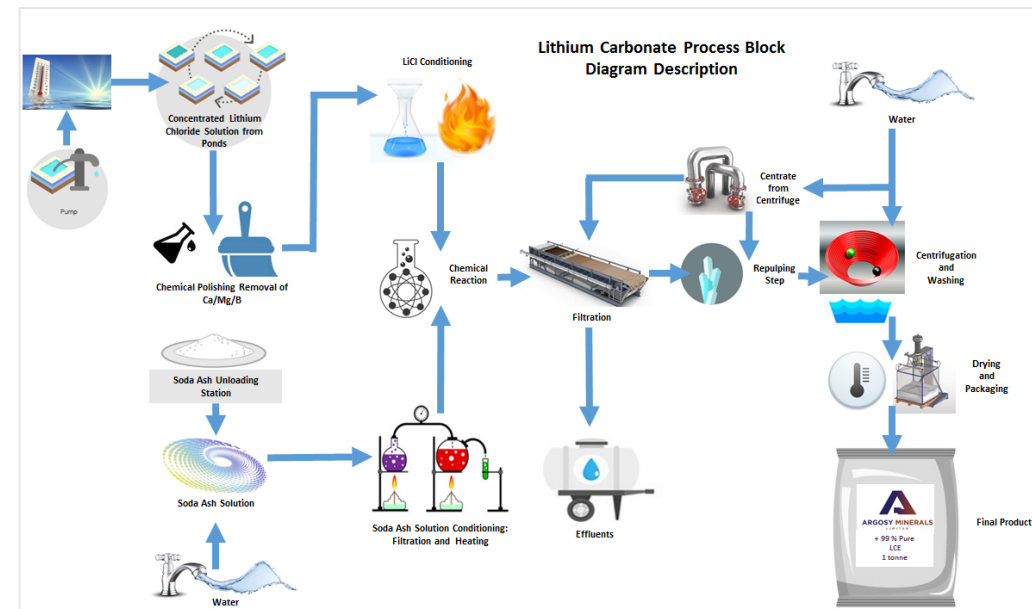
- Actual costs incurred in producing battery grade lithium carbonate – *certainty on reagent costs*
- Actual costs incurred for construction of ~27ha of evaporation ponds and industrial scale pilot plant – *certainty on construction costs*

Process Design

- Argosy has successfully proven its proprietary chemical process technology, having produced battery grade lithium carbonate
- Argosy is confident the chemical process currently utilised for the Stage 1 development can be upsized to either of the 10,000tpa or 15,000tpa production rate
- Argosy is confident in cost estimates utilised for the Base Case scenario

Argosy is the only new lithium brine developer to have recently constructed an industrial scale pilot plant with proof of chemical process to produce battery grade lithium carbonate

Rincon Project Conceptual Process Flow Sheet



PEA Highlights

Base Case Scenario¹ – 10,000tpa Li_2CO_3



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US\$399M

Pre-tax NPV (10% discount rate)

IRR 53%

Pre-tax

**CAPEX
US\$141M**

2.1 year payback

~US\$74M

*Annual pre-tax free cash flow over
life-of-mine*

**EBITDA margin
61%**

Annual EBITDA over life-of-mine

**16.5 year
mine life**

Producing 10,000tpa Li_2CO_3

¹ Based on forecast production of 10,000tpa and LCE price of US\$13,000/t

PEA Scenario Analysis

Economic analysis undertaken on six business cases



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Case i Capex **US\$215.2M** - 10,000tpa sold at US\$13,000/t, 16.5 year LOM¹

Case ii Capex **US\$215.2M** - 10,000tpa sold at US\$15,500/t, 16.5 year LOM

Case iii Capex **US\$274.5M** - 15,000tpa sold at US\$13,000/t, 11 year LOM

Case iv Capex **US\$274.5M** - 15,000tpa sold at US\$15,500/t, 11 year LOM

Case v Capex **US\$140.9M** - 10,000tpa sold at US\$13,000/t, 16.5 year LOM

Base Case Scenario

Case vi Capex **US\$140.9M** - 10,000tpa sold at US\$15,500/t, 16.5 year LOM

¹ Life-of-Mine (LOM)

