

2021

ANNUAL &
SUSTAINABILITY
REPORT



TRANSFORMATION IN MOTION





Argonaut Gold is a Canadian gold company engaged in exploration, mine development and production. Its primary assets are the El Castillo mine and San Agustin mine, which together form the El Castillo Complex in Durango, Mexico, the La Colorada mine in Sonora, Mexico and the Florida Canyon mine in Nevada, USA. The Company is also more than halfway completed with the construction of its flagship asset – the Magino project in Ontario, Canada. The Company holds the advanced exploration stage Cerro del Gallo project and several other exploration stage projects, all of which are located in North America.



San Agustin Mine in Durango, Mexico

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First steel lift at Magino in early 2022.

RECORD ANNUAL REVENUE

\$436.9M

37% increase from \$319.7M in 2020

RECORD ANNUAL CASH FLOW

before changes in working capital and other items

\$124.9M

31% increase from \$95.08M in 2020

RECORD ANNUAL PRODUCTION^{1,3}

244,156 GEOs

36% increase from 179k from 2020

CASH COSTS²

\$1,006 /Au oz. sold

In line with 2021 Guidance range of \$950 - \$1,050

ALL-IN SUSTAINING COSTS²

\$1,311 /Au oz. sold

In line with 2021 Guidance range of \$1,250 - \$1,350

2021 & RECENT HIGHLIGHTS

- ✔ We commenced construction on the Magino project and continue to advance on schedule for first gold pour by March 31, 2023.
- ✔ Year-over-year lost time injury frequency rate ("LTIFR") reduction of 7%.
- ✔ Received nationally awarded Environmental Socially Responsible Company recognition for the 10th consecutive year for its Mexican operations.
- ✔ At Magino, we continued to discover high-grade gold mineralization in six distinct zones below and adjacent to the planned pit: Elbow, Central, Scotland, #42, Sandy and South. We also filed an updated Technical Report in March 2022.
- ✔ At La Colorada, we discovered high-grade gold mineralization below the El Crestón pit.
- ✔ At San Agustin, we declared an initial sulphide inferred Mineral Resource, which has the potential to extend the mine life by six to ten years with further drilling and metallurgical work.
- ✔ At Florida Canyon, we received the air quality permit modification and installed new a conveying and stacking system.

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

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

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

³ Produced ounces are calculated as ounces loaded to carbon.



JAMES KOFMAN
Chairman

A MESSAGE FROM OUR LEADERSHIP

TRANSFORMATION IN MOTION

We continued to execute on our three-phase approach: Harvest, Replace and Grow.

The Argonaut Gold Inc. (“Argonaut”) 2021 year was marked by significant accomplishments and major disappointments. Early in 2021, we kicked off construction of our Magino project in Ontario, Canada, which is our flagship asset. Magino’s importance to Argonaut cannot be overstated: it is planned to provide a much lower cost, longer life mine to our operating portfolio and will see the majority of our production and cash flow come out of the tier one jurisdiction of Ontario, Canada. To put this in perspective, our four current operating mines each averaged approximately 58,000/oz of gold production in 2021. Magino is expected to average 142,000 oz/year on its own over its first five years following its ramp up period. Our consolidated all-in sustaining cost (“AISC”) from our existing operations in 2021 are much higher than the Magino expected AISC as reported in a recently updated technical report. Simply put, Magino will transform Argonaut into a lower-cost, intermediate gold producer with 100% of Argonaut’s production coming from North America.

We did, however, experience meaningful challenges during the first half of Magino’s construction, which led to a significant capital overrun for the project. We, as a Board, take responsibility and took swift action to institute a leadership change and we have been working tirelessly with management to put Argonaut on a solid financial footing to complete the construction of this important project.

While Magino’s capital overrun was clearly a disappointment and not one that we took lightly, as evidenced by our actions, we did accomplish some significant milestones in 2021:



Groundbreaking Ceremony at Magino in Dubreuville, Ontario Canada

- Record annual production of 244,156 gold equivalent ounces.
- Record annual revenue of \$437 million.
- Record annual cash flow of \$125 million.
- Meaningful exploration results at Magino, La Colorada and Florida Canyon, as well as a 400% increase in mineral tenure at San Agustin, that all point to potential mine life extension opportunities.

