

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, the La Colorada mine in Sonora, Mexico and the Florida Canyon mine in Nevada, USA. The Company also holds the construction stage Magino project in Ontario, Canada, the advanced exploration stage Cerro del Gallo project in Guanajuato, Mexico and several other exploration stage projects, all of which are located in North America.

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San Agustin mine in Durango, Mexico



2020 & RECENT HIGHLIGHTS

RECORD ANNUAL REVENUE

\$319.7M

19% increase from \$268.9M in 2019

- ✓ Completed at-market merger with Alio Gold Inc., creating a North American diversified intermediate gold producer.

RECORD CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES

\$111.4M

49% increase from \$74.8M in 2019

- ✓ Closed a C\$57.5 million bought deal convertible debenture financing, a \$126.5 million bought deal equity financing and increased the corporate revolver to \$100 million plus a \$25 million accordion to fund Magino construction.

PRODUCTION^{1,3}

203,483 GEOs

4% increase from 186k from 2019

- ✓ Completed and obtained the following permits for the Magino project:
 - Federal Cabinet Decision to Authorize Schedule 2 amendment
 - Species at Risk permit for bat conservation
 - Magino Closure Plan
 - Fisheries & Oceans Canada Fish Habitat Compensation Plan

CASH COSTS²

\$936 10% decrease from
/Au oz. sold \$1,041 in 2019

- ✓ Discovered four new high-grade mineralized zones at Magino as part of our deep drilling exploration program, bringing the total to six exciting high-grade targets.

ALL-IN SUSTAINING COST²

\$1,244 4% decrease from
/Au oz. sold \$1,299 in 2019

All dollar amounts are expressed in US\$ US dollars unless otherwise stated. C\$ reflects Canadian dollars.

¹ GEOs (gold equivalent ounces) are based on a conversion ratio of 80:1 for silver to gold for 2020 and 75:1 for 2019.

The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

² Please refer to the "Notes and Disclosure" section for a discussion of these Non-IFRS Measures.

³ Florida Canyon production during Q1 2020 and Q2 2020 was under Alio Gold Inc. prior to the closing of the merger between Alio Gold Inc. and Argonaut on July 1, 2020. 2020 GEO production combined full year 2020 production from the El Castillo, San Agustin, La Colorada and Florida Canyon.

A MESSAGE FROM OUR PRESIDENT & CEO



PETE DOUGHERTY
President and
Chief Executive Officer

A TRANSFORMATIONAL YEAR

2020 was a transformational year for Argonaut. We started the year with a simple plan of Harvest, Replace and Grow, and I am happy to say we executed on all three phases as a company.

We had record production while lowering operating cost driving superior cashflows. We completed the acquisition of Alio Gold, bringing on Florida Canyon mine which will replace the El Castillo mine as it winds down at the end of 2022. On the growth front we completed the funding plan for Magino and green-lighted the project as a first phase of our strategy to transition the Company from a short mine life, high operating cost, junior producer to a longer mine life, lower operating cost, intermediate producer. In terms of accomplishments, 2020 could not have gone much better for the Company.

Key milestones for 2020 include:

- Increased GEO production output from 187 koz to 203 koz;
- Successful drilling programs:
 - Magino: discovered four new high-grade zones bringing the total to six high-grade zones below or adjacent to the planned open pit;

- La Colorada: more than replaced depleted ounces;
- San Agustin: more than replaced depleted ounces; and
- Florida Canyon: basically replaced depleted ounces
- Received the Socially Responsible Company ESR designation for the eighth year at all operating mines in Mexico;
- Completed acquisition of and updated life-of-mine plan at Florida Canyon;
- Developed funding plan and green-lighted the construction of Magino; and
- Managed through COVID-19 pandemic, including assisting the Mexican government in the development of new health and safety protocols for the industry designed to keep workforces and communities safe while operating during the pandemic.

Aerial view of Magino in Dubreuilville, Ontario



MANAGING COVID-19

The past year was challenging for everyone. The global pandemic affected not only our production and operations, but the way in which we conduct our business and interact with our communities. Not only did our team demonstrate resilience, we demonstrated leadership amongst our neighbours. We launched the “Safe Return to the Mine” program of protocols to ensure our workforce remained diligent and safe while returning to work. We were leaders in our communities in Mexico, carrying out sanitization campaigns for homes, businesses and public spaces. We continued to work alongside local businesses and health centres, donating essential equipment and materials.

FLORIDA CANYON

Since closing the acquisition of the Florida Canyon mine on July 1, 2020, the first three months were spent working with the Florida Canyon team to analyse the challenges and opportunities at the mine. In the next three months we began initiating changes to allow for a more efficient

and lower cost operation. 2021 will be about finalizing the changes necessary to take Florida Canyon to a larger production profile at lower operating costs.

SUCCESS AT MAGINO

We achieved significant milestones at Magino this past year, which will lead to tremendous growth for our business in the near future. We received the final major permits and authorizations required for construction and operations, executed the financing plan and reached a construction decision during the fourth quarter of 2020. The two year construction phase has commenced and we anticipate first gold production during the first half of 2023.

We also saw exploration success, as we continued to encounter high-grade intercepts at depth below and adjacent to the planned open pit, discovering four new high grade mineralized zones bringing the total to six high-grade zones at depth that all warrant further exploration.

LOOKING FORWARD

We look forward to continuing our three-phase approach of Harvesting cash from the existing operations, Replacing depleted ounces through exploration at our existing asset base and Growing our business to a lower-cost, longer-life, intermediate producer by continuing construction at Magino and completing permitting at Cerro del Gallo.

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 our future as we continue to execute our strategy of transforming our Company.

TRANSFORMATION IN MOTION

In 2020, we set our transformation strategy in motion, to transition from a high-cost, junior producer with short mine lives to a lower-cost, intermediate producer with much longer mine lives.

We executed on all three phases of our strategy to lay the foundation and set up the building blocks for the Company's transformation.

OUR 3-PHASE STRATEGY

HARVEST



**RECORD ANNUAL CASH
FLOW OF \$111M**

REPLACE



**ALIO MERGER &
ACQUISITION OF
FLORIDA CANYON MINE**

GROWTH



**MAGINO CONSTRUCTION
DECISION &
CERRO DEL GALLO
APPLICATION SUBMITTED**

OPTIMIZE OPERATIONS

- Higher production
- Lower costs
- Managed through COVID-19 restrictions and implemented new protocols

FLORIDA CANYON IMPROVEMENTS

- Completed and filed updated LOM technical report
- Completed much needed leach pad expansion
- Completed truck dump box to crusher
- Submitted permit modification for new conveying and stacking system

MAGINO PERMITTING, FINANCING & EXPLORATION SUCCESS

- Schedule 2 amendment authorized
- Species at Risk permit
- Closure Plan filing
- Fish Habitat Plan approved
- C\$126.5M equity & \$57.5M convertible debenture financings
- \$125M corporate revolver
- Discovered four new high-grade zones increasing high-grade targets at depth to a total of six high-grade zones

San Agustin Mine, part of the El Castillo Complex in Durango, Mexico



THREE YEAR SNAPSHOT

	2019A	2020A	2021E	
GEO¹ Production	186,615	203,483 ³	210k - 250k	↗ PRODUCTION rising
Cash Costs² \$ per oz. Au	\$1,041	\$936	\$950 - 1,050	→ COSTS relatively flat
AISC² \$ per oz. Au	\$1,299	\$1,244	\$1,250 - 1,350	
Cash Flow from Operating Activities before changes in non-cash operating working capital	\$74.8M	\$111.4M	\$90M - \$140M ⁴	↗ CASH FLOW rising

“During 2020, we put the Company in a fantastic position to execute on our transition strategy from a short mine life, high-cost junior producer to a long mine life, lower cost intermediate producer through the permitting and financing achievements for the Magino project in Ontario, Canada, leading to a construction decision, and the acquisition of the Florida Canyon mine in Nevada, USA. As we look to 2021, we are focused on continuing to execute on this strategy now that the pieces are in place to do so, as well as unlock the exploration upside at the Magino and the Florida Canyon districts.”

Pete Dougherty, President & CEO

¹ GEOs are based on a conversion ratio of 85:1 for silver to gold for 2021, 80:1 for 2020 and 75:1 for 2019. The silver to gold ratio is based on the three-year trailing average silver to gold ratio.

² Please refer to the “Notes and Disclosure” section for a discussion of these Non-IFRS Measures.

³ Florida Canyon production during Q1 2020 and Q2 2020 was under Alio Gold Inc. prior to the closing of the merger between Alio Gold Inc. and Argonaut on July 1, 2020. 2020 GEO production combined full year 2020 production from the El Castillo, San Agustin, La Colorada and Florida Canyon.

⁴ Assumes \$1,700 per ounce gold.

WHERE WE OPERATE

In 2020, Argonaut’s growth included adding new assets to our portfolio, further diversifying the Company geographically.



