



Investor Update

Crescent Lake Lithium Project Ontario, Canada

LINDSAY OWLER, Director/CEO – March 2016



CORPORATE OVERVIEW

Company

ASX Code: ARE

Shares on issue: 443,791,701

Options on issue (6c, March 2017): 38,004,957

Share price (14 March 2017): 1.6c

Market cap at 1.6c: A\$7.1 million

Three month range: 0.3c to 2.4c

Major shareholders

Antofagasta: 12.4%(54,899,991)

Tattersfield Securities Limited: 10% (44,508,345)

Top 20 shareholders: 53%

Directors

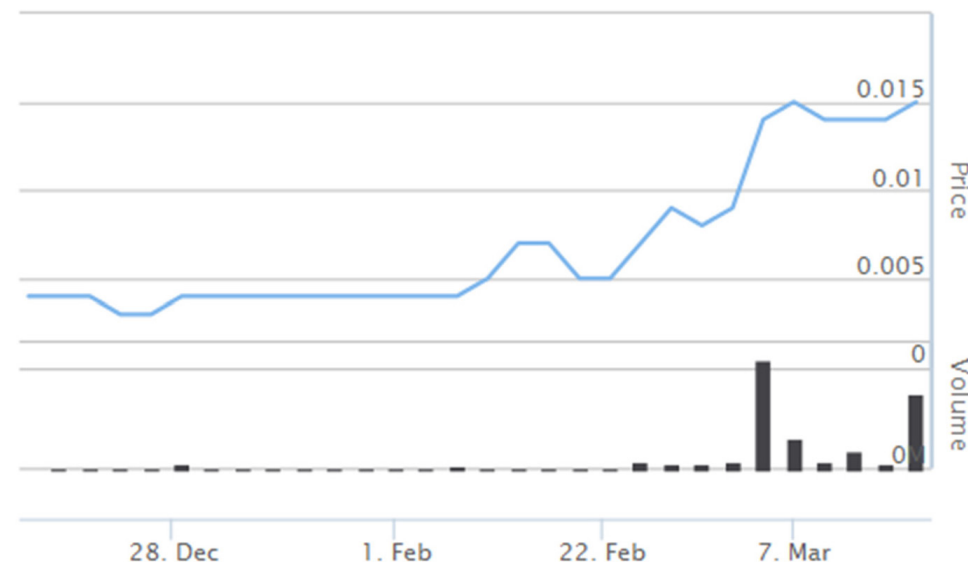
Pat Elliott Non-Executive Chairman

Lindsay Owler Executive Director/CEO

Andrew Bursill Director/CFO/Company Secretary

Malcolm Richmond Non-Executive Director

ARE Three Month Share Price



Strategy: fast-track development of quality lithium deposits

STRATEGY

Draw on company expertise to:

- **Fast track the development of the Crescent Lake Lithium Project:**
 - Near-term drilling to confirm lithium grades
 - Determine strike extent of known deposits
 - Explore for additional deposits
 - Scoping metallurgical study
 - Resource drilling and estimation
 - Scoping feasibility study
- **Acquire and develop additional lithium projects:**
 - Evaluating opportunities to acquire:
 - hard-rock (spodumene pegmatite) deposits and
 - lithium brines (salar) deposits
 - Australian grassroots exploration to test geological models
- **Move quickly to production during period of high demand**

Company Expertise:

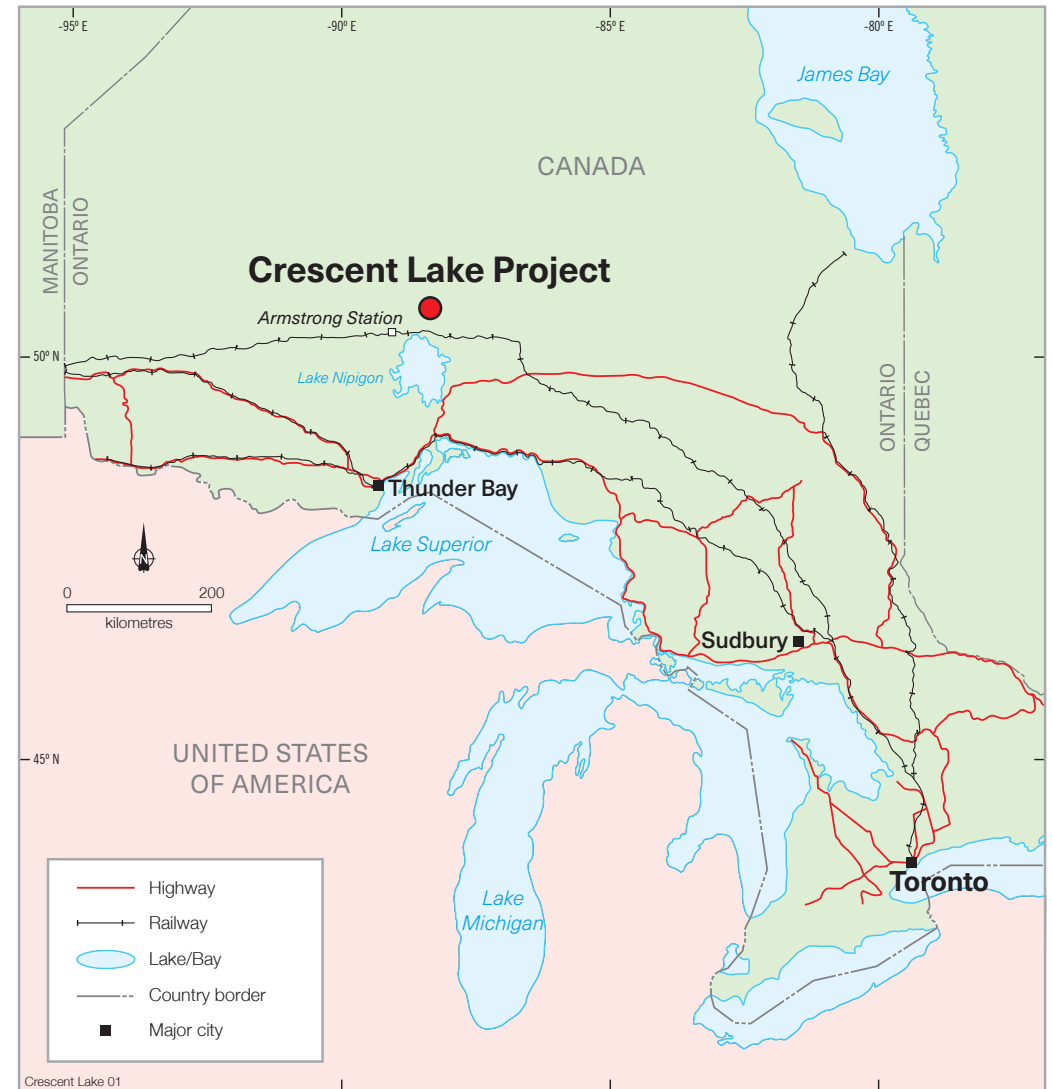
- Mineral exploration
- Resource definition
- Metallurgy
- Feasibility studies
- Mineral economics

CRESCENT LAKE PROJECT

Location and infrastructure

- Located 250km north-northwest of Thunder Bay in Ontario, Canada
- Accessible by road from Thunder Bay via Armstrong Station
- Class-one railway line runs within 20km of the project area.
- Armstrong Railway Station is located 75km to the south-west
- Railway interconnected with US rail network
- Port of Thunder Bay – major facility that ships via the Great Lakes to the Atlantic Ocean
- Electricity substations and gas pipelines located 50-60km to the south

Tesla aims to source raw materials for lithium-ion battery manufacture from North America to reduce environmental footprint



Crescent Lake Project location.

