



ARGONAUT GOLD

Argonaut Gold Announces Record Quarterly Production of 63,749 Gold Equivalent Ounces, Record Quarterly Revenue of \$120.2 Million and Provides Second Quarter 2021 Operating and Financial Results

Toronto, Ontario - (August 10, 2021) **Argonaut Gold Inc. (TSX: AR)** (the “Company”, “Argonaut Gold” or “Argonaut”) is pleased to announce its operating and financial results for the second quarter ended June 30, 2021. The Company reports record quarterly production of 63,749 gold equivalent ouncesⁱ (“GEO” or “GEOs”), record quarterly revenue of \$120.2 million, cash flow from operating activities before changes in non-cash operating working capital of \$39.3 million, net income of \$21.8 million or earnings per basic share of \$0.07 and adjusted net incomeⁱⁱ of \$24.4 million or adjusted earnings per basic shareⁱⁱ of \$0.08. All dollar amounts are expressed in United States dollars, unless otherwise specified (C\$ refers to Canadian dollars).

Pete Dougherty, President and CEO stated: “It was a tremendous operational and financial quarter for Argonaut Gold. We set new quarterly records for GEO production and revenue and provided strong cash flow and earnings. We also continued to advance the construction of the Magino project, which is tracking on schedule for first gold pour during the first quarter of 2023. In terms of operational improvements, we expect to ramp up the new conveying and stacking system at Florida Canyon to design capacity during the third quarter and to start reaping the benefits of this investment during the fourth quarter.”

Key operating and financial statistics for the three months and six months ended June 30, 2021 are outlined in the following table:

	3 Months Ended June 30, 2021			6 Months Ended June 30, 2021		
	2021	2020	Change	2021	2020	Change
Financial Data (in millions except for earnings per share)						
Revenue	\$120.2	\$58.0	107%	\$225.5	\$124.5	81%
Gross profit	\$39.8	\$17.7	125%	\$67.4	\$31.6	114%
Net income (loss)	\$21.8	(\$7.7)	383%	\$48.8	(\$17.2)	383%
Earnings (loss) per share - basic	\$0.07	(\$0.04)	275%	\$0.16	(\$0.10)	268%
Adjusted net income ¹	\$24.4	\$8.5	186%	\$32.2	\$16.9	90%
Adjusted earnings per share – basic ¹	\$0.08	\$0.05	72%	\$0.11	\$0.09	16%
Cash flow from operating activities before changes in non-cash operating working capital	\$39.3	\$11.8	234%	\$67.0	\$26.5	153%
Cash and cash equivalents	\$216.0	\$65.2	231%	\$216.0	\$65.2	231%
Gold Production and Cost Data						
GEOs loaded to the pads ²	130,414	40,309	224%	244,235	137,489	78%
GEOs projected recoverable ³	71,032	20,105	253%	134,319	64,389	109%
GEOs produced ^{2,4}	63,749	31,531	102%	123,452	73,067	69%
GEOs sold ²	65,650	34,196	92%	124,768	76,400	63%
Average realized sales price	\$1,812	\$1,713	6%	\$1,788	\$1,642	9%
Cash cost per gold ounce sold ¹	\$876	\$885	(1%)	\$936	\$929	1%
All-in sustaining cost per gold ounce sold ¹	\$1,187	\$1,080	10%	\$1,247	\$1,213	3%

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 85:1 for silver to gold for 2021 and 80:1 for 2020. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

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, the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018 and the Florida Canyon Technical Report dated July 8, 2020. In periods where the Company mines material not specifically defined in a technical report (for example: run-of-mine ore or 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.

