Argonaut Gold Announces Fourth Quarter and Full Year Financial and Operating Results, Provides 2020 Production, Cost and Capital Guidance

Toronto, Ontario – (February 24, 2020) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") announces its financial and operating results for the fourth quarter and year ended December 31, 2019. The Company reports fourth quarter 2019 adjusted net income[1] of $2.7 million or adjusted earnings per basic share[1] of $0.01 and an unadjusted net loss of $107.5 million or loss per share of $0.60, derived from the sale of 48,843 gold equivalent ounces[2] ("GEO" or "GEOs"), which generated cash flow before changes in working capital of $27.2 million. For the full year 2019, the Company reports adjusted net income[1] of $13.0 million or adjusted earnings per basic share[1] of $0.07 and an unadjusted net loss of $93.1 million or loss per share of $0.52, derived from the sale of 194,269 GEOs, which generated cash flow from operations before working capital changes of $73.8 million. All dollar amounts are expressed in United States dollars unless otherwise specified.

CEO Commentary

Pete Dougherty, President and CEO stated: "During 2019, we increased our consolidated Mineral Reserves by 48%, GEO production by 13% and grew our net cash position by over $26 million. As we look to 2020, we are improving operations to reduce our unit costs by processing run-of-mine versus crushed ore at El Castillo, optimizing overburden haul cycle distances and modifying processing parameters. While this will lead to slightly lower GEO production in 2020, we expect it will also lead to higher profitability and stronger cash flow."

The Company has reported adjusted cash cost per gold ounce sold[1] and adjusted all-in sustaining cost per gold ounce sold ("AISC")[1], as it believes these are the most representative measures of the unit operating and sustaining costs on a per ounce sold basis for the three months and year ended December 31, 2019 given the write-downs taken on work-in-process mineral inventory during 2019. Adjusted cash cost per gold ounce sold[1] was $972 during the fourth quarter 2019 and $923 during 2019 and, with the write-down of work-in-process mineral inventory, cash cost per gold ounce sold[1] was $1,441 during the fourth quarter of 2019 and $1,041 during 2019. Adjusted AISC[1] was $1,221 during the fourth quarter of 2019 and $1,181 during 2019 and, with the write-down of work-in-process mineral inventory, AISC[1] was $1,690 during the fourth quarter of 2019 and $1,299 during 2019. Key operating and financial statistics for the three months and year ended December 31, 2019 are outlined in the following table:

	3 months ended December 31		% Change	Year ended December 31		% Change
	2019	2018		2019	2018	
Financial Data (in millions except for earnings (loss) per share)						
Revenue	$72.1	$51.6	40%	$268.9	$196.1	37%
Net loss	($107.5)	($17.5)	514%	($93.1)	($7.6)	1125%
Loss per share	($0.60)	($0.10)	500%	($0.52)	($0.04)	1200%
Adjusted net income[1]	$2.7	$2.5	8%	$13.0	$16.4	(21%)
Adjusted earnings per share – basic[1]	$0.01	$0.01	-	$0.07	$0.09	(22%)
Cash flow from operating activities before changes in non-cash operating working capital	$27.2	$9.2	196%	$73.8	$58.1	27%
Cash and cash equivalents				$38.8	$15.4	152%
Net cash[1]				$28.8	$2.4	1,100%
Gold Production and Cost Data						
GEOs loaded to the pads[2]	101,348	95,776	6%	361,599	318,667	13%
GEOs projected recoverable[2,3]	46,608	59,706	(22%)	199,436	181,638	10%
GEOs produced[2,4]	47,521	51,658	(8%)	186,615	165,117	13%
GEOs sold[2]	48,843	42,328	15%	194,269	155,480	25%
Average realized sales price	$1,484	$1,226	21%	$1,390	$1,267	10%
Adjusted cash cost per gold ounce sold[1]	$972	$945	3%	$923	$792	17%
Adjusted all-in sustaining cost per gold ounce sold[1]	$1,221	$1,073	14%	$1,181	$969	22%

[1]Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.
[2]GEOs are based on a conversion ratio of 75:1 for silver to gold ounces for 2019 and 70:1 for 2018.
[3]Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Complex Technical Report dated March 27, 2018 and the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018. In periods where the Company mines material not specifically defined in a technical report (for example: low grade stockpile material), management uses its best estimate of recovery based on the information available.
[4]Produced ounces are calculated as ounces loaded to carbon.