PREVIOUS EXPLORATION

Highlights of previous drilling at Crescent Lake Lithium Project

FALCON LAKE

Falcon Lake West:

- 8.1m at 1.48% LiO_2 from 2.7m
- 10.5m at 1.15% LiO_2 from 34.5m
- 14m at 0.99% LiO_2 from 69.3m
- 7m at 1.07% LiO_2 from 55.3m
- 11m at 1.10% LiO_2 from 39.4m

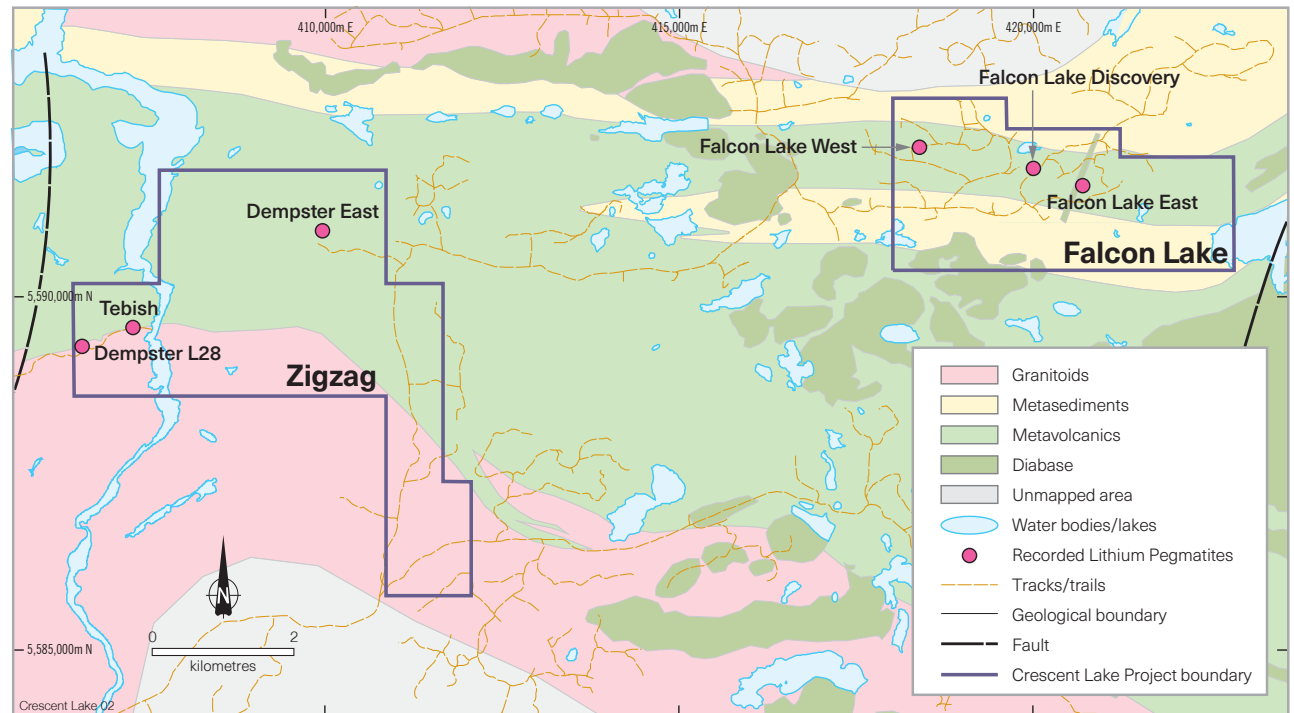
Falcon Lake East:

- 4.9m at 1.13% LiO_2 from 48.3m

ZIGZAG

Tebish:

- 6.1m at 1.08% LiO_2 from 12.4m



Claim locations, pegmatite occurrences and geology.

