



A YEAR OF
GROWTH & TRANSITION
2019 ANNUAL & SUSTAINABILITY REPORT

TSX : AR



ARGONAUT GOLD

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

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2019 HIGHLIGHTS

- We set new records for quarterly (54,169 gold equivalent ounces 'GEOs'¹) and annual (186,615 GEOs¹) production.
- We increased Mineral Reserves by 48% and Measured and Indicated Mineral Resources, inclusive of Mineral Reserves, by 36%.
- We continued to de-risk our development projects, while adding \$23.4M in cash to the balance sheet.



FINANCIAL

REVENUE

+\$268.9M increase from \$196.1M for 2018

CASH

+\$38.8M increase from \$23.4M for 2018

ADJUSTED ALL-IN SUSTAINING COST²

» \$1,181 per gold ounce sold

ADJUSTED CASH COSTS²

» \$923 per gold ounce sold

OPERATING

2019 PRODUCTION

186,615 GEOs¹


EL CASTILLO COMPLEX

+12% increase in full year production to 131,277 GEOs¹

EL CASTILLO

+38% increase in full year production to 66,509 GEOs¹

SAN AGUSTIN

 Crusher expansion project completed under budget.

LA COLORADA

+15% increase in full year production to 55,338 GEOs¹



DEVELOPMENT

CERRO DEL GALLO

✓ Completed a positive pre-feasibility study and published maiden Mineral Reserve and Mineral Resource estimate:

+48% increase to Company's consolidated Mineral Reserves

+36% increase to Company's Measured & Indicated Mineral Resources inclusive of Mineral Reserves

MAGINO

✓ Completed Federal and Provincial Environmental Assessment processes with receipt of a positive Decision Statement and Statement of Completion.

✓ Initiated exploration at depth and confirmed high-grade geological continuity below the planned pit and identified multiple high-grade structures hosting multiple veins.

✓ Signed Community Agreements with Batchewana First Nation and Michipicoten First Nation.

MINERAL RESOURCES³

10.4M_{oz.} Au

MINERAL RESERVES³

4.8M_{oz.} Au



¹ GEOs (gold equivalent ounces) are based on a conversion ratio of 75:1 for silver to gold ounces for 2019. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

² Please refer to section "Non-IFRS Measures" on page 40 for a discussion of these non-IFRS measures.

³ Please refer to section "Mineral Resource Notes & Disclosures" on page 39.

LETTER FROM THE PRESIDENT & CEO

PETE DOUGHERTY, PRESIDENT AND CHIEF EXECUTIVE OFFICER

2019 was a year of growth, profitability and optimization, with a focus on transformation.

We continued to grow our production - achieving record annual production in 2019, producing nearly 187,000 GEOs¹, which represents a 13% increase year-over-year, and grew our cash position by over \$23 million. While we fell short of our 2019 guidance of 200,000 GEOs of production, which was a target that we set for ourselves back in 2017, over the last three years we have grown our production by 53%.

As we move into a transition period, our strategy is to increase our profitability, while lowering unit costs and continuing to advance our strong development pipeline.



Pete Dougherty, President & CEO,
at the Magino project core shack in
Dubreuilville, Ontario Canada.

During 2019, we continued to advance and de-risk our development projects. The completion of the Cerro del Gallo pre-feasibility study increased our consolidated Mineral Reserves by 48% and our Measured and Indicated Resources (inclusive of Reserves) by 36%. It is also important to mention that we received a positive decision for both our Federal and Provincial Environmental Assessment for our Magino project. These achievements put us in a stronger position to further the advancement of our development pipeline and unlocked value of these projects in the future.

We experienced challenges in operations, and it showed in our production shortfall. We experienced water issues at all mines: inadequate water supply at San Agustin during the second and third quarters that led to lower solution flow rates and water in the pits at both El Castillo and La Colorada during the fourth quarter that slowed mining rates, which led to suboptimal crusher utilization and fewer tonnes to the leach pads. Since then, we have successfully drilled a new water well at San Agustin to provide an adequate water supply, improved our pit de-watering practices and have experienced improvement so far in 2020. A key focus of the entire organization in 2020 is lowering the unit cost per tonne processed and maximizing profitability and cash flow, which will put us in a stronger position as we transition the company to a lower-cost producer.

In terms of our safety record, we continued to improve, reducing the accident rate by 21% this year versus 2018, and also reached one million work hours without lost time accidents at El Castillo. We did experience adversity at La Colorada where our mining contractor, after several years of earning a safety record above world standards, suffered a loss of two members as a result of an accident. The safety and health of our workforce is our number one priority and because of this, we continually work to improve our safety protocol and training. We also maintained our recognition as an Environmentally Socially Responsible company in Mexico for the eighth consecutive year. Our operations teams have worked to reduce our carbon footprint at operations by: reducing haul distances, improving our recycling of materials and reducing waste disposal and adapting alternative energy sources, such as solar panel use.

¹ GEOs (gold equivalent ounces) are based on a conversion ratio of 75:1 for silver to gold ounces for 2019. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

We continued to engage, consult and support our stakeholders in our communities. At Magino we signed two additional indigenous agreements this year, completing a Community Benefits Agreement with both Batchewana First Nation and Michipicoten First Nation. In Mexico, we had a record-breaking year in terms of the number of positive actions executed by our team. The most impactful actions included: the improvement of roads and maintenance of water wells in local communities, a home rehabilitation program in La Colorada that rebuilt homes for members of the community with a high level of need, initiated cleaning programs that included the clean-up of the Cerro del Gallo river bed and the numerous health, education and cultural events and programs.

As we navigate challenging markets in 2020, we are committed to continuing to add cash to our balance sheet to put us in a solid position to develop our next mine. In 2019, we laid the framework for creating a sustainable business - by adding cash to the balance sheet, continuing to de-risk our development projects and commencing an exploration program at Magino specifically targeting high-grade mineralization at depth. Together, these three factors are the key to our sustainable business model: Discovery, Development and Operations.

I am grateful for the continued hard work, initiative and resilience of the entire Argonaut team, the impactful relationships we continue to nurture within our communities and the continued support of our shareholders. I look forward to a bright future and moving forward together with a shared vision.



Pete Dougherty

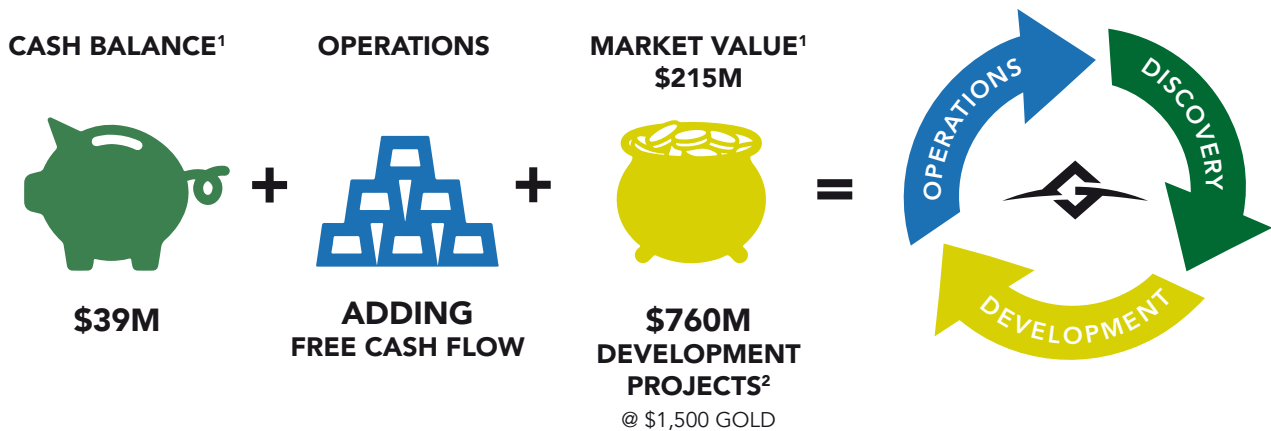
President & CEO



Pete Dougherty, President & CEO, at the Federal event for the Positive Decision on the Environmental Assessment for the Magino project.