As we look forward to the next year, our primary focus is the execution of the Magino project. We believe that the biggest value drivers for Argonaut over the next several years are focused on the success of Magino through 1) the delivery of the project on schedule and within our updated capital budget outlined in December 2021, 2) a safe and efficient ramp up to name plate capacity following construction, and 3) a potential expansion to the processing facilities and the development of a high-grade underground mine that would operate concurrent with the open pit mine.

We believe we have the right leadership in place with Larry Radford's appointment as President and Chief Executive Officer, to lead our management team and execute on these key value drivers. We also want to recognize our existing management team for stepping up during the period of transition to help put Argonaut in the best position to succeed.

While there is no doubt that we stumbled in 2021, the entire Argonaut team is working hard to ensure we are well-positioned to execute on our strategy of transitioning Argonaut from a higher-cost, junior producer with relatively short mine lives to a much lower-cost, intermediate producer with significantly longer mine lives. Argonaut needs to do better for its stakeholders. We look forward to the next year and beyond.

Sincerely,
James E. Kofman, Chairman

EXECUTING OUR STRATEGY

In 2021, we continued to execute our transformation strategy, transitioning our Company 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.

HARVEST



RECORD ANNUAL CASH FLOW OF \$125M

- Harvest cash from existing operations.

REPLACE



EXPLORATION SUCCESS

- Replace depleted gold ounces through exploration at existing assets.

GROWTH



MAGINO CONSTRUCTION

- Growth through the development project pipeline.
- All development stage assets provide much longer mine life and significantly lower operating costs.

CONTINUED OPTIMIZATION

"We are very encouraged with the possibility of significantly extending San Agustin's mine life through potential exploration success in the recently acquired mineral concessions and the potential to process sulphide mineralized material. At La Colorada, the mine life currently runs through 2027. While we see good potential to extend this further, particularly at depth, we are currently focused on optimizing the existing LOM plan by accelerating waste stripping and/or eliminating certain waste stripping by transitioning to underground mining sooner on the El Crestón deposit. This LOM optimization work will be a major focus of the La Colorada team this year."

- Lowe Billingsley, Chief Operating Officer



Pre-production drilling at Magino

“Argonaut is generating positive cash flow through its existing operating portfolio, holds an enviable portfolio of growth assets and, once Magino comes on line next year, has the opportunity to transition from a higher cost, junior producer to a lower cost, intermediate producer with a more diversified jurisdictional profile.”

Lowell Billingsley, Chief Operating Officer



San Agustin Mine

COMPANY SNAPSHOT



ARGONAUT'S MATERIAL ASSETS

- PRODUCING MINE
- CONSTRUCTION
- ADVANCED EXPLORATION PROJECT

● EL CASTILLO COMPLEX Durango, Mexico

El Castillo Mine
Acquired: December 2009
Mine Life: 2023

San Agustin Mine
Acquired: December 2013
Mine Life: 2024+

● LA COLORADA MINE Durango, Mexico

Acquired: January 2011
Mine Life: 2027+

● FLORIDA CANYON MINE Nevada, USA

Acquired: July 2020
Mine Life: 2031+

● MAGINO PROJECT Ontario, Canada

Acquired: December 2012
Mine Life: 19+ years
Status: Construction

● CERRO DEL GALLO PROJECT Guanajuato, Mexico

Mine Life: 15+ years
Status: Permitting

CONSOLIDATED MINERAL RESOURCES & RESERVES 2021

MEASURED & INDICATED
MINERAL RESOURCES^{1,2}

13.7Moz. Au

121.5Moz Ag and
187.1T Cu

PROVEN & PROBABLE
MINERAL RESERVES²

6.9Moz. Au

57.2Moz Ag and
85.5T Cu

2021 & RECENT UPDATED TECHNICAL REPORTS FILED FOR:

- El Castillo - dated February 14, 2022 (effective date of October 1, 2021)
- San Agustin - dated February 14, 2022 (effective date of August 1, 2021)
- La Colorada - dated February 14, 2022 (effective date of August 1, 2021)
- Magino - dated March 3, 2022 (effective date of February 14, 2022)

¹ Measured and Indicated Mineral Resources are inclusive of Mineral Reserves.
² At December 31, 2021. Refer to Notes and Disclosures page for Mineral Resource Notes and Disclosure.