2019 and Recent Company Highlights:

- Corporate Highlights:
  - Set new records for quarterly and annual GEO production during 2019.
  - Increased Mineral Reserves by 48% and Measured and Indicated Mineral Resources, inclusive of Mineral Reserves, by 36%.
  - Entered into a zero-cost collar gold price protection program on 145,500 total ounces to extend the mine life at El Castillo. The monthly gold collars have a floor price of $1,450 per gold ounce and a weighted average ceiling price of $1,707 per gold ounce from the fourth quarter of 2019 to the second quarter of 2022.
- Social and Environmental Responsibility:
  - Received nationally awarded Environmental Socially Responsible Company recognition at both the El Castillo Complex and La Colorada mine.
  - Launched a program to rebuild homes in the community of La Colorada for the elderly, disabled and those in need. To date, 24 homes have been successfully rebuilt with more to occur in future years.

    - Collaborated with international musician Jorge Viladoms and the Crescendo Music Fund to provide instruments and training to local youth in communities near the El Castillo Complex.
    - Hosted youth events including a summer academic course for more than 30 primary students in communities near the Cerro del Gallo project.
- El Castillo Complex:
    - Increased full year production by 12% to 131,277 GEOs.
    - The El Castillo mine increased full year production by 38% to 66,509 GEOs.
    - San Agustin crusher expansion project completed under budget.
- La Colorada:
    - Increased full year production by 15% to 55,338 GEOs.
- Cerro del Gallo:
    - Completed a positive pre-feasibility study.
    - Published a maiden Mineral Reserve and Mineral Resource estimate, which increased the Company's consolidated Mineral Reserves by 48% and Measured and Indicated Mineral Resources, inclusive of Mineral Reserves, by 36%.
- Magino:
    - Completed Federal and Provincial Environmental Assessment processes with receipt of a positive Decision Statement and Statement of Completion, respectively.
    - Signed Community Agreements with the Batchewana First Nation and Michipicoten First Nation.
    - Confirmed high-grade geological continuity below the planned pit and identified multiple high-grade structures hosting multiple veins.

Financial Results – Fourth Quarter 2019

Revenue for the three months ended December 31, 2019 was $72.1 million, an increase from $51.6 million for the three months ended December 31, 2018. During the fourth quarter of 2019, gold ounces sold totaled 47,073 at an average realized price per ounce of $1,484 (compared to 41,030 gold ounces sold at an average price per ounce of $1,226 during the same period of 2018).

Production costs for the fourth quarter of 2019 were $48.0 million, an increase from $38.0 million in the fourth quarter of 2018, primarily due to the increase in gold ounces sold and a slight increase in adjusted cash cost per gold ounce sold (see "Non-IFRS Measures" section). Adjusted cash cost per gold ounce sold (see "Non-IFRS Measures" section) for the fourth quarter of 2019 was $972, comparable to $945 in the same period of 2018. Depreciation, depletion and amortization ("DD&A") expense included in cost of sales for the fourth quarter of 2019 totaled $12.7 million, an increase from $8.6 million in the fourth quarter of 2018, primarily due to the increase in cost per ounce at the La Colorada mine, and the increase in gold ounces sold, as many of the mining assets are amortized on a unit-of-production basis. Included in the cost of sales in the fourth quarter of 2019 is an impairment write down of work-in-process inventory, which is discussed below.

General and administrative expenses for the fourth quarter of 2019 were $3.3 million,

comparable to $3.4 million in the same period of 2018.

Other operating income for the fourth quarter of 2019 was $2.4 million, an increase from other operating expense of $3.1 million in the fourth quarter of 2018, primarily due to the revision of estimated reclamation costs associated with a section of the La Colorada mine where mining activities have ceased.