PEA Parameters

Financial analysis inputs



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Financial analysis input	Parameter (10,000 tpa cases)	Parameter (15,000 tpa cases)
Annual production rate	10,000tpa	15,000tpa
Life of mine	16.5-years	11-years
Estimate currency	Fixed US Dollars	
Li ₂ CO ₃ price	US\$13,000/t or US\$15,500/t ¹	
Pre-development capital expenditure	Cases i and ii: US\$215.2M ² Cases v and vi: US\$140.9M ³	Cases iii and iv: US\$274.5M ²
Sustaining capital (annual)	4.5% of installed equipment value	
Direct operating cost	US\$4,645/t	US\$4,309/t
Working capital	Allowance for three months' operating costs per year	
Plant and equipment salvage value	10% of capital expenditure realised in final year of operation	
Royalties	3% of realised revenue	
NPV discount rate	10%	
Pre-development capital expenditure contingency	Cases i to iv: 17.5%; and cases v and vi 15%	
Ramp-up – application of costs and revenue	All capital expenditure items for the processing plant and services are assumed to be incurred in production year -1. All capital expenditure for non-process infrastructure is assumed to be incurred in production year 1. Revenue from production and sale of LCE is assumed to commence from production year 1	

Notes:

¹ The US\$15,500/t scenario is established as a '3-month average spot price' scenario FOB South America, so price is assumed net of port and insurance costs; but the US\$13,000/t long-term price forecast scenario incorporates transport to port and import and insurance costs.

² The US\$215.2M and US\$274.5M approximate capital cost estimates are based on initial Argosy estimates, adjusted using a factored cost estimation approach applied to the Cauchari-Olaroz Project and Maricunga Project capital cost values.

³ Capital costs estimates for the Argosy base case scenario derived from costs incurred during Stage 1 & 2 development; scaled production of 10,000tpa

