



Argonaut Gold Announces Fourth Quarter and Full Year Financial and Operating Results

Fourth Quarter Net Income of \$5.2 Million and Cash Flow from Operations of \$11.7 Million

Toronto, Ontario – (February 22, 2018) **Argonaut Gold Inc. (TSX: AR)** (the “Company”, “Argonaut Gold” or “Argonaut”) is pleased to announce its financial and operating results for the fourth quarter and year ended December 31, 2017. The Company reports quarterly and full year net income of \$5.2 million and \$23.9 million, respectively, or earnings per share of \$0.03 and \$0.14, respectively, derived from the sale of 31,025 and 123,554 gold equivalent ounces¹ (“GEO” or “GEOs”), respectively, which generated cash flow from operations before working capital changes of \$11.7 million and \$45.9 million, respectively. During 2017, the Company produced 126,704 GEOs, including pre-commercial production from the San Agustin mine of 2,932 GEOs. All dollar amounts are expressed in United States dollars unless otherwise specified (C\$ represents Canadian dollars).

CEO Commentary

Pete Dougherty, President and CEO stated: “We made several significant investments during 2017 that we feel will reward our shareholders in both the near and long term. We made two acquisitions, the San Juan mineral concession adjacent to the El Castillo mine and the Cerro del Gallo project in Guanajuato, Mexico. At El Castillo, we have already begun mining oxide ore in the San Juan concession area, while at Cerro del Gallo we intend to complete metallurgical test work and prepare an internal economic analysis on the project during 2018. We completed construction of the San Agustin mine 28% under budget and with zero lost time incidents. With the San Agustin mine online and functioning at design capacity, and the throughput enhancements scheduled at El Castillo and San Agustin this year, we are now in a position to capitalize on our 2017 investments and lift our production by more than 65% over the next two years with the anticipation of generating solid free cash flow during 2018 and 2019. Furthermore, I’m proud of our team for the safety performance improvements we made at our operations, the respect we have shown for the environment and communities in which we operate and our ability to deliver production towards the upper end of our guidance range.”

The San Agustin project was in pre-production development until September 30, 2017. Therefore, GEOs produced prior to the declaration of commercial production effective October 1, 2017 are excluded from the revenue, sales, net income, adjusted net income, cash flows from operations, cash cost and all-in sustaining cost figures for the year ended December 31, 2017 presented in this release.

¹ GEOs are based on a conversion ratio of 70:1 for silver to gold for 2017 and 65:1 for 2016. This is the referenced ratio for each year throughout the press release.

	3 months ended December 31		Change	Year ended December 31		Change
	2017	2016		2017	2016	
Financial Data (in \$USD millions except for earnings per share)						
Revenue	\$39.5	\$35.3	12%	\$155.1	\$144.8	7%
Gross profit	\$8.2	\$7.0	17%	\$31.3	\$30.6	2%
Net income	\$5.2	\$0.5	940%	\$23.9	\$4.3	456%
Earnings per share – basic	\$0.03	\$0.00	-	\$0.14	\$0.03	367%
Adjusted net income ¹	\$6.4	\$5.7	12%	\$14.9	\$14.5	3%
Adjusted earnings per share – basic ¹	\$0.04	\$0.04	0%	\$0.09	\$0.09	0%
Cash flow from operating activities before changes in non-cash operating working capital	\$11.7	\$8.5	38%	\$45.9	\$35.0	31%
Cash and cash equivalents				\$14.1	\$42.1	(67%)
Debt				\$8.0	\$0.9	(789%)
Gold Production and Cost Data						
GEOs loaded to the pads ²	68,108	68,201	0%	217,224	240,692	(10%)
GEOs projected recoverable ^{2,3}	38,774	36,143	7%	126,755	125,462	1%
GEOs produced ^{2,4,5}	34,987	34,384	2%	126,704	122,097	4%
GEOs sold ²	31,025	29,865	4%	123,554	117,176	5%
Average realized sales price	\$1,276	\$1,186	8%	\$1,257	\$1,239	1%
Cash cost per gold ounce sold ¹	\$755	\$746	1%	\$787	\$795	(1%)
All-in sustaining cost per gold ounce sold ¹	\$897	\$894	0%	\$922	\$938	(2%)

¹Please refer to the section below entitled “Non-IFRS Measures” for a discussion of these Non-IFRS Measures.