Losses on derivatives for the fourth quarter of 2019 were $2.4 million, compared to gains of $0.5 million in the fourth quarter of 2018, primarily due to unrealized losses on the Company's outstanding zero-cost collar commodity contracts.

Other income for the fourth quarter of 2019 was $2.7 million, an increase from other expense of $0.8 million in the fourth quarter of 2018, primarily due to proceeds from the disposal of mineral properties, plant and equipment in the fourth quarter of 2019 and differences in foreign currency translation effects.

There were two significant impairment write downs during the fourth quarter of 2019: first, a write down of mineral inventory at the El Castillo Complex ($20.1 million) and La Colorada mine ($12.1 million) primarily related to changes in the expected recovery of gold ounces in the leach pads and second, a non-cash write down of the book value of the San Antonio project ($111.0 million) following the denial of the permit application. The associated tax impact of these, along with other results from operations, was an income tax recovery of $25.8 million compared to $1.3 million in the same period of 2018.

Adjusted net income for the fourth quarter of 2019 was $2.7 million or $0.01 per basic share, comparable to $2.5 million or $0.01 per basic share for the fourth quarter of 2018 (see "Non-IFRS Measures" section). Unadjusted net loss was $107.5 million or $0.60 per share for the fourth quarter of 2019.

Financial Results – 2019

Revenue for 2019 was $268.9 million, an increase from $196.1 million for 2018. Gold ounces sold totaled 187,802 at an average realized price per ounce of $1,390 (compared to 149,695 gold ounces sold at an average price per ounce of $1,267 for 2018). Gold ounces sold for 2019 increased compared to the same period in 2018 primarily due to an increase in production at the El Castillo and La Colorada mines as a result of increases in grade and lower ounces in ending inventory that were produced but not sold at the El Castillo Complex.

Production costs for 2019 were $181.0 million, an increase from $122.9 million in 2018, primarily due to the increase in gold ounces sold and an increase in cash cost per gold ounce sold. Adjusted cash cost per gold ounce sold (see "Non-IFRS Measures" section) for 2019 was $923, an increase from $792 in the same period of 2018, primarily due to an increase in adjusted cash cost per gold ounce sold at the San Agustin mine due to a higher waste to ore ratio and lower gold grades. DD&A expense included in cost of sales for 2019 totaled $45.9 million, an increase from $33.2 million for 2018, primarily due to the increase in gold ounces sold, as many of the mining assets are amortized on a unit-of-production basis. Included in the cost of sales in 2019 is an impairment write down of work-in-process inventory, which is

discussed below.

General and administrative expenses for 2019 were $13.8 million, an increase from $13.0 million for 2018, primarily due to employee related costs.

Other operating income for 2019 was $2.4 million, an increase from other operating expense of $3.1 million for 2018, primarily due to the revision of estimated reclamation costs associated with a section of the La Colorada mine where mining activities have ceased.

Losses on derivatives during 2019 were $1.4 million, compared to gains of $1.1 million for 2018, primarily due to unrealized losses on the Company's outstanding zero-cost collar commodity contracts in 2019.

Other income for 2019 was $3.5 million compared to other expense of $0.7 million in 2018, primarily due to proceeds from the disposal of mineral properties, plant and equipment, proceeds related to a bankruptcy filing and differences in foreign currency translation effects in 2019.

There were two significant impairment write downs in 2019: first, a write down of mineral inventory at the El Castillo Complex ($15.4 million) and La Colorada mine ($12.1 million) primarily related to changes in the expected recovery of gold ounces in the leach pads and second, a non-cash write down of the book value of the San Antonio project ($111.0 million) following the denial of the permit application. The associated tax impact of these, along with other results from operations, was an income tax recovery of $15.4 million compared to income tax expense of $6.7 million in the same period of 2018.

Adjusted net income for 2019 was $13.0 million or $0.07 per basic share compared to $16.4 million or $0.09 per basic share in 2018 (see "Non-IFRS Measures" section). Unadjusted net loss for 2019 was $93.1 million or $0.52 per share.