“Our focus during 2020 will be on adding cash to the balance sheet while continuing to de-risk and advance our development assets. Achieving these two key activities will put Argonaut in a solid position to execute on our strategy of transforming from a high-cost, junior producer to a lower-cost, intermediate producer.”

CREATING A SUSTAINABLE BUSINESS



¹ At December 31, 2019.

² Based on the assumptions and parameters as set out in the Magino Feasibility Study dated December 21, 2017 and the Cerro del Gallo Pre-Feasibility Study dated January 31, 2020.

OUR VISION & STRATEGY

2019 FOCUS

In 2019, we continued to focus on building our balance sheet and de-risking our development projects, and we achieved that by:

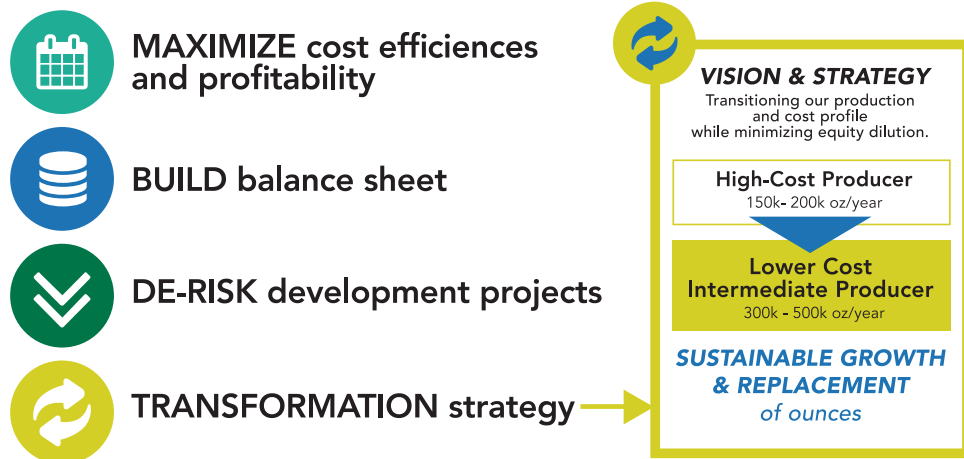
- Increasing cash by over \$23M cash;
- Reducing our debt, and closing the year with \$10M drawn on our corporate revolver;
- Receiving a positive Decision Statement and a positive Statement of Completion for the Environmental Assessment of our Magino project in Ontario, Canada from the Federal and Provincial governments, respectively;
- Completing a positive Pre-Feasibility Study for our Cerro del Gallo project in Guanajuato, Mexico; and
- Completing two Community Benefits Agreements - Batchewana First Nation and Michipicoten First Nation. This completes five indigenous agreements for our Magino project.

For the past three years, a key focus of the Company was to increase production by approximately 65% or to over 200,000 GEOs. We fell short of this target in 2019 with a record annual production of 186,615 gold equivalent ounces. We are continuously committed to optimizing our operations to maximize profitability and cash flow through cost reduction initiatives. That's why we are not chasing 200,000 GEOs for the sake of producing more ounces. We identified areas where we could increase profitability, particularly at our El Castillo mine, by eliminating crushing of ore and having our haul tracks take the ore directly from the pit to the leach pads. While by eliminating crushing, we yield a lower metallurgical recovery and therefore fewer ounces, we save more than \$2.00 per tonne of ore processed by eliminating the costs associated with hauling ore to the crushers, power, maintenance and G&A costs associated with running the crushers and conveying costs to take the crushed ore to the leach pads. While this yields fewer ounces, it lowers our unit cost and overall, we expect to improve profits with this change. Harvesting as much cash as we can from our current operating assets is very important so that we can focus on our transformation strategy.

LOOKING AHEAD - OUR TRANSFORMATION STRATEGY

In the second half of 2019, we focused on analyzing our operations, looking at cost efficiencies and taking the right steps towards our strategy to reduce unit costs. We made the decision to enter into a zero-cost collar gold price protection program on 145,500 total ounces to extend the mine life at El Castillo. El Castillo is our highest-cost, shortest life operating mine and we wanted to lock in cash flows while maintaining some upward exposure to gold prices so that we can be in a better position to fund our development pipeline. The monthly gold collars have a floor price of \$1,450 per gold ounce and a weighted average ceiling price of \$1,707 per gold ounce from the fourth quarter of 2019 through the second quarter of 2022.

During the year, we also optimized overburden haul distances and made changes to our processing parameters. With these adjustments in place, we are on track to an even more profitable 2020 and are focused on our transformation strategy to become a lower-cost, intermediate producer through sustainable growth and replacement of ounces.



“A key focus of the entire organization in 2020 is lowering the unit cost per tonne processed and maximizing profitability and cash flow.”

Pete Dougherty, President & CEO

OUR TRANSFORMATION STRATEGY

Our strategy for the next few years is to transition our production and cost profile while minimizing equity dilution, through the sustainable growth and replacement of ounces.

While continuing to focus on building our balance sheet and de-risking our development assets, our strategy for maximizing our cost efficiencies and profitability will put Argonaut in a solid position to transform from a high-cost, junior producer, to a lower-cost, intermediate producer of between 300k to 500k ounces per year.



2019 TARGETS

In 2019, we increased full-year production at all three mines, which resulted in record annual production for the Company. Production of approximately 187,000 GEOs, while a record for the Company, fell short of our target of over 200,000 GEOs. Operational challenges affected both production and costs during 2019. Lower than anticipated production was primarily due to water issues at all mines: inadequate water supply at San Agustin during the second and third quarters and water in the pits at both El Castillo and La Colorada during the fourth quarter that slowed mining rates. Higher adjusted cash cost per gold ounce sold was primarily due to an increase in adjusted cash cost per gold ounce sold at the San Agustin mine due to a higher waste to ore ratio and lower gold grades. Higher adjusted AISC per gold ounce sold is primarily related to higher stripping and crushing, conveying and mining equipment costs at San Agustin. Our capital spend was at the lower range of our guidance of between \$50M and \$60M at \$51.8M, with \$40.8M spent on our operations, and \$11.0M spent on our advancing development projects and exploration.

2019 TARGETS	WHAT WE DELIVERED	WHAT WENT WRONG	HOW WE FIXED IT FOR THE FUTURE
Production (GEOs)¹ Consolidated: 200k - 215k	Actual Consolidated: 186,615 GEOs	<ul style="list-style-type: none"> • Insufficient solution for flow rates at San Agustin • Leach pad inventory build • Water in pits at El Castillo & La Colorada 	<ul style="list-style-type: none"> • Drilled new water well • Reduced leach pad lift heights • Changed pit de-watering practices
Cash costs (per oz./Au)² Consolidated: \$775 - \$875	Actual Adjusted Cash costs: \$923	<ul style="list-style-type: none"> • Fewer ounces produced • Higher waste to ore ratio & lower gold grades at San Agustin 	<ul style="list-style-type: none"> • Better mine planning to meet ounce production targets • Process run-of-mine at El Castillo • Optimize overburden haul distances • Changes in processing parameters
AISC (per oz./Au)² Consolidated: \$875 - \$975	Actual Adjusted AISC: \$1,181	<ul style="list-style-type: none"> • Fewer ounces produced • Higher deferred stripping & crushing, conveying & mining equipment costs 	<ul style="list-style-type: none"> • Better mine planning to meet ounce production targets
Capital (millions)³ Consolidated: \$50 - \$60M	Actual Capital Spend: \$51.8M	<ul style="list-style-type: none"> • Capital spending fell within the guidance 	<ul style="list-style-type: none"> • N/A

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³ Assumes a MXN:USD exchange rate of 18.5:1.