²Gold equivalent ounces (“GEO” or “GEOs”) are based on a conversion ratio of 70:1 for silver to gold for 2017 and 65:1 for 2016. This is the referenced ratio for each year throughout the release.

³Recoverable ounces – El Castillo expected recovery rates: ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulphides argillic 30% and crushed sulphides silicic 17%; San Agustin expected recovery rates: gold 66% and silver 16%; La Colorada expected recovery rates: gold 60% and silver 30%.

⁴Produced ounces are calculated as ounces loaded to carbon.

⁵Year ended December 31, 2017 includes GEOs produced by San Agustin prior to declaration of commercial production effective October 1, 2017.

2017 and Recent Company Highlights:

- Corporate Highlights:
 - Acquisition of the San Juan mineral concession adjacent to the El Castillo mine, increasing the mineral concession footprint from 200 hectares to 620 hectares.
 - Acquisition of the Cerro del Gallo project in Guanajuato, Mexico.
 - Successful C\$45 million equity financing, including the over-allotment option, primarily allocated toward the San Juan mineral concession acquisition and subsequent infill drill program.
 - Received nationally awarded Environmental Socially Responsible Company recognition at both El Castillo and La Colorada for the fifth consecutive year.
 - Entered into zero cost collar Mexican peso (“MXN”) to US dollar (“USD”) contracts for \$30 million with weighted average downside protection of 17.9 MXN:1 USD and participation up to 22.5 MXN:1 USD from January 2018 to December 2018.
 - Increased corporate revolver from \$30 million to \$50 million with an accordion feature providing for total availability of up to \$75 million.

- El Castillo:
 - Operated with safety results significantly better than industry standards.
 - Achieved full year production of 59,000 gold ounces, only a 5% decrease from 2016 despite a 37% year-over-year reduction in crushing capacity due to the relocation of the West crusher to San Agustin in the month of March.
 - Completed an approximate 25,000 metre infill drill campaign on the acquired San Juan mineral concession.
 - Increased Measured and Indicated Mineral Resources during the first six months of 2017 by approximately 55% net of depletion (see press release dated September 21, 2017).
 - Initiated design improvements in the CR2 crusher to increase crushing capacity from approximately 5,000 tonnes per day to 14,000 tonnes per day.
 - Began construction of the Victoria leach pad.
- San Agustin:
 - Project constructed with an initial capital investment of approximately \$31 million, which is 28% under budget from the initial capital estimate of \$43 million.
 - Achieved first gold pour on September 18, 2017.
 - Achieved commercial production effective October 1, 2017.
 - Completed construction with zero lost time incidents.
- La Colorada:
 - Operated the entire year without a lost time injury.
 - Compania Minera Pitalla S.A. de C.V., Argonaut's wholly owned subsidiary that owns its La Colorada mine, was awarded distinction at the highest level for their accomplishments as an Environmentally and Socially Responsible (ESR) company in the small to medium size category.
 - Invested in stripping the El Creston pit, the next pit to be mined in the life-of-mine plan.
 - Completed construction of Northeast leach pad phase three and initiated construction on phase two.
- Magino:
 - Completed Feasibility Study.
 - Advanced Environmental Assessment process.
 - Signed Collaborative Agreement with the Red Sky Métis Independent Nation and Community Benefits Agreement with Missanabie Cree First Nation.
 - Continued to consult with and work towards agreements with other Indigenous communities.

Financial Results – Fourth Quarter 2017

Revenue for the three months ended December 31, 2017 was \$39.5 million, an increase from \$35.3 million for the three months ended December 31, 2016. During the fourth quarter of 2017, gold ounces sold totaled 29,912 at an average realized price per ounce of \$1,276 (compared to 28,891 gold ounces sold at an average price per ounce of \$1,186 during the same period of 2016).