Operational Results – Fourth Quarter and Full Year 2019

During the fourth quarter of 2019, the Company achieved production of 47,521 GEOs at an adjusted cash cost per gold ounce sold of $972 and an adjusted all-in sustaining cost ("AISC") per gold ounce sold of $1,221, compared to 51,658 GEOs at an adjusted cash cost of $945 per gold ounce sold and an adjusted AISC per gold ounce sold of $1,073 during the fourth quarter of 2018 (see "Non-IFRS Measures" section). Higher adjusted AISC per gold ounce sold was primarily due to higher deferred stripping, leach pad construction and crushing, conveying and mining equipment costs.

In November 2019, the Company guided to 2019 production of between 190,000 and 200,000 GEOs. During 2019, the Company achieved annual production of 186,615 GEOs at an adjusted cash cost per gold ounce sold of $923 and an adjusted AISC per gold ounce sold of $1,181, compared to 165,117 GEOs at an adjusted cash cost of $792 per gold ounce sold and an adjusted AISC per gold ounce sold of $969 during 2018 (see "Non-IFRS Measures" section). Lower than anticipated production was primarily due to water in the pits at the El Castillo and La Colorada mines, which led to slower mining rates and suboptimal crushing throughput rates

due to a lack of ore coming from the mines, and lower than anticipated recoveries at the La Colorada mine. Higher adjusted cash cost per gold ounce sold was primarily due to an increase in adjusted cash cost per gold ounce sold at the San Agustin mine due to a higher waste to ore ratio and lower gold grades. Higher adjusted AISC per gold ounce sold is primarily related to higher deferred stripping and crushing, conveying and mining equipment costs.

Pete Dougherty commented: "We experienced challenges in delivering ore to the crushers at both El Castillo and La Colorada during the quarter due to water in the pits. The lack of ore feed for the crushers led to suboptimal crusher utilization and fewer tonnes to the leach pads. We have improved our pit de-watering practices and have experienced a significant improvement so far in 2020. We took a write-down to our mineral inventory in the fourth quarter of 2019. At El Castillo, we had previously drilled an old heap to determine the ounces still in the heap and made recovery assumptions on these ounces. After initiating a re-leach program in 2019, we now have a better understanding of the amount of ounces we will ultimately recover from this heap and made the appropriate adjustment to mineral inventory. At La Colorada, the height of the lifts on the leach pads led to channeling and trapped ounces. We've reduced our lift height at all mines. A key focus of the entire organization in 2020 is lowering the unit cost per tonne processed and maximizing profitability and cash flow."

FOURTH QUARTER AND FULL YEAR 2019 EL CASTILLO COMPLEX OPERATING STATISTICS

	3 Months Ended Dec 31			Year Ended Dec 31		
	2019	2018	% Change	2019	2018	% Change
Mining (in 000s except waste/ore ratio)						
Tonnes ore El Castillo	1,890	2,766	(32%)	8,914	8,801	1%
Tonnes ore San Agustin	2,460	2,055	20%	8,453	7,379	15%
Tonnes ore	**4,350**	**4,821**	**(10%)**	**17,367**	**16,180**	**7%**
Tonnes waste El Castillo	3,052	3,105	(2%)	13,293	12,303	8%
Tonnes waste San Agustin	1,808	1,434	26%	6,166	3,216	92%
Tonnes waste	**4,860**	**4,539**	**7%**	**19,459**	**15,519**	**25%**
Tonnes mined El Castillo	4,942	5,871	(16%)	22,207	21,104	5%
Tonnes mined San Agustin	4,268	3,489	22%	14,619	10,595	38%
Tonnes mined	**9,210**	**9,360**	**(2%)**	**36,826**	**31,699**	**16%**
Tonnes per day El Castillo	54	64	(16%)	61	58	5%
Tonnes per day San Agustin	46	38	21%	40	29	38%
Tonnes per day	**100**	**102**	**(2%)**	**101**	**87**	**16%**
Waste/ore ratio El Castillo	1.61	1.12	44%	1.49	1.40	6%
Waste/ore ratio San Agustin	0.73	0.70	4%	0.73	0.44	66%
Waste/ore ratio	**1.12**	**0.94**	**19%**	**1.12**	**0.96**	**17%**
Leach Pads (in 000s)						
Tonnes crushed to East leach pads El Castillo	714	1,350	(47%)	3,876	4,698	(17%)
Tonnes crushed to West leach pads	755	1,498	(50%)	4,311	4,142	4%

