
ARGOSY MINERALS LIMITED

ACN 073 391 189

NOTICE OF GENERAL MEETING

TIME: 11:30am (WST)

DATE: Friday 16 September 2016

PLACE: London House,
Level 3, 216 St Georges Terrace,
Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9226 4500.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 11.30am (WST) on 16 September 2016 at London House, Level 3, 216 St Georges Terrace, Perth.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm (WST) on 14 September 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – ASX LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – ASX LISTING RULE 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 26,666,668 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – CHANGE TO SCALE OF ACTIVITIES – ACQUISITION OF ARGENTINA PROJECTS

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities as described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – CHANGE TO SCALE OF ACTIVITIES – RIGHT TO EARN INTEREST IN THE RINCON PROJECT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities as described in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 12 August 2016

By order of the Board



ANDREA BETTI
NON-EXECUTIVE DIRECTOR & COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – ASX LISTING RULE 7.1

1.1 General

On 26 May 2016, the Company issued 1,000,000 Shares at a deemed issue price of \$0.021 each to a contractor in lieu of cash for the provision of services to the Company.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 1,000,000 Shares were issued;
- (b) the Shares were issued at a deemed issue price of \$0.021 each;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Benison Holdings Pty Ltd in lieu of cash for the provision of services to the Company. Benison Holdings Pty Ltd is not a related party of the Company; and
- (e) no funds were raised from the issue of Shares as the Shares were issued for nil cash consideration.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – ASX LISTING RULE 7.1A

2.1 General

On 26 May 2016, the Company issued 26,666,668 Shares at an issue price of \$0.03 per Share to raise \$800,000 (**Placement**). The Company undertook the Placement

from within its additional 10% placement capacity approved at the 2015 annual general meeting of the Company (held on 29 May 2015) under ASX Listing Rule 7.1A.

Resolution 2 seeks Shareholder ratification of the Placement pursuant to ASX Listing Rule 7.4. A summary of ASX Listing Rule 7.4 is set out in Section 1.1 above.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 26,666,668 Shares were issued;
- (b) the issue price was \$0.03 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors and clients of CPS Capital Group Limited. None of these subscribers are related parties of the Company; and
- (e) the funds raised from the Placement will be used for exploration and advancement of existing projects and working capital.

3. EKEKO TRANSACTION

3.1 Background

On 12 May 2016, the Company announced that it had entered into a binding heads of agreement (**Ekeko HOA**) with Ekeko S.A. (**Ekeko**), a company incorporated in Argentina, pursuant to which the Company was granted the exclusive right to enter into a formal agreement (**Option Agreement**) to obtain the option, for a period of 12 months, to acquire 100% of the right, title and interest in and to two projects in Argentina considered prospective for lithium (**Ekeko Transaction**).

The projects the subject of the Ekeko Transaction comprise the Mina Teresa and Pocitos lithium projects in the Jujuy and Salta Provinces of Argentina (together, the **Argentina Projects**).

On 8 June 2016, the Company announced that it had completed due diligence and entered into the Option Agreement with Ekeko. In accordance with the terms of the Option Agreement and upon payment of the US\$100,000 option fee on 9 June 2016 (**Option Fee**), the Company was granted a 12 month exclusive option period to purchase, at any time during the option period, 100% of the Argentina Projects for US\$4,500,000 (**Ekeko Option**).

The Company's election to exercise the Ekeko Option is subject to Shareholder approval under ASX Listing Rule 11.1.2, which is being sought in Resolution 3.

The key terms of the Ekeko HOA are set out in section 3.3 below.

3.2 The Argentina Projects

The Argentina Projects comprise the Mina Teresa Project and the Pocitos Project. The Mina Teresa Project consists of a 2,596Ha 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 and 19463) totalling 2,132Ha within the Salar de Pocitos in Salta Province.