A PROFITABLE 2020

While we expect to produce slightly less ounces in 2020 than we did in 2019, we expect it will lead to higher profitability and stronger cash flow.

By optimizing our operations and switching to run-of-mine operations at El Castillo, we are able to reduce unit costs at the El Castillo Complex. The 2020 mine plan is expected to yield a unit cost savings of more than \$2.00 per tonne processed at El Castillo and a unit cost savings of more than \$1.00 per tonne processed at San Agustin.





SOCIAL RESPONSIBILITY & SUSTAINABILITY

We continue to create value in the communities surrounding our assets.

Our values create a framework for building a sustainable legacy for:

***Our People, Our Communities,
Our Health & Safety and Our Environment***

“Argonaut’s CSR and community efforts have been focused on:



Improving community relations, communications and promoting a mutual respectful interaction;



Increasing interaction and communication with communities around the new projects; and



Increasing communication with Government officials in support of approval of new projects’ permits.”

Jesús Gutiérrez Bastida

Vice President Corporate Affairs & Sustainability

“Argonaut Gold is a pride for Sonora.”

Lic. Claudia Artemisa Pavlovich Arellano
Governor of the State of Sonora

This photo was taken on International Women’s Day at our La Colorada mine in Sonora, Mexico. We celebrated the day with the Governor and unveiled our pink CAT haul truck ‘Rosita’, which still remains on our contractor’s fleet.



OUR PEOPLE

HUMAN CAPITAL

2019 was a year of transformation for our team. We optimized operations by allocating the right resources and highlighting the strengths of our best asset - Argonaut's human capital. In an effort to best maximize our human capital, we initiated changes within our team structure, from the top down, that were more aligned with our Company's transformation strategy for the next few years. As we advanced our development projects, we began to build our Magino team in Ontario, Canada, strengthening our geology team as we continue to focus on our exploration programs, and also allocating team resources to advance the project development.

TEAM MEMBERS

1,497 including contractors compared to 1,447 in 2018

+ 3.5% increase from 2018

653 are part of Argonaut subsidiaries
844 are contractors

64% of Mexico's Argonaut team are unionized

+ 5% increase in unionized employees from 2018

 **56%**
team members are from
neighbouring communities

"Most geologists are required to travel long distances for work but I'm lucky to have made my life where my work is, in the beautiful and majestic Superior Province of Ontario!"

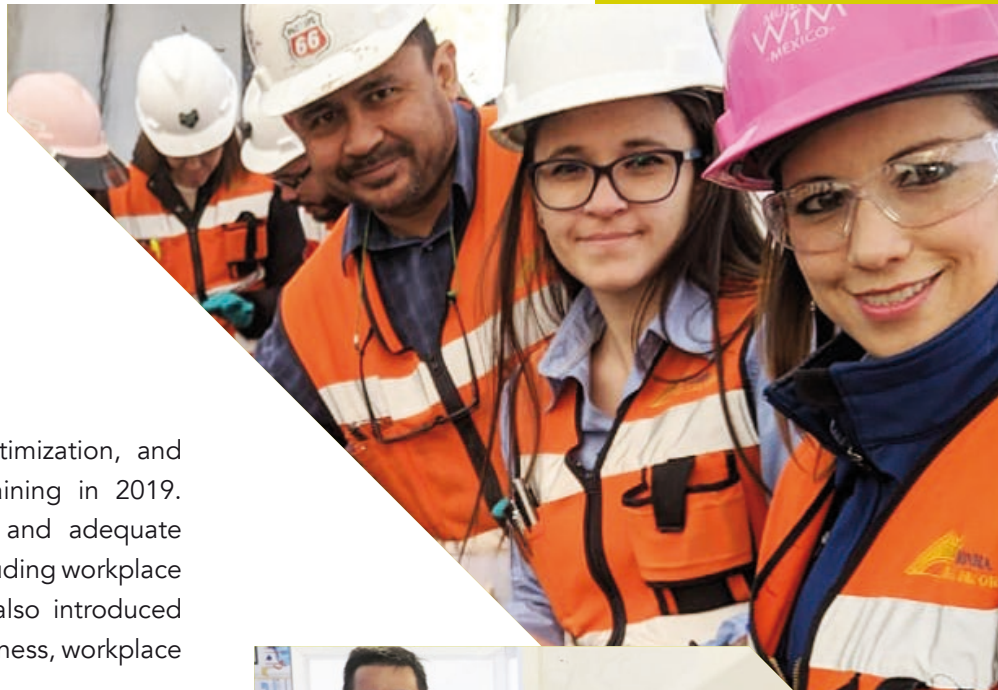
Sarah Davis
Geologist at Magino Project, Ontario Canada



11%
of our workforce
are women

On March 8, 2019, Argonaut celebrated International Women's Day and marked the occasion at our La Colorada mine with a visit from the Governor of Sonora, Claudia Pavlovich. Together, we signed a collaboration with the Sonoran Institute of Women ('Instituto Sonorense de la Mujer'), that supports the inclusion and training of women in mining. Argonaut continues to support efforts of diversity, and it is important to note that the past three leaders of Women In Mining Mexico have been Argonaut employees.





INVESTING IN OUR TEAM

Training is a key part of team optimization, and we completed 25,105 hours of training in 2019. We continued to provide training and adequate resources to support to our team, including workplace safety, security, environmental and also introduced workshops that discussed mental wellness, workplace harassment and gender equality.

Training & Workshops included:

- First aid
- Environmental education
- Industrial security
- Defensive driving
- Evacuation
- Chemical & cyanide handling
- Stress management
- Workplace Harassment



INVESTING IN OUR COMMUNITIES

An investment in our communities also includes employing team members, contractors and service providers from the local and surrounding areas. With 56% of our workforce coming from neighbouring communities, we are adding value to the economy.

We also promote and value local entrepreneurship within our communities, empowering individuals and small businesses. In 2019, we continued offering entrepreneurial workshops and continued to support local businesses as well.

Examples of this include: at Magino, we work with Joan Tangie, who is a successful, local Missanabie Cree First Nations entrepreneur with a cleaning business 'Cleaning By Tangeeze', which she runs in the Dubreuilville area.

"We are happy to have the opportunity to work with the Missanabie Cree community as an integral part of the Argonaut ranks. We are lucky to have Joan keeping our work spaces clean and organized!"

- quoted by a member of our
Magino geology team



Joan Tangie
Local entrepreneur &
Missanabie Cree First Nation
Dubreuilville, Ontario

OUR COMMUNITIES

OUR NEIGHBOURS

2019 was a record breaking year for achieving our goals for the communities surrounding our operations and projects. We participated in numerous joint efforts and collaborations to bring support to education, health, culture, infrastructure and sports to as many communities as possible. In total, Argonaut Gold carried out over 38,000 positive social actions that benefitted 40 communities in four different states in Mexico. Key events included our 7th Health Fair in La Colorada, a collaboration with the Crescendo Music Fund and international artist, Jorge Viladoms, where together we donated musical instruments to children in Durango and our 3rd La Colorada Race through the mine. In Ontario, Canada, we were proud to support the Dubreuilville Magpie Fish Derby, Métis Nation of Ontario Annual General Meeting, the Missanabie Cree First Nation annual gathering as well as the Michipcoten First Nation annual youth and elders forum. We also continued to progress important community indigenous agreements with the signing of Community Benefit Agreements with Batchewana First Nation and Michipicoten First Nation.