ARGONAUT’S MATERIAL ASSETS

- PRODUCING MINE
- ADVANCED EXPLORATION PROJECT
- CONSTRUCTION

● **EL CASTILLO COMPLEX**

Durango, Mexico
El Castillo Mine
 Acquired: December 2009
 Mine Life: 2022
San Agustin Mine
 Acquired: December 2013
 Mine Life: 2026+

● **LA COLORADA MINE**

Durango, Mexico
 Acquired: January 2011
 Mine Life: 2025+

● **FLORIDA CANYON MINE**

Nevada, USA
 Acquired: July 2020
 Mine Life: 2031+

● **MAGINO**

Ontario, Canada
 Acquired: December 2012
 Mine Life: 17 years
 Status: Construction

● **CERRO DEL GALLO**

Guanajuato, Mexico
 Mine Life: 15 years
 Status: Permitting

MEASURED & INDICATED MINERAL RESOURCES^{1,2}

13.1Moz. Au
109.4Moz Ag and
187.1T Cu

MINERAL RESERVES²

6.9Moz. Au
62.3Moz Ag and
85.5T Cu

¹ Measured and Indicated Mineral Resources are inclusive of Mineral Reserves.
² At December 31, 2020. Refer to Notes and Disclosures page for Mineral Resource Notes and Disclosure.

Florida Canyon mine in Nevada, USA



EL CASTILLO COMPLEX

EL CASTILLO MINE & SAN AGUSTIN MINE

During 2020, the El Castillo Complex produced 16% fewer GEOs at a cash cost per gold ounce sold 19% less compared to 2019. Lower GEO production was primarily due to the two-month suspension of mining, crushing and stacking activities and lower production at El Castillo associated with the change from processing crushed ore to run-of-mine ore.

El Castillo produced 31% fewer GEOs at a cash cost per gold ounce sold 24% less compared to 2019. El Castillo experienced a 34% reduction in cost per tonne processed compared to 2019 by eliminating crushing early in 2020 and switching to run-of-mine ore processing.

San Agustin produced 1% fewer GEOs at a cash cost per gold ounce sold 10% less compared to 2019. San Agustin experienced a 10% reduction in cost per tonne processed compared to 2019, primarily due to optimizing crushing and stacking rates to available solution capacity following the crusher expansion from 20,000 tonnes per day to 30,000 tonnes per day, which was completed by the end of 2019.



2020 PRODUCTION

El Castillo:	46,183 GEOs
San Agustin:	63,866 GEOs

2020 CASH COSTS¹ per gold ounce sold

El Castillo:	\$908
San Agustin:	\$780

EL CASTILLO

Measured & Indicated Mineral Resources²:
40.4Mt at 0.34 g/t Au
447k contained gold ounces

Proven Mineral Reserves³:
0.2Mt at 0.51 g/t Au
4k contained gold ounces

Probable Mineral Reserves³:
17.1Mt at 0.36 g/t Au
199k contained gold ounces

SAN AGUSTIN

Indicated Mineral Resources²:
65.6Mt at 0.27 g/t Au and
8.4 g.t Ag
579k contained gold and
17.7M contained silver ounces

Probable Mineral Reserves³:
47.2Mt at 0.30 g/t Au and
9.4 g/t Ag
448k contained gold ounces and
14.3M contained silver ounces

¹Please refer to the "Notes and Disclosure" section for a discussion of these Non-IFRS Measures.

²The Measured and Indicated ("M&I") Mineral Resources for El Castillo and San Agustin, which together form the El Castillo Complex, in the above were based on pit cones using \$1,800 per ounce gold and \$22.50 per ounce silver. Cut-off grades range from 0.08 g/t Au to 0.43 g/t Au for El Castillo and 0.10 to 0.23 g/t gold equivalent ("AuEQ") for San Agustin, depending on ore type.

³The Mineral Reserves for El Castillo and San Agustin, which together form the El Castillo Complex, in the above 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, 2020. El Castillo used a gold price of \$1,500 per ounce; San Agustin used a gold price of \$1,500 per ounce and silver price of \$18.75 per ounce. Cut-off grades for El Castillo range from 0.10 g/t Au to 0.51 g/t Au depending on ore type; cut-off grades at San Agustin were 0.13 g/t Au.

LA COLORADA MINE

During 2020, the La Colorada mine produced 16% less GEOs at a cash cost per gold ounce sold 11% less compared to 2019. Lower GEO production was primarily due to the two-month suspension of mining, crushing and stacking activities. La Colorada experienced a 4% reduction in cost per tonne processed compared to 2019, primarily due to higher daily crusher throughput rates and better productivity after experiencing challenges with water in the pit during the second half of 2019.

2020 PRODUCTION

46,371 GEOs

2020 CASH COSTS¹

per gold ounce sold
\$937

Indicated Mineral Resources²:

35.0Mt at 0.56 g/t and
8.2 g/t Ag

631k contained gold ounces
and 9.3M contained silver
ounces

Probable Mineral Reserves³:

24.1Mt at 0.58 g/t Au and
8.6 g/t Ag

453k contained gold ounces
and 6.7M contained silver
ounces



¹Please refer to the "Notes and Disclosure" section for a discussion of these Non-IFRS Measures.

²The Indicated Mineral Resources for La Colorada in the above were based on pit cones using \$1,800 per ounce gold and \$22.50 per ounce silver. Cut-off grade was 0.09 g/t AuEQ.

³The Mineral Reserves for La Colorada in the above are based on updated models, mine plans and topography as well as updated recoveries and cost assumptions as of December 31, 2020. La Colorada used a gold price of \$1,500 per ounce and a silver price of \$18.75 per ounce. Cut-off grade for La Colorada was 0.11 g/t AuEQ.

FLORIDA CANYON MINE

REPLACING OUNCES WITH OUR NEWEST ASSET

Argonaut acquired Florida Canyon with the at-market merger with Alio Gold Inc. on July 1, 2020. As part of our transformation strategy, acquiring Florida Canyon provided immediate growth and will replace the El Castillo mine when it winds down at the end of 2022. We are also excited about the growth potential at both Florida Canyon and the past producing Standard mine, which is located just five kilometres from the Florida Canyon mine.

Making prudent capital investments to optimize operations and reduce operating costs is our priority at Florida Canyon. In 2020, we:

- Completed and filed the updated Life of Mine technical report, with highlights that include:
 - Annual average production of 77,000 gold ounces
 - After-tax NPV^{5%} \$138 million at \$1,700 gold
 - Average all-in sustaining cost per gold ounce sold of \$1,040¹
- Completed the leach pad expansion;
- Added a truck dump box at crusher to eliminate a rehandling of ore; and
- Submitted the air permit modification required for a conveying and stacking system, which when completed, will eliminate further ore rehandling and lower operating costs.

With the completion of the drop box in the fourth quarter 2020, haul trucks can now dump ore directly into a box that feeds into the primary crusher. Prior to the addition of the drop box, the primary crusher had to be loader fed, which required haul trucks to dump ore on the ground, a dozer to push the ore into a pile and a loader to feed to the primary crusher. Currently, once ore goes through the primary and secondary crushers, it is loaded into haul trucks with a front-end loader and delivered to the leach pads via haul trucks.

We identified potentially significant operating cost savings by eliminating the re-handling of ore at the back end of the secondary crushing circuit by switching to a conveying and stacking system to transport crushed ore to the leach pads. We believe this modification will reduce greenhouse gas emissions at Florida Canyon, as the conveying and stacking system would be operated on grid power thus eliminating the need to run diesel haul trucks from the crusher to the leach pads.



Leach pad expansion at Florida Canyon

2020 PRODUCTION²

47,064 GEOs

2020 CASH COSTS¹

per gold ounce sold

\$1,345

Measured & Indicated Mineral Resources³:

86.0Mt at 0.42 g/t

1.16M contained gold ounces

Proven & Probable Mineral Reserves⁴:

70.8Mt at 0.42 g/t

954k contained gold ounces

¹Please refer to the "Notes and Disclosure" section for a discussion of these Non-IFRS Measures.

²Florida Canyon production during Q1 2020 and Q2 2020 was under Alio Gold Inc. prior to the closing of the merger between Alio Gold Inc. and Argonaut on July 1, 2020. 2020 GEO production combined full year 2020 production from the El Castillo, San Agustin, La Colorada and Florida Canyon.

³The M&I Mineral Resources for Florida Canyon in the above were based on pit cones using \$1,100 per ounce gold. Cut-off grade was 0.10 g/t Au.

⁴The Mineral Reserves for Florida Canyon in the above are based on updated models, mine plans and topography as well as updated recoveries and cost assumptions as of December 31, 2020. Florida Canyon used a gold price of \$1,500 per ounce. Cut-off grade for Florida Canyon was 0.10 g/t Au.

MAGINO

BUILDING CANADA'S NEXT GOLD MINE

In 2020, we executed our Growth strategy with the advancement of Magino project to a construction decision, and the success of our deep drilling exploration program which specifically targets high-grade gold mineralization below and adjacent to the planned open pit.

