



ARGONAUT GOLD

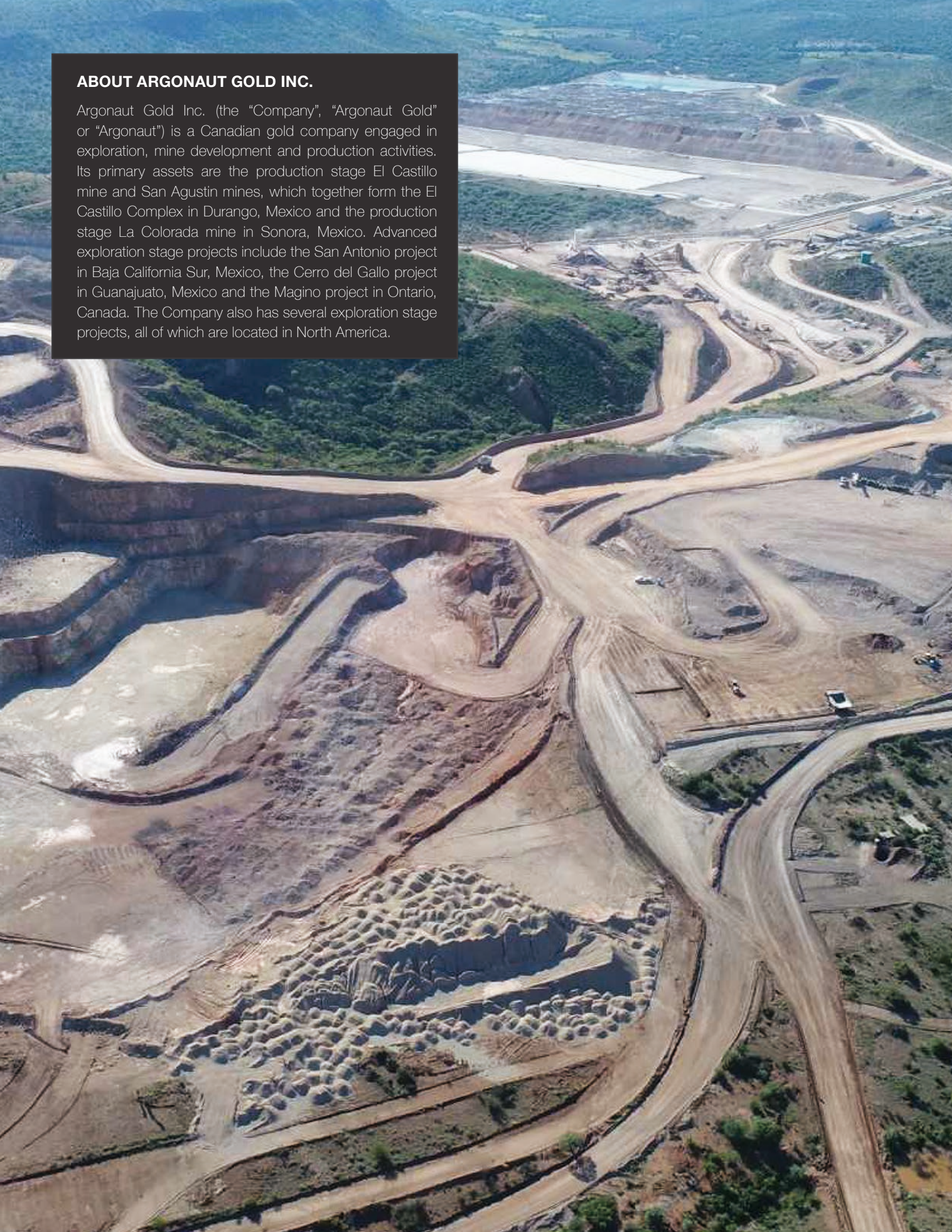
ANNUAL REPORT



ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

ABOUT ARGONAUT GOLD INC.

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



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IN 2018 WE...

HIT OUR
TARGETS

BROKE
RECORDS &

REACHED A
MILESTONE

2018 HIGHLIGHTS

HITTING OUR TARGETS

- ACHIEVED OUR 2018 PRODUCTION GUIDANCE OF 165K GOLD EQUIVALENT OUNCES¹ (“GEOs”).
- ACHIEVED OUR 2018 COST GUIDANCE OF CASH COSTS UNDER \$800² PER GOLD OUNCE SOLD AND ALL-IN SUSTAINING COST UNDER \$950² PER GOLD OUNCE SOLD.

BROKE RECORDS

- BROKE OUR ANNUAL AND QUARTERLY PRODUCTION RECORDS, PRODUCING 51,658 GEOs¹ IN Q4 AND 165,117 GEOs¹ DURING THE YEAR.
- RECORDED THE BEST SAFETY RECORD IN THE HISTORY OF THE COMPANY, INCLUDING ZERO LOST TIME INCIDENTS AT OUR LA COLORADA MINE.

REACHED A MILESTONE

- PRODUCED OUR ONE MILLIONTH GEO¹ IN SEPTEMBER 2018.

2018 GEO PRODUCTION¹

165,117 GEOs

CONSOLIDATED CASH COSTS²

\$792 PER GOLD OUNCE SOLD

ALL-IN SUSTAINING COST²

\$912 PER GOLD OUNCE SOLD

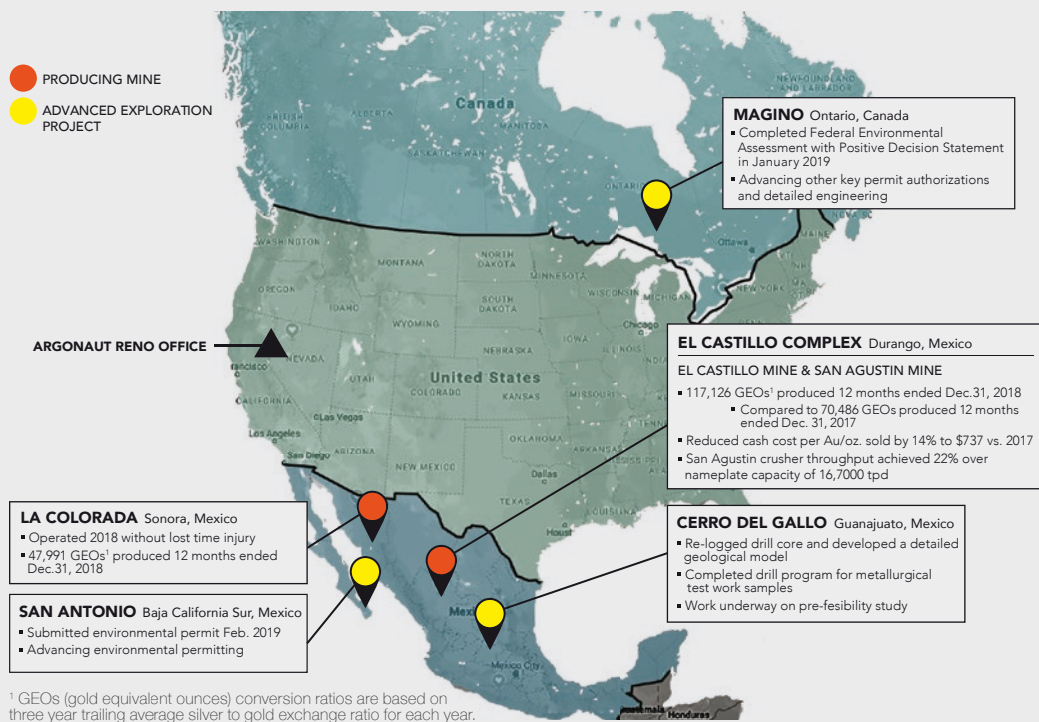
REVENUE

\$196.1M

For more information on our operational and financial performance, go to page 18.

¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.
² Refer to Non-IFRS Measures on page 49.

ARGONAUT AT A GLANCE



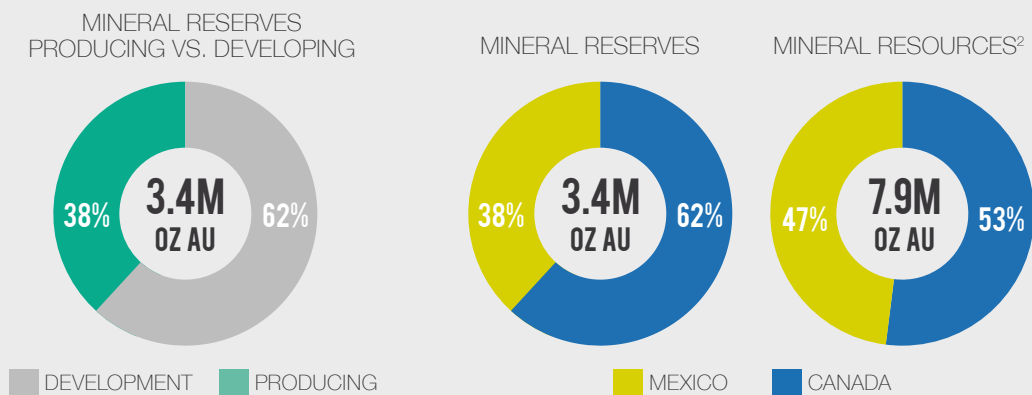
OUR OPERATIONS

Argonaut operates three mines in Mexico including the 100% owned El Castillo and San Agustin mines, which together form the El Castillo Complex in Durango Mexico, and the 100% owned La Colorada mine in Sonora Mexico.