Second Quarter 2021 and Recent Company Highlights:

- Corporate
 - Set a new record for quarterly GEO production – the third consecutive quarter of record quarterly production.
 - Set a new record for quarterly revenue – the second consecutive quarter of record quarterly revenue.
- Social Responsibility
 - Delivered monthly student scholarship in communities near the El Castillo Complex.
 - Continued elementary student support with the *Homework Club* program, which is part of the Community Development Program in communities near Cerro del Gallo.
 - Continued sanitization campaigns in the community near La Colorada, which included the delivery of supplies to local business owners.
 - Sponsored the *Color the Mucc* race event hosted by the Humboldt Chamber of Commerce, which helps fund community youth scholarships in the communities near Florida Canyon.

- El Castillo Complex
 - Second quarter production of 32,663 GEOs.
 - El Castillo production of 12,929 GEOs.
 - San Agustin production of 19,734 GEOs.
 - Completed construction of Phase 4 leach pad expansion at San Agustin on schedule and budget.
- La Colorada
 - Second quarter production of 17,288 GEOs.
 - Reduction in cash cost per gold ounce sold of 48% compared to the second quarter of 2020 (see Non-IFRS Measures section).
 - Discovered high-grade gold veins below the El Créston open pit, including 12.2 metres at 98.9 g/t Au and 30.3 g/t Ag and 21.3 metres at 44.6 g/t Au and 274.9 g/t Ag (see press release dated April 26, 2021).
- Florida Canyon
 - Second quarter production of 13,798 GEOs.
 - Reduction in cash cost per gold ounce sold of 24% from the previous quarter.
 - Received Air Quality Permit modification.
 - Completed the construction and installation of a new conveying and stacking system, which is expected to be ramped up to design capacity during the third quarter of 2021.
- Magino
 - **Construction**
 - Completed critical path 2021 logging activities;
 - Initiated fish capture and relocation program in preparation for construction water treatment system commissioning;
 - Completed reverse circulation (RC) grade control drilling program;
 - Commenced open pit overburden stripping;
 - Mobilized crushing and screening plants;
 - Opened main office hub in Dubreuilville, Ontario;
 - Completed construction of 144-person onsite camp;
 - Completed construction of a 458-person camp;
 - Installed 12-metre communications tower, server and repeater;
 - Mobilized the concrete batch plant;
 - Commenced concrete mixing at the plant site;
 - Completed mobilization and installation of fuel attendant trailer at fuel bay;
 - Installed multiple sump systems at plant site and completed all high density polyethylene piping (HDPE) from plant site to historical tailings pond; and
 - Received the majority of pre-production mining equipment onsite.
 - **Community & Permitting**
 - Held ground breaking ceremony with members of the Provincial and Municipal governments and local Indigenous communities.

- Initiated red spruce seedling grow program with Lakehead University Greenhouse;
 - Participated in an Information Session with Métis Nation of Ontario Education and Training Branch;
 - Participated in separate meetings with Missanabie Cree First Nation, Métis Nation of Ontario and Batchewana First Nation to provide project and environmental updates;
 - Participated in a virtual presentation hosted by the Société Économique de l'Ontario et Association Francophone du Nord Ouest de l'Ontario;
 - Hosted a site tour with three members of the Environmental Stewardship for Michipicoten First Nation; and
 - Assisted in community donations to support the Wawa hospital (Lady Dunn Health Centre) and the Town of Dubreuilville for training support.
- **Exploration**
 - Continued to have exploration success at targeting high-grade gold mineralization below and adjacent to the planned open pit, including 7.0 metres at 13.3 g/t Au and 8.0 metres at 7.7 g/t Au (see press release dated July 8, 2021).
 - **Monthly newsletter**
 - Argonaut continues to issue a monthly newsletter to provide its stakeholders with regular Magino project updates. To receive monthly newsletters, please register your email at www.argonautgold.com or to view recently issued newsletters, please visit <https://www.argonautgold.com/English/assets/development/magino/default.aspx>

Financial Results – Second Quarter 2021

Record quarterly revenue was \$120.2 million for the second quarter of 2021, an increase from \$58.0 million for the second quarter of 2020. During the second quarter of 2021, the Company sold 63,000 gold ounces at an average realized price per ounce of \$1,812, compared to 32,707 gold ounces sold at an average realized price per ounce of \$1,713 during the same period of 2020. Gold ounces sold for the second quarter of 2021 increased 93% compared to the same period in 2020, primarily due to increased production and gold sales at all Mexican operations due to a temporary two-month suspension of mining, crushing and stacking activities during the onset of the COVID-19 pandemic in response to the Mexican Federal Government decree during the second quarter of 2020 and the acquisition of the Florida Canyon mine on July 1, 2020.