El Castillo						
Tonnes crushed to leach pads San Agustin	2,382	2,073	15%	8,291	7,408	12%
Tonnes crushed to leach pads	**3,851**	**4,921**	**(22%)**	**16,478**	**16,248**	**1%**
Production						
Gold grade loaded to leach pads El Castillo (g/t)[1]	0.52	0.37	41%	0.41	0.37	11%
Gold grade loaded to leach pads San Agustin (g/t)[1]	0.35	0.37	(5%)	0.38	0.39	(3%)
Gold grade loaded to leach pads (g/t)[1]	**0.42**	**0.37**	**14%**	**0.40**	**0.38**	**5%**
Gold loaded to leach pads El Castillo (oz)[2]	29,584	34,231	(14%)	118,092	106,552	11%
Gold loaded to leach pads San Agustin (oz)[2]	26,815	24,658	9%	100,363	93,181	8%
Gold loaded to leach pads (oz)[2]	**56,399**	**58,889**	**(4%)**	**218,455**	**199,733**	**9%**
Projected recoverable GEOs loaded El Castillo[4]	11,642	24,569	(53%)	66,140	66,716	(1%)
Projected recoverable GEOs loaded San Agustin[4]	20,933	17,483	20%	72,981	66,937	9%
Projected recoverable GEOs loaded[4]	**32,575**	**42,052**	**(23%)**	**139,121**	**133,653**	**4%**
Gold produced El Castillo (oz)[2,3]	13,616	18,823	(28%)	65,145	47,857	36%
Gold produced San Agustin (oz)[2,3]	19,864	18,201	9%	61,842	65,323	(5%)
Gold produced (oz)[2,3]	**33,480**	**37,024**	**(10%)**	**126,987**	**113,180**	**12%**
Silver produced El Castillo (oz)[2,3]	20,988	11,288	86%	102,282	31,792	222%
Silver produced San Agustin (oz)[2,3]	85,449	55,463	54%	219,463	244,470	(10%)
Silver produced (oz)[2,3]	**106,437**	**66,751**	**59%**	**321,745**	**276,262**	**16%**
GEOs produced El Castillo[3]	13,896	18,984	(27%)	66,509	48,311	38%
GEOs produced San Agustin[3]	21,003	18,993	11%	64,768	68,815	(6%)
GEOs produced[3]	**34,899**	**37,977**	**(8%)**	**131,277**	**117,126**	**12%**
Gold sold El Castillo (oz)[2]	14,132	14,373	(2%)	68,971	41,665	66%
Gold sold San Agustin (oz)[2]	20,708	14,750	40%	65,273	60,972	7%
Gold sold (oz)[2]	**34,840**	**29,123**	**20%**	**134,244**	**102,637**	**31%**
Silver sold El Castillo (oz)[2]	20,988	11,288	86%	102,282	31,792	222%
Silver sold San Agustin (oz)[2]	76,599	43,088	78%	221,429	228,504	(3%)
Silver sold (oz)[2]	**97,587**	**54,376**	**79%**	**323,711**	**260,296**	**24%**
GEOs sold El Castillo	14,412	14,534	(1%)	70,335	42,119	67%
GEOs sold San Agustin	21,729	15,365	41%	68,225	64,236	6%
GEOs sold	**36,141**	**29,899**	**21%**	**138,560**	**106,355**	**30%**
Adjusted cash cost per gold ounce sold El Castillo[5]	$1,264	$1,007	26%	$1,030	$1,016	1%
Adjusted cash cost per gold ounce sold San Agustin[5]	$829	$764	9%	$842	$545	54%
Adjusted cash cost per gold ounce sold[5]	**$1,005**	**$884**	**14%**	**$939**	**$737**	**27%**