OUR EXPLORATION PROJECTS

Argonaut's advanced stage exploration projects include the San Antonio gold project in Baja California Sur, Mexico, the Cerro del Gallo project in Guanajuato, Mexico and the Magino project in Ontario, Canada.

PRODUCTION, RESERVES & RESOURCES BY COUNTRY¹



¹ Refer to Mineral Resource disclosure on page 49.
² Mineral Resources are inclusive of Mineral Reserves.

LETTER

FROM THE PRESIDENT & CEO



2018 was a very rewarding year for the Company because of the efforts of each person on the team working together, looking out for one another and achieving what seemed impossible to many during the fourth quarter.

Some highlights from 2018 include:

- Pouring our one millionth GEO¹ and achieving record Q4 production and full year production while meeting our cash cost² guidance;
- Having the best safety performance yet as a Company, including zero lost time incidents at our La Colorada mine;
- Advancing and continuing to de-risk all of our development projects forward (San Antonio, Cerro del Gallo and Magino);
- Continuing to receive ESR (Empresa Socialmente Responsable) designations at all operating mines in Mexico; and
- Completing critical capital expansion programs ahead of plan and under budget to allow for greater operational flexibility.

In 2017, we challenged ourselves to grow production 65% by 2019. With our record fourth quarter in 2018 leading to a record year for the Company in terms of production, we are well on our way to achieving this objective.

During 2018, the El Castillo Complex produced 60% more GEOs¹ at a cash cost per gold ounce sold of 14% less compared to 2017. The higher production and lower costs were driven by a full year of operations at the San Agustin mine. The La Colorada mine produced 10% less GEOs¹ at a cash cost per gold ounce sold which was 32% higher compared to 2017. The lower production was due to the four and a half month period where the mine lacked the ability to blast. The higher costs were primarily due to a lower allocation of stripping costs from operating expenses to capital.

/// DURING 2018, WE SURPASSED THE SIGNIFICANT MILESTONE OF OVER ONE MILLION GEOS¹ PRODUCED SINCE ARGONAUT'S FOUNDING, A TESTAMENT TO OUR COMMITMENT TO HEALTH AND SAFETY, OUR PEOPLE, OUR COMMUNITIES AND OUR ENVIRONMENT."

¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.
² Refer to Non-IFRS Measures on page 49.



2018 WAS A MILESTONE YEAR, AND THIS COIN REPRESENTS THE TRACK RECORD AND OPERATING EXCELLENCE THE ARGONAUT TEAM DEMONSTRATES ON A DAILY BASIS."

Pete Dougherty | President & CEO

We continued to de-risk our development project portfolio. At Magino, we completed our third indigenous agreement by signing a collaborative agreement with the Métis Nation of Ontario during 2018 and signed our fourth agreement with the Batchewana First Nation early in 2019. We also received a positive decision from the Canadian Federal government for our Environmental Assessment in January 2019 and expect a Provincial Environmental Assessment decision during the first half of 2019.

At our Cerro del Gallo project, we developed a detailed geological model and completed a drill program to further metallurgical test work.

At our San Antonio project, we worked toward submission of our environmental permit application, which was submitted in February 2019.

We continued to demonstrate our operating excellence not only at our operations and projects, but within our organization and our communities. In 2018 we realized the best safety performance in Argonaut's history. Our commitment to Health and Safety, Our People, Our Environment and Our Communities are the four pillars on which we have built our business. We again received the distinction of being an Environmentally and Socially

Responsible company by the government of Mexico – our seventh consecutive year of receiving such a distinction. I encourage you to learn more about our corporate responsibility initiatives that were undertaken in 2018 by reviewing the sustainability section of this report.

Our main focus during 2019 will be expanding the San Agustin mine's crushing capacity from 20,000 tonnes per day to 30,000 tonnes per day, adding cash to the balance sheet and continuing to de-risk and advance our development assets.

As we look forward to 2019, it's important to review the past and take note of how we achieved these successes and then harness this energy and enthusiasm toward our 2019 objectives. In 2019, we are poised to hit new production targets over 200,000 GEOs¹ and we will continue to de-risk all three of our development projects through a pre-feasibility study at Cerro del Gallo and advancing permitting at Magino and San Antonio.

We thank all of our stakeholders for your continued support of our shared vision and will continue to work to deliver value through responsible mining, development and exploration.

Pete Dougherty
President & CEO

¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.



Q: WHAT ALLOWED YOU TO ACHIEVE RECORD PRODUCTION IN 2018?

This really began in 2017 when we challenged ourselves to grow production from approximately 125,000 GEOs¹ to over 200,000 GEOs¹ by 2019. This started with the acquisition of the San Juan mineral concession, which allowed us to extend El Castillo's mine life and expand its crushing capacity from 20,000 tonnes per day at the start of 2018 to 29,000 tonnes per day by the end of 2018. Also during 2017, we built the San Agustin mine and formed what we now call the El Castillo Complex. The San Agustin mine exceeded expectations the entire 2018 year and is poised for an expansion in 2019 from 20,000 tonnes per day to 30,000 tonnes per day.

¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.



DID YOU KNOW

we launched our new website and social media channels?



/ArgonautGoldInc



@Argonaut_Gold



@ArgonautGoldInc



/ArgonautGoldInc

Visit our new website at www.argonautgold.com

MINAS
CARBON
IDAD
NS.



ARGONAUT GOLD

MEETING EXPECTATIONS

IN 2018, WE SET A GOAL TO INCREASE PRODUCTION BY OPTIMIZING OUR OPERATIONS AND ADVANCING OUR DEVELOPMENT PROJECTS.

2018 TARGETS

PRODUCTION¹

Consolidated:
165,000 - 180,000 GEOs

- El Castillo Complex: 115k - 150k GEOs
- La Colorada: 60 - 65k GEOs

CASH COSTS²

Consolidated:
\$700 - \$800 per oz/Au

- El Castillo Complex: \$700 - \$800 per oz/Au
- La Colorada: \$700 - \$800 per oz/Au

ALL-IN SUSTAINING COSTS²

Consolidated:
\$850 - \$950 per oz/Au

CAPITAL

Consolidated:
\$50 - \$55 million

WHAT WE DELIVERED

Actual - Consolidated:
165,117 GEOs

- El Castillo Complex: 117,126 GEOs
- La Colorada: 47,991 GEOs

Actual Cash Costs:
\$792 per oz/Au

- El Castillo Complex: \$737 per oz/Au
- La Colorada: \$914 per oz/Au

Actual AISC
\$912 per oz/Au

Actual Capital Spend:
\$35.9 million

2019 GUIDANCE

Consolidated Production Guidance:
200,000 to 215,000 GEOs

- El Castillo Complex: 140k - 150k GEOs
- La Colorada: 60 - 65k GEOs

Consolidated Cash Costs Guidance:
\$775 - \$875 per oz/Au

- El Castillo Complex: \$760 - \$860 per oz/Au
- La Colorada: \$800 - \$900 per oz/Au

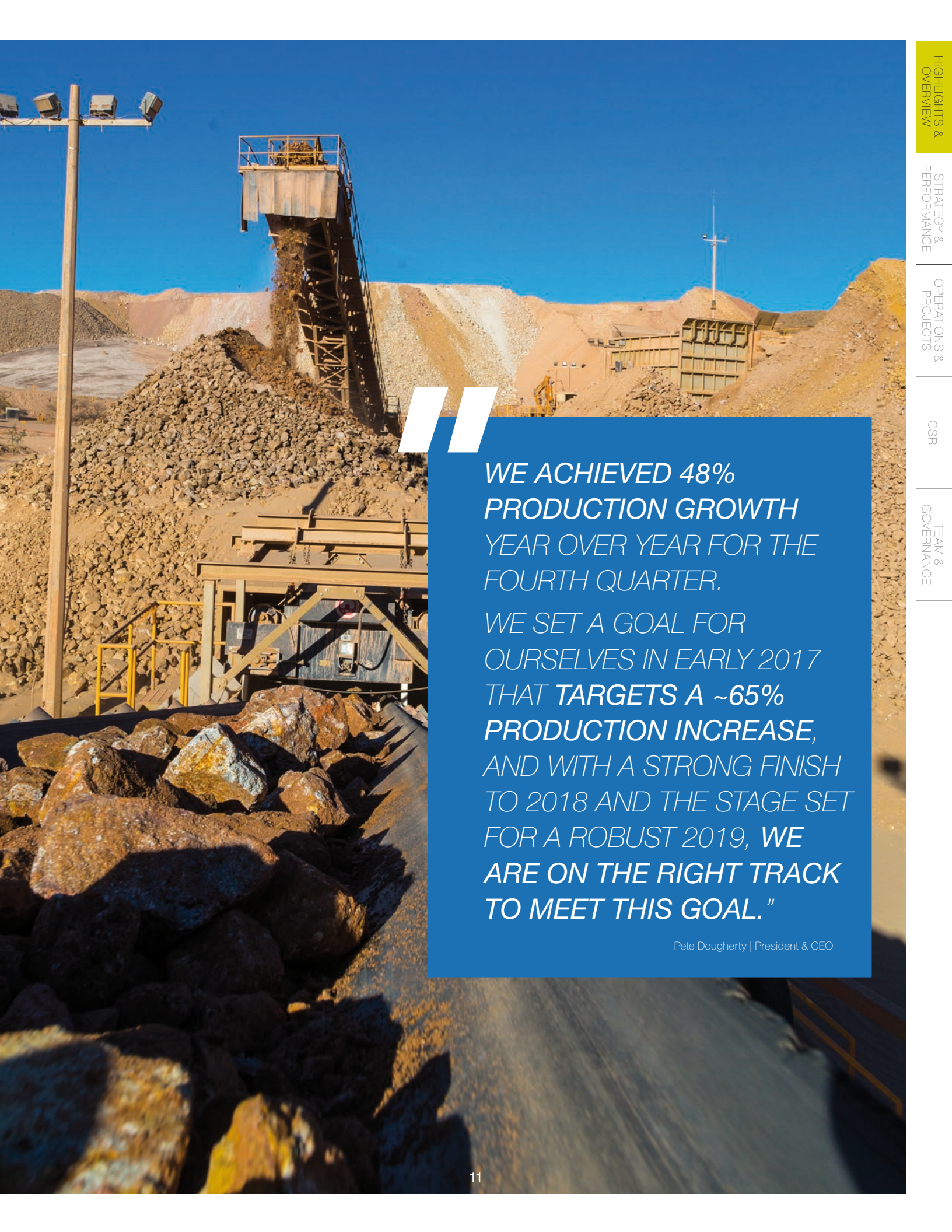
Consolidated AISC Guidance:
\$975 - \$1,075 per oz/Au