***Crescent Lake features two prospective areas:
Falcon Lake and Zigzag***

FALCON LAKE AND ZIGZAG AREAS

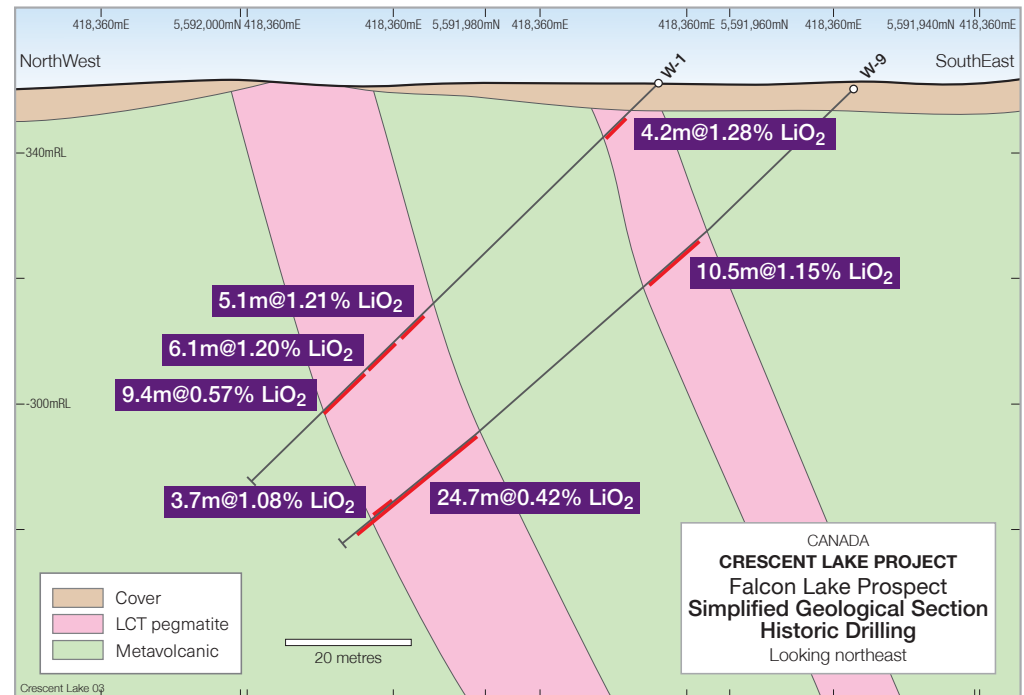
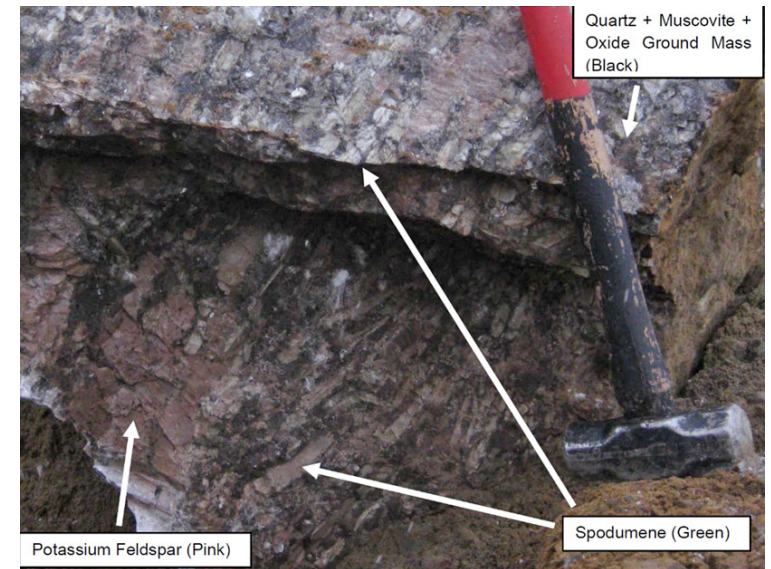
Falcon Lake deposits:

- Three known pegmatite occurrences
- Falcon Lake West deposit:
 - Main focus
 - Two SE dipping pegmatites – 23m and 10m true thickness
 - Strong potential for strike extensions
- Falcon Lake East:
 - Economic lithium grades confirmed

Zigzag occurrences

- There are also three main lithium occurrences on the Zigzag block
- The Tebish occurrence features:
 - 3-4 stacked pegmatites
 - 670m mapped strike length
 - Moderate southerly dip

Spodumene mineralisation at Falcon Lake West.