Net income for the second quarter of 2021 was \$21.8 million or earnings per basic share of \$0.07, an increase from a net loss of \$7.7 million or loss per basic share of \$0.04 for the second quarter of 2020.

Adjusted net incomeⁱⁱ for the second quarter of 2021 was \$24.4 million or \$0.08 per basic share, an increase from adjusted net incomeⁱⁱ of \$8.5 million or \$0.05 per basic share for the second quarter of 2020.

Cash flows from operating activities before changes in non-cash operating working capital totaled \$39.3 million during the second quarter of 2021, an increase from \$11.8 million in the second quarter of 2020. The 234% increase in cash flow compared to the same period last year was primarily related to increased production and gold sales from all Mexican operations due to the two month suspension for COVID-19 during the second quarter of 2020, the acquisition of the Florida Canyon mine on July 1, 2020 and a higher average realized gold price.

Financial Results – First Half 2021

Revenue for the six months ended June 30, 2021 was \$225.5 million, an increase from \$124.5 million for the six months ended June 30, 2020. During the first half of 2021, gold ounces sold totaled 119,727 at an average realized price per ounce of \$1,788, compared to 72,876 gold ounces sold at an average realized price per ounce of \$1,642 during the same period of 2020. Gold ounces sold for the six months ended June 30, 2021 increased 64% compared to the same period in 2020 primarily due to increased production and gold sales at all Mexican operations due to the two month suspension for COVID-19 during the second quarter of 2020 and the acquisition of the Florida Canyon mine on July 1, 2020.

Net income for the six months ended June 30, 2021 was \$48.8 million or earnings per basic share of \$0.16, an increase from a net loss of \$17.2 million or loss per basic share of \$0.10 for the six months ended June 30, 2020.

Adjusted net incomeⁱⁱ for the six months ended June 30, 2021 was \$32.2 million or adjusted earnings per basic shareⁱⁱ of \$0.11, an increase from adjusted net incomeⁱⁱ of \$16.9 million or adjusted earnings per basic shareⁱⁱ of \$0.09 for the six months ended June 30, 2020.

Cash flows from operating activities before changes in non-cash operating working capital totaled \$67.0 million in the six months ended June 30, 2021, an increase from \$26.5 million in the six months ended June 30, 2020. The 153% increase in cash flow compared to the same period last year was primarily related to increased production and gold sales from all Mexican operations due to the two month suspension for COVID-19 during the second quarter of 2020, the acquisition of the Florida Canyon mine on July 1, 2020 and a higher average realized gold price.

Operational Results – Second Quarter 2021

During the second quarter 2021, the Company achieved record quarterly production of 63,749 GEOs at a cash cost of \$876 per gold ounce sold and all-in sustaining cost (“AISC”) of \$1,187 per gold ounce sold compared to 31,531 GEOs at a cash cost of \$885 per gold ounce sold and AISC of \$1,080 per gold ounce sold during the second quarter 2020 (see “Non-IFRS Measures” section). The 102% increase in GEO production was primarily related to increased production from all Mexican operations due to the two month suspension for COVID-19 during the second quarter of 2020 and the acquisition of the Florida Canyon mine on July 1, 2020. Cash costs per

gold ounce sold were relatively flat compared to the same period in 2020. The 10% increase in AISC compared to the same period in 2020 is primarily related to the increased sustaining capital spend at the Florida Canyon mine, which was acquired on July 1, 2020.