The Argentina Projects are located in the elevated and arid Puna region of Argentina and form part of a number of highly mineralised projects in production and development, including, among others, those operated by NYSE-listed FMC Corp's Fenix operations at Hombre Muerto Salar, ASX-listed Orocobre Ltd's Olaroz operation, Lithea Inc's Pozuelos Project, Western Lithium Corp's Cauchari-Olaroz Project and Sentient Group's Rincon Project. For the avoidance of doubt, the Company has no association or affiliation with any of the aforementioned entities (or their respective related group entities) or projects.

Geological studies show historical sample values that are promising for further testwork to determine options for potential production strategies. The Salar de Pocitos was extensively explored in 2010, with a PhD thesis completed in 2014 on the solid facies showing potential for lithium, boron and calcite processing. Historical data and records within the Project areas have been reviewed and will be used to assist with the Company's exploration works programs.

The Company will have access to a laboratory (ISO17025 accredited) and pilot plant equipment to complete the metallurgical and processing studies required to establish mineral resources as well as consultants highly skilled and experienced in lithium brine geology, geochemistry, plant design, extraction methodologies and product marketing will expedite the project. The Argentina Projects are serviced by high quality infrastructure including access via all-seasons roads, electrical power, a terminus for a natural gas pipeline and road and railway to Antofagasta port facilities in Chile.

Based on historical works, at least three different concentration processes may be considered – including fractional crystallization, membrane separation and solvent extraction.

Strategy

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

The purpose of the geological exploration works will be to determine the hydrogeological characteristics of the aquifer, and involve drilling, various test-works on the drill core and flows in the sub-aquifer to delineate a JORC Resource over the coming months.

Engineering and processing works will involve evaporation field tests of the Salars' brines prior to further processing. This test program will determine the operating conditions, mass balance and thermo-dynamical equilibrium of the ponds. A pilot plant simulation of lithium recovery will be carried out to determine the conceptual engineering parameters for the recovery, crystallisation and purification of lithium carbonate using brines recovered from the Salars, and also arranging trial products for product marketing and/or off-take agreement to ultimately prepare a bankable feasibility study.

3.3 Material Contracts

As detailed in Section 3.1 above, the Company entered into the Ekeko HOA pursuant to which, upon entry into the Option Agreement and payment of the Option Fee, the Company was granted the Ekeko Option.

The key terms of the Option Agreement are as follows:

- (a) the Company has been granted the exclusive right, for a period of 12 months (**Option Period**), to purchase 100% of the rights, title and interest in the Argentina Projects in consideration of a cash payment of US\$4,500,000;
- (b) the Company paid US\$100,000 upon execution of the Option Agreement (the Option Fee);
- (c) the Company will be entitled to manage all exploration, development and mining activities at the Argentina Projects during the Option Period and will be liable to meet all costs related to maintaining the Argentina Projects in good standing;
- (d) the Company will be able to terminate the Option Agreement at any time during the Option Period; and
- (e) the Company's election to exercise the Ekeko Option to purchase the Argentina Projects is subject to Shareholder approval under ASX Listing Rule 11.1.2. Resolution 3 seeks such Shareholder approval to permit the Company to exercise the Ekeko Option.

3.4 Funding the purchase price

The Company advises Shareholders that, should it elect to exercise the Ekeko Option and acquire the Argentina Projects, the Company will need to raise funds in order to meet the purchase price. The Company may raise funds by debt or an issue of equity or a combination of both. As at the date of this Notice and given the Argentina Projects remain subject to review by the Company for a period of 12 months during the Option Period, the Company has not made any decisions as to how it intends to fund the purchase price.

3.5 Potential effect on capital structure

If the Company raises funding to meet the purchase price by an issue of Shares, existing Shareholders will be diluted.

The Company provides the following table to illustrate the potential dilution effect of a capital raising by an issue of securities to fund the purchase price for the Argentina Projects. The table is based on raising A\$6 million (approximately \$US4.5 million at the prevailing exchange rate) at three example Share prices: the approximate current market price of \$0.024 and a 20% premium and 20% discount to that price.