MATERIAL MINERAL ASSETS

An overview of Argonaut's material
asset portfolio for 2021



EL CASTILLO MINE

El Castillo Complex - Durango, Mexico

During 2021, the El Castillo Complex, comprised of the El Castillo Mine and the San Agustin mine, produced 12% more GEOs at a cash cost per gold ounce sold¹ 19% higher than during 2020.

GEO production at the El Castillo mine was 6% higher and costs were 16% higher than 2020 due to an 11% increase in total tonnes mined, a 9% increase in ore tonnes loaded to the leach pads and higher recoveries, offset by a 28% reduction in gold grade.

2021 PRODUCTION

48,861 GEOs

2021 CASH COSTS¹

per gold ounce sold

\$1,009

MEASURED & INDICATED MINERAL RESOURCES²

31.4Mt at 0.36 g/t Au
355k contained gold ounces

PROVEN & PROBABLE MINERAL RESERVES³

11.3Mt at 0.39 g/t Au
142k contained gold ounces

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

²The Measured & Indicated 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 \$24.00 per ounce silver. Cut-off grades range from 0.07 g/t Au to 0.48 g/t Au for El Castillo and 0.11 to 0.42 g/t Au for San Agustin, depending on ore type.

³The 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 October 1, 2021 for El Castillo and August 1, 2021 for San Agustin. El Castillo used a gold price of \$1,650 per ounce; San Agustin used a gold price of \$1,500 per ounce and silver price of \$20.00 per ounce. Cut-off grades for El Castillo range from 0.10 g/t Au to 0.27 g/t Au depending on ore type; cut-off grades at San Agustin were 0.16 g/t AuEq except for material scheduled for mining in 2021 that used a cut-off grade of 0.13 g/t AuEq.



SAN AGUSTIN MINE

El Castillo Complex - Durango, Mexico

During 2021, GEO production at the San Agustin mine was 16% higher and costs were 17% higher than 2020 due to a 16% increase in total tonnes mined, a 19% increase in ore tonnes loaded to the leach pads and higher recoveries, offset by a 6% reduction in gold grade.

In 2021 we acquired key mineral concessions for a cash consideration of US\$5.75 million. The mineral concessions acquired more than quadruples Argonaut's mineral tenure and area of potential exploration in the San Agustin district to 5,884 hectares. The acquired mineral concessions consist of a very large concession of 4,791 hectares surrounding all of Argonaut's existing concessions in the district, as well as four key concessions totaling 27 hectares immediately surrounding the San Agustin pit. The acquisition of the four mineral concessions immediately adjacent to the San Agustin pit will allow Argonaut to expand the pit, increase mineral reserves and extend mine life. These strategic mineral concessions may also have potential to add mineralization to the northeast and southwest of the current mine footprint. The very large concession surrounding all of Argonaut's existing mineral concessions in the San Agustin district increases Argonaut's area of potential exploration by over 400%. Anomalous gold mineralization is known to occur in numerous areas of this concession, especially to the north and northwest of the current San Agustin mine operations.

2021 PRODUCTION

74,116 GEOs

2021 CASH COSTS¹

per gold ounce sold

\$915

INDICATED MINERAL RESOURCES²

60.0Mt at 0.27 g/t Au and 7.6 g/t Ag

531k contained gold ounces and 14.8M contained silver ounces

PROBABLE MINERAL RESERVES³

33.2Mt at 0.32 g/t Au and 9.1 g/t Ag

336k contained gold ounces and 9.7M contained silver ounces

Significant increase in INFERRED MINERAL RESOURCE²

86.9Mt at 0.48 g/t Au and 14.7 g/t Ag

1.3M contained gold ounces and 41.0M contained silver ounces

which includes 84.8Mt in initial sulphide Inferred Mineral Resource



LA COLORADA MINE

Sonora, Mexico

During 2021, the La Colorada mine produced 44% more GEOs at a cash cost per gold ounce sold¹ 22% lower than 2020. Higher GEO production was primarily due to a 47% increase in gold grade and a 34% reduction in strip ratio, partially offset by lower recoveries.