[1]"g/t" is grams per tonne.
[2]"oz" means troy ounce.
[3]Produced ounces are calculated as ounces loaded to carbon.
[4]Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Complex Technical Report dated March 27, 2018. In periods where the Company mines material not specifically defined in a technical report, management uses its best estimate of recovery based on the information available.
[5]Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at the El Castillo Complex

During the fourth quarter of 2019, the El Castillo Complex produced 8% fewer GEOs than during the fourth quarter of 2018, due to a 27% decrease in GEO production at the El Castillo mine partially offset by an 11% increase in GEO production from the San Agustin mine. At El Castillo, ore tonnes mined were impacted by water in the pit, which led to slower mining rates and suboptimal crusher throughput rates due to a lack of ore coming from the mine. At San Agustin, ore tonnes mined increased by 20% compared to the fourth quarter of 2018, due to an increased mining rate to meet the increased crusher throughput capacity following an expansion of the San Agustin crushing and stacking system in the first half of 2019. This led to higher San Agustin GEO production compared to the fourth quarter of 2018.

During 2019, the El Castillo Complex produced 12% more GEOs than 2018, due to higher GEO production at the El Castillo mine partially offset by a 6% decrease in GEO production at the San Agustin mine. Higher 2019 GEO production at El Castillo compared to 2018 was primarily driven by drawing down ounces placed on the pad late in 2018 and placing ounces nearer to pad liners. Lower 2019 GEO production at San Agustin was primarily driven by the stretch of time in the second and third quarters where there was a lack of sufficient water to optimize solution flow rates. This issue was resolved by the end of the third quarter of 2019 and the Company expects higher production from San Agustin in 2020.

FOURTH QUARTER AND FULL YEAR 2019 LA COLORADA OPERATING STATISTICS

	3 Months Ended Dec 31			Year Ended Dec 31		
	2019	2018	% Change	2019	2018	% Change
Mining (in 000s except for waste/ore ratio)						
Tonnes ore	1,115	1,568	(29%)	4,626	4,926	(6%)
Tonnes waste	5,778	6,216	(7%)	23,445	18,416	27%
Total tonnes	6,893	7,784	(11%)	28,071	23,342	20%
Tonnes per day	75	85	(12%)	77	64	20%
Waste/mineralized material ratio	5.18	3.97	30%	5.07	3.74	36%
Tonnes rehandled	-	-	-	-	38	(100%)
Leach Pads (in 000s)						
Tonnes crushed to leach pads	1,141	1,292	(12%)	4,478	4,764	(6%)
Tonnes direct to leach pads	5	289	(98%)	239	289	(17%)
Production						

Gold grade loaded to leach pads (g/t)[1]	0.49	0.46	7%	0.51	0.40	28%
Gold loaded to leach pads (oz)[2]	17,872	23,342	(23%)	76,969	65,108	18%
Projected recoverable GEOs loaded[4]	14,033	17,654	(21%)	60,315	47,985	26%
Gold produced (oz)[2,3]	12,144	13,052	(7%)	53,208	45,886	16%
Silver produced (oz)[2,3]	35,863	44,000	(18%)	159,737	147,348	8%
GEOs produced[3]	12,622	13,681	(8%)	55,338	47,991	15%
Gold sold (oz)[2]	12,233	11,907	3%	53,558	47,058	14%
Silver sold (oz)[2]	35,213	36,511	(4%)	161,344	144,674	12%
GEOs sold	12,702	12,429	2%	55,709	49,125	13%
Adjusted cash cost per gold ounce sold[5]	$879	$1,093	(20%)	$884	$914	(3%)

[1] "g/t" refers to grams per tonne.
[2] "oz" refers to troy ounce.
[3] Produced ounces are calculated as ounces loaded to carbon.
[4] Expected recoverable GEOs are based on the assumptions and parameters as set forth in the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018. In periods where the Company mines material not specifically defined in a technical report (for example: low grade stockpile material), management uses its best estimate of recovery based on the information available.
[5] Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at La Colorada

During the fourth quarter of 2019, the La Colorada mine produced 8% fewer GEOs than during the fourth quarter of 2018, primarily due to water in the pit, which led to slower mining rates and suboptimal crushing throughput rates due to a lack of ore coming from the mine. Changes have been made to the pit de-watering practices, which have largely resolved this issue.