Consolidated Capital Estimate:
\$50 - \$60 million

- El Castillo Complex: \$27M - \$31M
- La Colorada: \$14M - \$16M
- Development Assets: \$9 - \$13M

¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

² Refer to Non-IFRS Measures on page 49.



“

WE ACHIEVED 48% PRODUCTION GROWTH YEAR OVER YEAR FOR THE FOURTH QUARTER. WE SET A GOAL FOR OURSELVES IN EARLY 2017 THAT TARGETS A ~65% PRODUCTION INCREASE, AND WITH A STRONG FINISH TO 2018 AND THE STAGE SET FOR A ROBUST 2019, WE ARE ON THE RIGHT TRACK TO MEET THIS GOAL.”

Pete Dougherty | President & CEO

OUR STRATEGY + 2018 PERFORMANCE

OUR CORPORATE STRATEGY

OUR THREE YEAR GROWTH PLAN

2019 GOALS

OPERATIONAL & DEVELOPMENT PERFORMANCE

FINANCIAL PERFORMANCE

MANAGING RISKS



DID YOU KNOW

that during 2018, the San Agustin mine's first full year of commercial operations, it exceeded crushing throughput expectations by 22%?

OUR CORPORATE STRATEGY

AT ARGONAUT, WE BELIEVE IN A SUSTAINABLE MODEL FOR DEVELOPMENT AND GROWTH.

Our mission is to deliver maximum value from our projects and mining operations for all our stakeholders. Argonaut's management team has a strong history of creating value and will continue to focus on maintaining our track record of operating excellence through profitable mining and sustainable development.

INVESTMENT CASE

STRONG BALANCE SHEET

Argonaut has demonstrated since its founding that it will not put its balance sheet at risk.

DEFENSIVE GOLD STOCK

Long track record of adding cash to the balance sheet.

HIGHLY LEVERAGED TO UPSIDE IN GOLD PRICE

5.9M M&I Resource gold ounces in development assets.¹

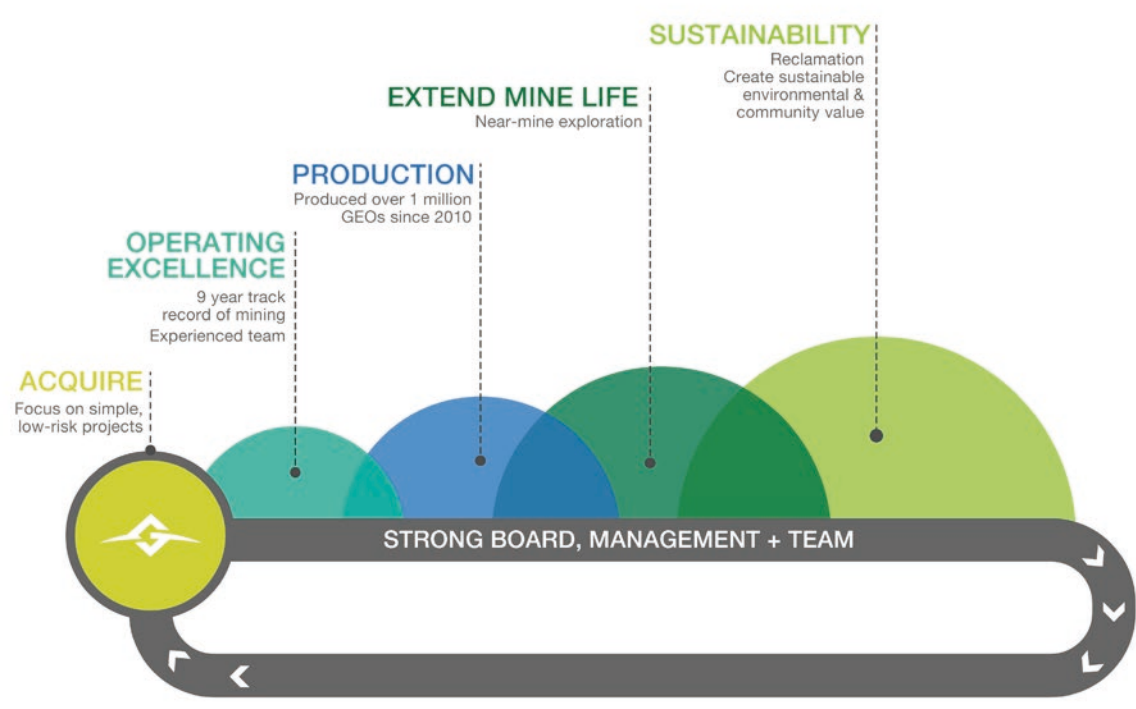
PROVEN OPERATOR

Nine year track record and on track to meet 65% annual production growth over the last three years.

“ARGONAUT CONTINUES TO CREATE SUSTAINABLE VALUE BY FOCUSING ON SIMPLE, LOW-RISK PROJECTS, INCREASING PRODUCTION YEAR-OVER-YEAR AND ADVANCING OUR PIPELINE OF DEVELOPMENT PROJECTS.”

Pete Dougherty | President & CEO

¹ Refer to Mineral Resource disclosure on page 49.



ARGONAUT'S APPROACH TO SUSTAINABLE DEVELOPMENT

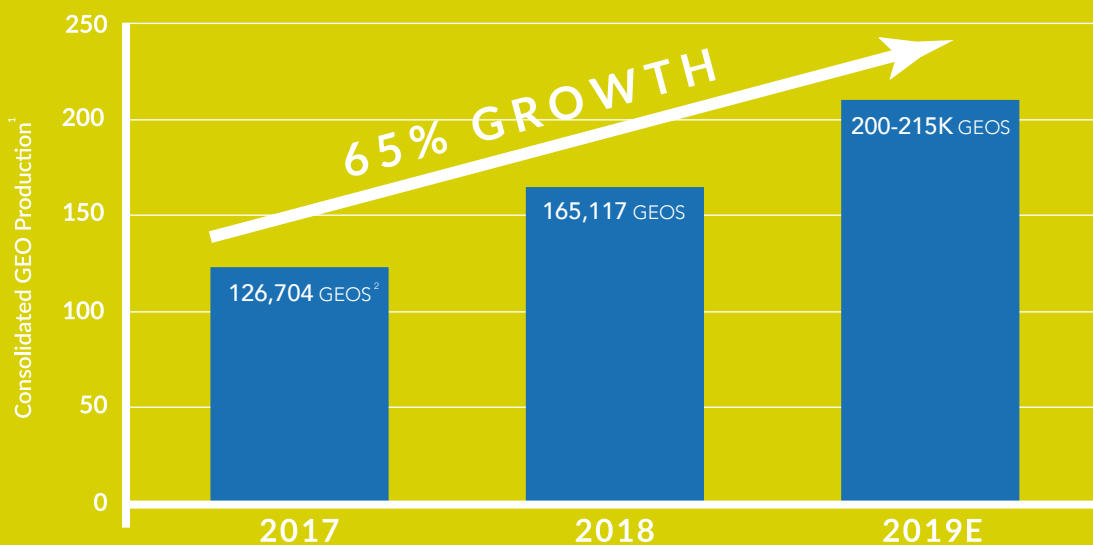
Our strategy to create profitable and sustainable value is based on, and illustrated in, the above guiding principles. Powered by a strong board and management team, Argonaut highlights its strengths as a proven operator of open-pit, heap leach mines, and its ability to identify simple, low-risk projects to add to its development portfolio. With a track record of over nine years of operating excellence, our experienced teams focus on delivering their production and cost targets, while exploring opportunities to extend mine lives through near-mine exploration and the optimization of operations. One of the key principles that creates long-lasting value is our approach to sustainable development and innovation beyond the mine. Argonaut's integrated approach continues to add value, not only to the Company and to our shareholders, but to all stakeholders and the communities in which we operate.