Falcon Lake West geological cross section.

EXPLORATION POTENTIAL

- The areas surrounding outcropping spodumene pegmatites are yet to be systematically explored by surface sampling or RAB drilling.
- Volcanic and sedimentary cover is interpreted to obscure areas surrounding the known occurrences.
- New assay techniques designed to highlight subsurface lithium pegmatites are yet to be applied in the project area.
- Significant opportunity exists to define:
 - additional mineralised pegmatites
 - stacked pegmatites associated with known occurrences
 - strike extensions to known pegmatites
 - down-dip extensions to the existing drill intercepts

Many internationally significant and geologically comparable hard rock lithium deposits occur in Ontario, Quebec and Manitoba Provinces, Canada.



Geology of the Superior Province showing lithium occurrences.

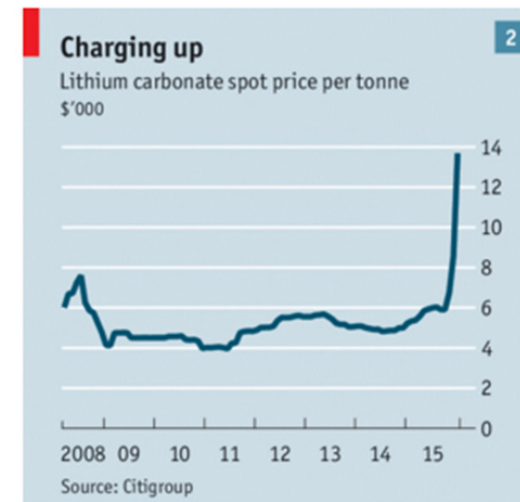
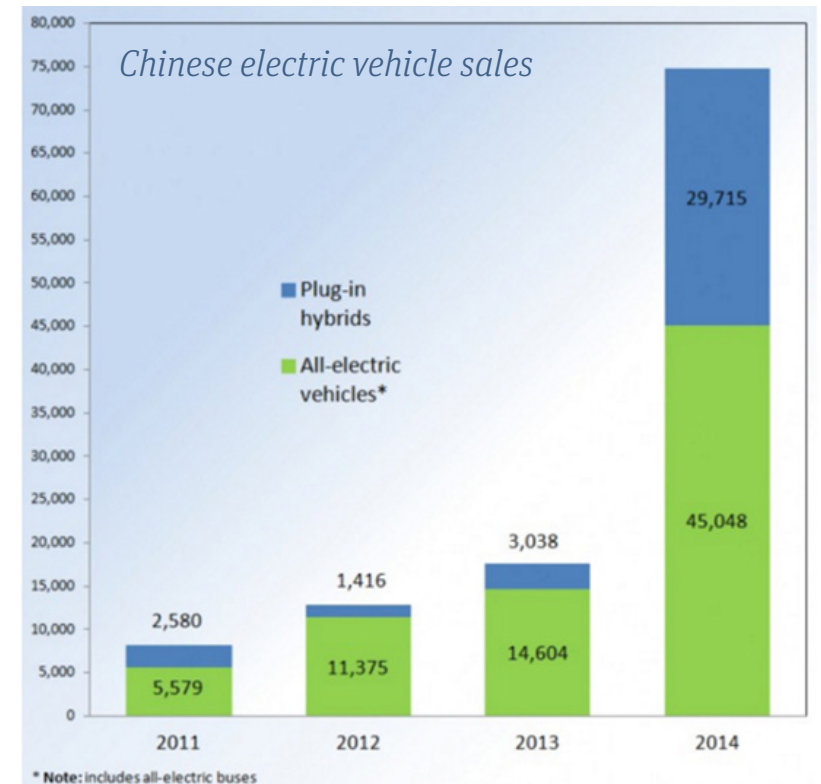
OPTION TERMS TO ACQUIRE 100% OF CRESCENT LAKE