During 2019, the La Colorada mine produced 15% more GEOs compared to 2018. Higher production was primarily driven by a 28% increase in gold grade.

2019 Capital

Total capital spending for 2019 was $51.8 million, which was near the low end of the guidance range of between $50 million and $55 million, with $40.8 million spent at the Company's operating mines and $11.0 million spent on its development projects, exploration and other.

2020 Guidance and Plans

The Company anticipates it will produce between 175,000 and 185,000 GEOs during 2020 at a cash cost of between $900 and $1,000 per gold ounce sold and AISC of between $1,150 and $1,250 per gold ounce sold (see "Non-IFRS Measures" section).

2020 GEO Production and Cost Guidance

		El Castillo Complex	La Colorada	Consolidated
GEO[(1)] Production	*In 000s*	115 – 120	60 – 65	**175 – 185**

Cash costs[2] [3]	*$ per oz/Au*	900 – 1,000	900 – 1,000	**900 – 1,000**
AISC[2] [3]	*$ per oz/Au*			**1,150 – 1,250**

[1] *GEOs are based on a conversion ratio of 80:1 for silver to gold ounces for 2020. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.*

[2] *Assumes a MXN:USD exchange rate of 18.5:1.*

[3] *Please refer to section "Non-IFRS Measures" below for a discussion of these non-IFRS measures.*

El Castillo Mine

For the El Castillo mine, the Company evaluated the costs associated with hauling ore to the crushers and running the crushers, assuming metallurgical recoveries for various ore types, versus leaching run-of-mine ore with a lower metallurgical recovery. Based on the results of this analysis, management determined that ceasing to operate the crushers and switching to leaching run-of-mine ore resulted in a higher profitability for the 2020 mine plan. Consequently, the Company has recently reduced its workforce at El Castillo by 103 employees and 100 contractors, idled its crushers and switched to a run-of-mine operation.

During 2020, the Company expects quarterly production at El Castillo to range from approximately 10,000 GEOs to 12,000 GEOs. The 2020 mine plan projects the mining and processing of the following ore types:

- 61% oxide ore;
- 2% transitional ore; and
- 37% sulphide ore.

An overall recovery of 35% is anticipated from run-of-mine leaching.

By eliminating crushing, the 2020 mine plan is expected to yield a unit cost savings of more than $2.00 per tonne processed compared to 2019 actual unit costs of $7.54 per tonne processed. The majority of these cost savings are in the areas of crushing and conveying and processing.

San Agustin Mine

Following a review of operations to maximize profitability from the 2020 mine plan for the San Agustin mine, the Company is estimating a crusher throughput rate of 27,000 tonnes per day and an additional 3,000 tonnes per day of run-of-mine material.

During 2020, the Company expects quarterly production to range from approximately 16,000 GEOs to 19,000 GEOs with production slightly weighted towards the first half of the year (50% to 55%) compared to the second half of the year (45% to 50%).

The 2020 San Agustin mine plan is expected to yield a unit cost savings of more than $1.00 per tonne processed compared to 2019 actual unit costs of $6.90 per tonne processed.

La Colorada Mine

Following a review of operations to maximize profitability from the 2020 mine plan for the La Colorada mine, the Company will alter ore beneficiation from three-stage crushing to two-stage crushing for certain ore from Phase Two of the El Creston pit due to the softness of the ore.

Approximately 12% of the ore tonnes in the 2020 mine plan will require two-stage crushing and 78% will require three-stage crushing. The Company is estimating a crusher throughput rate of approximately 13,000 tonnes per day compared to a crushing throughput rate of approximately 12,300 tonnes per day during 2019.

During 2020, the La Colorada mine is expected to have the highest variability of quarterly production ranging from approximately 12,000 GEOs to 18,000 GEOs with production weighted to the second half of the year (55% to 60%), particularly the fourth quarter of 2020 (30% to 35%).