In 2021, we initiated exploration programs at depth below the El Crestón pit exploring zones of high-grade gold and silver mineralization, with additional drilling is planned in 2022 to explore deeper for possible extension of the system. Drill highlights from 2021 include:

News Release - April 26, 2021

- 20-LCRC-592 intersected 12.2m at 98.9 g/t Au and 30.3 g/t Ag, including 3.0m of 383.0 g/t Au and 113.5 g/t Ag
- 20-LCRC-562 intersected 21.3m at 44.6 g/t Au and 274.9 g/t Ag, including 3.0 m of 283.1 g/t Au and 858.0 g/t Ag

News Release – September 13, 2021

- South Vein: 21-LCRC-667 intersected 38.1m at 9.1 g/t Au and 126.6 g/t Ag, including 4.6 metres of 51.9 g/t Au and 28.5 g/t Ag
- North Vein: 21-LCRC-657 intersected 29.0m at 3.62 g/t Au and 10.1 g/t Ag, including 4.6m of 17.4 g/t Au and 29.0 g/t Ag
- Central Vein: 21-LCRC-673 intersected 22.9m at 6.7 g/t Au and 30.1 g/t Ag, including 1.5m of 90.0 g/t Au and 14.8 g/t Au

2021 PRODUCTION

66,964 GEOs

2021 CASH COSTS¹

per gold ounce sold

\$730

INDICATED MINERAL RESOURCES²

36.1Mt at 0.62 g/t Au and 8.3 g/t Ag

714k contained gold ounces and 9.6M contained silver ounces

PROBABLE MINERAL RESERVES³

21.1Mt at 0.67 g/t Au and 9.1 g/t Ag

456k contained gold ounces and 6.1M contained silver ounces

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

² The Indicated 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 \$24.00 per ounce silver. Cut-off grade was 0.09 g/t AuEq to 0.11 g/t AuEq, depending on ore type.

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 October 1, 2021. La Colorada used a gold price of \$1,500 per ounce and a silver price of \$20.00 per ounce. Cut-off grade for La Colorada was 0.13 g/t gold equivalent AuEq.



FLORIDA CANYON MINE

Nevada, USA

Argonaut acquired the Florida Canyon mine on July 1, 2020. During 2021, the first full year under Argonaut ownership, Florida Canyon production increased by 15.2% and cash cost increased by 5.9%.

In 2021 we received all necessary regulatory approvals, including a modification to the existing air quality permit, to allow for the construction, installation and operation of a new conveying and stacking system. The receipt of the air quality permit modification allowed us to execute on our plan to lower cost and also raise the production profile at Florida Canyon. Furthermore, the conveying and stacking system will be operated on grid power and eliminate the need to run diesel haul trucks from the crusher to the leach pads, which we expect will reduce greenhouse gas emissions.

We completed the construction and installation of the new conveying and stacking system, and ramped up to design capacity during the third quarter of 2021. This change also frees up mobile equipment to transport more ore tonnes from the open pit to the crusher and is expected to increase the annual production profile at Florida Canyon beginning in 2022.

2021 PRODUCTION

54,215 GEOs

2021 CASH COSTS¹

per gold ounce sold

\$1,356

MEASURED & INDICATED MINERAL RESOURCES²

86.5Mt at 0.42 g/t Au
1.17Mt contained gold ounces

PROVEN & PROBABLE MINERAL RESERVES³

68.4Mt at 0.42 g/t Au
921k contained gold ounces

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

²The Measured & Indicated 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.

³The 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.