FOCUS ON EDUCATION

3,894 scholarships awarded to 760 individual scholars

4,042 school breakfasts provided in Durango

14 school sites that received support and improvements

38 students provided transportation to higher education institutions in the nearest city



"Education is the best investment we can make in society, making a team, company, civil society and government for our children and young people. I recognize the commitment of Argonaut Gold to work hard to strengthen their communities."

Maestro José Victor Guerrero González
Secretary of Education and Culture of the
Government of the State of Sonora

'GAMBUZOS EARTH SCIENCES' WORKSHOP

In 2019, we hosted the Gambuzos Earth Sciences Workshop in Baja California Sur, Mexico in communities close to our San Antonio project. The workshop, attended by 4,789 participants to date, is a series of hands-on events for children, youth and their families, to educate and bring the community closer to mining in a fun and transparent way. The program continues to be well-received and deemed a success by the local community. We have interest in bringing this program to our other development project community, Cerro del Gallo, in Guanajuato, Mexico.



A HEALTHY COMMUNITY, IS A THRIVING COMMUNITY

The health and well-being of our community is just as important as the health of our team. Surrounding communities often lack access to basic health services and workshops, and at Argonaut we work year round to contribute where we can.

From providing free medical services and medication, to providing access to water and support for mental health, this year we are proud to have made an impact in the following ways:

- Provided 1,848 free medical consultations in 15 different categories including optometry, dental and pediatrics;
- Provided and delivered 2,486 free medication with prescriptions;
- Rehabilitated and equipped three ambulances;
- Provided 4,610 food pantries for the nutritional support of 553 families surrounding our projects;
- Support for access to water for 600 people;
- Provided 50 families with winter shelter in areas surrounding our projects; and
- Provided 700 hours of emotional support workshops, predominantly for women.

In 2019, we hosted our 7th Health Fair at La Colorada in collaboration with Teletón México - Centro de Rehabilitación e Inclusión Infantil Teletón ("CRIT") Sonora. At this event we were able to provide health services to over 100 members of the community, including pets! 50 doctors and health providers offered 27 different services including physical therapy, grooming and mental health counseling.



"GRATITUDE is the memory of the heart. For CRIT Sonora the alliance we have built with Argonaut Gold has been of great satisfaction, since it has allowed us to reach the community of La Colorada, Sonora - offering workshops, providing closer access to health services and above all, it has given us the opportunity to continue working for a better and more inclusive Mexico. Thank you Argonaut Gold for your effort, dedication and commitment."

Lic. Marisol Lomelín Pacheco
General Director, CRIT Sonora, Mexico
(Centro de Rehabilitación e Inclusión Infantil Teletón)

IMPORTANCE OF INFRASTRUCTURE

Building and leaving a legacy is important to creating a sustainable future. The impact of proper infrastructure is key to ensuring communities function better and thrive. This includes roads, agricultural support and support for entrepreneurial ventures. In 2019, we made key contributions including:

- The rehabilitation of 128 total kilometres of 21 different roads in Mexico;
- Built and equipped three new water wells surrounding our Mexico projects;
- Rehabilitated 18 homes in La Colorada, Sonora for the elderly and members of the community with a high level of need;
- Produced, provided and delivered 2,500 litres of organic fertilizer to 80 local farmers in Baja California Sur, Mexico;
- Providing funding to local initiatives including the Lochalsh road improvement helping local cottage owners and resource users to continue access to recreational areas east of the Magino Project;
- Provided more than 400 hours of training workshops for various activities and skills; and
- Opened a Community House at La Colorada, which is open for the community to use.

COMMUNITY CULTURE

Cultural enrichment is the heart of any community - from the arts to sports, cultural activities bring our neighbours, surrounding communities and team together. This year was a record-breaking year for participation with 15,324 people participating in events that Argonaut organized and hosted in the communities where we operate, including religious celebrations, holiday celebrations (Children’s Day, Mother’s Day, Christmas), cultural workshops and sporting events. Our third race at La Colorada was our most attended race since our inaugural race in 2017, with 900 participants. In addition to the increase in the number of runners, volunteers and spectators, this year included participation from local vendors, which not only enhances the spotlight on local businesses, but is also a testament to the support our neighbours have for this type of event and the buzz it creates for their community.

PARTICIPATION BY THE NUMBERS

- 6,000** youth and parents that participated in cultural tours through mining areas in San Antonio
- 1,300** people went on hiking routes built in San Antonio
- 1,045** youth that participated in 30 site tours at La Colorada and learned about modern & responsible mining
- 900** people participated in the 3rd La Colorada Race through the mine
- 100** musical instruments provided to the Crescendo Music Fund workshop in Durango, Mexico
- 12** amateur sports teams were sponsored with equipment & fuel





OUR HEALTH & SAFETY

The health and safety of our people is our top priority at Argonaut Gold, which is why we continue to monitor and minimize any indicators of potential incidents, disabling accidents and time lost due to injuries, as well as increase our preventive work with appropriate training and providing health resources to our team. In 2019, we improved on all of our general safety indicators at all three operations and reached 3,618,653 work hours, a 6% increase from 2018. This year we almost reached a milestone of four million work hours without accidents at La Colorada, and despite adversities we continued to improve our safety record. "The health and safety of our workforce remains our number one priority," says Pete Dougherty, President & CEO.

IMPROVING OUR SAFETY


21% reduction in accidents at operations vs. 2018

55% less lost time due to accidents vs. 2018

19% reduction in incidents at operations vs. 2018



11% reduction in accidents overall vs. 2018

 **6,771 hours**
dedicated to training on health and safety

In addition to the security and health services provided to our team members, we also offered health workshops. In 2019 we:

- Hosted four open health days;
- Provided 266 workers with free medical appointments, clinical analysis and vaccinations against influenza and tetanus; and
- Provided 16 different health services including vaccinations, optometry, spirometry, nutrition and dentistry.





AGUA FRESCA
CAPACIDAD 300M3



ARGONAUT GOLD
TU SEGURIDAD ES PRIMERO

"YOUR SAFETY COMES FIRST"

This statement on one of our fresh water tanks at our El Castillo Complex in Durango, Mexico instills our number one value - SAFETY.

In 2019, we are proud to announce that the El Castillo mine reached: **1 MILLION** work hours without lost time accidents.

OUR ENVIRONMENT & GOOD PRACTICES

Argonaut Gold confirms its commitment to the environment with continued best practices. This includes the recycling of all the materials used in all operations, the adequate confinement of all hazardous resources, the use of renewable energy, the preservation of species of flora and fauna, monitoring of air quality and the generation of new alternatives to help capture water in the aquifers of our neighbours.

At La Colorada, we participated in the first Environmental Fair in Hermosillo with Proyecto Puente at Parque La Ruina, where the community was able to meet our team and discuss our environmental actions and sustainability. At Magino, we continued to support initiatives that focus on environmental education. We were proud sponsors of the 2019 Mining and the Environment International Conference held in Sudbury that saw a student sponsorship provided to assist with further reclamation research in the mining industry.