2020 AND RECENT MILESTONES

- Completed Schedule 2 amendment;
- Received Species at Risk permit;
- Completed Closure Plan filing;
- Received approval of Fish Habitat Plan;
- C\$126.5M equity and \$57.5M convertible debenture financings, plus a \$100M revolver with a \$25M accordion;
- Discovered four new high-grade zones at depth, bringing the total to six;
- Participated in a ceremony to celebrate the completion of the Indigenous community agreement with Michipicoten First Nation;
- Accommodation agreement framework agreed to with Garden River First Nation; and
- Completed Fixed Bid contract covering approximately 40% of initial capital.

"Magino is truly a valuable and strategic asset given existing infrastructure, the already-known mineral endowment of the ore body and the existing exploration potential, its location within the mining-friendly jurisdiction of Ontario, Canada and its proximity to other strong cash flowing operations such as the Island Gold mine. By moving Magino forward, we are executing on our vision to transform Argonaut from a junior, relatively high-cost producer with short mine lives to an intermediate, lower-cost producer with long mine lives." - Pete Dougherty, President & CEO.

DISCOVERING NEW HIGH GRADE ZONES

Since commencing our exploration drilling program in July 2019, we have discovered six new high grade mineralized zones - Elbow Zone, Central Zone, South Zone, Scotland Zone, Sandy Zone and #42 Zone. Brian Arkell, Vice President of Exploration commented: *"Through an ongoing structural investigation over the past two years, we can now trace higher-grade ore shoots within the planned open pit and test the down dip potential of these structures. It's very encouraging to intersect high-grade gold mineralization in our initial drill holes testing these structures at depth, and we've hit some of the highest grades encountered to date on the property. Based on the success we have demonstrated in our first drilling at depth at the new Scotland, #42, Sandy and South zones, combined with the Elbow and Central zones, we now have six very exciting high-grade mineralized targets that all warrant further drilling."*

FEASIBILITY STUDY HIGHLIGHTS¹

Measured & Indicated Mineral Resources:

144.0Mt at 0.91 g/t Au
4.20M contained gold ounces

Proven & Probable Mineral Reserves:

59.0Mt at 1.13 g/t Au
2.14M ounces of gold

10k tpd processing facility

150k ounces average annual gold production over the first 5 years

17 year mine life

Cash cost of \$669 per gold ounce sold

All-in sustaining cost of \$711 per gold ounce sold

Initial capital²
C\$480-C\$510M

¹ Based on the assumptions and parameters as set forth in the Magino Feasibility Study dated December 21, 2017.

² The capital estimate is based on the EPC contract (fixed bid engineering, procurement, construction and commissioning contract) stated in the Argonaut press release dated January 4, 2021.

INDEPENDENT PROJECT REVIEW

As part of the independent project review process initiated during the Magino Environmental Assessment process, environmental technical experts representing Michipicoten First Nation visited the Magino site and completed an inspection together with representatives from Argonaut. The tour included a visit to the Lakehead University re-vegetation plots that were established at Magino in 2019 to study soil covers and their interaction with re-vegetation effectiveness. Collaboration with Indigenous communities throughout the environmental assessment and subsequent permitting and implementation process has been promoted by the United Nations and Argonaut is proud to be implementing the key tenants of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

FIRST NATIONS & MÉTIS COMMUNITY INVOLVEMENT

We have successfully partnered with all six of our First Nation and Métis communities by completing community agreements of various types thereby providing support to the project. Before construction began in early 2021, the Métis Nation of Ontario elected to undertake a remote (COVID-19 safe) ceremony marking the beginning of the area transformation. We believe our First Nation and Métis partners are valuable and integral to the success of the area, the project and the future of the Company. As stewards to the land and all that resides in the area it is important to have their direct involvement in the management of the land.

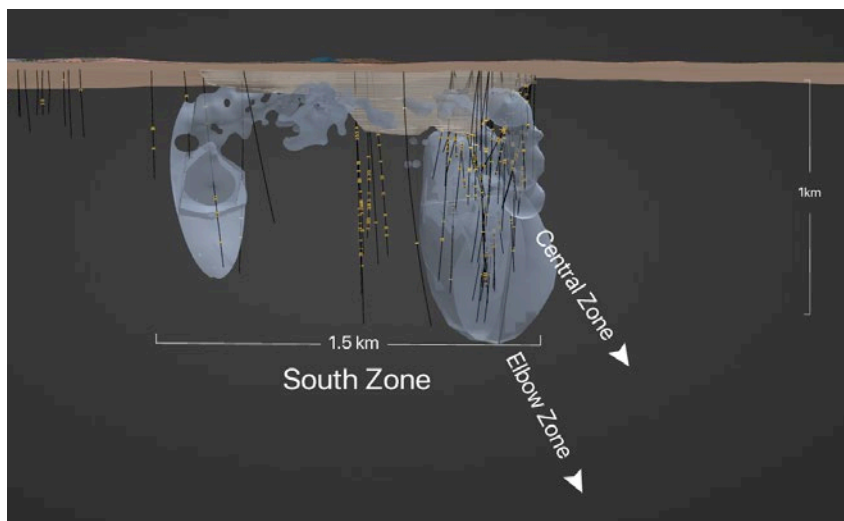


Independent project review tour with environmental technical experts representing Michipicoten First Nation.



GARDEN RIVER FIRST NATION SITE TOUR

Representatives of Garden River First Nation completed a tour of the Magino site in the fall of 2020. The site tour included touring the various areas of the project including seeing some of the fish relocation efforts underway in preparation for mine construction in 2021.



“Magino is a past-producing mine and has been a well-known project for decades; yet, we are only now beginning to scratch the surface of the full potential of the exploration upside to this mineralized system.”

Pete Dougherty, President & CEO

Night view of an exploration drill set up on the Elbow Zone at Magino.



CERRO DEL GALLO PROJECT

POTENTIAL TO UNLOCK GROWTH VALUE

The Cerro del Gallo project in Guanajuato, Mexico is an exciting pre-feasibility stage growth project. Currently in the permitting phase, the project 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, short mine life junior producer to a lower-cost, long mine life intermediate producer.

As we continue to advance permitting, we are also fostering our relationship with the local community. Our focus is providing project education to residents, establish long-standing relationships with key partners in the community including gaining municipal and state support.

PRE FEASIBILITY STUDY HIGHLIGHTS¹

Measured & Indicated Mineral Resources:

201.9Mt at 0.44 g/t Au, 12.2 g/t Ag and 0.09% Cu
2.86M contained gold ounces, 79.1M contained silver ounces and 187.1T of contained copper

Proven & Probable Mineral Reserves:

91.8Mt at 0.56 g/t Au, 13.3 g/t Ag and 0.10% Cu
1.64M contained gold ounces, 39.1M contained silver ounces and 85.5T of contained copper

77k ounces average annual gold production over the first 5 years

15 year mine life

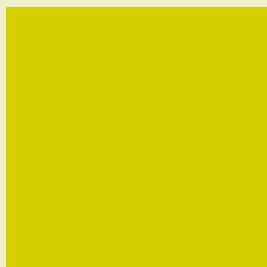
Cash cost of \$597 per gold ounce sold

All-in sustaining cost of \$667 per gold ounce sold

Initial capital \$134M



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



CORPORATE SOCIAL RESPONSIBILITY

OUR SAFETY OUR PEOPLE OUR COMMUNITY OUR ENVIRONMENT

An overview of our commitment to socially responsible practices and sustainability initiatives in 2020.

CONTINUED COMMITMENT TO SOCIALLY RESPONSIBLE PRACTICES AND SUSTAINABILITY

Corporate social responsibility continues to be a critical aspect of our business.

We are proud of the continued efforts our team lead in the areas of sustainability, health and safety and community relations during a challenging year in which we all practiced new socially distant norms and safety protocols.

Our four pillars: **OUR SAFETY, OUR PEOPLE, OUR COMMUNITY** and **OUR ENVIRONMENT** continue to serve as our framework, as we focus on creating balance to ensure we foster synergies with our neighbours, as well as operate in a sustainable, safe environment.



ESR AWARD 2020

*“During 2020, El Castillo and San Agustín units were granted the **2020 Socially Responsible Company ESR® 2020 Award** for the eighth year in a row, presented by the ‘Centro Mexicano para la Filantropía’. It is a great pride to share this merit with key members from our neighbouring communities and with those who have a contractual relationship with us, to emphasize the benefits our operations generate on issues such as: quality of life, community relations, governance, corporate ethics and environmental care. Mining, like all industries, allows us to reach those who, even when they are not miners, make our operations possible, by getting involved in community projects through training, compliance of safety and hygiene conditions, and respect for the environment.*

This couldn’t be possible without the cooperation of the communities where we operate. No benefit couldn’t be obtained without the constant support of those who enable us to meet all the standards and regulations, minimizing environmental impact, maximizing positive impacts on the quality of life, and the health and services we share with community residents. Our industry is about sharing the good things that come from mining with our people, by making our corporate vision a reality: improving the quality of life in the communities.”