SECOND QUARTER 2021 EL CASTILLO COMPLEX OPERATING STATISTICS

	3 Months Ended June 30			6 Months Ended June 30		
	2021	2020	% Change	2020	2019	% Change
Mining (in 000s except waste/ore ratio)						
Tonnes ore El Castillo	2,496	902	177%	4,900	2,824	74%
Tonnes ore San Agustin	2,718	1,172	132%	5,588	3,881	44%
Tonnes ore	5,214	2,074	151%	10,488	6,705	56%
Tonnes waste El Castillo	2,473	770	221%	5,610	4,184	34%
Tonnes waste San Agustin	1,738	584	198%	3,512	2,453	43%
Tonnes waste	4,211	1,354	211%	9,122	6,637	37%
Tonnes mined El Castillo	4,969	1,672	197%	10,510	7,008	50%
Tonnes mined San Agustin	4,456	1,756	154%	9,100	6,334	44%
Tonnes mined	9,425	3,428	175%	19,610	13,342	47%
Tonnes per day El Castillo	55	18	203%	58	39	50%
Tonnes per day San Agustin	49	19	158%	51	35	44%
Tonnes per day	104	37	180%	109	74	47%
Waste/ore ratio El Castillo	0.99	0.85	16%	1.14	1.48	(23%)
Waste/ore ratio San Agustin	0.64	0.50	28%	0.63	0.63	—
Waste/ore ratio	0.82	0.68	21%	0.89	1.06	(16)%
Leach Pads (in 000s)						
Tonnes crushed to East leach pads El Castillo	0	64	(100%)	0	278	(100%)
Tonnes crushed to West leach pads El Castillo	0	0	—	0	3	(100%)
Tonnes direct to leach pads El Castillo	2,488	903	176%	4,890	2,635	86%
Tonnes crushed to leach pads San Agustin	2,962	1,191	149%	5,944	3,924	51%
Tonnes to leach pads	5,450	2,158	153%	10,835	6,840	58%
Production						
Gold grade loaded to leach pads El Castillo (g/t) ¹	0.25	0.43	(42%)	0.27	0.51	(47%)
Gold grade loaded to leach pads San Agustin (g/t) ¹	0.32	0.33	(3%)	0.29	0.35	(17%)
Gold loaded to leach pads (g/t)¹	0.29	0.37	(22%)	0.28	0.42	(33%)
Gold loaded to leach pads El Castillo (oz) ²	19,973	13,386	49%	42,149	47,857	(12%)

Gold loaded to leach pads San Agustin (oz) ²	30,280	12,609	140%	56,190	43,864	28%
Gold loaded to leach pads (oz)²	50,253	25,995	93%	98,339	91,721	7%
Projected recoverable GEOs loaded El Castillo ⁴	10,859	5,547	96%	20,596	18,619	11%
Projected recoverable GEOs loaded San Agustin ⁴	21,454	8,951	140%	40,342	31,732	27%
Projected recoverable GEOs loaded⁴	32,313	14,498	123%	60,939	50,351	21%
Gold produced El Castillo (oz) ^{2,3}	12,723	9,151	39%	24,695	23,586	5%
Gold produced San Agustin (oz) ^{2,3}	18,105	13,403	35%	35,376	26,238	35%
Gold produced (oz)^{2,3}	30,828	22,554	37%	60,071	49,824	21%
Silver produced El Castillo (oz) ^{2,3}	17,445	19,547	(11%)	39,240	43,092	(9%)
Silver produced San Agustin (oz) ^{2,3}	138,470	69,242	100%	280,901	144,746	94%
Silver produced (oz)^{2,3}	155,915	88,789	76%	320,141	187,838	70%
GEOs produced El Castillo ³	12,929	9,394	38%	25,157	24,123	4%
GEOs produced San Agustin ³	19,734	14,268	38%	38,681	28,047	38%
GEOs produced³	32,662	23,662	38%	63,837	52,170	22%
Gold sold El Castillo (oz) ²	12,614	11,008	15%	26,216	24,634	6%
Gold sold San Agustin (oz) ²	18,829	14,293	32%	35,495	27,754	28%
Gold sold (oz)²	31,443	25,301	24%	61,711	52,388	18%
Silver sold El Castillo (oz) ²	19,093	19,547	(2%)	40,211	43,092	(7%)
Silver sold San Agustin (oz) ²	144,867	71,042	104%	273,788	156,179	75%
Silver sold (oz)²	163,960	90,589	81%	313,999	199,271	58%
GEOs sold El Castillo	12,838	11,253	14%	26,689	25,173	6%
GEOs sold San Agustin	20,534	15,181	35%	38,716	29,706	30%
GEOs sold	33,372	26,434	26%	65,405	54,879	19%
Cash cost per gold ounce sold El Castillo ⁵	\$1,109	\$862	29%	\$1,077	\$988	9%
Cash cost per gold ounce sold San Agustin ⁵	\$801	\$756	6%	\$804	\$769	5%
Cash cost per gold ounce sold⁵	\$924	\$802	15%	\$920	\$872	6%