Issue Price	No. of Shares issued to raise A\$6m	No. of Shares currently on issue	Total estimated shares on issue	Dilution effect on existing Shareholders
\$0.019	315,789,474	644,750,788	960,540,262	32.88%
\$0.024	250,000,000	644,750,788	894,750,788	27.94%
\$0.029	206,896,552	644,750,788	851,647,340	24.29%

The Company advises Shareholders that any proposed equity issues would be made in accordance with the Listing Rules and would, to the extent it falls outside of the Company's then-available placement capacity, require Shareholder approval at a further general meeting.

The Company notes that, should it raise debt funding to meet the purchase price, it may not have any effect on the capital structure of the Company.

3.6 Company's board of directors and management

The board of directors and management of the Company will not change as a result of the Ekeko Transaction.

3.7 Plans for the Company if Resolution 3 is not passed

If Resolution 3 is not passed and the Company is unable to exercise the Ekeko Option, the Company will continue its exploration activities on the Rincon Lithium Project (subject to shareholder approval), Mt Paris Lithium Project, Wee MacGregor Copper-Gold Project and Erongo Graphite Project and consider new potential business acquisitions to take the Company forward and provide value to Shareholders.

3.8 Directors' interests in the Ekeko Transaction

None of the Company's existing Directors have any interest in the Ekeko Transaction.

3.9 Director's recommendation

The Board is of the view that the Ekeko Transaction marks a major step forward for the Company to expand its core business operations and leverage the current and projected growth in the lithium sector to provide value for Shareholders.

Having regard to the advantages and disadvantages of the Ekeko Transaction as detailed in Sections 5.3 and 5.4, the Directors believe the Ekeko Transaction is in the best interests of the Company and unanimously recommend Shareholders vote in favour of Resolution 3.

Shareholders are referred to Section 5 for further information in respect of the Ekeko Transaction, including relevant risk factors to be considered by Shareholders prior to exercising their voting rights.

4. RINCON TRANSACTION

4.1 Background

On 1 July 2016, the Company entered into a binding heads of agreement (**Rincon HOA**) with Messrs Francisco Menendez and Pablo Alurralde (together, the **Vendors**) pursuant to which:

- (a) the Company was granted the exclusive right to undertake due diligence on the Rincon Project; and
- (b) subject to formal agreement and completion of due diligence, the Company and the Vendors will establish an Argentinian joint venture company (**JV Entity**) to own the Rincon Project and the Company will have the right to earn up to a 90% interest in the JV Entity,

(the **Rincon Transaction**).

On 10 August 2016, the Company announced that it had satisfactorily completed its due diligence on the Rincon Project and was proceeding to negotiate and enter into the formal farm-in agreement with the Vendors pursuant to which the parties will incorporate the JV Entity to hold the rights to the Rincon Project (**Farm-in Agreement**). The commencement of the Farm-in Agreement will be subject to Shareholder approval under ASX Listing Rule 11.1.2, which is the subject of Resolution 4.

The Rincon Transaction is a progressive farm-in arrangement in respect of which the ability of the Company to acquire an initial interest and advance to the next incremental stage is:

- (a) at the Company's discretion;
- (b) subject to compliance with a business plan which will be periodically agreed by the Company and the Vendors subject to exploration and production results; and
- (c) not subject to minimum expenditure requirements.

The key commercial terms of the proposed Farm-in Agreement are set out in section 4.3 below.

4.2 The Rincon Project

The Rincon Project which will be transferred to the JV Entity currently consists of two mining concessions (Telita and Chiquita II – File Numbers 7272 and 14342) within the Salar de Rincon in Salta Province which are considered prospective for lithium. The Rincon Project currently covers an area of approximately 74Ha within the overall Salar de Rincon.

As with the Argentina Projects, the Rincon Project is located in the elevated and arid Puna region of Argentina and forms part of a number of highly mineralised salars in production and development (refer to Section 3.2 above for details).