Alicia Guerrero
El Castillo Complex Manager



COMMUNITY LEADERSHIP DURING THE PANDEMIC

During the pandemic, Argonaut launched multiple sanitization campaigns in Mexico, including the community cleaning campaign in the community of La Colorada, where we sanitized homes, small businesses and public spaces.



ENVIRONMENTAL & SUSTAINABLE EXCELLENCE

The San Agustin team with our recent ESR Award.

OUR SAFETY

PRIORITIZING SAFE RETURN TO WORK

Safety remains our number one priority, and in 2020 we demonstrated both excellence and leadership.

As an essential service, we remained resilient, diligent and proactive in ensuring safe return to work protocols. Our Mexico teams developed the “Safe Return to the Mine” program that ensured the prioritization of safety and compliance with recommendations from federal health authorities. We consulted and collaborated with health authorities and also welcomed the Mexico Mining Under-Secretary, Francisco Quiroga who reviewed our COVID-19 protocols at La Colorada. In September, the La Colorada mine received the ‘The Sanitary Safety Distinction’ from IMSS (Instituto Mexicano de Seguro Social), the Mexican public healthcare system. *“We have been working with the collaboration of all areas to increase awareness among all the personnel; working safely, we will minimize our incidences,”* says La Colorada General Manager, Manuel Encinas

During 2020 and into 2021, we remained consistent with our safety protocols at all of our operations and project locations and practiced work from home protocols where possible.



2020 OPERATIONAL SAFETY STATS vs. 2019

LOCATION	% CHANGE ACCIDENTS	% CHANGE INCIDENTS	LTIFR
El Castillo	-14.0%	-19.0%	-19.0%
San Agustin	-46.0%	-14.0%	-14.0%
La Colorada	-6.3%	+29.6%	-33.3%
Florida Canyon	-	-	-15.8% ¹

¹ Florida Canyon LTIFR (Lost Time Injury Frequency Rate) percentage change is based on the LTIFR as reported by Alio Gold in 2019.

In 2020, we continued to provide internal training programs on risk prevention and safety protocols, with the goal of preserving the health and safety of all workers.

Our operations teams also completed over 7,630 hours of safety training.



“SAFE RETURN TO THE MINE”

We made extraordinary efforts to raise awareness about Covid-19 risks through training courses related to protection of workers, their families, and the community. Some of the safety protocols implemented included:

- Training of all internal staff members, contractors and suppliers with Covid-19 protocols;
- Conducted a PCR (polymerase chain reaction test) campaign among all of our staff members and contractors for early detection;
- Checks were set up at all access points which included temperature checks, antibacterial hand sanitization and a general medical assessment;
- Internal and external sanitation of vehicles before entering the unit;
- Physical barriers were installed at each table in the break rooms;
- Transportation with social distancing and physical barriers;
- An integral health program for workers at risk;
- Conducted inspection visits to the camps, contractor camps and all work areas to ensure compliance; and
- Rapid blood test campaign was conducted to all workers who were outside the unit for more than four days.

In addition to COVID-19 related health campaigns, we continued to provide health services to our workforce that included physical assessments, influenza vaccinations, body x-rays and medications.

Christian Rodriguez, Medical Doctor: *“Day by day we work on the personnel assessment and consultation to make sure [our workforce] get[s] home healthy. Workers are very pleased to receive such care, and they make comments comparing the care they receive from the Company to the one they get at the local clinics, and ours is better. That makes us work with more enthusiasm in order to get that kind of response from our workers.”*



“The reopening of operations demands the constant generation of innovative ideas that enable us to successfully adapt to this ‘new normal’.

*By reopening operations, we committed to resume activities in a gradual and responsible manner, which is the reason why the **“Safe Return to The Mine”** program has the goal to implement the industrial safety, occupational health, hygiene practices and the Covid-19 prevention module protocols we have developed with the valuable participation of our co-workers from every area;*

***“Safe Return to the Mine”** is an integral part of a series of actions we are implementing to preserve the integrity, health and wellbeing of all the members of Argonaut Gold’s family.”*

Jesús Gutiérrez Bastida, Vice-President of Corporate Affairs & Country Manager Mexico

OUR PEOPLE

INVESTING IN HUMAN CAPITAL

As we continued to execute our transformation as a Company in 2020, we continued to invest in and grow our best asset - our human capital.

In 2020 we acquired the Florida Canyon mine and we also green-lighted construction of our Magino project. These catalysts put our human capital growth in motion, immediately adding new members to our team and also kickstarting the growth of the team to support the construction of Magino.

2020 also challenged our workforce with the restrictions due to COVID-19, and we are proud to mention that our workforce demonstrated initiative, leadership and resilience while navigating the pandemic. In Mexico, our team implemented the "Safe Return to the Mine" program, which is a set of strict safety protocols that ensured the safety and wellbeing of the Argonaut family as we resumed operations. Team members participated in the development, implementation and monitoring of the program, which included consultations with health authorities, community members and the municipal government. Our health and medical staff at our operations were recognized and awarded by the Company for their courage, dedication and commitment to safety.



2020 EMPLOYEE STATS

LOCATION	EMPLOYEES	% LOCAL	% WOMEN	% UNIONIZED
El Castillo	283	70%	12%	64%
San Agustin	167	69%	8%	58%
La Colorada	169	63%	5%	16%
Florida Canyon	343	83%	15%	n/a
Magino	19	47%	26%	n/a
Cerro del Gallo	7	57%	29%	n/a
San Antonio	2	50%	50%	n/a
Corporate	12	100%	42%	n/a



BEYOND WORKFORCE TRAINING

In addition to workforce training, it is important to provide additional workshops in order to empower and optimize our team members. In 2020, we provided workshops and training at our operations on the following:

- Safe Production - Care to Lead Workshops
- Lead Supervisor Training
- Supervisor Regulatory / Compliance Training
- Superintendent / Manager Leadership Training
- Computer Training
- Risk and Safety Analysis
- Safe Use of Cyanide
- Fire Prevention and Combat

"I am very happy that they are training us, they are teaching us and keeping us updated on safety, and above all, they are investing time, money, and they care about us." - Ivis Arvayo, La Colorada employee.

INDUSTRY LEADERSHIP IN THE COMMUNITY

The Argonaut team continues to demonstrate leadership within the industry and are ambassadors for our values. Women on our team were key participants in forums including:

- Sonoran Economy Reactivation Forum hosted by the Department of Economy of the State of Sonora
- AMSAC Sonoran Mining Association "IRIS Mining" (Innovative, Responsible, Inclusive and Safe Mining)
- "Today's Mining Industry in Mexico" hosted by Sonora - Arizona Commission
- "Communication for Sustainability" Panel during the MINNOVACIÓN 2020 Forum hosted by the Sonoran Mining Cluster

"Talent is a matter of mind and heart, more than a matter of gender."
- Lourdes McPherson, Corporate Affairs Manager Sonora and Guanajuato.



"It is very rewarding to have the opportunity to work a few minutes from home, as you also have the chance to spend time with your family, which is the most important thing for me. In my experience I have witnessed how Argonaut offers their support to workers inside and outside the mine, which makes people very happy and motivates them to work harder. As we know, the economic benefits of working at Argonaut is a benefit for the employee and their family."

Diana Alvarado, Head of the El Castillo Complex lab and local employee of 10 years



OUR COMMUNITY

SAFE COLLABORATION WITH OUR NEIGHBOURS

Community support and leadership during a challenging year.

Last year as we navigated the challenges of the global pandemic across all of our teams, our team efforts extended to the communities in which we operate. In addition to our commitment to community initiatives that include improving infrastructure, championing educational initiatives and scholarships, encouraging local entrepreneurship and supporting local businesses, strengthening indigenous and ejido relations and celebrating cultural programs, we prioritized community focused COVID-19 response initiatives to help protect the communities we work closely with.



Community COVID-19 initiatives in Cerro del Gallo, Guanajuato, Mexico.

COMMUNITY COVID-19 RESPONSE

SANITIZATION CAMPAIGNS

- La Colorada - Monthly sanitization campaigns that included the sanitization of houses, local businesses and public spaces.
- El Castillo Complex - Sanitization campaign for public spaces in San Lucas, San Agustín, Otilio Montaña, Atotonilco, Las Cruces, San Juan del Río.

- Donated full face masks and infrared thermometers to the Health Centre.

SANITARY SUPPLY DONATIONS

- Distribution of three-layer face masks, antibacterial gel and other protection supplies throughout communities in La Colorada, El Castillo Complex and Cerro del Gallo.

MEDICAL CENTER SUPPORT

- Donated medical supplies and equipment to the La Colorada Sonora Health Centre including a new autoclave, medical carts, lamps, vaccine storage, bandages and electrolyte serums. We also contributed to improvement of the facility's infrastructure which included the donation of an air conditioning device and modifications to ambulance transportation.

COMMUNITY SUPPORT

- Provided COVID-19 prevention workshops for the community.
- Participation in the Municipal Safety Committee for the El Castillo Complex communities.
- Training sessions provided to community members and small business owners on safety and sanitization protocols.
- Community signage campaign.
- Grocery packages and blankets donated to at-risk families.