OUR THREE-YEAR GROWTH PLAN

We challenged ourselves early in 2017 to achieve an approximate 65% production growth target between 2017 and 2019. With our record fourth quarter in 2018, leading to a record year for the Company in terms of production, we are well on our way to achieving this growth objective.

In 2019, the Company expects to produce over 200,000 GEOs from its existing operations, which would reflect over 65% production growth from 2017 through 2019. This production growth is primarily driven by the ramp up of the El Castillo Complex with the addition of San Agustin mine and the extension of mine life and expansion at the El Castillo mine subsequent to the San Juan concession purchase in 2017.

ON THE PATH TO 200K+ GEO PRODUCTION



¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

² Actual 2017 GEO Production includes 2,932 pre-commercial production GEOs from San Agustin.

2019 GOALS



**Build
Balance Sheet**



**De-risk
Development Projects**



**Deliver 200k+
GEO Production
in 2019**

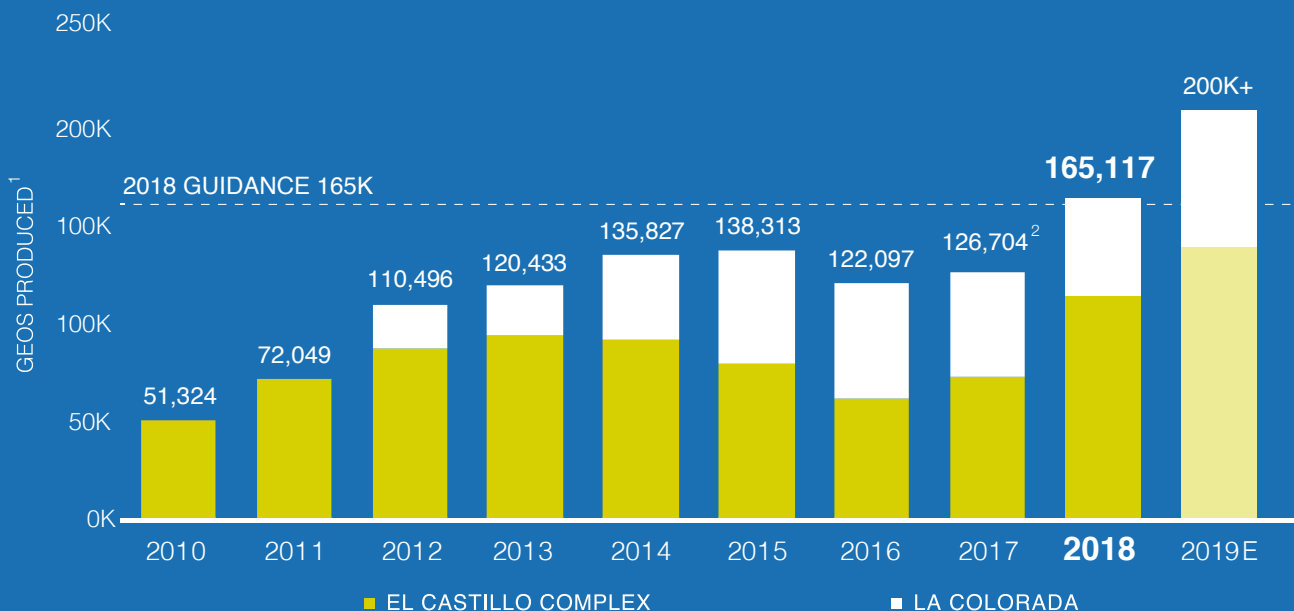
2018

KEY PERFORMANCE STATS

IN 2018 WE **BROKE** ANNUAL AND QUARTERLY GEO¹ PRODUCTION RECORDS.

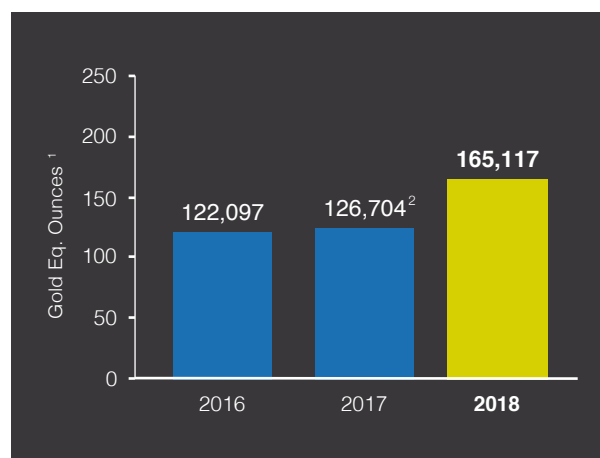
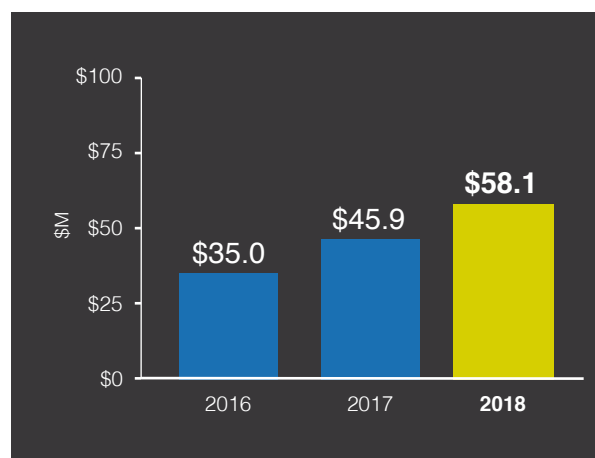
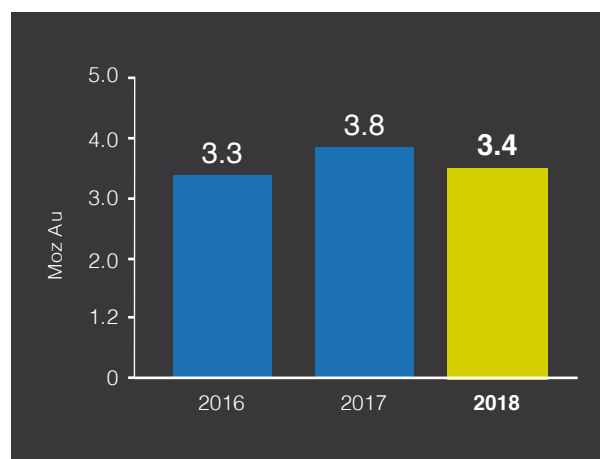
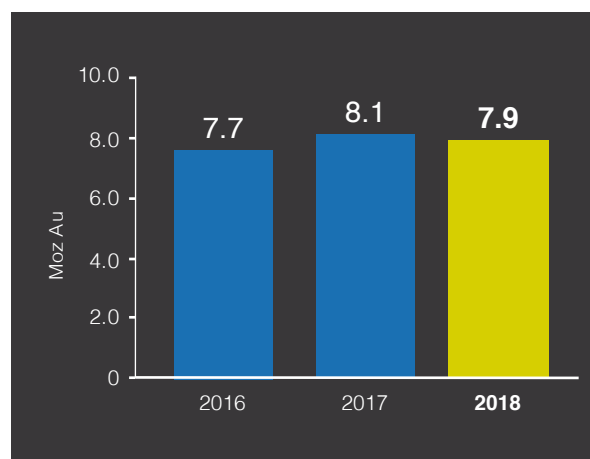
WE PRODUCED **165,117 GEOs¹** IN 2018, AND IN SEPTEMBER WE REACHED A MILESTONE **ONE MILLIONTH GEO** SINCE BEGINNING OPERATIONS IN 2010.

CONSOLIDATED GEO PRODUCTION HISTORY



¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

² Actual 2017 GEO Production includes 2,932 pre-commercial production GEOs from San Agustín.

GEO PRODUCTION ¹OPERATING CASH FLOW ³MINERAL RESERVES ^{4,5}M&I MINERAL RESOURCES ^{4,5,6}

Over the past three years we have increased our production and operating cash flow while maintaining our leverage to gold through our Mineral Resources. A combination of the increased operational leverage to gold and our development projects' Mineral Resources, along with a strong balance sheet, make Argonaut a **safe gold leverage play**.

¹ GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

² Actual 2017 GEO Production includes 2,932 pre-commercial production GEOs from San Agustin.

³ Before changes in working capital.

⁴ As stated in 2016, 2017 and 2018 Annual Information Form (AIF).

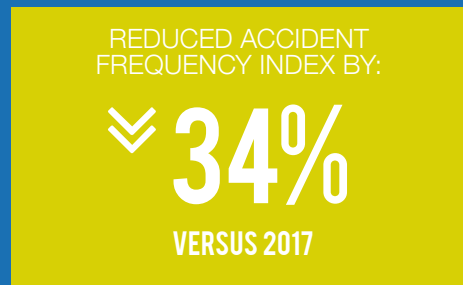
⁵ Refer to Mineral Resource disclosure on page 49.