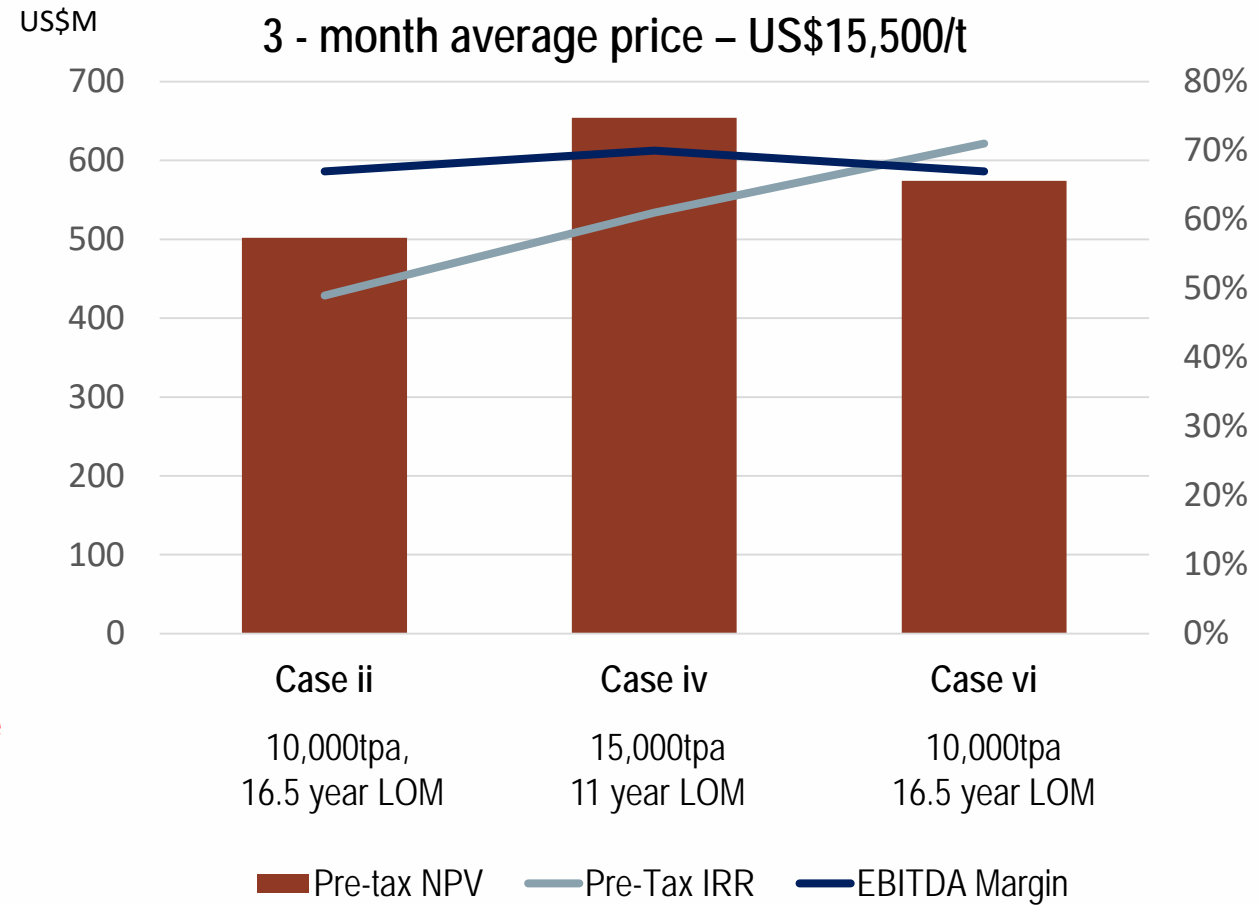
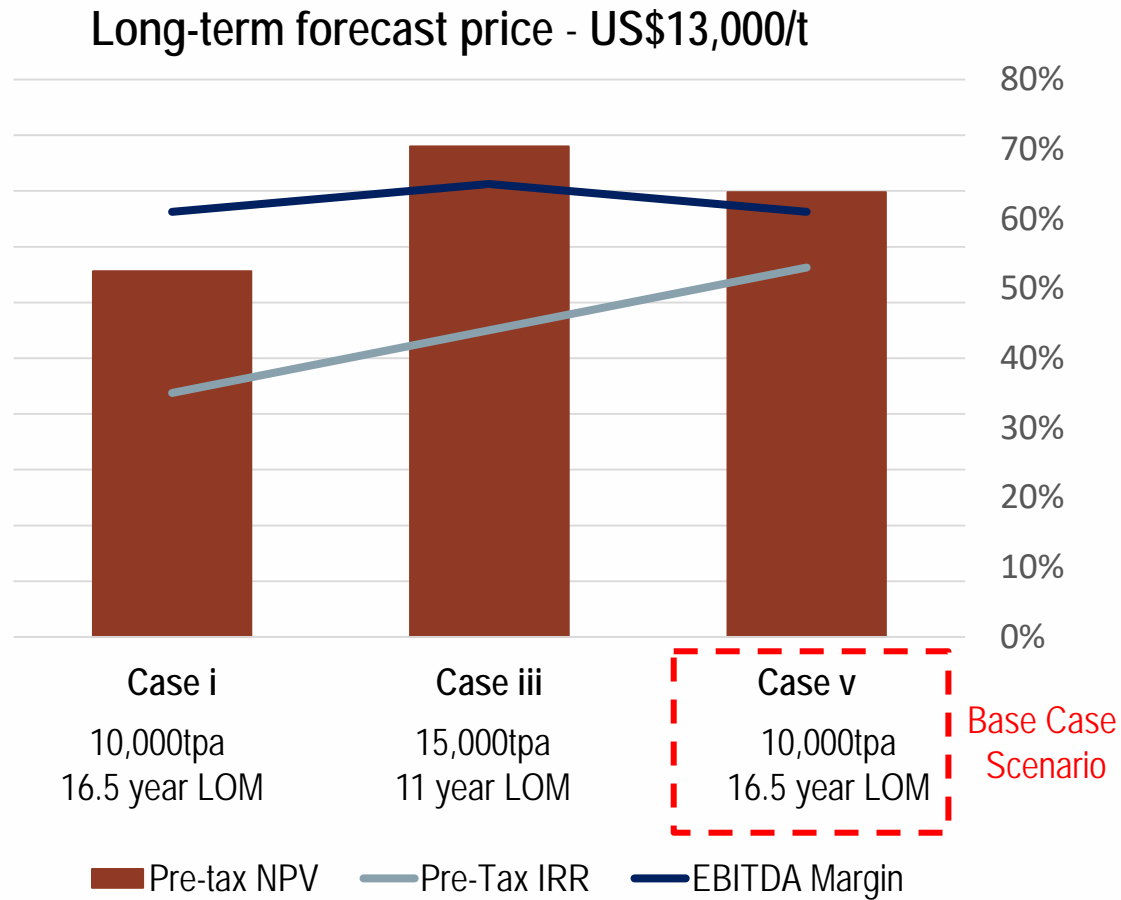
The PEA financial outcomes are based on a 100% ownership structure – Argosy currently owns a 77.5% interest in Puna Mining S.A. and will ultimately own a 90% interest in Puna Mining S.A. in consideration for funding the capital expenditure for the commercial stage operation.