COVID-19 RESPONSE COMMUNITY INVESTMENT

El Castillo Complex:

Total Investment
MXN \$386,000

La Colorada:

Sanitization Campaign
MXN \$1,070,600

Sonora Health Center
MXN \$53,348

Community Signage Campaign



INFRASTRUCTURE

Investing in proper infrastructure is key to ensuring communities have the proper support to thrive. This includes roads, agricultural support and support for entrepreneurial ventures. In 2020, we made key contributions including:

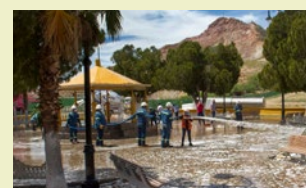
- Improvements to housing and schools in La Colorada including the restoration of eight houses and three schools, for a total investment of MXN \$2,159,534;
- Completion of maintenance work for 67 kilometres of roads near La Colorada in the community of Cobachi and the road to the graphite plant, for a total investment of MXN\$170,000;
- Completion of improvements to the San Lucas - San Agustin road, where we built a flood trench and sewer along the road. In San Lucas we also assisted in the concrete pouring of the bridge;
- Provided maintenance to reservoirs in Ejido de San Agustin which were built to collect rainwater for cattle;
- Drilled two wells and installed solar equipment at the La Cruces and Mimbres ranches; and
- Donated a MXN\$20,000 totem to Ejido Otilio Montaño.



Road improvements in the community of Cobachi near La Colorada.

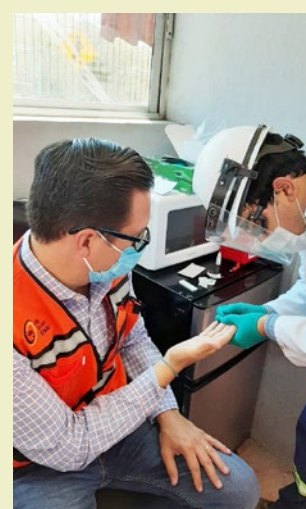


Installing new solar panels at La Cruces and Mimbres ranches near San Agustin.



"During COVID-19, we have a valuable ally through the effective collaboration with Argonaut Gold's La Colorada Mine. It is necessary to continue working as a team on behalf of our community, always looking out for our citizens' wellbeing. Argonaut Gold has always paid attention and has been close during 2020 through its community development program to conduct COVID-19 prevention campaigns, and to take good care of at-risk residents in the community."

Marco Antonio Platt Escalante, Mayor of La Colorada, Sonora



SUPPORTING EDUCATION

Investing in education remains one of Argonaut's key community initiatives and continued to provide both monetary benefits and co-operative education partnerships. In 2020 we:

- Participated in an educational partnership at Florida Canyon, as part of a scholarship program with the Great Basin College of Nevada. We currently have three Maintenance Training Co-operative students as part of our partnership;
- Launched a "Homework Club" at our Cerro del Gallo Community House to assist elementary school students with a need for internet access and other services; and
- Donated educational scholarships to preschool, elementary, junior and senior high school and university students in our Mexico communities. This includes 450 scholarships to students in La Colorada for a total investment of MXN \$481,500.

"I was granted a scholarship for one school year in senior high school and I used that money to help me purchase the materials required by the school. I am also able to cover my external expenses, as I am now enrolled in the medicine program at the university. Argonaut's support has been a great contribution to pay for some of my tuition expenses," says Guadalupe Aguilera Graciano, a scholarship recipient in San Agustín.



Two university students part of the Maintenance Training Co-operative program assisted in connecting a new generator to the power grid at Florida Canyon.



Assisting students at the "Homework Club" at the Cerro del Gallo Community House.

3000th SCHOLARSHIP

In early 2020 we presented our 3000th scholarship in La Colorada, which included a community ceremony attended by Victor Guerrero, the Secretary of Education and Culture of the State of Sonora, Marco Antonio Platt, the Mayor of La Colorada and Manuel Encina Cabrera, the General Manager of the La Colorada Mine.



"Collaborative work between Argonaut Gold's La Colorada Mine and the State Government is an example that the actions to promote education always yield results. Granting of Scholarship number 3000 to students from our community is evidence that corporate social responsibility goes beyond the words and is achieved with action."

Victor Guerrero,
Secretary of Education of the
State of Sonora Government

Road improvements and Ejido members in San Lucas receiving monthly grocery packages.



FOSTERING ENTREPRENEURSHIP

Empowering local communities is key to building a legacy. This year we continued to foster entrepreneurship and our support for local businesses by training local, hiring local and providing access to tools for the development of the local business economy. This included:

- Providing a local development program at San Agustin which offered workshops on business practices;
- Offered defensive driving courses for bus and truck drivers in Ejido San Agustin and San Lucas;
- Developing a supplier growth program in the community of San Lucas and adding local suppliers for services; and
- Launching a job link program which provides specialized training courses for residents from San Agustin, San Lucas and Otilio Montaña which will allow participants to work either within the Company or seek other employment opportunities.

As part of our training and workshop initiatives, we have also seen entrepreneurial growth within our company. Martín Elías Romanos, a former Open Pit Supervisor at La Colorada, started his own business leasing sprinkler tank trucks to the Company, and has since seen growth in his new company. *“I am very grateful for the mine for giving me the chance to start my own business. I currently have three workers providing our services at the pit. My family is very proud of my growth and I look forward to starting new projects,”* says Martín.

“As a new supplier, I am grateful to the Company for giving us the opportunity, and for growing with us. This is the reason why we are committed to providing them with a quality service and to apply the concept of continuous improvement on all our activities.”

Sandro Martinez Amador, Commissioner of co-owned assets in San Lucas de Ocampo and administrator of the business who provides Argonaut with tank trucks and passenger bus services

COMMUNITY OUTREACH AND CULTURE

Although community outreach events and the participation in community cultural events was a challenge in 2020 due to the pandemic, Argonaut was proud to participate in the following:

- Supported both the local Pivot Jeunesse program as well as the community Christmas lights display in Dubreuilville, Ontario.
- Continued to distribute grocery packages to communities in Mexico including monthly packages to ejido members and elders.
- In January 2020, together with the Department of Culture of the State of Sonora led by Mario Welfo, the Municipal Administration of La Colorada, Sonora and our La Colorada Mine, La Colorada was the co-host of the Alfonso Ortíz Tirado Cultural International Festival which was an eight day cultural and artistic festival for the residents of different neighbouring communities. Our La Colorada mine was the stage for the closing concert of the festival.
- Supported local Florida Canyon community programs in Nevada including volunteer work and donations to: Imlay School, Safe Haven Animal Sanctuary, Boys and Girls Club, Women In Mining, Frontier Community Coalition, Elk Foundation and the Family Resource Center.
- Continued to provide free medical services and medication in San Antonio.



Dr. Benividez providing free medical services in San Antonio.



Argonaut team members assisting in fence installations at the Safe Haven Animal Sanctuary.

MICHIPICOTEN FIRST NATION COMMUNITY AGREEMENT CELEBRATION

Michipicoten First Nation and Argonaut celebrated the conclusion of a community agreement in early 2020 with a formal dinner at the community banquet hall. The community agreement is one of the six community agreements Argonaut has developed in consultation with the Indigenous communities impacted by the Magino development.



(L-R) Magino General Manager, Chris Gibbs, John Kim Bell, Gimaa Kwe/Chief Patricia Tangie Michipicoten First Nation, President & CEO, Pete Dougherty, Director, Environment & Community Relations Magino Project, Kyle Stanfield.



“Michipicoten First Nation has relationships with a number of mines and energy companies. Argonaut Gold stands head and shoulders above all others in their collaborative approach, transparency and willingness to accommodate Michipicoten’s concerns and interests. The Argonaut approach is refreshing and modern and other companies need to take note and emulate Argonaut’s high standards of working with First Nations.”

Gimaa Kwe/Chief Patricia Tangie
Michipicoten First Nation

Closing concert for the Alfonso Ortíz Tirado Cultural International Festival at the La Colorada mine in January 2020.



LA COLORADA COMMUNITY HOUSE INAUGURATION

In January 2020, we hosted the inauguration of Argonaut's La Colorada Community House in Sonora Mexico. The Community House, located on our La Colorada property, offers a space where residents can participate in cultural activities and workshops, learn arts and crafts, as well as to meet with other residents and seek assistance from our community team. Attended by the Sonora Governor of the State Claudia Pavlovich Arellano and members of the Argonaut team, the event marked a significant step in providing safe community spaces for residents to use for many years going forward.



La Colorada Community House Inauguration in January 2020 attended by Sonora Governor of State, Claudia Pavlovich Arellano, Argonaut's Vice President of Corporate Affairs and Country Manager Mexico, Jesús Gutiérrez, La Colorada Mine General Manager, Manuel Encinas and Mayor of La Colorada, Marco Antonio Platt.

"They are Sonora's pride," says Governor Claudia Pavlovich at the inauguration of Argonaut's Community House in La Colorada.