Production costs for the fourth quarter of 2017 were \$23.9 million, an increase from \$22.6 million in the fourth quarter of 2016 primarily due to the increase in gold ounces sold. Cash cost per gold ounce sold (see Non-IFRS Measures section) was \$755 in the fourth quarter of 2017, comparable to \$746 in the same period of 2016. Depreciation, depletion and amortization (“DD&A”) expense included in cost of sales for the fourth quarter of 2017 totaled \$7.4 million, an increase from \$5.7 million in the fourth quarter of 2016, due to the increase in the average DD&A expense per ounce in work-in-process inventory. As a result of the non-cash impairment loss on non-current assets recorded during the year ended December 31, 2015, the average DD&A in work-in-process inventory decreased throughout 2016. During 2017, the average DD&A in work-in-process inventory began increasing as the effect of the non-cash impairment loss on average DD&A lessened.

General and administrative expenses for the fourth quarters of 2017 and 2016 were \$2.9 million.

Losses on foreign exchange derivatives for the fourth quarter of 2017 were \$0.6 million, compared to nil in the fourth quarter of 2016, primarily due to unrealized losses on the Company’s outstanding zero-cost collar contracts on the Mexican peso.

Other expense for the fourth quarter of 2017 was \$1.2 million, comparable to \$1.1 million in the fourth quarter of 2016.

Income tax recovery for the fourth quarter of 2017 was \$2.8 million compared to income tax expense of \$2.2 million in the same period of 2016. The change is primarily due to the recognition of a deferred tax asset related to the net operating losses (“NOLs”) from prior years of its subsidiary, Minera Real del Oro S.A. de C.V. (“MRO”), which were not previously recognized as the utilization of the NOLs became probable with the declaration of commercial production at the San Agustin mine effective October 1, 2017.

Net income for the fourth quarter of 2017 was \$5.2 million or \$0.03 per basic share, an increase from \$0.5 million or \$0.00 per share for the fourth quarter of 2016.

Financial Results – Year End 2017

Revenue for the year ended December 31, 2017 was \$155.1 million, an increase from \$144.8 million for the year ended December 31, 2016. Gold ounces sold totaled 120,041 at an average realized price per ounce of \$1,257 (compared to 113,853 gold ounces sold at an average price per ounce of \$1,239 for 2016). Gold ounces sold increased in 2017 primarily due to the commencement of commercial production at the San Agustin mine effective October 1, 2017.

Production costs for the year ended December 31, 2017 were \$98.8 million, an increase from \$94.2 million in 2016, primarily due to the increase in gold ounces sold. Cash cost per gold ounce sold (see Non-IFRS Measures section) was \$787 for the year ended December 31, 2017, comparable to \$795 in the same period of 2016. DD&A expense included in cost of sales for the year ended December 31, 2017, totaled \$25.0 million, an increase from \$23.5 million for the year ended December 31, 2016, due to an increase in ounces sold, as many of the mining assets are amortized on a unit-of-production basis. Additionally, included in cost of sales for 2016 is a

non-cash impairment reversal of \$3.6 million related to the net realizable value of work-in-process inventory at the El Castillo mine, as a result of an increase in the price of gold during 2016.

General and administrative expenses for year ended December 31, 2017 were \$11.7 million, an increase from \$10.6 million for the year ended December 31, 2016, primarily due to employee transition costs.

Finance expenses for the year ended December 31, 2017 were \$1.3 million, an increase from \$0.6 million for the year ended December 31, 2016, primarily due to accretion on deferred cash consideration related to the acquisition of the San Juan mineral concession adjacent to the El Castillo mine.

Gains on foreign exchange derivatives during the year ended December 31, 2017 were \$2.0 million, compared to nil for the year ended December 31, 2016, primarily due to the realized gains on the Company's zero-cost collar contracts on the Mexican peso.

Other income for the year ended December 31, 2017 was \$1.8 million, an increase from other expense of \$4.8 million in 2016, primarily due to differences in foreign currency translation effects.