⁶ Mineral Resources are inclusive of Mineral Reserves.

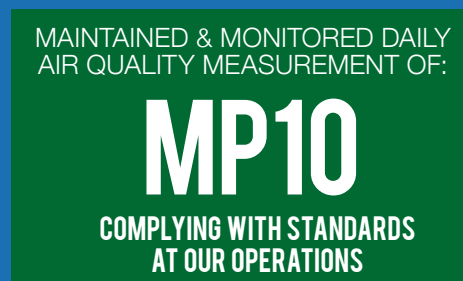
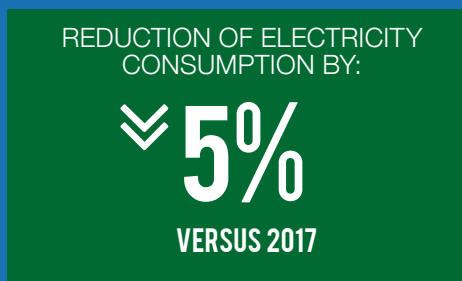
2018

KEY PERFORMANCE STATS

SAFETY HIGHLIGHTS



ENVIRONMENTAL HIGHLIGHTS



HUMAN RESOURCE HIGHLIGHTS

LOCAL EMPLOYMENT

67%

FROM NEIGHBOURING TOWNS

UNIONIZED EMPLOYEES:

57%

699 DIRECTLY EMPLOYED
748 CONTRACT EMPLOYEES

MAN-HOURS OF EMPLOYEE TRAINING PROVIDED:

60,415

COURSES AND CONTINUING EDUCATION PROVIDED:

429

FOR EMPLOYEES



For additional Safety, Human Resource, Environmental and Community statistics and highlights go to the Social Responsibility + Sustainability section of this report on page 34.

MANAGING RISKS

OUR RISK MANAGEMENT SYSTEM IS BASED ON:
**RISK IDENTIFICATION, ASSESSMENT, PRIORITIZATION,
MITIGATION AND MONITORING PROCESSES**
WHICH ARE CONTINUALLY EVALUATED, IMPROVED AND
ENHANCED IN LINE WITH BEST PRACTICE.

RISK MANAGEMENT SYSTEM

Argonaut's approach to risk management is based on an outline that incorporates risk awareness across our entire Company, where we are able to identify, assess, prioritize and manage these risks systematically.

Our senior management, operations and exploration teams continue to identify and manage risks, through monitoring with our internal management systems within a risk governance framework.

In 2018, we identified key risks across all aspects of our organization. **Through this report we have outlined the top 10 risks of emphasis for 2018:**

- 1 METAL PRICES
- 2 PERMITTING
- 3 LAND ACCESS
- 4 COUNTERPARTY
- 5 LEGAL ACTIONS
- 6 SAFETY & SECURITY
- 7 EXTERNAL GUIDANCE
- 8 DELAYS IN TAX REFUNDS
- 9 PROJECT DEVELOPMENT
- 10 APPROPRIATE STAFFING

OUR RISK MATRIX



MANAGING RISKS

RISK NAME	DESCRIPTION	IMPACTS
1 METAL PRICES	A decrease in gold price negatively impacts cash flows and the ability to finance and develop projects at a reasonable cost of capital.	If over an extended period, leads to the inability to build out development pipeline projects which would disrupt the growth objectives for the organization.
2 PERMITTING	A delay or suspension of permits required to operate an existing mine or advance a development project.	Suspension of existing operations; Delay of project start-up and development.
3 LAND ACCESS	The inability to gain access to or acquire land necessary to complete the business objectives.	The delay in the expansion and/or mine life extension.
4 COUNTERPARTY	Exposure to liquidity risks associated with counterparties that have payables to the Company.	Decrease in cash flow.
5 LEGAL ACTIONS	Legal actions brought against the Company due to regulatory non-compliance, non-government organization interference, community unrest or other outside legal actions.	Suspension of operations.
6 SAFETY & SECURITY	Safety and security risks associated with certain countries and regions and changes in government leading to potential changes in the tax and regulatory environment for mining.	Safety and security issues decrease the ability to attract and retain quality employees while potential government changes in the tax and regulatory environment for mining lead to lessened investor interest in those countries and regions.
7 EXTERNAL GUIDANCE	Failure to meet market expectations based on guided production, costs and capital estimates.	Loss of investor confidence reducing the Company valuation and increasing the Company's cost of capital.
8 DELAYS IN TAX REFUNDS	The government changes its approach to refunding tax.	Increases working capital.
9 PROJECT DEVELOPMENT	Insufficient detailed engineering capital estimation on investment projects. Non-compliance of regulations leads to safety issues or government intervention.	Capital overruns. Loss of stakeholder confidence.
10 APPROPRIATE STAFFING	The ability to attract and retain quality employees due to mine or project location and/or competition for quality employees.	High employee turnover and/or lower quality employees lead to poor decisions at the site level.

RISK APPETITE**RISK MITIGATION MEASURES**

HIGH

1. We choose to accept metal price risk and provide shareholders with full exposure to gold prices.
2. Focus on lower initial capital projects and production replacement versus growth until metal prices rebound.

LOW

1. Maintain compliance of existing permits.
2. Strengthen stakeholder relations.
3. Establish constructive relationships with government regulators and political figures.

MEDIUM

1. Complete internal comparative land valuation.
2. Honor our existing agreements with various land and stakeholders.
3. Strive to develop and execute new land acquisitions in accordance with Industry standards.
4. Establish status reporting mechanism.
5. Execute agreements.

LOW

1. Get regular financial information from counterparties.
2. Review and update contract language, as necessary.

LOW

1. Ensure regulatory compliance through the implementation of controls and procedures.
2. Strengthen stakeholder relations.
3. Work with other mining companies to advocate positive improvements to the legal structure.

MEDIUM

1. Make an effort to operate in safer and more secure countries and regions.
2. Expand approach to gather additional information on potential country and regional related risks and implement suggested actions.

MEDIUM

1. Consider key risk factors to achieving plan and report risk-adjusted external guidance.

MEDIUM

1. Work with other mining companies to educate and inform the government on the impacts of potential tax process, policy and regulatory changes.
2. Maintain collaborative relationship with the Mexican tax authorities to facilitate flow of information.

MEDIUM

1. Consider appropriate level of engineering by project considering risk and capital requirements.
2. For projects without formal studies, ensure the construction team is included in project scheduling and budgeting.

MEDIUM

1. Continue to build a workplace culture that emphasizes and rewards safety and performance and seeks learning and improvement.
2. Provide employees with a career path and appropriate training to make it achievable.
3. Hire locally.
4. Provide competitive compensation and benefits.

OPERATIONS + PROJECTS OVERVIEW

EL CASTILLO COMPLEX
LA COLORADA
SAN ANTONIO
CERRO DEL GALLO
MAGINO





DID YOU KNOW

In 2018, our operations increased production by 30% versus 2017?

OPERATIONS

EL CASTILLO COMPLEX

EL CASTILLO



SAN AGUSTIN



KEY STATS

LOCATION: Durango, Mexico
 OWNERSHIP: 100%
 MINE TYPE: Open pit, heap leach
 OPERATIONS SINCE: 2007 El Castillo, 2017 San Agustín

M&I 128.3Mt @ 0.32 g/t Au for 1.33M Contained Au oz.^{1,4}

P&P 86.1Mt @ 0.35 g/t Au for 982K Contained Au oz.¹

	2018 ACTUAL	2019 GUIDANCE	LIFE-OF-MINE TO DEC.31/2018
GEO PRODUCTION²	117,126	140K - 150K	772,881
CASH COSTS³	\$737	\$760 - \$860	\$744

¹ Refer to Mineral Resource disclosure on page 49.

² GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

³ Refer to Non-IFRS Measures on page 49.

⁴ Mineral Resources are inclusive of Mineral Reserves.

2018 HIGHLIGHTS

60% INCREASE IN FULL YEAR PRODUCTION

117,126 GEOS PRODUCED IN 2018

14% REDUCTION IN CASH COSTS TO \$737 WITH FIRST FULL YEAR OF SAN AGUSTIN PRODUCTION

22% OVER NAMEPLATE CRUSHING THROUGHPUT CAPACITY FOR SAN AGUSTIN DURING FIRST FULL YEAR OF COMMERCIAL PRODUCTION

20K TO 29K TPD THROUGHPUT EXPANSION WITH COMPLETION OF WEST CRUSHER AT EL CASTILLO



OPERATIONS

LA COLORADA



KEY STATS

LOCATION: Sonora, Mexico
 OWNERSHIP: 100%
 MINE TYPE: Open pit, heap leach
 OPERATIONS SINCE: 2013

M&I 27.2Mt @ 0.65 g/t Au for 625K Contained Au oz.^{1,4}

P&P 14.0Mt @ 0.68 g/t Au for 306K Contained Au oz.¹

	2018 ACTUAL	2019 GUIDANCE	LIFE-OF-MINE TO DEC.31/2018
GEO PRODUCTION²	47,991	60K - 65K	310,910
CASH COSTS³	\$914	\$800 - \$900	\$692

¹ Refer to Mineral Resource disclosure on page 49.

² GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

³ Refer to Non-IFRS Measures on page 49.

⁴ Mineral Resources are inclusive of Mineral Reserves.

2018 HIGHLIGHTS

ZERO LOST TIME INCIDENTS
FOR THE ENTIRE YEAR

47,991 GEOS PRODUCED IN 2018

MINING TRANSITIONED TO THE EL CRÉSTON PIT
THE SECOND OF THREE PITS IN THE LIFE-OF-MINE PLAN

**ACQUIRED NEW MINERAL CONCESSIONS AND SURFACE
RIGHTS ADJACENT TO THE FUTURE VETA MADRE PIT**
THE THIRD OF THREE PITS IN THE LIFE-OF-MINE PLAN

DEVELOPMENT PROJECTS

SAN ANTONIO¹



LOCATION Baja California Sur, Mexico
OWNERSHIP 100%
MINE TYPE Open Pit, heap leach
MINE LIFE 15 years

M&I 65,089 tonnes @ 0.83 g/t Au for 1.735M Au oz.
CASH OPERATING COSTS \$553/oz.³
INITIAL CAPITAL \$84.3M
AFTER-TAX NPV^{8%} \$205M

STAGE
PRELIMINARY ECONOMIC ASSESSMENT

CERRO DEL GALLO



LOCATION Guanajuato, Mexico
OWNERSHIP 100%
MINE TYPE Open pit, heap leach

STAGE
WORK UNDERWAY ON A PRE-FEASIBILITY STUDY
EXPECTED IN 2019

MAGINO²



LOCATION Ontario, Canada
OWNERSHIP 100%
MINE TYPE Open pit, conventional mill
MINE LIFE 17 years

M&I 144.0 Mt @ 0.91 g/t Au for 4.197 contained Au oz.
P&P 59.0 Mt @ 1.13 g/t Au for 2.137 contained Au oz.
CASH OPERATING COSTS \$669/oz.³
INITIAL CAPITAL \$321M
AFTER-TAX NPV^{5%} \$288M

STAGE
FEASIBILITY

¹ Based on the assumptions and parameters as set forth in the NI 43-101 Technical Report on Resources San Antonio Project dated October 10, 2012.

² Based on the assumptions and parameters as set forth in the Feasibility Study dated December 21, 2017.

³ Refer to Non-IFRS Measures on page 49.

⁴ Refer to Mineral Resource disclosure on page 49.



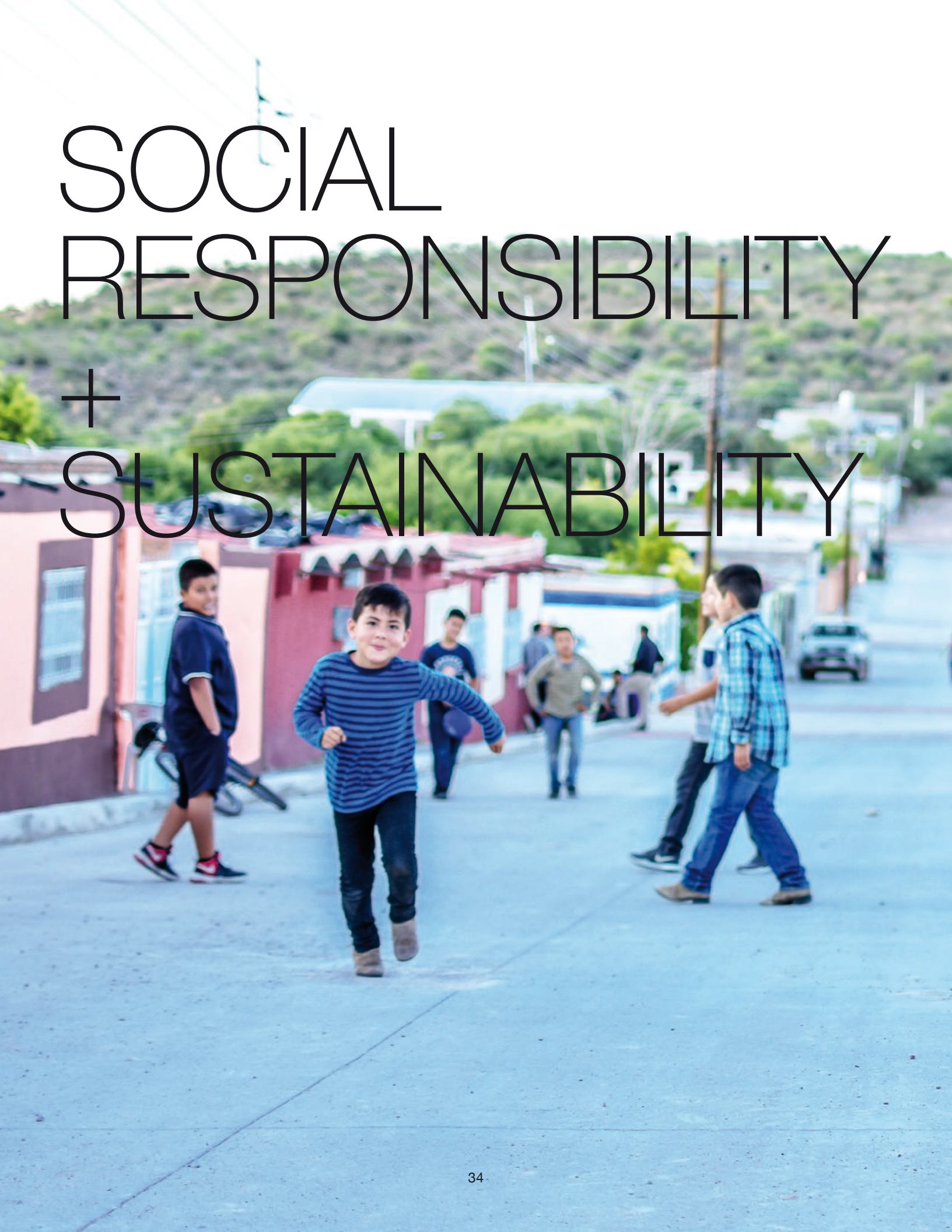
WITH OUR THREE PRODUCING ASSETS EXPECTED TO PROVIDE **OVER 200,000 GEOS¹ OF PRODUCTION IN 2019** AND A **STRONG PIPELINE OF DEVELOPMENT PROJECTS**, ARGONAUT IS IN AN ENVIABLE POSITION TO NOT ONLY REPLACE PRODUCTION BUT ALSO **FUEL GROWTH.**"

Pete Dougherty | President & CEO



¹GEOs (gold equivalent ounces) conversion ratios are based on three year trailing average silver to gold exchange ratio for each year.

SOCIAL RESPONSIBILITY + SUSTAINABILITY





OTILIO MONTAÑO *DURANGO, MEXICO*

An example of how our mining operations have positively impacted its surroundings is the application of the mining fund in the community of Otilio Montaño, Durango. The town of Otilio Montaño now has a safe and reliable access road and bridge and is now nearly 100% paved. The inhabitants of Otilio Montaño are now working on ways to create new businesses, mainly through rural tourism.



SOCIAL RESPONSIBILITY + SUSTAINABILITY

OUR PEOPLE

Argonaut's approach to sustainability starts with Our People. Human Capital is key to the foundation of our business and how we operate and remains our strength throughout our organization. Each year our goal is to improve our Human Capital, and we demonstrate this each year by providing training and development opportunities for our team.

In 2018:

- We continued to employ from local communities and increased our local workforce by 7%.
- We provided training and development courses for our employees, providing:
 - 60,415 hours of workplace training
 - 429 development training courses
 - 6,270 safety talks, and
 - 238 talks based on the Official Mexican Health Ministry and Labour Ministry standards
- We hosted 11 health campaigns for over 700 employees that included providing over 500 vaccinations and health tests.
- We continued to promote and support a positive company culture by hosting several employee team building events such as internal sports tournaments.



"WHEN TALENT, COLLABORATION AND PASSION COME TOGETHER IN A TEAM WORKING ENVIRONMENT, WE ACHIEVE SUCCESSFUL RESULTS."

María Elena Gomez | Human Capital Director, Mexico

COMMITMENT TO EQUALITY IN THE WORKFORCE

Argonaut continues to commit to diversity and gender equality, providing training and equal opportunities for women. To date, 11% of our workforce is made up of women across all areas of our operations - from crushing control, lab testing, geotechnical work, accounting, finance, sustainability and community relations.

"I AM VERY HAPPY WORKING AT THE MINE. I HAVE GONE THROUGH DIFFERENT POSITIONS AND HAVE ALWAYS FELT THE SUPPORT OF ARGONAUT. AND ALTHOUGH IT IS A WORKPLACE WHERE THE MAJORITY OF EMPLOYEES ARE MALE, MY COLLEAGUES HAVE ACCEPTED ME AND WE SEE OURSELVES AS EQUALS."