REDUCING OUR FOOTPRINT

In 2019, we increased our efforts for recycling and disposal of materials and hazardous waste. This included:

404k litres of recycled oil was available;

423 tonnes of recycled metal;

120 tonnes of recycled wood;

59 tonnes of plastic; and

1 tonne of batteries



Proud sponsor of:



Mining and the Environment
2019 International Conference



ALTERNATIVE RESOURCES

In 2019, we installed and used 32 solar panels for the clean generation of alternative energy in remote areas of our operations in Mexico. We continue to explore new innovations on how we can reduce the use of energy and costs at our operations.



POSITIVE IMPACTS

During 2019, we offered 664 workshops and talks on environmental care, promoting best practices among our team. As a result, our team was able to achieve the following this year:

- Rescued and successfully transplanted 9,580 specimens of flora. Among the species were mosques, yucas, biznagas, maguey, ocotiyo, viejito, siviri, pitahaya and white stick;
- Rescued and relocated 50 wildlife specimens from our mines, including foxes, skunks, hares, snakes, coyotes and turtles;
- Built 32 filter dams to increase the recharge in aquifers;
- Collected 495,332 cubic metres of fertile soil, for later use in remediation and reforestation;
- Performed 122 air quality monitoring (PM10) procedures within the Official Mexican Standard;
- Continued cleaning programs including the clean-up of a cemetery in La Colorada;
- Initiated a program for cleaning of the river bed in Guanajuato; and
- Contributed \$1,302,772 pesos to the Mexican Forest Fund.



A NEW NURSERY AT SAN AGUSTIN

On Earth Day in 2019 we had the inauguration of our new on-site plant nursery at our San Agustin mine in Durango, Mexico. Our team members participated in planting seedlings which will be grown and used in our planting campaigns in the areas surrounding the mine including schools and parks.

We also have a tree nursery at our La Colorada mine, "Vivero Forestal La Pitallita."





OUR ASSETS

A strong development pipeline while generating cash flow through our operations.

Development

Magino Ontario, Canada

Cerro del Gallo Guanajuato, Mexico

San Antonio Baja California Sur, Mexico

Operations

El Castillo Complex Durango, Mexico

La Colorada Sonora, Mexico



PATH TO THE NEXT GOLD MINE IN ONTARIO

ADVANCING DEVELOPMENT OF THE MAGINO PROJECT

2019 proved to be a productive year in the advancement of our Magino project located 10 kilometres southeast of Dubreuilville, Ontario in Canada. We completed both the Federal and Provincial Environmental Assessment process and received a positive Decision Statement and Statement of Completion, and also attended a Federal event held in Sault St. Marie to mark this important milestone for mining in Ontario. We also completed two Community Benefits Agreements with Batchewana First Nation and Michipicoten First Nation, which marked our fourth and fifth indigenous agreements executed.

We continued with our 2019 strategy to de-risk our development projects by checking the right boxes at Magino - by working on securing the permits required, continuing to consult with the local and indigenous communities and building the project team.

EXPLORATION PROGRAM

In July 2019, we initiated a 6,000 metre exploration drilling program at Magino. Part way through this program, we successfully identified the same gold-bearing geological structures that strike westward into the Magino deposit from those adjacent to the Island Gold Mine. We made a decision to expand the exploration drill program to 20,000 metres, which focused on testing the down plunge extension of potential high-grade gold structures at depth. Previous exploration conducted by Argonaut at the

*"We are especially pleased with the results of our deeper drilling where hole 20 intersected some of our best results yet: more than 700 metres vertically below surface, with **6 metres at 10.8 g/t Au**, including a **2.95 metre interval of 21.1 g/t Au.**"*

Pete Dougherty, President & CEO



PROJECT HIGHLIGHTS¹

- M&I Mineral Resources 144.0Mt at 0.91 g/t Au for 4.197 Contained Au oz.² (inclusive of Mineral Reserves)
- P&P Mineral Reserves 59.0Mt at 1.13 g/t Au for 2.157 Contained Au oz.²
- Cash Op. Costs \$669/oz³
- AISC \$711/oz.³
- Initial Capital \$321M
- After-tax NPV 5% \$288M @ \$1,250 Au
- After-tax IRR 19.5%

LEVERAGE TO GOLD PRICE

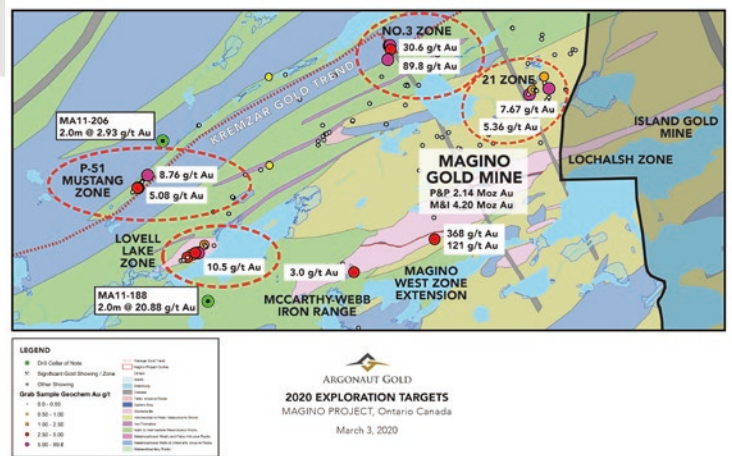
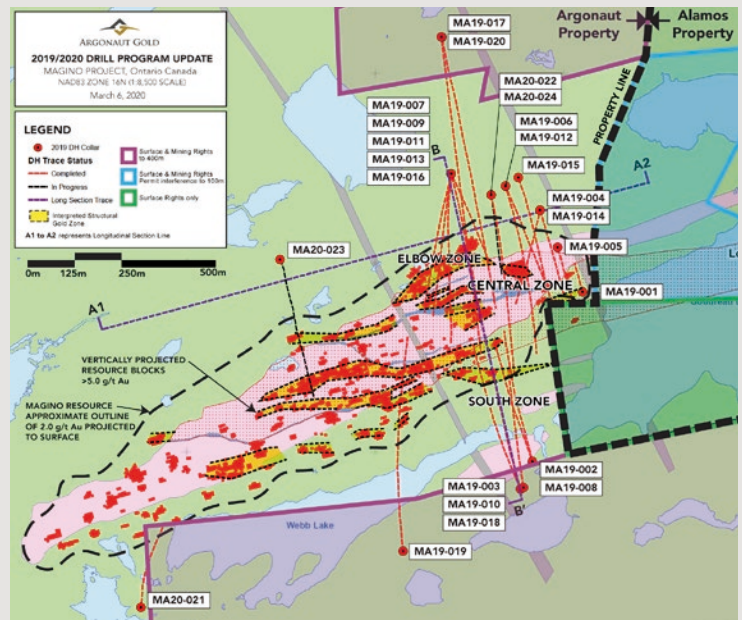
**At \$1,500 gold:
NPV 5% = \$519M**
at 0.76 CAD:US FX

Magino project concentrated solely on expanding and upgrading the open-pit Mineral Resources and Mineral Reserves with drilling focused primarily to a depth of 300 metres. This is the first drill program conducted on the Magino deposit targeting deeper, high-grade mineralization below the currently designed open pit.

DISTRICT POTENTIAL

In addition to our drilling program, we are also launching a district exploration program on our Magino property outside of the main deposit area where we have identified a number of potential targets that we feel are under-explored.

Brian Arkell, Vice President of Exploration stated: *“Our property to the west and north of Magino has seen very little exploration until last year when our prospecting teams mapped and identified a number of targets. These targets have the right alteration and strong geochemistry where exposed, but for the most part are in flat, covered ground. The recently completed geophysics will help delineate drill targets. Our plans for this second phase starting in April 2020 are for an additional 20,000 metres of drilling on the high-grade targets at Magino plus 5,000 metres of first pass scout drilling on newly defined district targets.”*



¹ Based on the assumptions and parameters as set forth in the Feasibility Study dated December 21, 2017 for 10k TPD capacity.