MAGINO PROJECT

Ontario, Canada

In 2021, we continued to execute our growth strategy, advancing construction at Magino and targeting the first gold pour before the end of the first quarter in 2023. We've made significant progress on construction, building our team and collaborating with the community and indigenous groups, and have published a monthly newsletter to provide stakeholders with regular updates. We've also had continued success in our deep drilling exploration program, which specifically targets high-grade gold mineralization below and adjacent to the planned open pit.

2021 CONSTRUCTION MILESTONES INCLUDE:

- Placed orders on long lead time components;
- Logged project area;
- Constructed camp facilities;
- Made significant progress at process facility site;
- Made significant progress at Tailings Management Facility;
- Commenced open pit mining to generate waste rock;
- Made significant progress at Water Quality Control Pond;
- Commenced fish habitat work; and
- Continued operational readiness preparation.

CAPITAL UPDATE

During 2021, Argonaut incurred \$236.8 million in capital costs related to construction of the Magino project. Of this amount incurred, the majority was for securing long lead time components for the mineral processing plant and for site development, camp construction and earthworks.

UPDATED FEASIBILITY STUDY HIGHLIGHTS¹

MEASURED & INDICATED MINERAL RESOURCES

132.4Mt at 0.94 g/t Au
4.0M contained gold ounces

PROVEN & PROBABLE MINERAL RESERVES

65.5Mt at 1.15 g/t Au
2.4M contained gold ounces

19 year mine life

142k ounces average annual gold production during the first 5 years following ramp up

Average annual cash cost \$888 per gold ounce sold

Average annual AISC \$963 per gold ounce sold

ESTIMATED PROJECT CAPITAL AT COMPLETION

C\$800 million

¹ Based on the assumptions and parameters as set forth in the Magino Feasibility Study dated February 14, 2022.

UNDERGROUND EXPLORATION SUCCESS

In 2021, we continued our drilling campaign targeting high-grade gold mineralization at depth below the planned Magino open pit. We continued to discover high-grade gold mineralization in six distinct zones below and adjacent to the planned pit: Elbow, Central, Scotland, #42, Sandy and South. Drill highlights from 2021 include:

News Release - January 20, 2021

- MA20-057 intersected 10.0m at 19.0 g/t Au, including 6.3m of 30.2 g/t Au
- MA20-057 intersected 3.1m at 47.1 g/t Au, including 1.3m of 112.0 g/t Au

News Release – July 8, 2021

- MA21-070 intersected 7.0m at 13.3 g/t Au
- MA21-065 intersected 19.0m at 3.7 g/t Au

News Release – November 16, 2021

- MA21-076 intersected 16.0m at 6.1 g/t Au. including 1.0m at 85.1 g/t Au



Board visit to our Magino Core Shack

Brian Arkell, Vice President of Exploration commented: “The early-stage resource definition drilling program continues to yield positive results with several high-grade gold intercepts at widths typically amenable to underground mining methods. I’m also very encouraged by the continuity of the gold mineralization we are seeing within the Elbow Zone, and we are excited to continue to test this important target.”

FIRST NATIONS & MÉTIS COMMUNITY INVOLVEMENT

Argonaut is frequently engaged with six indigenous communities and has Community Benefit Agreements with all six communities. To date, Argonaut has implemented four Environmental Committees during the past year and regularly meets with all communities to engage and share information on upcoming permitting and ongoing monitoring of the Magino Project.

Recently, Argonaut Gold committed to in kind training for Missanabie Cree First Nation on the implementation of Bat Habitat Rehabilitation planning. The Bat Hibernaculum* being constructed by Argonaut Gold will provide unique opportunities to study and share bat hibernation ecology with the Missanabie Cree First Nation’s Land and Resources Department. Argonaut Gold also provided financial support to Missanabie Cree First Nation to support their own bat habitat rehabilitation initiatives.

*For more information on the Bat Hibernaculum Program, go to the Environmental section of this report (on page 30).