Income tax recovery for the year ended December 31, 2017 was \$2.8 million compared to income tax expense of \$10.0 million in the same period of 2016. The change is primarily due to the foreign exchange effects of the strengthening Mexican peso on the calculation of deferred taxes during 2017, compared to the weakening Mexican peso during 2016 and the recognition of a deferred tax asset related to the NOLs from prior years of its subsidiary, MRO, which were not previously recognized as the utilization of the NOLs became probable with the declaration of commercial production at the San Agustin mine effective October 1, 2017.

Net income for the year ended December 31, 2017 was \$23.9 million or \$0.14 per basic share, an increase from \$4.3 million or \$0.03 per share for the year ended December 31, 2016.

Operational Results – Fourth Quarter and Full Year 2017

The Company achieved its production guidance of between 122,000 and 130,000 GEOs (raised in August 2017 from the original guidance range of between 115,000 and 130,000 GEOs), producing 126,704 GEOs, including pre-commercial production from the San Agustin mine of 2,932 GEOs. La Colorada was expected to produce between 47,000 and 50,000 GEOs and exceeded expectations with production of 53,286 GEOs. El Castillo was expected to produce between 55,000 and 60,000 GEOs and met the upper end of expectations with production of 59,540 GEOs. The Company had anticipated combined pre-commercial and commercial production of approximately 20,000 GEOs at its recently commissioned San Agustin mine. However, San Agustin experienced a slower than anticipated ramp up, primarily relating to slower than anticipated solution flow rates to the leach pad due to a scaling issue that clogged pumps and drip hoses. The Company has since modified its anti-scaling chemicals to respond to water chemistry, has switched from drip hoses to sprinklers and has continued to ramp up to planned flow rates since December 2017. During 2017, San Agustin produced 13,878 GEOs,

including 2,932 pre-commercial production GEOs. Consolidated cash cost per gold ounce sold of \$787 slightly exceeded expectations of between \$725 and \$775 due to lower production from the San Agustin mine (see non-IFRS Measures disclosure).

Bill Zisch, Chief Operating Officer, commented: "Overall, I'm pleased with the progress we made during 2017 at our operations and look forward to continued improvement during 2018. We improved our safety record, increased productivity at our crushers and achieved our production guidance despite initial ramp up challenges at San Agustin. San Agustin is now delivering at plan and we have two crushing circuit enhancements planned for 2018. At El Castillo, we will increase throughput from approximately 20,000 tonnes per day to 29,000 tonnes per day by the end of the first quarter. At San Agustin, continued debottlenecking of the crushing and conveying circuit alone may allow for a significant increase in throughput. We should continue to see production growth at our operations and quarter-over-quarter improvements throughout the year."

FOURTH QUARTER & FULL YEAR EL CASTILLO OPERATING STATISTICS						
	3 Months Ended December 31			12 Months Ended December 31		
	2017	2016	Change	2017	2016	Change
Mining						
Tonnes ore (000s)	1,940	2,993	(35%)	8,140	11,139	(27%)
Tonnes waste (000s)	1,961	4,276	(54%)	10,407	16,450	(37%)
Tonnes mined (000s)	3,901	7,269	(46%)	18,547	27,589	(33%)
Tonnes per day (000s)	42	79	(47%)	51	75	(32%)
Waste/ore ratio	1.01	1.43	(29%)	1.28	1.48	(14%)
Heap Leach Pads						
Tonnes crushed EAST (000s)	1,323	1,214	9%	5,214	5,100	2%
Tonnes crushed CR2 (000s)	571	354	61%	2,181	605	260%
Tonnes overland conveyor (000s)	0	1,262	(100%)	769	5,157	(85%)
Production						
Gold grade (g/t) ¹	0.38	0.37	3%	0.36	0.34	6%
Gold loaded to leach pads (oz) ²	23,109	35,236	(34%)	95,705	121,333	(21%)
Projected recoverable gold (oz) ³	14,683	18,372	(20%)	60,022	62,758	(4%)
Gold produced (oz) ⁴	8,551	16,632	(49%)	59,000	62,235	(5%)
Gold sold (oz)	8,707	13,156	(34%)	62,194	57,741	8%
Cash cost per gold ounce sold ⁵	1,015	877	16%	918	884	4%

¹ "g/t" is grams per tonne.