¹"g/t" is grams per tonne.

²"oz" means troy ounce.

³Produced ounces are calculated as ounces loaded to carbon.

⁴Expected 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 (for example: run-of-mine ore or low grade stockpile material), management uses its best estimate of recovery based on the information available.

⁵Please 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 – Second Quarter 2021

During the second quarter of 2021, the El Castillo Complex produced 38% more GEOs at a cash cost per gold ounce sold 15% higher than during the second quarter of 2020. GEO production was higher at both the El Castillo and San Agustin mines, primarily related to increased production due to the two month suspension for COVID-19 during the second quarter of 2020. Cash cost per gold ounce sold were higher, as there were no costs associated with mining,

crushing and stacking for two months during the second quarter of 2020 in response to the Mexican Federal Government decree.

SECOND QUARTER 2021 LA COLORADA OPERATING STATISTICS

	3 Months Ended June 30			6 Months Ended June 30		
	2021	2020	% Change	2020	2019	% Change
Mining (in 000s except for waste/ore ratio)						
Tonnes ore	1,150	506	127%	2,377	1,453	64%
Tonnes waste	2,173	1,737	25%	6,187	6,420	(4%)
Tonnes mined	3,323	2,243	48%	8,564	7,873	9%
Tonnes per day	37	25	46%	48	43	11%
Waste/ore ratio	1.89	3.43	(45%)	2.60	4.42	(41%)
Leach Pads (in 000s)						
Tonnes crushed to leach pads	1,247	518	141%	2,513	1,484	69%
Production						
Gold loaded to leach pads (g/t) ¹	0.76	0.42	81%	0.65	0.38	71%
Gold loaded to leach pads (oz) ²	30,320	7,048	330%	52,411	18,070	190%
Projected recoverable GEOs loaded ⁴	24,101	5,607	330%	41,735	14,038	197%
Gold produced (oz) ^{2,3}	16,721	7,537	122%	32,615	19,886	64%
Silver produced (oz) ^{2,3}	48,145	26,554	81%	101,057	80,869	25%
GEOs produced ³	17,288	7,869	120%	33,804	20,897	62%
Gold sold (oz) ²	16,721	7,406	126%	31,329	20,488	53%
Silver sold (oz) ²	53,153	28,410	87%	97,591	82,608	18%
GEOs sold	18,324	7,762	136%	32,477	21,521	51%
Cash cost per gold ounce sold ⁵	\$608	\$1,169	(48%)	\$676	\$1,074	(37%)

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: run-of-mine ore or 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 – Second Quarter 2021

During the second quarter of 2021, the La Colorada mine produced 120% more GEOs at a cash cost per gold ounce sold 48% less than during the second quarter of 2020 (see "Non-IFRS Measures" section). Higher GEO production was primarily due to an 81% increase in gold grade and due to the two month suspension for COVID-19 during the second quarter of 2020. Lower

cash cost per gold ounce sold was primarily due to the increase in gold grade, a 45% reduction in strip ratio and 126% more gold ounces sold.

