



Argonaut Gold Announces 2024 Guidance and Provides Operational Update

TORONTO, Ontario - (February 26, 2024) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") announces today the Company's 2024 guidance including production, cost per ounce as well as capital and exploration expenditure forecasts.

Consolidated gold production for 2024, including the Mexican operations, is expected to be in the range of 225,000 and 250,000 gold equivalent ounces ("GEOs"), an increase of 13% to 25% over 2023 production. Cost of sales and cash costs per ounce of gold sold are expected to be similar to 2023, while all-in-sustaining costs per ounce sold are expected to be higher than 2023 due to the increase in sustaining capital at Magino and Florida Canyon. Higher sustaining costs at Magino are related to the completion of the tailings management facility. At Florida Canyon, higher sustaining costs are due to the construction of the third heap leach pad.

In 2023, Argonaut achieved a significant milestone with the commissioning of its flagship asset, the Magino mine. Ramp up continues into 2024 and the mining and milling rates are expected to be in line with Magino's *NI 43-101 Technical Report 2022 ("Technical Report")* in the second half of 2024. Analysis to-date shows that total contained gold is projected to be within 1% of the reserve model compared to grade control polygons. While we believe the block model properly estimates the grade of the ore, the mine site is experiencing higher dilution rates than anticipated in the Technical Report due to challenges with selectively mining the high-grade parts of the ore body. As a result of the higher dilution than previously modeled in the high-grade areas of the deposit, the average grade to the mill is expected to be approximately 5 to 10% lower than in the Technical Report over the next 2 to 3 years; however, life-of-mine grades and ounces are not expected to be impacted. The Company expects to have an updated technical report with the latest findings filed in the second half of 2024.

"Over the last few months, we have analyzed our mining practices and grade and tonnes modeled and delivered to the process plant, in great detail. We have learned that selectively mining the high-grade portion of the deposit to the extent predicted in the Technical Report, in the initial three years, may not be achievable. In 2024, lower grades due to pit sequencing coupled with lower mining and processing rates in the first half of the year are expected to be offset by higher mill throughput in the second half of the year following the completion of optimization work underway in the first half of the year and improvements in mill availability," stated Marc Leduc, Chief Operating Officer of Argonaut Gold. "Notably, gold recoveries are on plan, while unit costs are expected to be higher in 2024 relative to the Technical Report but decline over the following 12 to 18 months as we continue to work through the ramp up process."

"Operationally, our near-term focus continues to be the ramp up of the Magino mine. The medium-term goal is to expand the reserve base and mill throughput in order to increase production to the 200,000 to 250,000 ounce per year range, while reducing the cost structure. Given the grade of the deposit, scale is important to drive strong free cash flows. We anticipate completing a re-financing of our current debt package by the end of the first quarter to provide sufficient liquidity during this ramp-up phase and for our future growth objectives," stated Richard Young, President and Chief Executive Officer.

2024 OUTLOOK

The following table outlines the Company's 2024 outlook for key operating and financial statistics:

		Magino Mine	Florida Canyon Mine	La Colorada Mine	San Agustin Mine	El Castillo Mine	Consolidated Guidance
Operating Results							
Ore Mined	('000t)	5,200 - 6,000	9,800 - 10,800	-	6,800 - 7,100	-	
Waste Mined	('000t)	15,300 - 17,500	10,900 - 11,900	-	5,800 - 6,100	-	
Total Mined	('000t)	20,500 - 23,500	20,700 - 22,700	-	12,600 - 13,200	-	
Grade mined	(g/t)	0.95 - 1.00	0.27 - 0.29	-	0.45 - 0.50	-	
Contained oz mined	(oz)	160,000 - 195,000	85,000 - 100,000	-	100,000 - 115,000	-	
Strip ratio	w/o	2.92 - 2.94	1.10 - 1.11	-	0.85 - 0.86	-	
Crushed tonnes	('000t)	-	5,600 - 6,500	-	6,800 - 7,100	-	
ROM tonnes	('000t)	-	3,800 - 4,400	-	-	-	
Total Placed/milled	('000t)	3,500 - 3,600	9,400 - 10,900	-	6,800 - 7,100	-	
Crushed grade	(g/t)	-	0.30 - 0.36	-	0.45 - 0.50	-	
ROM grade	(g/t)	-	0.13 - 0.18	-	-	-	
Processed grade	(g/t)	1.10 - 1.20	0.27 - 0.29	-	0.45 - 0.50	-	
Recovery rate	%	90% - 92%	59 - 61%	-	37% - 39%	-	
Recoverable Placed	(oz)	-	50,000 - 62,000	-	35,000 - 40,000	-	
GEO's produced	(oz)	120,000 - 130,000	63,000 - 70,000	5,000 - 6,000	35,000 - 40,000	2,000 - 4,000	225,000 - 250,000
Cost of sales	\$/oz sold	1,400 - 1,550	1,850 - 1,950	1,950 - 2,050	1,950 - 2,050	1,100 - 1,200	1,650 - 1,750
Cash cost	\$/oz sold	1,050 - 1,200	1,575 - 1,675	1,600 - 1,700	1,650 - 1,750	1,100 - 1,200	1,350 - 1,450
All-in sustaining cost	\$/oz sold	1,650 - 1,800	2,350 - 2,450	1,600 - 1,700	1,800 - 1,900	1,100 - 1,200	1,950 - 2,050
Production cost	\$000s	140,000 - 145,000	110,000 - 113,000	9,000 - 10,000	65,000 - 72,000	2,200 - 4,600	326,200 - 344,600
Cost Per Tonne							
Mining	\$/t	3.55 - 3.85	2.05 - 2.35	-	2.20 - 2.50	-	
Mining (ore tonne)	\$/t	13.95 - 14.25	4.35 - 4.65	-	4.10 - 4.40	-	
Crushing	\$/t		2.25 - 2.55	-	1.15 - 1.45	-	
Processing	\$/t	13.20 - 13.50	1.65 - 1.95	-	3.35 - 3.65	-	
G&A	\$/t	7.65 - 7.85	1.80 - 2.00	-	1.20 - 1.40	-	
Capital Expenditures							
Sustaining Capital (including leases)	\$ million	61,000 - 63,000	39,000 - 40,000	-	6,500 - 7,000	-	106,500 - 110,000
Construction Capital	\$ million	2,900 - 3,000	10,000 - 11,000	-	-	-	12,900 - 14,000
Capital Stripping	\$ million	-	15,000 - 16,000	-	-	-	15,000 - 16,000
Reclamation & Other	\$ million	-	7,000 - 7,500	-	-	3,500 - 3,800	10,500 - 11,300
Capitalized Exploration	\$ million	14,000 - 15,000		-	-	-	14,000 - 15,000

Magino:

- The mine is expected to complete the implementation of a fleet management system in H1-2024, which is expected to improve grade control, mining accuracy and productivity.
- Four additional haul trucks and a PC3000 shovel are expected to be added to the mobile equipment fleet in the first and second quarters, respectively, increasing hauling and loading capacity.

- As a result of the new equipment being added to the mobile fleet, mining rates are on track to increase through the first half of 2024, from 50,500 tonnes per day in December 2023 to a daily average of 65,000 tonnes per day by the second half of the year improving high-grade ore release.
- Total contained gold is projected to be within 1% of the reserve model relative to the grade control polygons through to the end of April 2024 (extent of current grade control drilling). However, gold grades to the mill are expected to be 5 to 10% lower than presented in the Technical Report over the next 2 to 3 years due to higher anticipated dilution resulting from lower ore selectivity.
- Mill optimization work, underway in the first half of 2024, is expected to lead to increased throughput rates in the range of +10%, offsetting the anticipated lower gold grades to the mill in the early years, putting the mine on track to meet the Technical Report monthly and annual production rates by the end of 2024.
- Mill recovery rates are in line with Technical Report design rates, however, throughput rates are expected to remain below nameplate capacity of 10,000 tonnes per day through the first half of the year due largely to lower availability as the process team continues to address poor quality components and consumables in the mill that have caused significant unplanned downtime.
- The mill modifications and changes are expected to increase both tonnes per operating hour as well as availability, putting the mill on track for daily throughputs above nameplate capacity by the fourth quarter of 2024.
- Cost per tonne mined is more than \$1.00 per tonne higher than the Technical Report for 2024, largely due to higher labour costs, grade control and drill & blast costs and diesel prices.
 - Labour rates have increased since the latest Technical Report due to inflation and scarcity of technical personnel with the large number of mining projects under construction in Ontario.
 - The mine has offset the labour shortage with contractors until permanent employees are hired; contractor costs increase cost per tonne by \$0.30.
 - Grade control and drill & blast costs are expected to move closer to the Technical Report over the next 12 to 18 months as the mining team makes improvements.
- Processing costs are also higher than the Technical Report. This is largely due to higher labour, consumable, and compressed natural gas (“CNG”) costs.
- General and administration costs are also significantly higher than the Technical Report due to a larger portion of the employee base residing in the camp as well as higher environmental and safety costs.
- Sustaining capital expenditures include the completion of the Tailings Management Facility 1B, completion of the assay lab, and other infrastructure and major spare components, which were deferred from the original capital cost estimate to conserve cash during the construction of the mine.
- The target for the reserve development expenditures in 2024 are anticipated to add between 500,000 and 1 million ounces to estimated mineral reserves by the end of year.