Métis Nation of Ontario site visit



Michipicoten First Nation Environmental Committee site visit





CERRO DEL GALLO PROJECT

Guanajuato, Mexico

The Cerro del Gallo project in Guanajuato, Mexico is a long-life, low-cost, pre-feasibility stage growth project. Currently in the permitting phase, the project fits well within our Mexican team’s operating skill set as another open pit heap leach project. Cerro del Gallo, like Magino, 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 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

15 year mine life

77k ounces average annual gold production during the first 5 years following ramp up

Average annual cash cost \$597 per gold ounce sold

Average annual AISC \$667 per gold ounce sold

INITIAL PROJECT CAPITAL
\$135M

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



SUSTAINABILITY

An overview of our commitment to socially responsible practices and sustainability initiatives in 2021

2021 ESG SNAPSHOT



Our team excelled in safety at our operations and achieved:

10th

CONSECUTIVE YEAR
RECEIVING ESR
AWARD FOR MEXICAN
OPERATIONS

7%

REDUCTION IN
YEAR-OVER-YEAR LOST
TIME INJURY FREQUENCY
RATE ("LTIFR")

1.5M

HOURS WITHOUT
DISABLING ACCIDENTS AT
LA COLORADA



By switching to solar panels to generate alternative energy and benefited by:

24%

REDUCTION IN
GHG EMISSIONS
AT LA COLORADA

7%

REDUCTION IN
WATER EVAPORATION RATE
AT EL CASTILLO

2.2 tonnes

REDUCTION IN
GHG EMISSIONS
AT EL CASTILLO

CSR EXCELLENCE AND THE PATH TO ESG REPORTING

Corporate social responsibility continues to be a critical aspect of our business. As we grow, we are investing in additional resources to provide a more comprehensive Environmental, Social and Governance (“ESG”) reporting structure.

We are proud of the continued efforts our team lead in the areas of sustainability, health and safety and community relations.

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.



ARGONAUT, A GOOD NEIGHBOUR

“Being a good neighbour means fostering dialogue with communities to strengthen our relationship and to understand their needs in order to encourage participation and communicate the legacy of creating sustainable benefits.”

- As we continue to transition towards a comprehensive ESG approach, our communities remain the central axis of our efforts.
- We will continue strengthening the promotion of education in our communities. We are also committed to the development of human capital through continuous training to reinforce the development of talent.
- We have made progress in supporting the health of our communities by collaborating with public prevention and care programs, particularly in these times of COVID-19 where attention has focused on strengthening campaigns to prevent spread and prompt care.
- Finally, we support culture and sports in our environment, promoting joint projects with public and private institutions to promote mining as a source of economic and human development.

Alfredo Phillips Greene
Vice President, Corporate Affairs & Country Manager, Mexico

OUR SAFETY

Safety remains our number one priority, and in 2021 we demonstrated both excellence and leadership.

We have achieved safety milestones including a 7% year-over-year LTIFR reduction, maintaining zero accidents for the entire year at El Castillo and exceeding 1.5 million hours without disabling accidents at La Colorada. We also prioritized health, continuing to manage and monitor the pandemic. Health workshops were also made available and included topics such as occupational health and mental health awareness. During the year, our operations teams completed over 21,300 combined hours of safety related training.



Safety training at San Agustin

3 YEAR OPERATIONAL SAFETY STATS

	2019	2020	2021
El Castillo			
Lost Time Accidents	1	1	0
Total Reportable	21	18	21
San Agustin			
Lost Time Accidents	3	0	1
Total Reportable	24	13	19
La Colorada			
Lost Time Accidents	5	3	1
Total Reportable	32	30	25
Florida Canyon¹			
Lost Time Accidents			3
Total Reportable			10

¹ Argonaut took ownership of Florida Canyon on July 1, 2020.

In 2021, 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. Safety campaigns included:

- San Agustin Safety Campaign resulted in the detection and correction of unsafe conditions. The implementation of our internal safety system through the "Supervisor Binder" program is another action based on safety related activities that Supervisors and workers are to carry out on a daily basis to improve their corresponding working areas.
- Florida Canyon "The Care to Lead" safety culture workshops focused on transparent incident reporting. Employees responded by reporting 21% more safety events overall in 2021. The 21% increase in event reports was slightly higher than the 13% increase in headcount, which also led to the increase in overall safety events. Reportable injuries increased by 25% and property damages increased by 28%. Near miss reporting was the lone reduction in 2021, dropping 26% from 2020.