PEA Outcomes

Approximate economic analysis summary results



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Pre-Development Capital Expenditure

Base case scenario 10,000tpa LCE production rate



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Summary of indicative capital expenditure (US\$M)	
Process Equipment	39.9
Installation	20.0
Evaporation Ponds	44.2
Mobile Equipment	4.8
Camps and Buildings	13.6
Contingency (15%)	18.4
TOTAL	140.9

Confidence in CAPEX estimates based on Stage 1 & 2 construction experience

- Capital cost estimated values based on current operational data and actual costs from the Stage 1 and 2 construction experience
- Capital costs are not so large to be prohibitive for potential development
- Scope exists to scale size of plant dependent on funding – option for modular development for staged capex

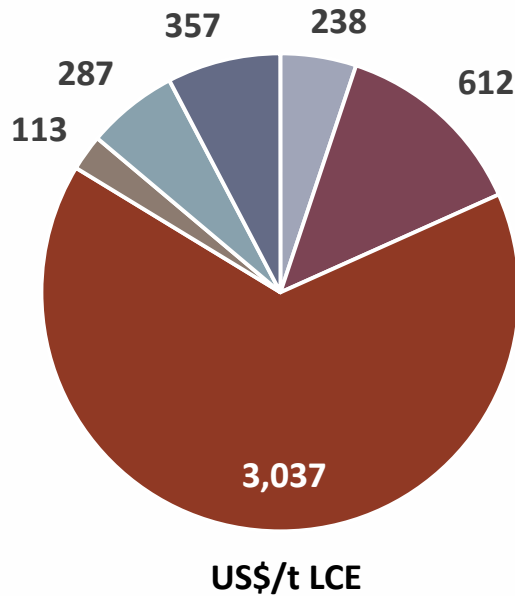
Operating Costs

Indicative process operating cost



Breakdown of estimated operating costs:

- Labour
- Energy
- Reagents
- Miscellaneous
- Maintenance
- G & A



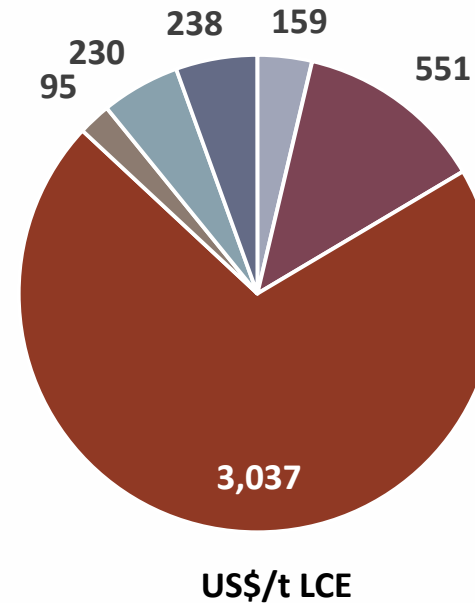
10,000tpa Production Scenario

Annual Operating Cost
US\$46,448,340 p.a.

EBITDA Margin 61% at
US\$13,000/t

EBITDA Margin 67% at
US\$15,500/t

Total Estimated
Operating Coast
US\$4,645/t



15,000tpa Production Scenario

Annual Operating Cost
US\$64,635,179 p.a.

EBITDA Margin 65% at
US\$13,000/t

EBITDA Margin 70% at
US\$15,500/t

Total Estimated
Operating Coast
US\$4,309/t

- Process operating cost estimates were compiled from Rincon Stage 1 development cost data
- 10,000tpa and 15,000tpa operating costs determined based on linearly scaling the variable portion of operating expenditure items to reflect the new production rate, while retaining the fixed portion
- Viewed as a conservative position, as opportunity will exist for price reduction on a per-unit basis for the non-fixed operating cost items e.g. reagent costs may reduce on a per-mass or per-volume basis for increasing production rates