"I acknowledge the social commitment of the La Colorada Mine, with the creation of spaces for the benefit of residents of this municipality. Your corporate vision and responsibility is the reason why Argonaut is Sonora's pride, and it sets an example to be replicated in every corner of our state. Mines bring prosperity and integral development to the regions where they operate."

Claudia Pavlovich Arellano
Governor of the State of Sonora

OUR ENVIRONMENT

REDUCING OUR IMPACT

Last year we continued to optimize our operations to reduce our use of natural resources and our impact on the environment.

As we transition our Company, we have also assessed our impact as we continue to grow. Over the past year we have implemented changes that resulted in a reduction in water consumption, energy consumption and greenhouse gas emissions (“GHG”). We also received the ESR (Empresa Socialmente Responsable) Award for the eighth year across all operations in Mexico, which distinguishes Argonaut as a leader as a socially and environmentally responsible company.

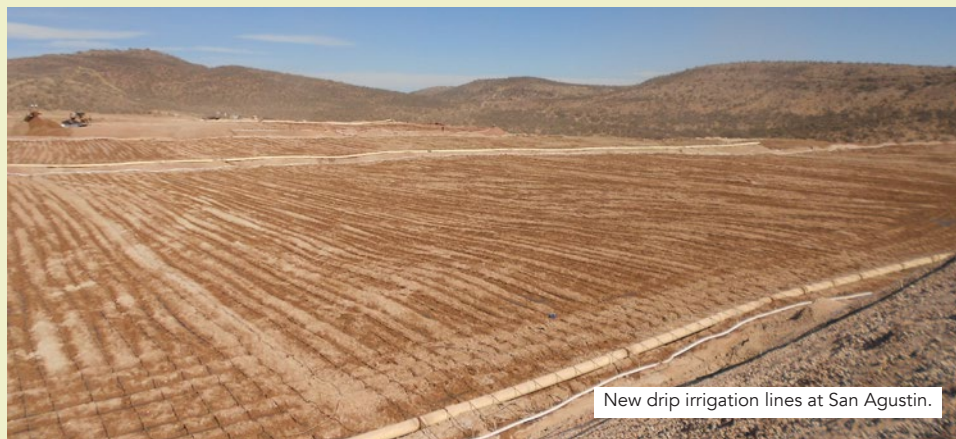


Delivering tree donations in the community of Cerro del Gallo.

MAKING CHANGES TO OUR IRRIGATION SYSTEM

At the beginning of 2020 we started the process of migrating from the use of a sprinkler irrigation system to a hose drip irrigation system at operations in Mexico. A telemetric flow meter was installed to improve accuracy. By doing so, we have seen significant changes in water consumption and the optimization of resources.

- Reduction in water consumption: 8%
- Reduction in water evaporation factor: 7%
- Reduction in dust
- Reduction in ponding derived from excess humidity on the surface
- Controlled irrigation rate
- Flow priority optimization on fresh mineral



New drip irrigation lines at San Agustin.

“Such application comes from the need to optimize water use in arid zones for the benefit of agriculture, and the system is mainly based on friction to slow water flow speed inside the plastic (dripper). The application of this system in El Castillo has favored the reduction of the evaporation factor by applying water in a paused, constant and regular rate to the minerals dropped in the yards. With this system we contribute to have a significant saving of water resources.”

Luis Robles
Process Superintendent at El Castillo

Solar panels have been installed at La Colorada and the El Castillo Complex to power areas such as the security building.



RECYCLING DATA

- **El Castillo Complex:**
 - 306,700 litres of oil
 - 242 tonnes of scrap metal
 - 50 tonnes of wood scrap
 - 40 tonnes of plastic scrap
- **La Colorada:**
 - 11,600 litres of oil
 - 112,616 tonnes of metal and wood scrap
- **Florida Canyon:**
 - 211,358 litres of oil
 - 3,994 litres of antifreeze
 - 297 tonnes of scrap metal



ALTERNATIVE ENERGY

By installing solar panels on-site in Mexico, including on buildings such as the security booth, we have:

- Saved 31,345 litres of diesel per year
- Reduced GHG emissions by approximately 84 tonnes per year
- The capacity to generate 11.8 kWh off-grid energy

"With solar panels we have the opportunity to provide energy to areas where it is needed, without increasing consumption from the grid." - Mario Corte, Coordinator of La Colorada Environmental Department

Other energy savings initiatives included:

- Installing a device to measure power on the medium voltage line and monitor power unbalances to detect real time problems and provide information to correct failures which generate a higher power consumption.
- Changes to the lighting system in the plant and conveyor belts. The replacement of lamps saved us approximately 4,725 kW per month.

MONITORING, TRAINING & PROGRAMS

Argonaut is committed to the monitoring of our impacts and providing training to our teams on environmental protocols.

- Air quality: We measure our air quality on a monthly basis, and our dust particle measurements are consistently below the Mexican standard.
- Workshops:
 - Handling of water measurement systems
 - Handling of dangerous waste
 - Handling of poisonous animals
- Coordinated the 2020 Order and Cleanliness Campaign through the Environmental Department
- Community programs:
 - Donated equipment to the Municipal Administration of San Juan del Rio for the cleaning of green spaces and the rescue of natural tourist places.
 - Cleaned multiple streams including “Las Prietas” stream in La Colorada and a stream in Cerro del Gallo, removing weeds, debris and materials from obstructing water flow.



Performing dust particle testing to monitor air quality at our operations.



Stream cleaning campaign in Cerro del Gallo.

SPECIES AT RISK NET BENEFIT PERMIT

2020 marked an important year for permitting the Magino project and species conservation played a central role in how the project has evolved. Argonaut is proud to have developed a collaborative approach with the Ontario Ministry of Environment, Conservation and Parks through the development of a Net Benefit Species at Risk permit in support of the Magino development. Bat populations in North America are under threat due to the increasing prevalence of a fungal infection called white-nosed syndrome that has become endemic in bat populations. While Bats are generally an under appreciated part of the ecosystem, Northerners know their importance to keeping the insect population in check.

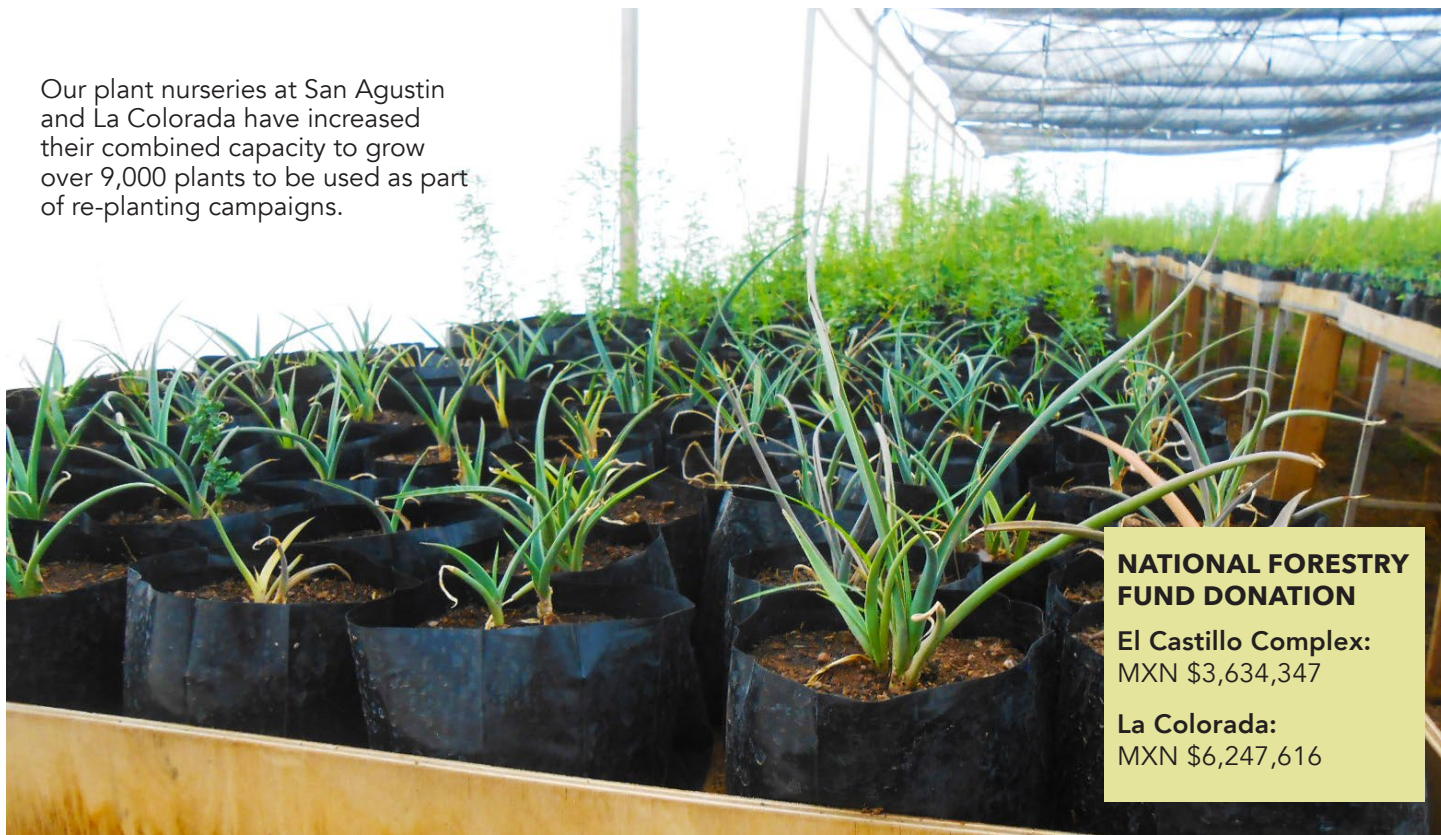
Since any mine opening left inactive in Ontario will invariably attract bats to overwinter and escape harsh winter conditions, the former mine adit from the prior underground mine at Magino was no different. In order to compensate for this habitat or Hibernaculum that will be removed during the new mine development, Argonaut agreed to form a scientific team to design and install Ontario’s first constructed Bat Hibernaculum. The Net Benefit permit was negotiated with the Ministry over a two-year period and will see the constructed Hibernaculum installed during the project construction phase and includes instrumentation to assist biologists in assessing the use of the habitat for years to come. Argonaut and the Ministry are hopeful that through monitoring, we will be able to gain valuable insights into bat overwintering and potentially help with conserving the species. The approach has been greeted with enthusiasm by local communities including our Indigenous partners who have expressed concern related to species conservation.