The team at El Castillo achieved zero accidents in each quarter of 2021.

“Safety is one of the pillars we prioritize in our operation. We are proud that last year we exceeded 1.5 million work hours without disabling accidents.”

Manuel Ernesto Encinas Cabrera, General Manager of the La Colorada Mine.

MANAGING COVID-19

We continued to manage the pandemic through 2021 practicing company-wide prevention protocols, regular sanitization, regular testing, and monitoring. In addition to our protocols, we also continued our integral health program at Mexico operations for vulnerable workers, ensuring regular check-ups and medical assistance if needed. As we ramped up construction at Magino last year, we were diligent in practicing safety protocols when on-boarding an influx of new team members. Regular antigen and PCR tests were taken, totaling over 13,000 tests during the year. Over 80% of on-site employees and contractors are fully vaccinated, and we provided over 260 on-site nurse visits in the second half of 2021.



Antigen testing at El Castillo.

OUR PEOPLE

As we work to transform Argonaut, we continued to invest in and grow our best asset - our human capital.

We made significant additions to our team in 2021, as we ramped up hiring at Magino. We grew from 19 Magino employees to 141, and we are continuing to grow as we near our first gold pour in early 2023. We also made changes in our leadership team, welcoming Alfredo Phillips Greene as the Vice President, Corporate Affairs & Country Manager in Mexico and promoting Lowe Billingsley to Chief Operating Officer. In March 2022, we welcomed Larry Radford as the President and Chief Executive Officer.



Florida Canyon team with the 500th doré bar in Nevada

2021 EMPLOYEE STATS

LOCATION	EMPLOYEES	LOCAL	WOMEN	UNIONIZED
El Castillo	279	61%	12%	64%
San Agustin	193	62%	11%	46%
La Colorada	171	18%	5%	67%
Florida Canyon	275	80%	16%	n/a
Magino	141	38%	19%	n/a
Cerro del Gallo	7	71%	14%	n/a
Ana Paula	20	80%	5%	80%
San Antonio	2	100%	50%	n/a
Corporate	14	86%	36%	n/a
Corporate Hermosillo	38	92%	66%	n/a

WORKFORCE TRAINING & WORKSHOPS

Our team participates in regular training and workshops. Training includes topics such as workplace health and safety protocols, machine operation, environmental monitoring, handling of materials such as cyanide and hazardous waste, electrical and technical training, and drone operation.

At Magino, we included simulation training on site using an equipment simulator to allow for continued training during the construction phase while the team prepared for equipment delivery.



Workforce training at Magino



Team at the El Castillo laboratory



“I am very happy Argonaut gave me the opportunity to complete my internship and stay within the company as a geologist. I have acquired a lot of practical knowledge while working for El Castillo. I am originally from San Juan Del Rio, and I can work locally, close to my family.””

Carlos Daniel Gándara Arango, Ore Control Geologist at the El Castillo mine

INDUSTRY LEADERSHIP IN THE COMMUNITY

The Argonaut team continues to demonstrate leadership within the industry and are ambassadors for our values. Our team members were key participants in events including:

- Women Who Inspire Leadership Forum by CANACINTRA in Hermosillo, Mexico
- MINNOVACIÓN 2021 by the Sonoran Mining Cluster, Mexico
- Mining in the NorthWest, an Indigenous Partnership conference in Ontario, Canada
- Annual RUSH 2021 hosted by Missanabie Cree First Nation in Ontario, Canada

“The training we received on the use of the Caterpillar forklifts was great, and the presenters were well informed. I think this training is really important, since forklifts are extremely necessary in the area I work.”

Sonia Alvarez Santillano
Warehouse employee at the San Agustin mine



OUR COMMUNITY

Argonaut remains committed to continued collaboration with our neighbours. As we navigated the global pandemic for a second year, our teams remained committed to collaborating with our communities in a safe manner. In addition to continuing to provide COVID-19 support to the community, we remained committed to providing infrastructure, educational and cultural support.