Geological studies within the Salar de Rincon show historical sample values that are promising for further studies to determine a potential development perspective. Historical data and records within the Rincon Project have been investigated by Mr Alurralde and will be used to assist with the Company's works programs. To date, no feasibility study has been completed on the Rincon Project.

The Rincon Project is also serviced by high quality infrastructure including access via all-seasons roads, electrical power, a terminus for a natural gas pipeline and road and railway to Antofagasta port facilities in Chile.

The location of the Rincon Project within the Salar de Rincon is demonstrated in the following map:

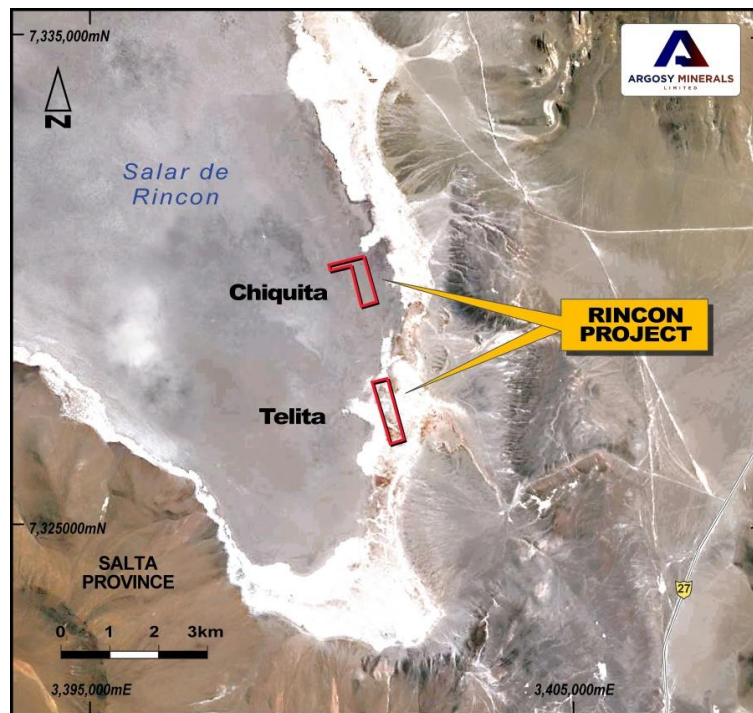


Figure 1. Rincon Project Location Map

JV Entity manager – Pablo Alurralde

It is proposed that upon entry into the definitive Farm-in Agreement, the Company and the Vendors will each appoint two nominees to the board of directors of the JV Entity and appoint an operating committee to oversee the management of the Rincon Project, approve plans and programmes and allocate the funding contributed by the Company. Mr Pablo Alurralde will manage the day-to-day operations of the JV Entity.

Mr Alurralde is a Chemical Engineer with over 15 years' senior management experience producing lithium carbonate and 30 years' experience designing chemical processes. He is a former director of Minera del Altiplano S.A. (a subsidiary of FMC Corporation), and has experience in the optimisation of industrial plants, international commerce and logistics, and an in-depth knowledge of international lithium markets.

Mr Alurralde is committed to using his extensive experience and expertise to fully develop the Rincon Project and is committed to working with the Company over the next three years and beyond.

Strategy

Mr Alurralde's key tasks and the strategy to develop the Rincon Project will involve:

- (a) upon receipt of relevant regulatory permits and approvals, to immediately thereafter commence relevant works to produce a laboratory scale quantity of lithium carbonate equivalent product;
- (b) pending successful laboratory scale production, conduct development works to produce a pilot plant scale quantity of lithium carbonate equivalent product; and
- (c) pending successful pilot plant scale production, the Company will then consider the best development pathway to ultimately target commercial production from the Rincon Project.

4.3 Material Contracts

The Company entered into the Rincon HOA pursuant to which the Company and the Vendors will negotiate and enter into the formal Farm-in Agreement and will incorporate the JV Entity. The Company expects to enter into the Farm-in Agreement during August 2016, and the commencement of the joint venture between the Company and the Vendors will be subject to approval of Resolution 4.