SECOND QUARTER 2021 FLORIDA CANYON OPERATING STATISTICS

	3 Months Ended June 30, 2021	6 Months Ended June 30, 2021
Mining (in 000s except for waste/ore ratio)		
Tonnes ore	2,496	4,699
Tonnes waste	3,194	6,422
Tonnes mined	5,690	11,121
Tonnes per day	61	60
Waste/ore ratio	1.28	1.37
Leach Pads (in 000s)		
Tonnes crushed to leach pads	1,796	3,591
Tonnes direct to leach pads	711	1,123
Production		
Gold grade loaded to leach pads (g/t) ¹	0.31	0.32
Gold loaded to leach pads (oz) ²	25,313	49,228
Projected recoverable GEOs loaded ⁴	14,619	31,646
Gold produced (oz) ^{2,3}	13,726	25,654
Silver produced (oz) ^{2,3}	6,117	13,349
GEOs produced ³	13,798	25,811
Gold sold (oz) ²	13,954	26,884
Silver sold (oz) ²	8,217	16,752
GEOs sold	13,954	26,884
Cash cost per gold ounce sold ⁵	\$1,110	\$1,279

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 Florida Canyon Mine Technical Report dated July 8, 2020. In periods where the Company mines material not specifically defined in a technical report (for example: run-of-mine ore or 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 Florida Canyon

As Argonaut did not own nor operate the Florida Canyon mine during the three and six months ended June 30, 2020, it is not making comparisons to the same period last year. Florida Canyon produced 13,798 GEOS, a 15% increase in GEO production compared to the previous quarter. Cash cost per gold ounce sold of \$1,110 represent a 24% decrease compared to the previous quarter (see "Non-IFRS Measures" section). Higher GEO production and lower cash cost per

gold ounce sold compared to the previous quarter are primarily related to a 13% reduction in strip ratio and higher recoveries partially offset by a 9% reduction in gold grade.

Argonaut has identified potentially significant operating cost savings once it can eliminate the re-handle on the back end of the secondary crushing by switching to a conveying and stacking system to transport crushed ore to the leach pads. All necessary regulatory approvals, including a modification to the existing Air Quality permit, to allow for the construction, installation and operation of a new conveying and stacking system were received during the second quarter of 2021 (see press release dated April 28, 2021), and the construction and installation of the new conveying and stacking system was completed by the end of July 2021. It is estimated that the new system will be ramped up to design capacity during the third quarter of 2021. The capital associated with the convey and stack project was included in Argonaut’s 2021 capital guidance (see press release dated January 19, 2021).

Pete Dougherty commented: “All three mines in Mexico have met or exceeded our expectations over the first half of the year, leading to record quarterly production and revenue, as well as strong cash flow and earnings in the second quarter. We experienced improvements in both production and operating costs at Florida Canyon quarter-over-quarter and believe these improvements will continue as we ramp up the new conveying and stacking system to design capacity over the next couple months. We believe this new system will significantly reduce operating costs at Florida Canyon once it is ramped up to design specifications and, given the recovery cycle at Florida Canyon, we should start to see the benefits of this investment during the fourth quarter of this year. On a consolidated basis, we are well on our way to achieving our production and cost guidance.”

Outlook

Argonaut is on track to achieve its 2021 consolidated production, cost and capital guidance. The table below outlines the first half of 2021 production and cost actuals compared to full year 2021 guidance:

2021 PRODUCTION AND COST GUIDANCE

	First Half 2021 Actuals	Full Year 2021 Guidance
GEO production	123,452	210,000 – 250,000
Cash cost per gold ounce sold ¹	\$936	\$950 – \$1,050
AISC per gold ounce sold ¹	\$1,247	\$1,250 – \$1,350

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

The Magino construction project is tracking on schedule. During the three and six months ended June 30, 2021, the Company incurred \$64.0 million and \$103.2 million in costs, respectively, related to the construction of the Magino project that were capitalized to assets under construction. Of this amount incurred, the majority was for securing long lead time

components for the mineral processing plant and for site development, camp construction and earthworks.