The 2020 mine plan is expected to yield a unit cost increase of approximately $0.60 per tonne processed compared to 2019 actual unit costs of $11.31 per tonne processed, primarily due to higher mining costs.

2020 Capital

The Company plans to invest between $40 million and $50 million in capital expenditures during 2020 with approximately 60% to 65% of the capital spend expected during the first half of 2020.

2020 Capital Estimate by Project ($M)[(1)]

	El Castillo Complex	La Colorada	Magino & Cerro del Gallo	Consolidated
Total	12 – 16	17 – 20	11 – 14	**40 – 50**

(1) *Assumes exchanges rates of MXN:USD of 18.5:1 and CAD:USD of 1.3:1.*

2020 Capital Estimate ($M)[(1)]

Sustaining	15 – 19
Expansion	11 – 14
Stripping	14 – 17
Total	**40 – 50**

(1) *Assumes exchanges rates of MXN:USD of 18.5:1 and CAD:USD of 1.3:1.*

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

The Company will host a conference call and webcast on February 24, 2020 at 8:30 am EST to discuss the results.

Fourth Quarter and Year End Conference Call Information for February 24, 2020:

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

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:	1967125

The conference call replay will be available from 11:30 am EST on February 24, 2020 to 11:59 pm EST March 2, 2020.

Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold", "Adjusted cash cost per gold ounce sold", "All-in sustaining cost per gold ounce sold", "Adjusted all-in sustaining cost per gold ounce sold", "Adjusted net income", "Adjusted earnings per share – basic" and "Net cash" 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 plus the total impact of impairment write downs related to work-in-process inventory less silver sales divided by gold ounces sold. Adjusted cash cost per gold ounce sold is equal to production costs plus only the impact of non-cash impairment write downs related to the net realizable value of work-in-process inventory less silver sales divided by gold ounces sold. AISC per gold ounce sold is equal to production costs plus the total impact of impairment write downs related to work-in-process inventory less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted AISC per gold ounce sold is equal to production costs plus only the impact of non-cash impairment write downs related to the net realizable value of work-in-process inventory less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted net income is equal to net loss less foreign exchange impacts on deferred income taxes, foreign exchange (gains) losses, impairment write down (reversal) of work-in-process inventory, proceeds from legal proceedings, non-cash impairment loss (reversal) on certain non-current assets, unrealized (gains) losses on commodity derivatives and other operating expense (income). Adjusted earnings per share – basic is equal to adjusted net income divided by the basic weighted average number of common shares outstanding. Net cash is calculated as the sum of the cash and cash equivalents balance net of debt as at the statement of financial position date. The Company believes that these measures provide investors with an alternative view 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, 2019 and associated MD&A, for the same period, which are available from the Company's website, www.argonautgold.com, in the

"Investors" section under "Financial Reports", 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 permitting and legal processes in relation to mining permitting and approvals; 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’s 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 Brian Arkell, Argonaut's Vice President, Exploration and a Qualified Person under National Instrument 43-101 ("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 Complex	NI 43-101 Technical Report on Resources and Reserves, El Castillo Complex, Durango, Mexico dated March 27, 2018 (effective date of March 7, 2018)
La Colorada Mine	NI 43-101 Technical Report on Resources and Reserves, La Colorada Gold/Silver Mine, Hermosillo, Mexico dated March 27, 2018 (effective date of December 8, 2017)
Magino Gold Project	Feasibility Study Technical Report on the Magino Project, Ontario, Canada dated December 21, 2017 (effective date November 8, 2017)
Cerro del Gallo Project	Pre-Feasibility Study Technical Report on the Cerro del Gallo Project, Guanajuato, Mexico dated January 31, 2020 (effective date of October 24, 2019)

About Argonaut Gold

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

For more information, contact:

Argonaut Gold Inc.
Dan Symons
Vice President, Investor Relations
Phone: 416-915-3107
Email: dan.symons@argonautgold.com

Source: Argonaut Gold Inc.