² Please refer to section “Mineral Resource Notes & Disclosures” on page 39.

³ Please refer to section “Non-IFRS Measures” on page 40 for a discussion of these non-IFRS measures.

ADDING OUNCES IN MEXICO

A MAIDEN MINERAL RESOURCE & MINERAL RESERVE ESTIMATE FOR CERRO DEL GALLO

In December of 2019, we completed a positive Pre-Feasibility Study for our Cerro del Gallo project located 30 kilometres east of Guanajuato City, Mexico.

The positive pre-feasibility study results which were released in December 2019 included the following key highlights:

- An after-tax IRR of 20.0% and NPV5% of \$175 million assuming \$1,350 gold and \$16.75 silver;
- An increase to Argonaut's Mineral Reserves by 48% and Measured and Indicated gold Mineral Resources (inclusive of Mineral Reserves) by 36%;
- The project is a heap leach project in Mexico, which complements Argonaut's existing and proven skillsets, having successfully developed, constructed and operated precious metals mines in Mexico for the past decade;
- Cerro del Gallo is a low-cost asset, with estimated cash costs of \$597 per gold ounce sold and AISC² of \$677 per gold ounce sold, respectively.

*Cerro del Gallo fits well within our team's abilities as another open pit heap leach project in Mexico and is an asset that **supports our transformation strategy** from being a high-cost producer to a **lower-cost producer**.*



PROJECT HIGHLIGHTS¹

- M&I Mineral Resources 201.9Mt at 0.44 g/t Au for 2,864k Au oz.³ (inclusive of Mineral Reserves)
- P&P Mineral Reserves 91.8Mt at 0.56 g/t Au for 1,638k Au oz.³
- Cash Op. Costs \$597/oz²
- AISC \$667/oz²
- Initial Capital \$134M
- After-tax NPV 5% \$175M @ \$1,350 Au
- After-tax IRR 20.0%

LEVERAGE TO GOLD PRICE
At \$1,500 gold: NPV 5% = \$241M
19.3:1 MXN:US FX

¹ Based on the assumptions and parameters of the Cerro del Gallo Pre-Feasibility Study results announced on December 18, 2019.

² Please refer to section "Non-IFRS Measures" on page 40 for a discussion of these non-IFRS measures.

³ Please refer to section "Mineral Resource Notes & Disclosures" on page 39.

A MODEL MINE

UPDATES AT SAN ANTONIO

In 2019, our goal was to continue de-risking and advancing the San Antonio project. Located near La Paz, Baja California Sur, Mexico, we covered ground by continuing to advance the permitting process and putting investment into the community. We continued to add value through environmental and community initiatives, that included a successful geo-science program for youths and their families, which was successful in bringing the community closure to mining. We continued to work with local farmers, producing and delivering 2,500 litres of organic fertilizer, and also continued to host workshops, site tours and educational events for the community.

In the fourth quarter of 2019, it was unfortunate to receive notice that the Mexican Environmental Authority (“SEMARNAT”) issued a ruling to not approve the updated Environmental Impact Assessment (Manifiesto de Impacto Ambiental or “MIA”). Argonaut is reviewing all of its options to advance the San Antonio project, including seeking an amendment to the La Paz 2018 zoning plan, submitting a revised environmental permit application and legal options.

Pete Dougherty stated, *“We have worked hard with the local community and have had positive feedback. We have tremendous support for the project from the local community of San Antonio and the surrounding areas, where members of the local population marched in support of the project and voiced unwavering support at the public information meeting during the MIA process. We continue to believe that San Antonio provides an opportunity for a model mine with the use of clean technologies that also provides near and long-term benefits to the region.”*



*“SI A LA MINA”
“YES TO THE MINE”*

Members of the local communities march in La Paz in support of the San Antonio mine.



SCAN CODE for a tour of

Cerro del Gallo



San Antonio



OPERATIONS

EL CASTILLO COMPLEX

INCREASED PRODUCTION & ON-BUDGET EXPANSION

During 2019, at the El Castillo Complex (El Castillo mine and San Agustin mine), we increased annual production and completed a crusher expansion at San Agustin. We produced 12% more GEOs than 2018, producing 131,277 GEOs, breaking our annual record at the Complex. Production at the El Castillo mine increased by 38%. This was partly offset by a 6% decrease in production at the San Agustin mine, which was primarily driven by the lack of sufficient water to optimize flow rates in the second and third quarter of the year. This issue was resolved with a fourth water well that came online during August 2019.

At San Agustin, we completed the expansion of the crushing and stacking system on budget. The expansion, which was completed in the first half of 2019, allowed us to increase the mining rate with an increase crusher throughput capacity. In the fourth quarter we saw an 11% increase in production versus the fourth quarter of 2018.

2020 FOCUS

- Focus on reducing unit costs;
- Processing run-of-mine vs. crushed ore at El Castillo, optimizing overburden haul distances and changes in processing parameters;
- Focus is on profitability over production; and
- Anticipate unit cost savings of more than \$2.00 per tonne processed at El Castillo and \$1.00 per tonne processed at San Agustin.

GEO PRODUCTION ¹	2017	2018	2019
EL CASTILLO	59,540	48,311	66,509
SAN AGUSTIN	10,946	68,815	64,768

P&P Mineral Reserves 63.8 Mt @ 0.32 g/t Au for 659K Au oz.² at December 31, 2019

M&I Mineral Resources 108.5 Mt @ 0.30 g/t Au for 1.047M Au oz.² at December 31, 2019 (inclusive of Mineral Reserves)

¹ GEOs (gold equivalent ounces) are based on a conversion ratio of 70:1 (2017 and 2018) 75:1 (2019) for silver to gold ounces. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

² Please refer to section "Mineral Resource Notes & Disclosures" on page 39.



Location: Durango, Mexico

Ownership: 100%

Mine Type: Open Pit, Heap Leach

Metals: Gold & Silver

Acquisition: El Castillo December 2009
San Agustin December 2013

Production start: El Castillo 2007
San Agustin 2017

SCAN CODE for a tour of

El Castillo

San Agustin



OPERATIONS

LA COLORADA

HIGHER PRODUCTION AND GOLD GRADE

At our La Colorada mine, we increased production by 15% to 55,338 GEOs compared to 2018. The higher production was primarily driven by a 28% increase in gold grade. The year did present operational challenges, with water in the pit leading to slower mining rates and the height of lifts on the leach pads leading to channeling and trapped ounces.

To resolve these challenges, we have reduced the heights of the lifts on the heap leach pads and made changes to our pit de-watering practices.

2020 FOCUS

- Focus on reducing unit costs;
- ~12% of ore will require two-stage crushing and ~78% of ore will require three-stage crushing; and
- Anticipate crushing throughput of 13,000 tonnes per day in 2020 vs. 12,300 tonnes per day in 2019.

GEO PRODUCTION ¹	2017	2018	2019
LA COLORADA	53,286	47,991	55,338

P&P Mineral Reserves 19.8 Mt at 0.59 g/t Au for 375K Au oz.² at December 31, 2019

M&I Mineral Resources 30.9 Mt at 0.65 g/t Au for 555K Au oz.² at December 31, 2019 (inclusive of Mineral Reserves)

¹ GEOs (gold equivalent ounces) are based on a conversion ratio of 70:1 (2017 and 2018) 75:1 (2019) for silver to gold ounces. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

² Please refer to section "Mineral Resource Notes & Disclosures" on page 39.