Long term supply cost curves for lithium - 2025

Argosy Rincon Lithium Project in the lower end of industry cost curve



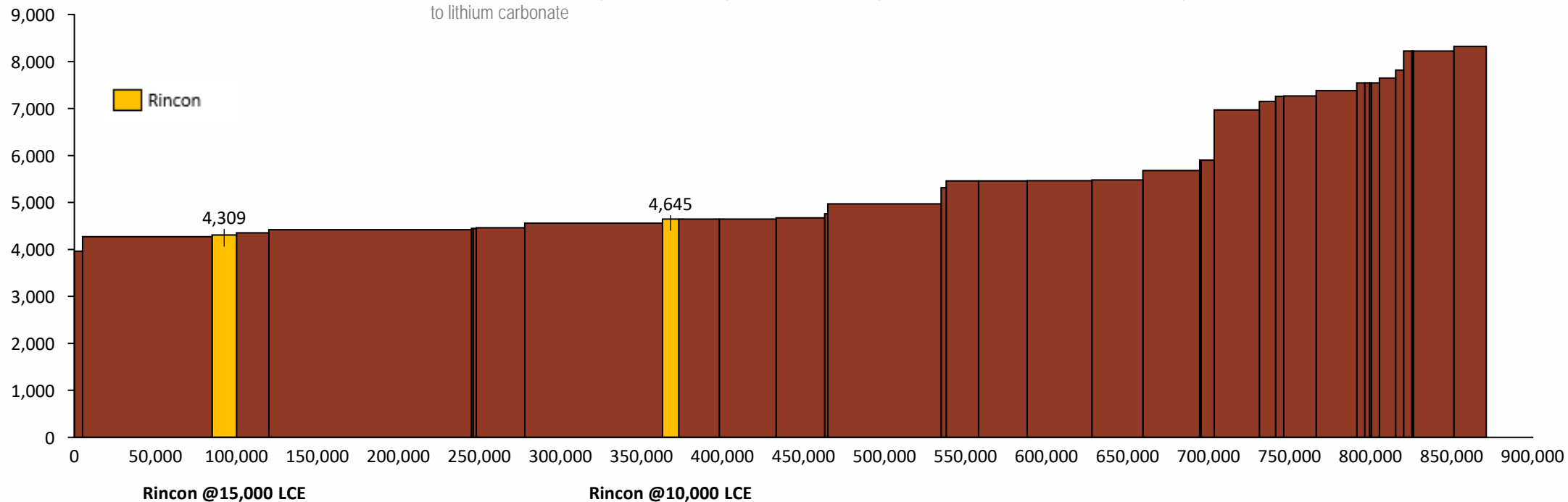
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Lithium industry brine and hard rock total cost curve - 2025

Notes on cost curves:

- Total cost includes capital repayment and royalty costs
- Hard rock includes pegmatite, petalite, lepidolite, jadarite and clay resources
- For operations producing spodumene, freight costs to processing point are included, as is a conversion margin to lithium carbonate

USD per LCE tonne (Real terms, 2018)



Source: Benchmark Mineral Intelligence

Rincon Project: Development Milestones

Unique & proven development strategy to confirm successful chemical process solution



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Description
Capacity
Status

Stage 1 Pilot Plant Stage

Industrial scale pilot plant to demonstrate effectiveness of Alurralde process for BG Li_2CO_3 production from Rincon Salar brines

Up to ~500tpa (Li_2CO_3) plant capacity

OPERATIONAL

First LCE Product achieved May 2018

First BG LCE Product achieved August 2018

Stage 2 Initial Commercial Stage

Option to bypass Stage 2 process plant construction

PEA results confirm ability to fast track development directly to commercial stage production

Amount of project funding sourced will determine starting production level

Commercial Stage

Large scale full commercial production

10,000tpa Base Case, Scope to go to 15,000tpa, Modular approach optional for staged capex

Target to commence development 2019

Taxation/Fiscal regime

Argentina open for business



Investment Friendly taxation regime already established, no need to negotiate separate fiscal agreement

- Corporate income tax at the rate of 30% from 1 January 2018, reducing to 25% from 1 January 2020
- VAT is set at 21%, with some capital items attracting a lower rate of 10.5%
- 30 year tax stabilisation
- Depreciation: On all capital expenditure and pre-production costs at an accelerated rate over 3 years
- VAT benefits via advanced VAT reimbursement for imported capital assets & services
- Deductibility: of project development costs
- Any financial loss resulting from mining operations of a licensee in an accounting year may be carried forward and deducted from gross income in the next five accounting years
- Import and export duties are 0%
- Exemption from minimum presumed income tax (MPIT)

Note, as a result of the devaluation of the Peso, the Argentinian government introduced a temporary austerity measure tax of 3 Pesos per US Dollar of export value on goods shipped internationally, until the end of 2020.