A subsidiary of Argonaut entered an option agreement with Canadian Orebodies Inc. on 3 March 2016. The principal terms of the option are:

- 1** COB grants Argonaut an exclusive option to conduct a due diligence study on the Crescent Lake Project for a payment of C\$20,000.
- 2** The option agreement defines the material terms of a definitive agreement.
- 3** Argonaut may exercise the option by paying COB C\$50,000 by 14 April 2016.
- 4** An interim option fee of C\$150,000 is due on 1 July 2016.
- 5** Argonaut will then have until 30 November 2016 to complete its assessment of the project at which time it can elect to purchase 100% the Crescent Lake Project for C\$200,000.
- 6** The following milestone payments are also defined in the Option:
 - a. C\$400,000 in cash or shares payable to COB on announcement of a maiden resource; and
 - b. C\$1,000,000 in cash or shares payable to COB on decision to mine.
- 7** Claims are subject to a 2% royalty, payable to historic vendors.

LITHIUM MARKET

- The lithium market is known to be in short supply due to the sharp increase in demand for lithium-ion batteries.
- Storage of renewable electricity is a major international issue and domestic self-sufficiency via solar panels and lithium-ion storage units has mass consumer appeal.
- The sale of all-electric and hybrid vehicles more quadrupled in China between 2013 and 2014.
- Tesla's 'gigafactory' in Nevada hopes to supply lithium-ion batteries for over 500,000 cars within five years.
- At May 2015, the estimated maximum international supply rate of lithium carbonate equivalent (LCE) was 235,000 tonnes per annum.
- Industry insiders note that long-term producers have been slow to react to the increased demand.
- The price of 99%-pure lithium carbonate imported to China more than doubled to \$13,000/tonne in December 2015 – a reflection of the tight market.



PEER COMPARISON

Company	ASX Code	Past Share Price	Past Market Cap (\$M)	Date	Current Share Price	Current Market Cap (\$M)
Ardiden Limited	ADV	0.005	2.2	30-09-15	0.036	23.42
Galaxy Resources	GXY	0.03	33.1	30-06-15	0.23	293.35
Pilbara Minerals	PLS	0.03	9.9	31-07-14	0.37	315.36
Altura Mining	AJM	0.021	17.5	30-06-15	0.14	131.99
Neometals	NMT	0.039	19.5	31-03-15	0.31	173.32
Lithium Australia	LIT	0.059	7.8	30-09-15	0.15	29.25
Argonaut Resources	ARE	0.004	1.8	31-01-16	0.016	7.1

SHARE PRICE DRIVERS

Repositioning and revaluation of Argonaut

- **Strong news flow from Crescent Lake Project**

- Completion of due diligence and exercise of option
- Near-term commencement of confirmatory drilling
- Initial Crescent Lake drilling results
- Realisation of exploration upside
- Completion of tenement purchase
- Commencement of metallurgical scoping study
- Commencement of resource drilling
- Scoping Feasibility Study

- **Broadening the asset base:**

- Acquisition of additional lithium projects/deposits:
 - Spodumene pegmatite deposits – potentially low-cost
 - Lithium brine (salar) deposits
- Grassroots exploration results

- **Lithium market:**

- Continued high demand for lithium-ion batteries as the world races to address energy storage concerns
- Pathway to lithium driven share price upside, as evidenced by peers

CONTACT

Investors and Media:

Lindsay Owler

Director/CEO

Argonaut Resources NL

Phone: +61 2412 208 776

Email: adelaide@argonautresources.com

COMPETENT PERSONS STATEMENT

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, details of which are disclosed in the Company's 2015 Annual Report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.