Location: Sonora, Mexico
Ownership: 100%
Mine Type: Open Pit, Heap Leach
Metals: Gold & Silver
Acquisition: January 2011
Production start: 2012

SCAN CODE
for a tour of
La Colorada



MANAGING RISKS

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.

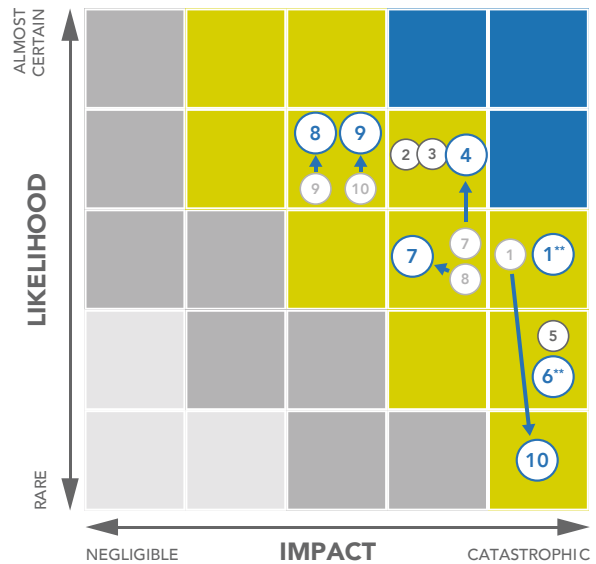
Our senior management, operations and exploration teams continue to identify and manage risks, through monitoring with our internal management systems within a risk governance framework.

We identified the following key risks across all aspects of our organization and outlined our top 10 risks of emphasis throughout the 2019 year:

- 1 Access to capital**
- 2 Permitting
- 3 Land access
- 4 Guidance*
- 5 Legal actions
- 6 Country risk - Mexico*
- 7 VAT*
- 8 Project development*
- 9 Appropriate staffing*
- 10 Gold Price*

* Changes in risk level versus 2018
 ** New Risks in 2019

HEAT MAP



MANAGEMENT RESPONSIBILITIES

- Senior management directs and informs Board in a timely manner
- Site management directs and informs senior management in a timely manner
- Site manages and informs head office through normal reporting process
- Managed at department level

- # 2018 - No Changes
- # 2018
- # 2019 - Changes
- #** 2019 - New
- ↑ Changes in risk heat map



RISK	CAUSES	IMPACTS	EXPECTED IMPACT RATING	EXPECTED LIKELIHOOD RATING	CURRENT LEVEL OF RISK	RISK TREATMENT PLAN
1 Access to capital**	Unable to finance development projects at a reasonable cost of capital.	Development projects not constructed as planned which would disrupt corporate life-of-mine profile.	Catastrophic	Possible	22	<ol style="list-style-type: none"> 1. Identify realistic financing alternatives for optionality and best cost of capital. 2. Focus on profitability over production at existing operations to generate optimal cash flow.
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.	Major	Likely	21	<ol style="list-style-type: none"> 1. Maintain compliance of existing permits. 2. Strengthen stakeholder relations. 3. Establish constructive relationships with government regulators and political figures.
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.	Major	Likely	21	<ol style="list-style-type: none"> 1. Complete internal comparative land valuation. 2. Honour 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.
4 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.	Major	Likely	21 (18)	<ol style="list-style-type: none"> 1. Consider key risk factors to achieving plan and report risk-adjusted external guidance.
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.	Catastrophic	Unlikely	19	<ol style="list-style-type: none"> 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.
6 Country risk - Mexico**	Change of government - tax, nationalization, relationship between government and congress.	Loss of operations for mines. New tax laws.	Catastrophic	Unlikely	19	<ol style="list-style-type: none"> 1. Develop relationships with key officials in government. 2. Active participation in mining community.
7 VAT - Delays in tax refunds*	The government changes its approach to refunding tax.	Need to increase working capital.	Major	Possible	18 (18)	<ol style="list-style-type: none"> 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.
8 Project development*	Insufficient detailed engineering. Lack of consistent forecasting for capital and investment projects. Non-compliance.	Capital overruns. Loss of stakeholder confidence.	Moderate	Likely	17 (17)	<ol style="list-style-type: none"> 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.
9 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.	Moderate	Likely	17 (17)	<ol style="list-style-type: none"> 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.
10 Gold Price*	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.	Catastrophic	Rare	15 (22)	<ol style="list-style-type: none"> 1. Hedged 145,500 ounces to ensure El Castillo profitability and extend mine life. 2. Focus on lower initial capital projects and production replacement versus growth until metal prices rebound.

* Changes in risk level versus 2018 (#) Risk level in 2018

** New Risks in 2019

ARGONAUT LEADERSHIP & GOVERNANCE

BOARD OF DIRECTORS

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}

¹ Audit Committee

² Nominating, Compensation and Governance
Committee

³ Safety, Health, Environment, Sustainability and
Technical Committee

MANAGEMENT

Peter C. Dougherty
President & CEO, Director

David A. Ponczoch
Chief Financial Officer

Daniel A. Symons
Vice President of Investor Relations

W. Robert Rose
Vice President of Technical Services

Brian Arkell
Vice President of Exploration

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.

MINERAL RESOURCES & MINERAL RESERVES¹

The following table shows the gold and silver Mineral Resources and Mineral Reserves at December 31, 2019. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.

RESERVES		PROVEN & PROBABLE						
Project	Category	Tonnes (Millions)	Au Grade (g/t)	Contained Au Ounces (000s)	Ag Grade (g/t)	Contained Ag Ounces (000s)	Cu Grade (% Cu)	Contained Tonnes Cu (000s)
El Castillo	Proven	1.1	0.60	21				
El Castillo	Probable	18.4	0.37	220				
San Agustin	Probable	44.3	0.29	418	12.3	17,536		
El Castillo Complex	Proven & Probable	63.8	0.32	659	12.3	17,536		
La Colorada	Probable	19.8	0.59	375	8.75	5,572		
Cerro del Gallo	Proven	70.4	0.59	1,326	13.7	31,088	0.10	67,691
Cerro del Gallo	Probable	21.3	0.46	313	11.7	8,012	0.08	17,821
Cerro del Gallo	Proven & Probable	91.8	0.56	1,638	13.3	39,100	0.09	85,782
Magino	Proven	24.2	1.03	804				
Magino	Probable	34.7	1.19	1,332				
Magino	Proven & Probable	58.9	1.13	2,136				
Consolidated Mineral Reserves	Proven & Probable	234.3	0.64	4,808	N/A	62,208	N/A	85,782

RESOURCES		MEASURED & INDICATED ("M&I")						
Project	Category	Tonnes (Millions)	Au Grade (g/t)	Contained Au Ounces (000s)	Ag Grade (g/t)	Contained Ag Ounces (000s)	Cu Grade (% Cu)	Contained Tonnes Cu (000s)
El Castillo	M&I	36.4	0.35	409				
San Agustin	Indicated	72.1	0.27	638	10.4	24,106		
El Castillo Complex	M&I	108.5	0.30	1,047	10.4	24,106		
La Colorada	Indicated	30.9	0.56	555	8.4	8,334		
Cerro del Gallo	M&I	201.9	0.44	2,864	12.2	79,103	0.09	187,100
San Antonio	M&I	65.0	0.86	1,735				
Magino	M&I	144.0	0.91	4,197				
Consolidated Mineral Resources	Measured & Indicated	550.2	0.59	10,388	N/A	111,543	N/A	187,100

Measured and indicated resources are inclusive of reserves.