While the Magino construction project remains on schedule, Argonaut is currently reviewing the impacts of COVID-19, foreign currency exchange rates, contingencies, potential adjustments to the development plans and cost inflation to certain inputs related to the initial capital estimate (excluding ramp-up capital) which it believes will likely exceed the 15% last disclosed in the press release dated May 4, 2021.

Argonaut is currently working to optimize its life-of-mine plans. Following this work, the Company anticipates publishing updated National Instrument (“NI”) 43-101 Technical Reports for the the El Castillo Complex (El Castillo and San Agustin mines) and the La Colorada mine by the end of 2021.

Argonaut also believes there is a potential opportunity to reduce the near term sustaining capital requirement at its La Colorada mine, primarily by deferring some of the capitalized stripping of the Veta Madre pit. While this evaluation is ongoing, early indications illustrate a mine plan that is generally neutral in terms of net present value but provides additional cash flow during 2021 and 2022. More information regarding a new mine plan at La Colorada will be provided concurrent with the publication of an updated NI 43-101 Technical Report, which is expected by the end of 2021.

Full year 2021 capital guidance has not changed. However, Argonaut now expects to invest approximately an additional \$10 million at the Magino construction project and decrease capital spending at La Colorada by approximately \$10 million during 2021. Updated 2021 capital guidance is provided below:

Updated 2021 Capital Guidance

	First Half 2021 Accruals	Original Full Year 2021 Guidance	Updated Full Year 2021 Guidance
Capital (including exploration and excluding Magino construction capital) ¹	\$33.4 million	\$75 million – \$85 million	\$65 million – \$75 million
Magino construction capital ¹	\$103.7 million	\$180 million – \$190 million	\$190 million – \$200 million

¹ Assumes exchange rates of MXN:USD of 20:1 and CAD:USD of 1.25:1.

Argonaut Gold Second Quarter 2021 Operational and Financial Results Conference Call and Webcast:

Q2 Conference Call Information

Toll Free (North America):

1-888-664-6392

International: 1-416-764-8659
Conference ID: 82285249
Webcast: www.argonautgold.com

Q2 Conference Call Replay:

Toll Free Replay Call (North America): 1-888-390-0541
International Replay Call: 1-416-764-8677
Replay Entry Code: 285249#

The conference call replay will be available from 12:00 pm EDT on August 11, 2021 until 11:59 pm EDT on August 18, 2021.

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, exploration, accretion and other expenses 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, non-cash impairment write down (reversal) of work-in-process inventory, unrealized (gains) losses on commodity derivatives and care and maintenance expenses. 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 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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021 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 Filings”, and under the Company's profile on SEDAR at www.sedar.com.

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 the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; estimated production and mine life of the various mineral projects of Argonaut; timing of approval for modifications to existing permits; permitting and legal processes in relation to mining permitting and approval; 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 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)
Florida Canyon Gold Mine	NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Florida Canyon Gold Mine Pershing County, Nevada, USA dated July 8, 2020 (effective date June 1, 2020)
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, the La Colorada mine in Sonora, Mexico and the Florida Canyon mine in Nevada, USA. The Company also holds the construction stage Magino project, the advanced exploration stage Cerro del Gallo project and several other exploration stage projects, all of which are located in North America.

For more information, contact:

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Source: Argonaut Gold Inc.

ⁱ GEOs are based on a conversation ratio of 85:1 for silver to gold for 2021 and 80:1 for 2020. The silver to gold conversation ratio is based on the three-year trailing average silver to gold ratios. These are the referenced ratios for each year throughout the press release.

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