Rocio Sadei Villaescuzo
In charge of Crushing Control at La Colorada mine - Sonora, Mexico

KEY WORKFORCE STATS

1,447 EMPLOYEES
19% INCREASE FROM 2017
699 EMPLOYEES & 748 CONTRACTORS

67% EMPLOYEES ARE FROM NEIGHBOURING TOWNS

57% EMPLOYEES ARE UNIONIZED



SOCIAL RESPONSIBILITY + SUSTAINABILITY

HEALTH & SAFETY

The Health and Safety of our people and our communities is an ongoing commitment where we aim to build a culture of continuous improvement. This past year, we reinforced all of our security protocols and procedures and prioritized the well-being of our Company's human capital.

In 2018 we set a new Company safety record and provided more workplace training, ensuring that the safety and security of our employees throughout the workplace is our top priority.

In 2018:

- We operated the entire year without lost time injury at our La Colorada mine - that's 3,325,427 man hours without incapacitating injuries.
- We reduced our accident rate frequency by 34% compared to 2017, with zero major incidents and fatalities.
- We operated with safety results significantly better than industry standards at our El Castillo Complex.
- We reduced days lost due to medical treatment by 9% versus 2017 and assisted 63 employees with non-disabling diseases.



KEY SAFETY STATS

0 LOST TIME INJURY AT LA COLORADA MINE

34% REDUCTION IN ACCIDENT FREQUENCY RATE

“THE HEALTH & SAFETY OF OUR EMPLOYEES IS OUR TOP PRIORITY. I’M PLEASED WITH THE SIGNIFICANT IMPROVEMENTS WE’VE MADE IN THIS AREA AND WE WILL CONTINUE TO STRIVE TO IMPROVE UPON OUR SAFETY PERFORMANCE.”

Bill Zisch - Chief Operating Officer



SOCIAL RESPONSIBILITY + SUSTAINABILITY

OUR ENVIRONMENT

Argonaut remains firm in the promotion of policies and projects that favor the environment and the rescue of our natural resources. In addition to permanent programs to rescue flora and fauna, reforest, reduce energy consumption, and increase recycling, this year Argonaut invested in studies and projects including the rescue of an aquifer, the analysis of alternative energy use and the study of reducing future energy needs,

In 2018:

- We recovered and stored 388,653 square metres of fertile soil for restoration and reforestation work, and we provided 500 tonnes of protected top soil with filtering dams and built 200 metres of erosion protection.
- We rescued and relocated 22 wildlife specimens, including launching a Serpent Protection Program.
- We completed the construction of a greenhouse to produce 60,000 plants by 2019, with 15 kilograms of native seeds harvested for use in the greenhouse.
- We built a new waste separation and storage area to improve our recycling processes. We recycled:
 - 388,800 litres of oil
 - 3.2 tonnes of cardboard
 - 10 tonnes of wood
 - 244 tonnes of metal
- We signed a letter of commitment for the voluntary audit program, Industria Limpia, with the Federal Attorney for Environmental Protection in Mexico.



WE RECEIVED THE ESR RECOGNITION FOR THE SEVENTH YEAR AT OUR MEXICO OPERATIONS

PRODUCING ORGANIC FERTILIZER WITH WORM FARMS

Argonaut's team enthusiasm for environmental sustainability leads us to seek ways in which we innovate to improve the quality of life for our communities. In 2018, we produced our own worm farms for the production of organic fertilizer, which will improve the production of our plants used for reforestation and also improves the crops of neighbouring farms.

Last year we produced and delivered our first 400 litres of organic fertilizer to farmers surrounding our San Antonio project in Baja California Sur, Mexico.

RE-VEGETATION TRIAL AT MAGINO PROJECT

In 2018, we initiated a re-vegetation trial at our Magino project in Ontario, Canada. The trial was developed in collaboration with Lakehead University as well as indigenous partners. Vegetation types endemic to Northern Ontario were planted and will be monitored over several seasons to help understand site specific influences in support of mine reclamation planning.

OUR GOALS OF SUPPORTING THE LOCAL COMMUNITIES AND IMPROVING MINING ENVIRONMENTAL MANAGEMENT CONTINUES TO YIELD SUSTAINABLE RELATIONSHIPS."

Kyle Stanfield
Director Environmental & Community Relations, Magino Project

KEY ENVIRONMENTAL STATS

6 REFORESTATION CAMPAIGNS
IN SCHOOLS & PARKS NEAR MINES

2.1M MEXICAN PESOS DONATED TO
THE NATIONAL FORESTRY FUND

1,603 RESCUED & TRANSPLANTED
INDIVIDUAL FLORA



SOCIAL RESPONSIBILITY + SUSTAINABILITY

OUR COMMUNITY

At Argonaut, the local communities surrounding our operations and projects are a fundamental part of our Company's success. We continue to promote the social and economic development of the communities that offer us access to land, labour, lodging and services, and the opportunity to create shared value.

This past year we continued to invest in education, health, economic development and entrepreneurship, environmental programs, sports and arts and culture, benefitting 1,435 families in our communities.

In 2018:

- We increased the recipients of our School Scholarship program by 39% from 2017, with 732 students from 19 communities receiving academic scholarships.
- We assisted five schools by providing improvements to the facilities, providing computer equipment and implementing school gardens. We also provided 110 backpacks with school supplies to local schools.
- We provided workshops including:
 - 288 hours of arts, crafts and sports workshops for 50 families
 - Emotional therapy workshops for 65 parents and 150 students
 - Entrepreneurial workshops including hiking and birdwatching guide certifications for 66 people



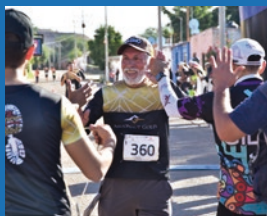
* CONNECTING THROUGH SOCIAL MEDIA

Communicating directly with our local communities is key to our sustainable strategy. In addition to our new corporate website and social media channels, our Spanish language Mexico focused website and social media accounts have been effective in connecting with all stakeholders. To follow our Mexico accounts, visit:



2ND ANNUAL LA COLORADA RACE

In 2017, we hosted our first 'Challenge Within The Mine' at our La Colorada mine in Sonora Mexico. The success of our first race and the local interest in the event proved to have a positive impact for the city of Hermosillo and its neighbouring communities. In November of 2018, we hosted our second race and welcomed 420 athletes and 700 visitors. Participants ran through an operating mine, therein showcasing our ability to coexist within the community and region. Our goal was to create an open and transparent participation in mining with the community where we operate and to showcase our safe, secure and environmentally responsible mining operation. Working with local authorities and groups, the race also helped to showcase Hermosillo and its surrounding municipalities as a cultural destination.



KEY COMMUNITY STATS

\$178M USD (\$3.4BMXN)
SPENT IN MEXICO*

*Derrama Económica: this reflects all the money that stays in México including salaries, taxes, supplies, land leases and operational costs.

\$30M MEXICAN PESOS INVESTED
IN SOCIAL PROGRAMS

\$6.5M MEXICAN PESOS INVESTED
IN 3,660 SCHOLARSHIPS
A 39% INCREASE FROM 2017



SOCIAL RESPONSIBILITY + SUSTAINABILITY

(OUR COMMUNITY continued)

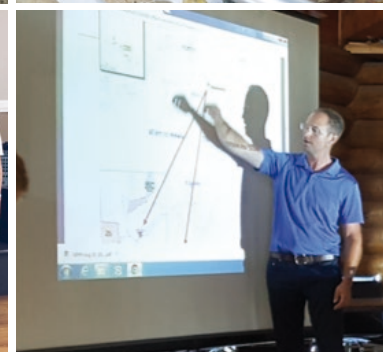
This past year we launched the Earth Sciences Program Gambuzos, in Baja California Sur, Mexico. This science program was implemented to teach children and youth about the importance of mining, rocks and the earth, including the study of volcanoes and oceans.

We were also actively involved in the community culture by participating in local festivals. This included sponsoring religious patron festivities in seven communities and celebrating with our neighbours on Mother's Day, Children's Day and Christmas Posadas. These celebrations brought together a total of 5,310 residents, where we donated 1,250 gifts and 6,970 packages throughout the year.

We also continued to support actions that improved the community's infrastructure, including:

- Producing over 2,000 plants in community gardens
- Delivering 4,490 food support actions
- Improving eight homes
- Rehabilitating 270 kilometres of local roads
- Rehabilitating a water well for 62 families
- Donating 200 steel fence posts
- Building an ejido multipurpose building, and
- Sponsoring nine local sports teams

At our Magino project in Ontario, Canada, we continued to work closely with our local communities and indigenous groups, signing our third collaborative agreement with the Métis Nation of Ontario. We also participated in sponsorships including: the Ontario Mine Reclamation Symposium and Field Trip, the Métis Nation of Ontario 2018 AGM, the Missanabie Cree First Nation 25th Annual Gathering and the Dubreuilville Magpie Walleye Derby.





INVESTING IN LOCAL ENTREPRENEURSHIP

Laura López Águila, a local resident of the La Colorada mine community in Sonora, Mexico, started her own business sewing safety vests for Argonaut Gold in 2016. With the continued support of Argonaut, we helped Laura set up her sewing workshop, learn how to manage her growing business and assisted her in fulfilling her tax obligations.

We continue to contract Laura as our safety vest supplier, and in 2018 she has produced 800 safety vests for the La Colorada mine. Laura now employs three additional women from the community.