The Rincon project is anticipated to experience limited exposure to this temporary tax due to construction timeframes, and the forecast 11-16.5 year life-of-mine.

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Rincon Project: Location and Infrastructure

Rincon lies close to infrastructure in Salta Province, a prolific mining jurisdiction



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- The Project lies within Salta Province, ~3,700m ASL, serviced by city of Salta with population of ~600,000
- The region is known for its high evaporation rates, given UV is very high, predominant clear skies and minimal rainfall
- High quality regional and site infrastructure will facilitate project development, with road, rail, port facilities and power generation services such as electrical and natural gas all available at close distance

- Sealed Highways
- Railroad
- High voltage power line
- Gas pipeline



Salar Del Rincon

Existing infrastructure servicing the Salar del Rincón

Lithium Market Outlook

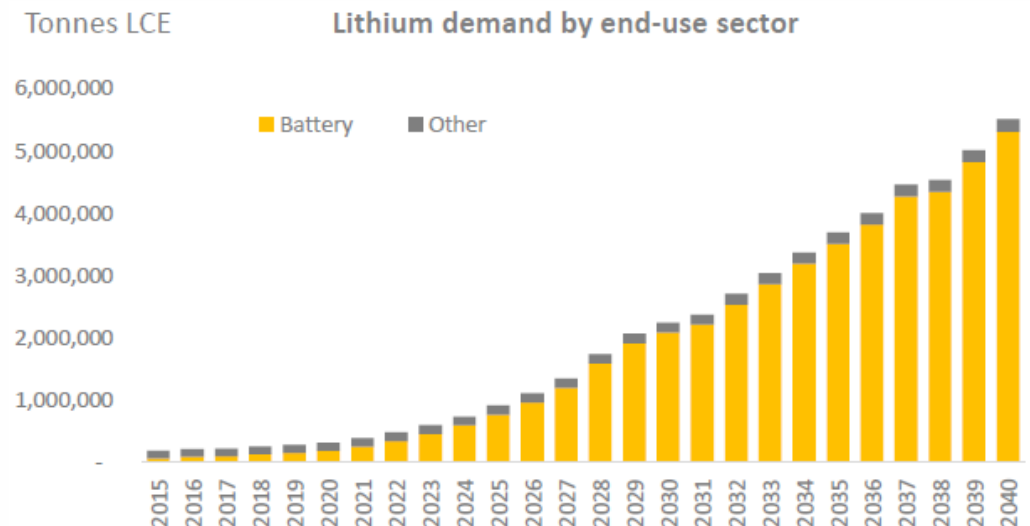
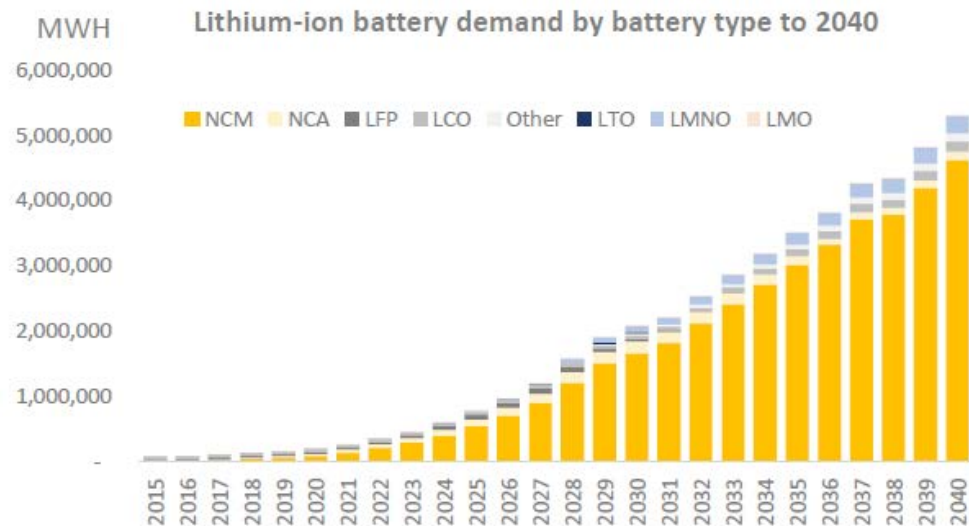
Long-term fundamentals remain sound