² "oz" means troy ounce.

³ Recovery rates: ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulfides argilic 30%, crushed sulfides silicic 17%.

⁴ Produced ounces are calculated as ounces loaded to carbon.

⁵ See Non-IFRS Measures section.

Summary of Production Results at El Castillo

Increased crusher throughput, primarily from the CR2 crusher, with similar grades allowed for the placement of ounces on the pad that were only 30% less than the prior year's quarter in spite of crushing capacity having been reduced by about 45% for the quarter. Recoveries during the quarter were lower than realized in the prior year quarter; therefore, gold production was below the reduced expectation associated with reduced crusher throughput, which led to increased cash cost per ounce gold ounce sold (see Non-IFRS measures section) during the fourth quarter of 2017.

For the year, gold production was down only 5% from the prior year in spite of annual crushing capacity having been reduced by 37%, partially offset by a 6% increase in grade processed and better than planned throughput at the CR2 crusher.

POST COMMERCIAL PRODUCTION SAN AGUSTIN OPERATING STATISTICS	
Period from declaration of commercial production on October 1, 2017 to December 31, 2017	
Mining	
Mineralized material tonnes (000s)	939
Tonnes waste (000s)	404
Tonnes mined (000s)	1,343
Tonnes per day (000s)	15
Waste/mineralized material ratio	0.43
Heap Leach Pads	
Crushed mineralized material tonnes to pads (000s)	1,004
Production	
Gold grade (g/t) ¹	0.50
Gold loaded to leach pads (oz) ²	15,967
Projected recoverable GEOs ³	11,321
Gold produced (oz) ⁴	10,302
Silver produced (oz) ⁴	45,100
Gold sold (oz)	8,309
Silver sold (oz)	32,626
GEOs sold	8,775
Cash cost per gold ounce sold ⁵	\$385

¹ "g/t" is grams per tonne.

² "oz" means troy ounce.

³ Recovery rates: gold 66% and silver 16%.

⁴ Produced ounces are calculated as ounces loaded to carbon.

⁵ See Non-IFRS Measures section.

Summary of Production Results at San Agustin

The San Agustin mine achieved commercial production effective October 1, 2017. The ramp up of mining and processing rates went as planned during the pre-commercial production commissioning of the operation during the month of September. During the period from

declaration of commercial production on October 1, 2017 to December 31, 2017, a longer than anticipated ramp up of solution flow rates to the leach pad impacted the production rates due to a scaling issue that clogged the pumps and drip hoses, limiting solution flow to the leach pad. The Company has since modified its anti-scaling chemicals to respond to water chemistry, has switched from drip hoses to wobblers and has continued to ramp up to planned flow rates since December 2017. While solution flow rates were temporarily reduced, mining and crushing rates were also slowed and were restored to planned levels by the end of 2017.

FOURTH QUARTER & FULL YEAR LA COLORADA OPERATING STATISTICS						
	3 Months Ended December 31			12 Months Ended December 31		
	2017	2016	Change	2017	2016	Change
Mining						
Mineralized material tonnes (000s)	1,109	1,062	4%	4,492	4,477	0%
Tonnes waste (000s)	4,409	4,440	(1%)	18,864	15,935	18%
Tonnes mined (000s)	5,518	5,502	0%	23,356	20,412	14%
Tonnes per day (000s)	60	60	0%	64	56	14%
Waste/mineralized material ratio	3.97	4.18	(5%)	4.20	3.56	18%
Tonnes rehandled (000s)	10	0	-	39	50	(22%)
Heap Leach Pads						
Mineralized material tonnes direct to pads (000s)	93	289	(68%)	383	469	(18%)
Crushed mineralized material tonnes to pads (000s)	1,134	1,071	6%	4,490	4,598	(2%)
Production						
Gold grade (g/t) ¹	0.47	0.60	(22%)	0.54	0.55	(2%)
Gold loaded to leach pads (oz) ²	18,430	26,273	(30%)	84,050	89,654	(6%)
Projected recoverable GEOs ³	12,770	17,771	(28%)	55,412	62,704	(12%)
Gold produced (oz) ⁴	14,779	16,706	(12%)	50,796	56,492	(10%)
Silver produced (oz) ⁴	38,861	60,451	(36%)	174,330	184,503	(6%)
GEOs produced ⁴	15,334	17,637	(13%)	53,286	59,331	(10%)
Gold sold (oz)	12,896	15,735	(18%)	49,538	56,112	(12%)
Silver sold (oz)	34,404	55,802	(38%)	175,502	181,473	(3%)
GEOs sold	13,387	16,594	(19%)	52,045	58,904	(12%)
Cash cost per gold ounce sold ⁵	817	636	28%	691	704	(2%)