“ I NOW HAVE MY OWN BUSINESS, WITH A MINING COMPANY AS MY CLIENT THANKS TO THE LA COLORADA MINE.”

Laura López Águila
Local Entrepreneur, La Colorada mine - Sonora, Mexico

At our San Antonio project in Baja California Sur, Mexico, we started an entrepreneurial program in conjunction with Universidad Autónoma de Baja California Sur. To highlight and support the local area's aviary-tourism and eco-tourism, local residents can enroll in workshops and receive certificates to become birdwatching or hiking guides.

KEY COMMUNITY STATS

3RD INDIGENOUS AGREEMENT - SIGNED COLLABORATIVE AGREEMENT WITH MÉTIS FIRST NATION OF ONTARIO IN SUPPORT OF OUR MAGINO PROJECT

1,435 FAMILIES IMPACTED BY OUR COMMUNITY PROGRAMS

2,147 FREE MEDICAL CONSULTATIONS & 2,800 UNITS OF FREE MEDICATION DELIVERED



TEAM & GOVERNANCE

CORPORATE GOVERNANCE

Argonaut Gold Inc. has been committed to good corporate governance since its formation in 2009. The Board of Directors maintains open and direct communications with management on all the major strategic, investment, operating, and management decisions. The Company is best served by an informed and interactive Board which has free access to all levels of management and to all of its operations. Through Board meetings, Board agendas and background briefing materials, monthly operating and financial reports, and frequent conversations, management shared information with the Board. The cumulative experience and expertise of the Company's directors enables the Board to bring sound business judgment to its decision making process. The independence of the Company's directors has been fostered in order to bring an outside perspective to its deliberations.

Argonaut has three Board Committees: the **Audit Committee**, the **Nominating, Compensation and Governance Committee** and the **Safety, Health, Environment, Sustainability and Technical Committee**.

The **Audit Committee**, on behalf of the Board of Directors, has responsibility with respect to the integrity of the Company's financial statements, Management's Discussion and Analysis, compliance with legal and regulatory requirements, external auditor qualifications, and the independence and performance of the Company's internal and external audit functions. The members of the Audit Committee have the right, for the purpose of performing their duties, to inspect all the books and records of the Company and its affiliates, and to discuss such accounts and records and any matters relating to the financial position or condition of the Company with the auditors of the Company or its affiliates.

The **Nominating, Compensation and Governance Committee** has responsibility to advise and make recommendations to the Board of Directors on the compensation of the senior executive officers of the Company and to develop and recommend corporate governance principles.

The **Safety, Health, Environment, Sustainability and Technical Committee** has responsibility to review and discuss with management the safety, health, sustainability and environmental policies of the Company, and to review management's strategy with respect to sustainable development and support for communities within the area of our operations. This Committee also oversees and makes recommendations to the Board of Directors the technical aspect of the material exploration, development, permitting and mining operations.

BOARD & MANAGEMENT

BOARD OF DIRECTORS

1 Audit Committee

2 Nominating, Compensation and
Governance Committee

3 Safety, Health, Environment,
Sustainability and Technical Committee

James E. Kofman ^{2,3}
Chairman

Ian Atkinson ^{1,3}

Peter C. Dougherty

Christopher R. Lattanzi ^{1,2}

Peter Mordaunt ^{2,3}

Dale C. Peniuk ^{1,2}

Audra B. Walsh ^{1,3}

MANAGEMENT / OFFICERS

Peter C. Dougherty
President & CEO, Director

David A. Ponczoch
Chief Financial Officer

Daniel A. Symons
Vice President of Investor Relations

William Zisch
Chief Operating Officer

W. Robert Rose
Vice President of Technical Services

Brian Arkell
Vice President of Exploration

OPERATIONS

William Zisch
Chief Operating Officer

Jesus Gutiérrez
Vice President of Operations, Mexico

Chris Gibbs
Vice President & General Manager, Magino Project

DISCLAIMERS

NATIONAL INSTRUMENT 43-101 AND QUALIFIED PERSON

Technical information included in this report 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).

The M&I Mineral Resources and Inferred Mineral Resource for the Magino Project were taken from the Magino Technical Report. The Mineral Resource was estimated at a gold price of \$1,300 per ounce. The Mineral Resource used a gold cutoff of 0.25 g/t.

The Mineral Resources for the San Antonio Project were taken from the San Antonio Technical Report. The gold resource was estimated at a gold price of \$1,500 per ounce using a cutoff grade of 0.11 g/t Au for oxide and transition and 0.15 g/t Au for sulphide.

For further information on the Cerro del Gallo project, please see historical estimates disclosed in the technical report titled "First Stage Heap Leach Feasibility Study Cerro del Gallo Gold Silver Project Guanajuato, Mexico" dated June 29, 2012 and available Primero Mining Corp. ("Primero") at www.sedar.com. Per Primero, the historical Mineral Reserves estimate was completed by Thomas Dyer, P.E., a Qualified Person and the historical Mineral Resources estimate was completed by Timothy Carew, P. Geo, a Qualified Person pursuant to National Instrument ("NI") 43-101, in a technical report completed by Sedgman Ltd, Reserva International and Mine Development Associates. The report was reviewed by Brian Arkell on behalf of Argonaut Gold Inc. ("Argonaut"), who has concluded that it continues to be relevant and reliable as a basis for understanding the potential Mineral Reserves and Resources at the property. To the best of Argonaut's knowledge, information and belief, there is no new material, scientific or technical information that would make the disclosure of the Mineral Reserves and Resources inaccurate or misleading. Argonaut has not done sufficient work to classify the historical estimate as current Mineral Reserves and Resources and is not treating the historical estimate as current Mineral Reserves and Resources. Argonaut plans to complete metallurgical test work and re-log the available drill core to update the Mineral Resource model and verify or update the historical work to support the development of a current estimate.

MINERAL RESOURCE NOTES AND DISCLOSURES

Mineral Resources are presented inclusive of Mineral Reserves. Numbers may not sum due to rounding.

The Mineral Reserves for El Castillo and San Agustin, which together form the El Castillo Complex, set out in the above table were taken from the El Castillo Complex Technical Report, including depletion through mining activities and changes to recovery and cost assumptions from July 1, 2017 to December 31, 2018, are valid as of December 31, 2018 and used a gold price of \$1,200 per ounce and silver price of \$14 per ounce. Cut-off grades, depending on rock and ore type, varied from 0.14 g/t AuEq for oxide to 0.57 g/t Au for silicified sulphide.

The Mineral Reserves for La Colorada set out in the above table were taken from the La Colorada Technical Report, including depletion from July 1, 2017 to December 31, 2018 through mining activities, are valid as of December 1, 2018 and used a gold price of \$1,200 per ounce and silver price of \$14 per ounce. Cut-off grades, depending on deposit, varied from 0.12 g/t AuEq to 0.14 g/t AuEq.

The Mineral Reserves for Magino set out in the table above were taken from the Magino Technical Report. The Mineral Reserve was estimated at a gold price of \$1,200 per ounce. The Mineral Reserve used a gold cutoff of 0.41 g/t.

The M&I Mineral Resources and Inferred Mineral Resources for El Castillo and San Agustin, which together form the El Castillo Complex, set out in the above table were taken from the El Castillo Complex Technical Report, including depletion through mining activities and changes to recovery and cost assumptions from July 1, 2017 to December 31, 2018, are valid as of December 31, 2018 and used a gold price of \$1,400 per ounce and silver price of \$17 per ounce. Cut-off grades, depending on rock and ore type, varied from 0.10 g/t AuEq for oxide to 0.47 g/t Au for silicified sulphide.

The M&I Resource and Inferred Resource for La Colorada set out in the above table were taken from the La Colorada Technical Report, including depletion through mining activities from July 1, 2017 to December 31, 2018, are valid as of December 31, 2018 and used a gold price of \$1,400 per ounce and silver price of \$17 per ounce. Cut-off grades, depending on deposit, varied from 0.09 g/t AuEq to 0.12 g/t AuEq.

The M&I Mineral Resources and Inferred Mineral Resource for the Magino Project set out in the table above were taken from the Magino Technical Report. The Mineral Resource was estimated at a gold price of \$1,300 per ounce. The Mineral Resource used a gold cutoff of 0.25 g/t.

The Mineral Resources for the San Antonio Project set out in the table above were taken from the San Antonio Technical Report. The gold resource was estimated at a gold price of \$1,500 per ounce using a cutoff grade of 0.11 g/t Au for oxide and transition and 0.15 g/t Au for sulphide.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report 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 document.

(continued next page)

DISCLAIMERS continued.

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.

NON-IFRS MEASURES

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" in this report to supplement its financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Cash cost per gold ounce sold is equal to production costs less silver sales divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs less silver sales plus general and administrative expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. The Company noted the World Gold Council issued amended guidance on All-in sustaining cost per gold ounce sold, which the Company has adopted for the 2019 guidance year. The primary changes in the All-in sustaining cost per gold ounce sold calculation between 2018 and 2019 is due to a reallocation from expansion capital to sustaining capital, primarily driven by relocations of capital stripping and leach pad expansion capital. 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 most recent management's discussion and analysis ("MD&A") for full disclosure on non-IFRS measures.

This report should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 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.



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