Benchmark Mineral Intelligence commissioned to provide a Lithium Market Outlook Report (Nov 2018)

Key Findings - Demand

- The lithium market is set to grow sharply as the mineral is critical for use in battery technologies employed in electric vehicles, grid storage and portable electronic equipment
- Lithium will be the mainstay component of all portable energy storage applications (and a key part of stationary storage landscape)
- The type of cathode chemistry will dictate the type of lithium required
 - LFP/Low-nickel NCM = Lithium carbonate
 - NCA/High-nickel NCM = Lithium hydroxide



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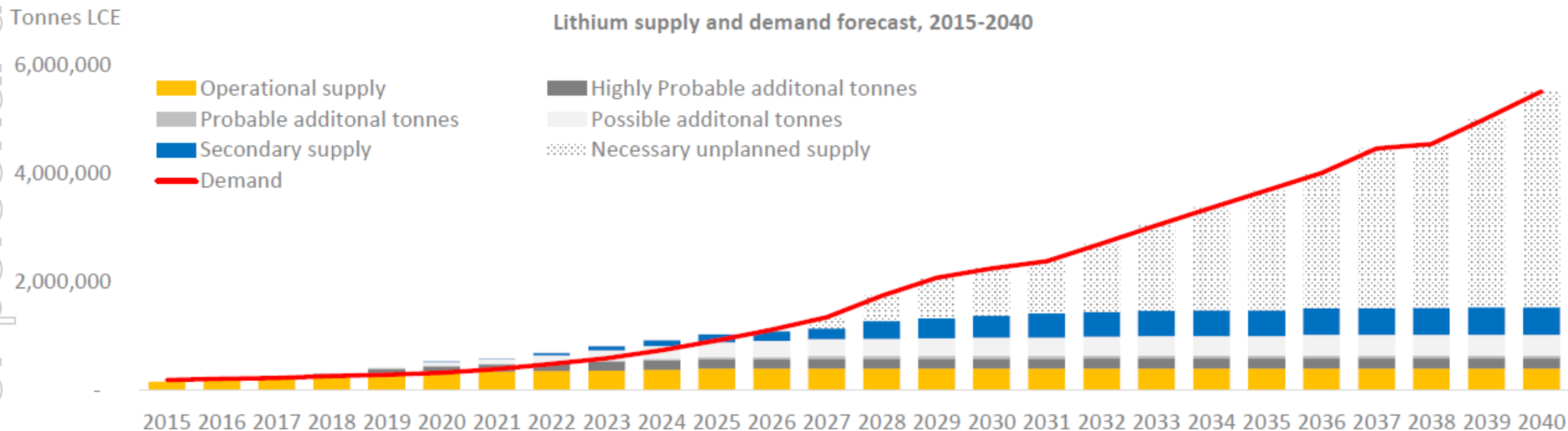
Lithium Market Outlook

Long-term fundamentals remain sound



Key Findings - Supply

- **Short/medium term** - lithium market in balance to marginal oversupply. However, LCE prices to remain at current market levels
- **Long term** – significant supply growth required. Higher LCE prices needed to incentivize new supply