Bat species in Northern Ontario.



Our plant nurseries at San Agustin and La Colorada have increased their combined capacity to grow over 9,000 plants to be used as part of re-planting campaigns.



NATIONAL FORESTRY FUND DONATION

El Castillo Complex:
MXN \$3,634,347

La Colorada:
MXN \$6,247,616

SPECIES AND PLANT RESCUE CAMPAIGNS AT OPERATIONS

- **El Castillo:**
 - Rescued and relocated 122 plants combining native species such as agaves, yucas, sotoles and biznagas from the areas where mining activity is being expanded.
 - Rescued and relocated a total of seven fauna species, including a rattle snake, coyote, opossums, and a beehive within the project.
- **San Agustin:**
 - Rescued and relocated a total of 825 plants of different cactuses species from areas where our mining activity is being expanded.
 - Increased our on-site plant nursery to a total of 800 yuca plants and 300 huizaches, for a total inventory is 4,000 mezquites, yucas and huizaches.
 - Rescued and relocated a total of 14 fauna species that were found inside the project, including rattle snake, tortoise, a cuncuate snake and a white tailed deer.
- **La Colorada:**
 - Installed 53 filtrating dams to preserve water.
 - Rescued over 15,000 plants and increased our nursery capacity to grow over 5,000 plants per year.
 - Rescued approximately 55 animals of various species for their subsequent relocation.
- **Florida Canyon:**
 - Performed surveys for ground nesting birds prior to working in previously undisturbed areas.
 - Installed and maintained exclusion fencing around process solution ponds to preclude terrestrial animal access.



Our reforestation campaign at San Agustin used new plants from our on-site nursery. During this campaign we used hydrogel, a biodegradable product which helps retain water, and provides the plant with the necessary humidity during scarce rainfall periods.



Rescued white tailed deer at San Agustin.

MANAGING RISKS

MEASURING POTENTIAL RISK IMPACTS

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.

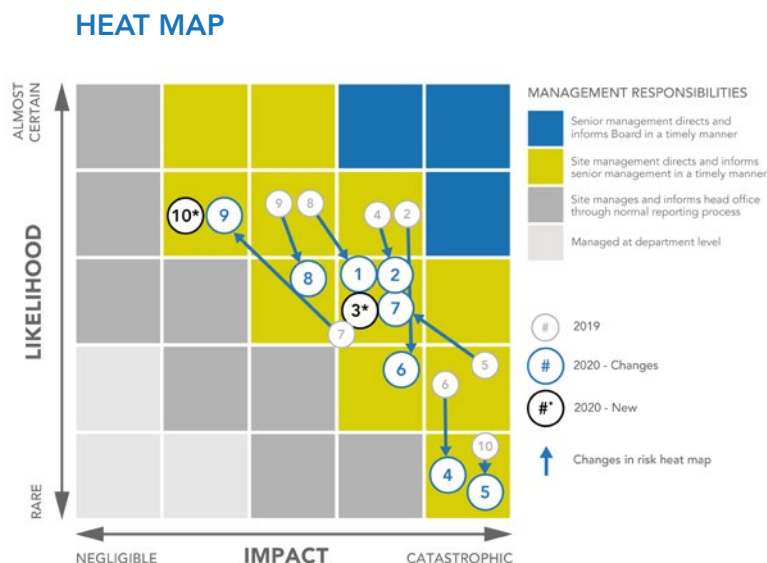
Our senior management, operations and exploration teams continue to identify and manage risks, through monitoring with our internal management systems within a risk governance framework.

We identified key risks across all aspects of our organization and outlined our top 10 risks throughout 2020, which included new risks and a shift in ranking for the other risks included in 2019. New risks we identified in 2020 include the Pandemic or Endemic and Communication. All of the risks carried over from 2019 to 2020 have shifted in ranking, including a change in our top risk from Access to Capital (in 2019), to Project Development.

Below are the 2020 Top 10 Risks:

- 1 Project Development
- 2 Guidance
- 3 **Pandemic or Endemic***
- 4 Country risk - Mexico*
- 5 Gold Price
- 6 Permitting
- 7 Legal Actions
- 8 Appropriate Staffing
- 9 Tax
- 10 **Communication***

* New Top 10 Risks in 2020



2020 TOP 10 RISKS

RISK	CAUSES	IMPACTS	EXPECTED IMPACT RATING	EXPECTED LIKELIHOOD RATING	HEAT MAP RISK LEVEL	RANKING vs. 2019
1 Project Development (2019 - Access to Capital)	Insufficient detailed engineering. Lack of consistent forecasting for capital and investment projects. Non-compliance.	Loss of confidence in team / company. Spend more / less than estimates. Lost opportunity.	Major	Possible	18 (17)	▲ 2019 Rank: 8
2 Guidance (2019 - Permitting)	Operations unable to plan or determine mine grades properly. Poor investment decision. Improper forecasting. Miss cash flow estimates	Loss of shareholder confidence. Difficulty with cash flow estimates.	Major	Possible	18	▲ 2019 Rank: 4
3 Pandemic or Endemic* (2019 - Land Access)	COVID-19 or similar situation.	Shutdown of operations or supply chain complications.	Major	Possible	18	2019 Rank: n/a
4 Country Risk Mexico (2019 - Guidance)	Change relationship between government and narcos, new president, new congress.	Loss of operations, mines. Safety issues due to fighting with narcos. New tax laws.	Catastrophic	Rare	15 (19)	▲ 2019 Rank: 6
5 Gold Price (2019 - Legal Actions)	Supply & demand changes, geopolitical stability.	Variability in revenues and cash flows.	Catastrophic	Rare	15 (15)	▲ 2019 Rank: 10
6 Permitting (2019 - Country Risk Mexico)	Inadequate technical components of permit document; Political influence; Legal action brought against Argonaut or regulatory officials.	Suspension of existing operations; Delay of project startup and development.	Major	Unlikely	14 (21)	▼ 2019 Rank: 2
7 Legal Actions (2019 - Tax)	Regulatory non-compliance. NGO interference. Community unrest. Inadequate legal structure in Mexico.	Unable to operate.	Major	Unlikely	14 (19)	▼ 2019 Rank: 5
8 Appropriate Staffing (2019 - Project Development)	Mexico not a favorable location. Competition for skilled employees in Canada and Nevada.	Turnover in employees. Lower quality employees. Bad decisions at site level.	Major	Possible	13 (17)	▲ 2019 Rank: 9
9 Tax (2019 - Appropriate Staffing)	Governments are looking to increase revenue through new tax laws or interpretations of tax laws.	Dispute with government. Potential payment of taxes, fees, interest. Resources required to resolve dispute.	Minor	Likely	12 (18)	▼ 2019 Rank: 7
10 Communication* (2019 - Gold Price)	Lack of organizational structure. Geographical diversity.	Unable to grow, advance or make decisions as quickly as desired.	Minor	Likely	12	2019 Rank: n/a

* New Risks in 2020 (#) Risk and risk level in 2019

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.

LEADERSHIP

BOARD OF DIRECTORS

James E. Kofman ^{2,3} Chairman

Ian Atkinson ^{1,2}

Peter C. Dougherty

Stephen Lang ^{1,3}

Christopher Lattanzi (Retired December 31, 2020)

Peter Mordaunt ^{2,3}

Dale C. Peniuk ^{1,2}

Paula Rogers ^{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 Corporate Development
and Investor Relations

W. Robert Rose
Vice President of Technical Services

Brian Arkell
Vice President of Exploration

BOARD COMMITTEES

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, 2020. 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. Measured and Indicated Mineral Resources listed below are inclusive of Mineral Reserves.