The Rincon Project will be transferred into the JV Entity and the Company will have the right to acquire and increase its shareholding in the JV Entity on the terms described below. The ability to meet milestones and increase its shareholding in the JV Entity will be at the discretion of the Company.

The parameters of the earn-in under the Farm-in Agreement will be as follows:

- (a) **JV Entity:** The Company and the Vendors will each appoint two nominees to the board of directors of the JV Entity and appoint an operating committee to oversee the management of the project, approve plans and programmes and allocate the funding contributed by the Company. Mr Pablo Alurralde will be in charge of day-to-day operations of the JV Entity.

In addition to the Rincon Project, it is intended that the JV Entity will acquire interests in adjacent or nearby mining concessions considered prospective for lithium production which will become subject to the Farm-in Agreement and the operations of the JV Entity.

- (b) **Employment of Vendors:** The Company will employ each of the Vendors for a term of three years. The position and remuneration of the Vendors has not, as at the date of this Notice, been determined, although the Company expects the terms to be industry standard and remunerate the Vendors commensurately with the seniority of their positions.

- (c) **First Stage:** The Company will acquire a 50% shareholding in the JV Entity if:

- (i) the JV Entity produces a laboratory scale quantity of lithium carbonate equivalent (**LCE**) product; or
- (ii) the Company funds the initial stages of the business plan agreed and approved by the Company and the Vendors.

The Company advises that a laboratory scale quantity of LCE may be of any material amount determined to be pertinent to advance the project to the Second Stage.

As at the date of this Notice, the Company expects to undertake general test-works to determine the possibility of producing a laboratory scale quantity of LCE, which the Company expects will involve the following activities at the Rincon Project in order to acquire the First Stage 50% interest:

- (i) environmental studies;
- (ii) brine extraction and storage works, including small-scale pond construction and lining works;

- (iii) brine processing – involving solar evaporation where the lithium will be concentrated;
- (iv) analysis and laboratory treatment of the lithium concentrate; and
- (v) pending success of the treatment process, production of a laboratory scale quantity of purified LCE product.

There is no end date by which the First Stage expenditure or production milestone must be achieved.

- (d) **Second Stage:** The Company has sole discretion as to whether it wishes to progress to the Second Stage after earning its initial 50% interest in the JV Entity. The Company expects that its election would be based on the results of its exploration and production on the Rincon Project, the availability of capital and broader market considerations.

If the Company does so elect, the Company may increase its shareholding to 77.5% in the JV Entity if the Company continues its participation in the JV Entity for a period of two years and complies with the business plan agreed and approved by the Company and the Vendors.

Upon completion of the Second Stage, the board of the JV Entity will be reconstituted to comprise three nominees of the Company and two of the Vendors.

The Company expects that the business plan in respect of the Second Stage will be agreed upon the Company earning the First Stage interest.

- (e) **Third Stage:** The Company has sole discretion as to whether it wishes to progress to the Third Stage after earning the Second Stage interest. The Company expects that its election would be based on the results of its exploration and production on Rincon Project, the availability of capital and broader market considerations.

If the Company does so elect, the Company will increase its shareholding to 90% in the JV Entity if the Company continues its participation in the JV Entity for a period of three years and complies with the business plan agreed and approved by the Company and the Vendors.

The Company expects that the business plan in respect of the Third Stage will be agreed upon the Company earning the Second Stage interest.

4.4 Effect on Capital Structure

The Transaction will not have any impact on the capital structure of the Company. The Transaction does not provide for the issue of securities in the Company.

4.5 Company's board of directors and management

The board of directors and management of the Company will not change as a result of the Transaction.

4.6 Plans for the Company if Resolution 4 is not passed

If Resolution 4 is not passed and the Rincon Transaction is not completed, the Company will continue its exploration activities on the Argentina Projects (subject to shareholder approval), Mt Paris Lithium Project, Wee MacGregor Copper-Gold Project and Erongo Graphite Project and consider new potential business acquisitions to take the Company forward and provide value to Shareholders.