- An updated *NI 43-101 Technical Report* is planned for the second half of 2024, reflecting the updated mineral resources and mineral reserves as well as planned mill expansion.

Florida Canyon

- In 2023, Florida Canyon reported its highest production total in 19 years.
- For 2024 production, material movement and grades are expected to be similar to 2023.
- Ore placed on the leach pad is expected to be approximately 20% lower than last year but ounce production is expected to be only marginally lower benefiting from the additional process capacity being added in 2024 as part of the construction of the third leach pad, which will allow the drawdown of inventory which built up in 2023 due to limited processing capacity.
- Overall operating costs will be slightly higher than 2023 due to increases in waste stripping, equipment maintenance and employee compensation. These higher costs, combined with lower ore tons will increase unit costs for mining, processing and administration by approximately 10% when compared to 2023.
- In 2024, sustaining capital costs are largely related to the construction of a third leach pad and additional processing capacity to increase the flow rates to begin drawdown of the large inventory of gold placed on the pads.
- Exploration expenditures have been reduced to allow the team to update the geologic model based on oxide and sulphide drilling in 2023 and the large volume of historical work done over the last 30 years.

Mexico Operations

- For 2024, the San Agustin mine in Mexico is expected to remain operating. However, La Colorada has been placed on care and maintenance due to the large capital required to pre-strip the mine. El Castillo is in reclamation.
- San Agustin's production guidance include the assumption of receipt of the necessary federal permits to mine the remaining reserves by mid-year, following the acquisition of the land in the third quarter of 2023.
- Residual leaching will take place at both La Colorada and El Castillo in 2024.
- For 2024, the Mexican operations are expected to be largely breakeven from a cash flow perspective.
- A financial advisor has been appointed to assess strategic alternatives for the Mexican operations, including the sale of one or more of the assets.

Qualified Person, Technical Information

The technical information contained in this press release has been prepared under the supervision of, and has been reviewed and approved by Mr. Marc Leduc, P.Eng. Chief Operating Officer; a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). For further information on the Magino Mine, please see the technical report titled Magino Gold Project, Ontario, Canada, NI 43-101 Technical Report, Mineral Resource and Mineral Reserve Update dated March 3, 2022 (effective date of February 14, 2022) on the Company's website www.argonautgold.com or on www.sedarplus.ca.

About Argonaut Gold

Argonaut Gold is a Canadian-based gold producer with a portfolio of operations in North America. Focused on becoming a low-cost, mid-tier gold producer, the Company's flagship asset, Magino Mine, is expected to become Argonaut's largest and lowest cost mine. The Company is pursuing potential for re-development and additional growth at the Florida Canyon Mine in Nevada, USA. Together, the Magino and Florida Canyon mines are the Company's cornerstone assets that will drive Argonaut through this pivotal growth stage. The Company also has one additional operating mine in Mexico, the San Agustin Mine in Durango. Argonaut Gold trades on the Toronto Stock Exchange (TSX) under the ticker symbol "AR".

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain "forward-looking statements" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of Argonaut Gold. Except for statements of historical fact relating to Argonaut, all statements included herein are forward-looking statements. The words "believe", "expect", "strategy", "target", "plan", "scheduled", "commitment", "opportunities", "guidance", "project", "continue", "on track", "estimate", "growth", "forecast", "potential", "future", "extend", "planned", "will", "could", "would", "should", "may" and similar expressions typically identify forward-looking statements.

Forward-looking statements and forward-looking information include, but are not limited to statements with respect to: consolidated gold production and associated costs in 2024, mining and milling rates as well as average grades anticipated in 2024 as well as projections over the 12 to 18 months following 2024, implementation of the fleet management system and its impacts, commissioning of additions to the fleet, improving high grade ore release, throughput rates relative to nameplate mill capacity, anticipated impacts of mill modifications, reserve development targeting 500,000 to 1,000,000 ounces to reserves by the end of 2024, releasing an updated NI 43-101 in the second half of 2024, Florida Canyon material movement and grades in 2024 being similar to 2023, the San Agustin mine to continue operating, receipt of the necessary federal permits to mine the remaining reserves at San Agustin, residual leaching taking place at La Colorada and El Castillo, and the Mexican operations being largely breakeven from a cash flow perspective in 2024.

Forward-looking statements are necessarily 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 but are not limited to the availability and changing terms of financing, variations in ore grade or recovery rates, changes in market conditions, changes in inflation, 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, risks related to the anticipated performance of material equipment, the impact of COVID-19 and other human health concerns and the impact and effectiveness of governmental responses to them, 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 dated March 31, 2023 and in the most recent Management's Discussion and Analysis for the three and nine months ended September 30, 2023, both filed under the Company's issuer profile 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.

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. Further, the forward-looking statements included herein speak only as of the date of this press release.

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