MINERAL 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	
El Castillo ²	Proven	0.2	0.51	4					
El Castillo ²	Probable	17.1	0.36	199					
San Agustin ²	Probable	47.2	0.30	448	9.4	14,278			
El Castillo Complex²	Proven & Probable	64.5	0.31	651		14,278			
La Colorada³	Probable	24.1	0.58	453	8.6	6,702			
Florida Canyon ⁴	Proven	59.9	0.43	822					
Florida Canyon ⁴	Probable	10.9	0.38	132					
Florida Canyon⁴	Proven & Probable	70.8	0.42	954					
Magino ⁵	Proven	24.2	1.03	804					
Magino ⁵	Probable	34.7	1.19	1,332					
Magino⁵	Proven & Probable	58.9	1.13	2,136					
Cerro del Gallo ⁶	Proven	70.4	0.59	1,326	13.7	31,088	0.10	67,691	
Cerro del Gallo ⁶	Probable	21.3	0.46	313	11.7	8,012	0.08	17,821	
Cerro del Gallo⁶	Proven & Probable	91.8	0.56	1,638	13.3	39,100	0.09	85,512	
Ana Paula ⁷	Proven	6.5	2.62	550	5.3	1,115			
Ana Paula ⁷	Probable	6.9	2.12	471	5.1	1,139			
Ana Paula⁷	Proven & Probable	13.4	2.36	1,021	5.2	2,254			
Consolidated Mineral Reserves	Proven & Probable	323.4	0.66	6,854	N/A	62,334	N/A	85,512	

MINERAL RESOURCES		MEASURED & INDICATED ("M&I")							
El Castillo ⁸	M&I	40.4	0.34	447					
San Agustin ⁸	Indicated	65.6	0.27	579	8.4	17,651			
El Castillo Complex⁸	M&I	106.0	0.30	1,026		17,651			
La Colorada ⁹	Indicated	35.0	0.56	631	8.2	9,270			
Florida Canyon ¹⁰	M&I	86.0	0.42	1,161					
Magino ¹¹	M&I	144.0	0.91	4,197					
Cerro del Gallo ¹²	M&I	201.9	0.44	2,864	12.2	79,103	0.09	187,100	
Ana Paula open pit ¹³	M&I	18.0	2.06	1,195	4.9	2,865			
Ana Paula underground ¹³	M&I	3.0	2.80	267	4.2	404			
San Antonio ¹⁴	M&I	65.0	0.86	1,735					
Consolidated Mineral Resources	Measured & Indicated	658.9	0.62	13,076	N/A	109,293	N/A	187,100	

Measured and indicated Mineral Resources are inclusive of Mineral Reserves

MINERAL RESOURCES		INFERRED							
El Castillo ⁸	Inferred	1.8	0.35	20					
San Agustin ⁸	Inferred	2.1	0.36	25	8.7	603			
El Castillo Complex⁸	Inferred	3.9	0.36	45		603			
La Colorada ⁹	Inferred	1.4	0.53	23	10.9	480			
Florida Canyon ¹⁰	Inferred	5.8	0.29	54					
Magino ¹¹	Inferred	33.2	0.83	886					
Cerro del Gallo ¹²	Inferred	5.1	0.43	71	11.9	1,947	0.06	1	
Ana Paula open pit ¹³	Inferred	0.2	1.27	10	8.8	70			
Ana Paula underground ¹³	Inferred	0.6	2.07	41	3.9	79			
San Antonio ¹⁴	Inferred	6.2	0.34	67					
Consolidated Mineral Resources	Inferred	56.0	0.65	1,170	N/A	3,094	N/A	1	

¹ Refer to Mineral Resource Notes And Disclosures on page 39.

DISCLAIMERS

NATIONAL INSTRUMENT 43-101 AND QUALIFIED PERSON

Estimates of Mineral Reserves and Mineral Resources for our material mineral properties have been prepared under the general supervision of Brian Arkell, Argonaut's Vice President of Exploration, and a Qualified Person for the purposes of NI 43-101.

MINERAL RESOURCE NOTES AND DISCLOSURES

(1) Mineral Reserves and Mineral Resources have been estimated as at December 31, 2020 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.

(2) The Mineral Reserves for El Castillo and San Agustin, which together form the El Castillo Complex, set out in the above table 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, 2020. El Castillo used a gold price of \$1,500 per ounce; San Agustin used a gold price of \$1,500 per ounce and silver price of \$18.75 per ounce. Cut-off grades for El Castillo range from 0.10 g/t Au to 0.51 g/t Au depending on ore type; cut-off grades at San Agustin were 0.13 g/t Au.

(3) The Mineral Reserves for La Colorada set out in the above table are based on updated models, mine plans and topography as well as updated recoveries and cost assumptions as of December 31, 2020. La Colorada used a gold price of \$1,500 per ounce and a silver price of \$18.75 per ounce. Cut-off grade for La Colorada was 0.11 g/t AuEQ.

(4) The Mineral Reserves for Florida Canyon set out in the above table are based on updated models, mine plans and topography as well as updated recoveries and cost assumptions as of December 31, 2020. Florida Canyon used a gold price of \$1,500 per ounce. Cut-off grade for Florida Canyon was 0.17 g/t Au.

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

(6) The Mineral Reserves for Cerro del Gallo set out in the table above 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.

(7) The Mineral Reserves for Ana Paula set out in the table above were taken from the Ana Paula Technical Report. The Mineral Reserves were estimated at a gold price of \$1,200 per ounce and a silver price of \$17.00 per ounce. The Mineral Reserves used a gold cutoff grade of 0.67 g/t Au.

(8) 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 based on pit cones using \$1,800 per ounce gold and \$22.50 per ounce silver. Cut-off grades range from 0.08 g/t Au to 0.43 g/t Au for El Castillo and 0.10 to 0.23 g/t AuEQ for San Agustin, depending on ore type.

(9) The M&I Mineral Resources and Inferred Mineral Resources for La Colorada set out in the above table were based on pit cones using \$1,800 per ounce gold and \$22.50 per ounce silver. Cut-off grade was 0.09 g/t AuEQ.

(10) The M&I Mineral Resources and Inferred Mineral Resources for Florida Canyon set out in the above table were based on pit cones using \$1,800 per ounce gold. Cut-off grade was 0.15 g/t Au.

(11) The M&I Mineral Resources and Inferred Mineral Resources for the Magino Project set out in the table above 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.

(12) The M&I Mineral Resources and Inferred Mineral Resources for the Cerro del Gallo Project set out in the table above 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.

(13) The M&I Mineral Resources and Inferred Mineral Resources for Ana Paula set out in the table above were taken from the Ana Paula Technical Report. The Mineral Resources were estimated at a gold price of \$1,350 per ounce and a silver price of \$17.00 per ounce. The Mineral Resources used a gold cutoff grade of 0.60 g/t Au for the Mineral Resources amenable to open pit extraction and 1.65 g/t Au for the Mineral Resources amenable to underground extraction.

(14) The M&I Mineral Resources and Inferred Mineral Resources for the San Antonio Project set out in the table above 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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than statements of historical facts, included in this report that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's businesses, operations, plans and other such matters are forward-looking information.

When used in this report, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such forward-looking information include information pertaining to, without limitation, inherent hazards associated with mining operations, the future price of gold and silver, the market and global demand for gold and silver, the estimation of the Mineral Reserves and Mineral Resources, the realization of Mineral Reserve and Mineral Resource estimates, the timing and amount of estimated future production, costs of production, expansion of production capabilities, expected capital expenditures, costs and timing of development of new deposits, success of exploration activities, permitting risk in development projects, the ability to obtain surface rights to support planned infrastructure at the Corporation's exploration and development projects, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks and hazards, title disputes or claims and limitations on insurance coverage.

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.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such information will prove to be accurate as actual developments or events could cause results to differ materially from those anticipated. These include, among others, the factors described or referred to elsewhere herein, and include unanticipated and/or unusual events. Many of such factors are beyond the Corporation's ability to predict or control.

Readers of this report are cautioned not to put undue reliance on forward-looking information due to its inherent uncertainty. The Corporation disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, unless required under applicable laws. This forward-looking information should not be relied upon as representing management's views as of any date subsequent to the date of this report.

NON-IFRS MEASURES

The Company has included certain non-IFRS measures including “Cash cost per gold ounce sold”, “All-in sustaining cost per gold ounce sold”, “Adjusted net income”, “Adjusted earnings per share - basic” and “Net cash” in this MD&A to supplement its financial statements which are presented in accordance with IFRS. The Company believes that these measures provide investors with an alternate view to evaluate the performance of the Company by providing information on control of production costs, trends in cash costs of the Company and the underlying operating performance of the core mining business. Management also uses these measures to monitor internal performance. 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.



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