4.7 Directors' interests in the Transaction

None of the Company's existing Directors have any interest in the proposed Transaction, other than as disclosed in this Notice.

4.8 Director's Recommendation

The Board is of the view that the Rincon Transaction contemplated by this Notice marks a major step forward for the Company to expand its core business operations and leverage the current and projected growth in the lithium sector to provide value for Shareholders.

Having regard to the advantages and disadvantages of the Rincon Transaction as detailed in Sections 5.3 and 5.4, the Directors believe the Rincon Transaction is in the best interests of the Company and unanimously recommend Shareholders vote in favour of Resolution 4.

Shareholders are referred to Section 5 for further information in respect of the Rincon Transaction, including relevant risk factors to be considered by Shareholders prior to exercising their voting rights.

5. ADDITIONAL INFORMATION IN RESPECT OF THE TRANSACTIONS

For the purposes of this Section 5, the Ekeko Transaction and the Rincon Transaction will together be referred to as the **Transactions**, and the Argentina Projects and the Rincon Project will together be referred to as the **Projects**.

5.1 Rationale for the Transactions

As foreshadowed in the Company's March 2016 quarterly activities report, the Company has proactively been working to review and consider new projects in the lithium sector as well as identifying other acquisition opportunities to complement its current resources portfolio of lithium, base and precious metals.

The proposed Transactions are consistent with the Company's strategy of enhancing its existing project portfolio, now firmly focused on lithium and related minerals, which are highly leveraged to the forecast growth in the lithium-ion battery sector. The market demand globally for lithium products continues to be very strong and supply of raw materials as feedstock, particularly in markets such as China, remains tight with very limited availability. Lithium is anticipated to remain in tight supply as the demand for lithium-ion batteries for use in home, industrial, utility and electric vehicle power storage undergoes transformational growth over the next decade.

The Company believes the proposed Transactions are potentially game-changing given the project locations within the world renowned "Lithium Triangle", adjacent, amongst others, to the Salars of Hombre Muerto, Pozeulos, Rincon, Cauchari, Olaroz, Diablillos, Arizaro, and Centenario, which are host to the world's largest lithium resources. Salta and Jujuy Provinces are well-known, favourable mining jurisdictions, with the ability to immediately target a

development and production strategy through expedited technical works, testing and studies aimed at fast-tracking to feasibility stage. This will be achieved via highly skilled consultants experienced in lithium brine geology, geochemistry, plant design, extraction methodologies and product marketing, who have access to a state-of-the-art equipped laboratory and pilot plant in Salta.

The Board considers that both of the Transactions are a substantial step toward the Company achieving its strategic goal of becoming a lithium developer and producer.

5.2 Key Dates

Event	Anticipated Date
Execution of Ekeko HOA	12 May 2016
Execution of Option Agreement and payment of Option Fee	8 June 2016
Execution of Rincon HOA	1 July 2016
Indicative date for execution of Farm-in Agreement	During August 2016
General Meeting to obtain Shareholder approval to proceed with the Transactions	16 September 2016
Indicative date by which the Ekeko Option may be exercised	During August 2017

5.3 Advantages of the Transactions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on both Resolutions 3 and 4:

- (a) the Transactions are potentially game-changing given the project locations within the world renowned "Lithium Triangle" in Argentina;
- (b) the Transactions represent an attractive opportunity for the Company to invest in lithium exploration assets to increase the value of the Company;
- (c) the Transactions represent significant upside potential with the ability to immediately target a development and production strategy through expedited technical works, testing and studies aimed at fast-tracking to feasibility stage. This will be achieved via highly skilled lithium experts, consultants and contractors;
- (d) the Transactions represent a significant achievement for Argosy, given the immense interest in Argentina and lithium brine projects, and will become very important for the Company to form the backbone of the potential project development strategy; and
- (e) the creation of a larger-scale entity is expected to have a larger market capitalisation and improved access to capital markets.