¹ "g/t" is grams per tonne.

² "oz" means troy ounce.

³ Recovery rates: gold 60% and silver 30%.

⁴ Produced ounces are calculated as ounces loaded to carbon.

⁵ See Non-IFRS Measures section.

Summary of Production Results at La Colorada

Lower grades, along with less run-of-mine material hauled directly to the leach pad during the fourth quarter of 2017, resulted in reduced production in the fourth quarter compared to 2016.

For 2017, and excluding run-of-mine material hauled directly to the leach pad, tonnes of mineralized material crushed were down slightly (2%) and grades, related to the types of mineralized material mined, were down 2% year-over-year. Both are reasonably small variances, but when combined, they led to a 10% reduction in GEO production year-over-year. Despite this year-over-year reduction in GEO production, La Colorada still exceeded planned production and beat our guidance by delivering 53,286 GEOs during 2017 – above our estimate of between 47,000 and 50,000 GEOs.

2017 Capital

The Company forecasted 2017 capital spending of approximately \$118 million, including several one-time items such as San Agustin construction (\$35 million), the San Juan mineral concession purchase and subsequent infill drill program (\$28 million) and the Cerro del Gallo asset purchase (\$14 million). Actual 2017 capital spend totaled approximately \$110 million with the \$8 million positive variance primarily attributable to San Agustin construction being completed 28% under budget.

2018 Guidance and Plans

In 2018, the Company plans to produce between 165,000 and 180,000 GEOs (based on the three-year historical average silver to gold ratio of 70:1). Cash cost per ounce of gold sold (see Non-IFRS measures section) in 2018 is expected to be between \$700 and \$800. All-in sustaining cost in 2018 is expected to be between \$850 and \$950 per gold ounce sold (see Non-IFRS measures section).

The Company plans to invest a total of between \$50 million and \$55 million on capital expenditures and exploration initiatives in 2018, including between \$26 million and \$28 million at El Castillo and San Agustin, between \$17 million and \$18 million at La Colorada and between \$7 million and \$9 million at its development assets.

The Company's plans include:

El Castillo

- CR2 crusher enhancement to take El Castillo throughput capacity from 20,000 tonnes per day to 29,000 tonnes per day by the end of the first quarter of 2018.
- Construction of the Victoria leach pad and extension of the West leach pad.

San Agustin

- Continued optimizing of the crushing and conveying circuit, which may allow for a significant increase in throughput.
- 15,000 metre exploration drill program along strike to the northwest. The Company will evaluate the results of this program to determine the scale for a potential second crushing, conveying and stacking line during 2019.

La Colorada

- Expansion of the Northwest leach pad.

- Transition all mining to El Creston pit by the end of the first quarter of 2018.

Magino

- Complete Environmental Assessment process.
- Submit Closure Plan and Schedule 2 permit applications.

Cerro del Gallo

- Metallurgical test work.
- Evaluate future exploration targets.
- Internal project assessment and costing.

Argonaut Gold Fourth Quarter and Year End Financial Results Conference Call and Webcast

The Company will host a conference call and webcast on February 23, 2018 at 8:30 am EST to discuss the results.