Lithium Market Outlook

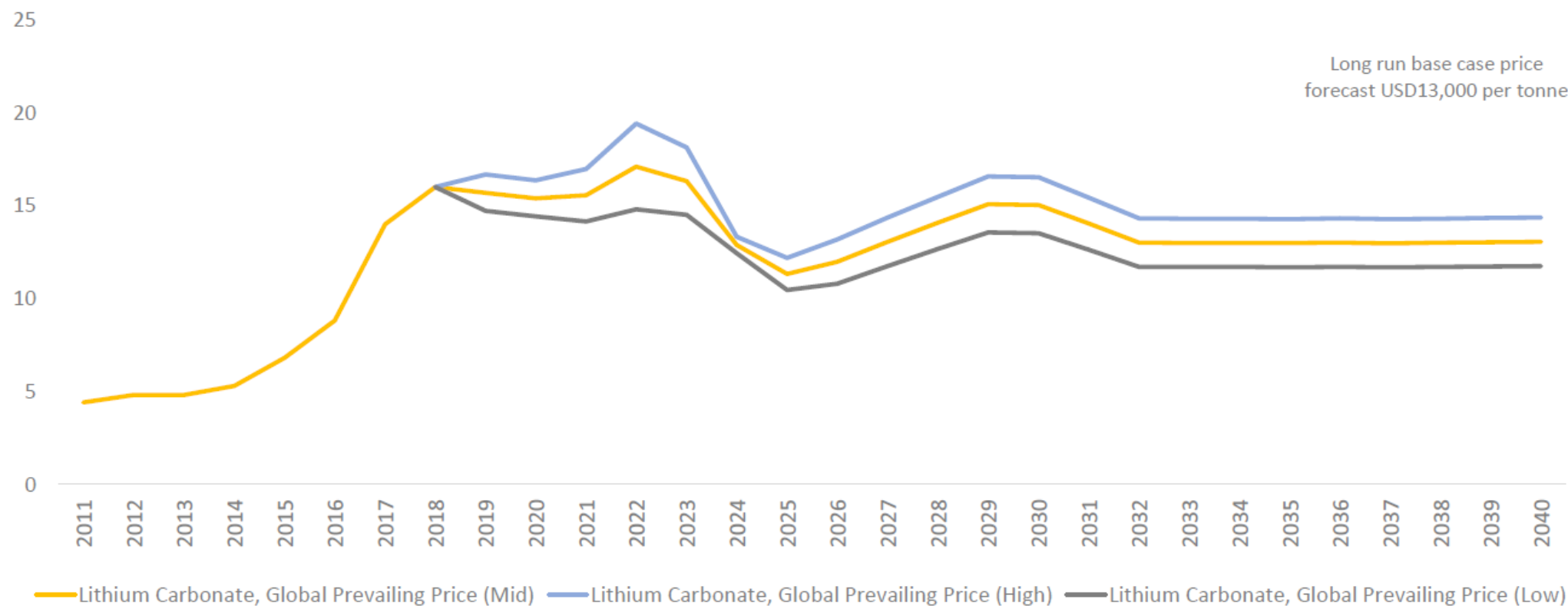
Long-term fundamentals remain sound



Key Findings – Price Outlook

Lithium Carbonate, Global prevailing price forecast, 2011- 2040 (Real terms, USD 2018)

USD per tonne (Real terms, 2018)



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Lithium Market Outlook

Long-term fundamentals remain sound



Key Findings – Outcomes for Argosy Rincon Project:

- ✓ Rincon estimated operating costs at the low end of the industry cost curve
- ✓ Low case forecast long term pricing outlook +180-200%¹ higher than Rincon estimated operating costs over life-of-mine
- ✓ Short to medium term lithium price (up to 2023) even higher, supporting commissioning economics
- ✓ Project has the ability to generate exceptional annual cash flows under all lithium price outlook scenarios

The Rincon Lithium Project's low cost, soon to market operations are economically robust under all forecast lithium price scenarios

¹ Based on forecast LCE price of US\$13,000/t and the 10,000tpa and 15,000tpa production scenarios

Rincon lithium Project Upcoming Milestones

Lithium brine project in the 'Lithium Triangle' with staged development works well underway



Upcoming value-adding milestone works include:

- **Finalise Stage 1 off-take agreement**
 - Product samples sent to potential customers
 - Argosy maintains active engagement with counterparties
- **Complete construction of remaining Stage 2 evaporation ponds**
 - To date 27 Ha constructed, increasing to 36 Ha
- **Regulatory permitting works for approval to commence commercial stage construction and operating works**
 - Progressing in line with timetable
- **Advancing discussions with project financiers/strategic partners**
 - Various alternatives being considered to ensure lowest cost, flexible funding arrangement
- **Continue next stage of project development**

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Conclusion



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Base case scenario¹ delivers exceptional returns

- Pre tax NPV US\$399M (A\$554M)
- IRR 53%



Project has the ability to generate strong annual cash flows – c. US\$74M (A\$102M)



Long life asset 16.5 years with a short 2.1 year payback



Cash cost of production at the low end industry cost curve

The PEA confirms Rincon Lithium Project to be a low cost, highly attractive investment, ready to be upsized to commercial scale

¹ Based on forecast production of 10,000tpa and LCE price of US\$13,000/t



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