5.4 Disadvantages of the Transactions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on both Resolutions 3 and 4:

- (a) upon completion of the Transactions, the Company expects to have a substantial area of focus on lithium exploration in Argentina, which may not be consistent with the objectives of all Shareholders;
- (b) the Projects may not turn out to be commercially viable and thus losses may be incurred. In general terms, investments in listed exploration companies should be considered highly speculative;
- (c) completion of the Ekeko Transaction requires the Company to purchase the project for US\$4,500,000 prior to the expiry of the Option Period. The Company will need to raise funds in order to meet the purchase price. If the Company raises funding by an equity issue of securities, existing Shareholders may be significantly diluted;
- (d) there are risks associated with lithium exploration in Argentina and the prospective business of the Company upon completion of the Transactions. A non-exhaustive list of these risks is set out in Section 5.5 below; and
- (e) there is no guarantee that the Shares will not fall in value upon completion of the Transactions.

5.5 Risk factors

Shareholders should be aware that if the Transactions are approved and completed, the Company will be changing the scale of its activities and may be subject to additional or increased risks.

The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company.

(a) Specific Risks Relating to the Company

(a) Exploration

The Projects are at various stages of exploration and Shareholders should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Projects, or any other licenses or mining concessions in which the Company may acquire an interest in the future, will result in the discovery of an economic deposit or lithium resource. Even if an apparently viable deposit or resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital,

being able to maintain its interest in the Projects and obtaining all required approvals for its intended activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of the mining concessions comprising the Projects.

(b) **Contractual Risk**

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Ekeko HOA, the Option Agreement, the Rincon HOA and the Farm-in Agreement (as applicable). If any party defaults in the performance of their obligations, the Company expects that it and/or the potential success of the Projects would be adversely affected.

(c) **Development**

Possible future development of a mining operation at either of the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable lithium mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant Argentinian authorities, counter-parties to the relevant agreements complying with their obligations thereunder, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on either of the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of the Projects.

(d) **No market sector diversification**

As the Company is entirely exposed to the mining sector (particularly lithium), its business performance may be affected should this sector perform poorly.

(e) **Changes to key personnel**

The Company's business model depends on a management team with the talent and experience to develop exploration projects and the Company's core business operations, including the Vendors in respect of the Rincon Project.

There is a risk that operating and financial performance of the Company would be adversely affected by the loss of these key personnel.

(f) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company, including supply and demand fluctuations, general economic activity, costs of production of other mineral producers, technological advancements, forward selling activities and other macro-economic factors.

If the price of lithium falls below or remains below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the mining concessions comprising the Projects may require the Company to write down its mineral reserves and may have a material adverse effect on the Company's production, earnings and financial position.

Furthermore, international prices of various commodities (including lithium) are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) **Environmental**

Although the Company intends to conduct its activities in an environmentally responsible manner, if it is responsible for environmental damage on the Projects it may incur substantial costs for environmental rehabilitation, damage control and losses by third parties resulting from its operations. Environmental and safety in Argentina may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. This may lead to increased costs or other difficulties with compliance for the Company.

(h) **Operating and development risks**

The business of lithium exploration and mining involves many risks and may be impacted by factors including input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous

chemicals), industrial accidents, occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible

(b) **General Risks Relating to the Company**

(a) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar and United States dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies, particularly small companies, have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) **Funding risk**

The Company's ability to effectively implement its business and operational plans in the future, including to acquire the Argentina Projects and to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in an inability to acquire the Argentina Projects and the delay and indefinite postponement of exploration, development or production on the Projects or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **Government policy changes**

Adverse changes in government policies or legislation in Argentina may affect ownership and rights to mining concessions, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Argentina may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(d) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from Argentinian regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Company's mining assets.

(e) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and

(F) terrorism or other hostilities.

(f) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(c) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

6. RESOLUTION 3 – CHANGE TO SCALE OF ACTIVITIES – ACQUISITION OF ARGENTINA PROJECTS

6.1 General

Resolution 3 seeks approval for the Company to complete the acquisition of the Argentina Projects under the terms of the Option Agreement.