Fourth Quarter and Year End Conference Call Information for February 23, 2018:

Toll Free (North America):	1-888-231-8191
International:	1-647-427-7450
Webcast:	<u>www.argonautgold.com</u>

Fourth Quarter and Year End Conference Call Replay:

Toll Free Replay Call (North America):	1-855-859-2056
International Replay Call:	1-416-849-0833
Passcode:	5687488

The conference call replay will be available from 11:30 am EST on February 23, 2018 to March 2, 2018.

Non-IFRS Measures

The Company has included certain non-IFRS measures including “Cash cost per gold ounce sold”, “All-in sustaining cost per gold ounce sold”, “Adjusted net income” and “Adjusted earnings per share – basic” in this press release to supplement its financial statements which are presented in accordance with International Financial Reporting Standards (“IFRS”). Cash cost per gold ounce sold is equal to production costs less silver sales divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs less silver sales plus general and administrative expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. Adjusted net income is equal to net income less foreign exchange impacts on deferred income taxes, foreign exchange (gains) losses, reversal of non-cash impairment write down related to the net realizable value of work-in-process inventory, other operating expenses and recognition of previously unrecognized Mexican deferred tax assets. Adjusted earnings per share – basic is equal to adjusted net income divided by the basic weighted average number of common shares outstanding. The Company believes that these measures provide investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore they may not be comparable to similar

measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Please see the management's discussion and analysis ("MD&A") for full disclosure on non-IFRS measures.

This press release should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 and associated MD&A, which are available from the Company's website, www.argonautgold.com, in the "Investors" section under "Financial Filings", and under the Company's profile on SEDAR at www.sedar.com.

Creating Value Beyond Gold

Cautionary Note Regarding Forward-looking Statements

This press release contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of Argonaut Gold Inc. ("Argonaut" or "Argonaut Gold"). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to estimated production and mine life of the various mineral projects of Argonaut; the ability to obtain permits for operations; synergies; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; and financial impact of completed acquisitions; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the estimation of mineral reserves and resources; success of exploration activities; and currency exchange rate fluctuations. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may", "should" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Argonaut and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include variations in ore grade or recovery rates, changes in market conditions, risks relating to the availability and timeliness of permitting and governmental approvals; risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated.

These factors are discussed in greater detail in Argonaut's most recent Annual Information Form and in the most recent Management Discussion and Analysis filed on SEDAR, which also

provide additional general assumptions in connection with these statements. Argonaut cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Argonaut believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release.

Although Argonaut has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Argonaut undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Comparative market information is as of a date prior to the date of this document.

Qualified Person, Technical Information and Mineral Properties Reports

Technical information included in this release was supervised and approved by Thomas Burkhart, a Qualified Person under NI 43-101. For further information on the Company's material properties, please see the reports as listed below on the Company's website or on www.sedar.com:

El Castillo Mine	NI 43-101 Technical Report on Resources and Reserves, Argonaut Gold Inc., El Castillo Mine, Durango State, Mexico dated February 24, 2011 (effective date of November 6, 2010)
La Colorada Mine	NI 43-101 Preliminary Economic Assessment La Colorada Project, Sonora, Mexico dated December 30, 2011 (effective date of October 15, 2011)
San Agustin Project	NI 43-101 Technical Report and Preliminary Economic Assessment San Agustin Heap Leach Project, Durango, Mexico dated June 10, 2016 (effective date of Resources April 29, 2016)
Magino Gold Project	Feasibility Study Technical Report on the Magino Project, Wawa, Ontario, Canada dated December 21, 2017 (effective date November 8, 2017)
San Antonio Gold Project	NI 43-101 Technical Report on Resources, San Antonio Project, Baja California Sur, Mexico dated October 10, 2012 (effective date of September 1, 2012)

About Argonaut Gold

Argonaut Gold is a Canadian gold company engaged in exploration, mine development and production activities. Its primary assets are the production stage El Castillo mine and San Agustin mine, which together form the El Castillo Complex in Durango, Mexico and the production stage La Colorada mine in Sonora, Mexico. Advanced exploration stage projects include the San Antonio project in Baja California Sur, Mexico, the Cerro del Gallo project in Guanajuato, Mexico and the Magino project in Ontario, Canada. The Company also has several exploration stage projects, all of which are located in North America.

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