RESOURCES		INFERRED						
Project	Category	Tonnes (Millions)	Au Grade (g/t)	Contained Au Ounces (000s)	Ag Grade (g/t)	Contained Ag Ounces (000s)	Cu Grade (% Cu)	Contained Tonnes Cu (000s)
El Castillo	Inferred	0.7	0.35	8				
San Agustin	Inferred	3.8	0.29	36	12.1	833		
El Castillo Complex	Inferred	4.6	0.30	44	12.1	833		
La Colorada	Inferred	4.3	0.65	90	11.1	1,541		
San Antonio	Inferred	6.2	0.34	67				
Cerro del Gallo	Inferred	5.1	0.43	71	11.9	1,947	0.06	1
Magino	Inferred	33.2	0.83	886				
Consolidated Mineral Resources	Inferred	53.4	0.67	1,158	11.6	4,321		

¹ Mineral Reserves and Mineral Resources have been estimated as at December 31, 2019 in accordance with NI 43-101 as required by Canadian securities regulatory authorities. Mineral Resources are presented inclusive of Mineral Reserves. Numbers may not sum due to rounding.

Note: Refer to Mineral Resource Notes And Disclosures on page 39.

DISCLAIMERS

NATIONAL INSTRUMENT 43-101 AND QUALIFIED PERSON

Brian Arkell, Argonaut Gold's Vice-President of Exploration and a Qualified Person under NI 43-101, has read and approved the scientific and technical information in this presentation as it relates to Argonaut. This presentation contains information regarding mineral resources that are not mineral reserves and do not have demonstrated economic viability.

MINERAL RESOURCE NOTES AND DISCLOSURES

All Mineral Resources have been estimated in accordance with Canadian Institute of Mining Standards. Mineral Resources are not known with the same degree of certainty as Mineral Reserves and do not have demonstrated economic viability. In addition, the quantity and grade of reported inferred mineral resources shown above are uncertain in nature and there is insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

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, are based on updated models, mine plans and topography, including depletion through mining activities and changes to recovery and cost assumptions as of December 31, 2019. El Castillo used a gold price of \$1,450 per ounce; San Agustin used a gold price of \$1,350 per ounce and silver price of \$16.75 per ounce. Cut-off grades for El Castillo range from 0.10 g/t Au to 0.71 g/t Au depending on ore type; cut-off grades at San Agustin range from 0.11 g/t gold equivalent ("AuEQ") to 0.25 g/t AuEQ depending on ore type.

The Mineral Reserves for La Colorada are based on updated models, mine plans and topography as well as updated recoveries and cost assumptions as of December 31, 2019. La Colorada used a gold price of \$1,350 per ounce and a silver price of \$16.75 per ounce. Cut-off grade for La Colorada was 0.13 g/t AuEQ.

The Mineral Reserves for Cerro del Gallo were taken from the Cerro del Gallo Technical Report. The Mineral Reserves were estimated at a gold price of \$1,200 per ounce and a silver price of \$14.50 per ounce. The Mineral Reserves used a gold cutoff grade of between 0.30 g/t AuEQ and 0.39 g/t AuEQ depending on ore type.

The Mineral Reserves for Magino 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, were based on pit cones using \$1,600 per ounce gold and \$19.75 per ounce silver. Cut-off grades range from 0.08 g/t Au to 0.62 g/t Au for El Castillo and 0.11 to 0.25 g/t AuEQ for San Agustin, depending on ore type.

The M&I Mineral Resources and Inferred Mineral Resources for La Colorada were based on pit cones using \$1,600 per ounce gold and \$19.75 per ounce silver. Cut-off grade was 0.10 g/t AuEQ.

The Mineral Resources for the San Antonio Project were taken from the San Antonio Technical Report. The Mineral Resources were 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.

The M&I Mineral Resources and Inferred Mineral Resources for the Cerro del Gallo Project were taken from the Cerro del Gallo Technical Report. The Mineral Resources were estimated at a gold price of \$1,600 per ounce and a silver price of \$20.00 per ounce. Cut-off grades range from 0.25 g/t AuEQ to 0.30 g/t AuEQ depending on ore type.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report uses the terms "Measured", "Indicated" and "Inferred" Resources as defined in accordance with NI 43-101. United States readers are advised that while such terms are recognized and required by Canadian securities laws, the United States Securities and Exchange Commission does not recognize them. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve calculation is made. United States readers are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into reserves. In addition, "Inferred Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resource will ever be upgraded to a higher category. United States readers are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable.

This document contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the proposed transaction and the business, operations and financial performance and condition of Argonaut Gold Inc. ("Argonaut" or "Argonaut Gold"). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to estimated production and mine life of the various mineral projects of Argonaut; expectations with respect to future cash flows from operations, net debt and financial results; the successful completion of proposed acquisitions; metal or mineral recoveries; synergies 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; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; success of exploration activities; market volatility and disruptions in many aspects of Argonaut's business due to a pandemic virus outbreak, such as COVID-19, resulting from government policies restricting mobility assembly, or contact to, employees and suppliers across the global supply chain; 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" or "will" occur. Forward-looking statements are based on the opinions and estimates of the management of Argonaut 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 risks of the mining industry, the spread of COVID-19 and the impact of government policies to ameliorate COVID-19, failure of plant, equipment or processes to operate as anticipated, changes in market conditions, variations in ore grade or recovery rates, 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 and labour disputes.

These factors are discussed in greater detail in Argonaut's (i) most recent Annual Information Forms, and (ii) most recent Management Discussion and Analysis, which are each filed on Argonaut's respective SEDAR profiles and provide additional general assumptions in connection with these statements. Argonaut cautions

NON-IFRS MEASURES

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold", "Adjusted cash cost per gold ounce sold", "All-in sustaining cost per gold ounce sold", "Adjusted all-in sustaining cost per gold ounce sold", "Adjusted net income", "Adjusted earnings per share – basic" and "Net cash" in this presentation to supplement its financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Cash cost per gold ounce sold is equal to production costs plus the total impact of impairment write downs related to work-in-process inventory less silver sales divided by gold ounces sold. Adjusted cash cost per gold ounce sold is equal to production costs plus only the impact of non-cash impairment write downs related to the net realizable value of work-in-process inventory less silver sales divided by gold ounces sold. AISC per gold ounce sold is equal to production costs plus the total impact of impairment write downs related to work-in-process inventory less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted AISC per gold ounce sold is equal to production costs plus only the impact of non-cash impairment write downs related to the net realizable value of work-in-process inventory less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted net income is equal to net loss less foreign exchange impacts on deferred income taxes, foreign exchange (gains) losses, impairment write down (reversal) of work-in-process inventory, proceeds from legal proceedings, non-cash impairment loss (reversal) on certain non-current assets, unrealized (gains) losses on commodity derivatives and other operating expense (income). Adjusted earnings per share – basic is equal to adjusted net income divided by the basic weighted average number of common shares outstanding. Net cash is calculated as the sum of the cash and cash equivalents balance net of debt as at the statement of financial position date. The Company believes that these measures provide investors with an alternative view to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Please see the management's discussion and analysis ("MD&A") for full disclosure on non-IFRS measures.



ARGONAUT GOLD

WWW.ARGONAUTGOLD.COM

TSX:AR



/ArgonautGoldInc



@Argonaut_Gold



/ArgonautGoldInc



@ArgonautGoldInc

CORPORATE OFFICES

9600 Prototype Court
Reno, NV United States
Tel (775) 284-4422
Email info@argonautgold.com

100 King Street West, Suite 5700
Toronto, ON Canada
Tel (416) 915-3107
Email info@argonautgold.com