Full details of the terms of the Ekeko Transaction is set out in Sections 3 and 5 of this Notice, including the details of the Argentina Projects and a summary of the principal risks.

6.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in scale of the Company's activities as a result of the potential acquisition of the Argentina Projects requires the Company to obtain shareholder approval in accordance with ASX Listing Rule 11.1.2.

ASX has also indicated to the Company that the change in the scale of the Company's activities as a result of the potential acquisition of the Argentina Projects does not require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

7. RESOLUTION 4 – CHANGE TO SCALE OF ACTIVITIES – RIGHT TO EARN INTEREST IN THE RINCON PROJECT

7.1 General

Resolution 4 seeks approval for the Company to enter into the Farm-in Agreement in respect of the acquisition by the Company to have the ability to earn interest in the Rincon Project.

Full details of the terms of the Rincon Transactions are set out in Sections 4 and 5 of this Notice, including the details of the Rincon Project and a summary of the principal risks.

7.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in scale of the Company's activities as a result of the entry into the Farm-in Agreement requires the Company to obtain shareholder approval in accordance with ASX Listing Rule 11.1.2.

ASX has also indicated to the Company that the change in the scale of the Company's activities as a result of the entry into the Farm-in Agreement does not require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

GLOSSARY

\$ means Australian dollars.

Argentina Projects means the Mina Teresa and Pocitos Projects, as further described in Section 3.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Argosy Minerals Limited (ACN 073 391 189).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Ekeko Transaction means the acquisition of the Argentina Projects, as further described in Section 3.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Rincon Project means the Rincon Project, as further described in Section 4.

Rincon Transaction means the right to earn an interest in the Rincon Project, as further described in Section 4.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

Holder Number

Security Holder Appointment of Proxy – General Meeting

I/We being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

(Name of Proxy)

OR

The Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 11:30am (WST) on Friday 16 September 2016 at London House, Level 3, 216 St Georges Terrace, Perth Western Australia and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING ON BUSINESS OF THE MEETING

Resolutions

	For	Against	Abstain
1 Ratification of Prior Issue of Shares – ASX Listing Rule 7.1	☐	☐	☐
2 Ratification of Prior Issue of Shares – ASX Listing Rule 7.1A	☐	☐	☐
3 Change to Scale of Activities – Acquisition of Argentina Projects	☐	☐	☐
4 Change to Scale of Activities – Right to Earn Interest in the Rincon Project	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDER(S):

Individual or Shareholder 1

Sole Director / Company
Secretary

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

APPOINTING A PROXY

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. The appointed proxy may be an individual or body corporate.

If a Body Corporate is appointed to act as your proxy then a representative of that Body Corporate must be appointed to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment as per section 250D of the Corporations Act. Such notice must be signed as required by section 127 of the Corporations Act or the Body Corporate's Constitution.

If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll.

The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

Note: If you wish to appoint a second proxy, you may copy this form but you must return both forms together.

VOTING ON BUSINESS OF MEETING

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the number of votes that the proxy may exercise by writing the number of Shares next to the box marked for the relevant item of business.

Where a box is not marked the proxy may vote as they choose subject to the relevant laws.

Where more than one box is marked on an item the vote will be invalid on that item.

SIGNING INSTRUCTIONS

- **Individual:** Where the holding is in one name, the Shareholder must sign.
- **Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

ATTENDING THE MEETING

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

LODGEMENT OF VOTES

To be effective, a validly appointed proxy must be received by the Company **not less than 48 hours** prior to commencement of the Meeting.

Proxy appointments can be lodged by:

- a) **Post** - to Argosy Minerals Limited, P.O. Box 7775, Cloisters Square Perth, WA 6850; or
- b) **Facsimile** - to the Company on facsimile number +61 8 9220 2288; or
- c) **Email** - to the Company at abetti@perth.bentleys.com.au,

Proxy Forms received later than this time will be invalid