COVID-19 COMMUNITY SUPPORT

“The La Colorada mine is a great ally of the municipality in the fight and prevention of COVID-19, for which La Colorada municipality thanks them and recognizes all their effort and dedication to the health of citizens.”

Marcos Platt Escalante, Mayor of La Colorada

A HEALTH COMMUNITY

Our teams continued to provide local support to the community to assist with the prevention of COVID-19. This included donations of supplies, sanitization of public spaces and homes, sharing our health services and personnel with the local community, and participating in municipal committee meetings.

In addition to COVID-19 community support, Argonaut supported local health initiatives this year, including supporting the Lady Dunn General Hospital in Wawa, Ontario providing C\$30,000 to assist with doctor recruitment due to the local doctor shortage. We also continued doctor and medication support for members in the community of San Antonio in Mexico.



Argonaut hosted a groundbreaking ceremony which hosted members of Indigenous communities, local mayors and Minister Greg Rickford, the Ontario Minister of Northern Development, Mines, Natural Resources and Forestry.

COMMUNITY OUTREACH AND CULTURE

Community outreach and participation in community cultural events is important for fostering meaningful relationships between Argonaut and our neighbours. Consistent with previous years, we hosted seasonal festivities such as Children's Day, Mother's Day, religious holidays in Mexico and Christmas events. During these events we provided donations for items such as gifts for children and youth.

In Mexico, we continued to provide support with the distribution of grocery packages to communities in Mexico, and also provided community workshops to assist community members with learning new skills and encouraging entrepreneurship.

At Florida Canyon, in 2021 we supported local organizations and events including local food bank donations, Frontier Community Coalition donations, softball team sponsorships, Winnemucca and Lovelock Domestic Violence Donations, MTC Scholarships, Ranch Hand Rodeo, and the Color the Mucc Run event.

At Magino, we participated in Town Hall meetings with the Township of Dubreuilville regarding our plans for the camp and are also currently working on a socio-economic base line study with the surrounding communities as it relates to topics such as housing, traffic and roadways. Magino also assisted many local committees from Dubreuilville and Wawa. Some agencies and committees included Recreation Committee of Dubreuilville, Pivot Jeunesse, Economic Development Corporation of Dubreuilville, Wawa Alzheimers Society, Wawa Figure Skating Club, Wawa Volunteer Fire Department, Lady Dunn General Hospital, and the Adult Learning Centre.



Community grocery package delivery by El Castillo



Florida Canyon team participating in local food bank donation in Nevada



Christmas youth celebration in La Colorada

SUPPORTING EDUCATION

Investing in education remains one of Argonaut's key community initiatives and we continue to participate in educational programs, events, and provide monetary support. Educational support in 2021 included:

- At La Colorada, we invested \$455,400 MXN in a total of 443 scholarships and backpacks with school supplies to 100% of the students who live in the Community of La Colorado Sonora.
- We also have an agreement with two universities to receive interns in our Unit. We also use these universities as a job bank for former students: State University of Sonora and Technological University of Hermosillo.
- At El Castillo, we invested \$1,620,322 MXN for a total of 758 bi-monthly scholarships that were distributed among students in the Otilio Montaña Community. We also offered the first local Summer Camp to children and youth in Otilio Montaña.
- At San Agustin, we invested \$3,954,184 MXN for a total of 2,078 bi-monthly scholarships that were distributed among students in the communities of San Agustin, San Lucas, Las Cruces and Mimbres. Grocery packages in lieu of in-school breakfast programs for students were also provided on a bi-weekly basis, totaling an investment of \$117,428 MXN. We also offered the first local Summer Camp to children and youth in San Agustin and San Lucas.
- At Florida Canyon, we participated in local school events such as the Senior Exit Interviews which assists in preparing graduating high school seniors with college admission or job interviews, and the Freshman Expo / 4th Grade Gold Rush exhibits which educates youth on careers in the mining industry. We also sponsored scholarships for the Maintenance Cooperative Training program, a local technical college training program which provides students with technical trades at Florida Canyon.
- At Magino, we participated in the Algoma District School Board Trades Promo Night for students and parents of the Algoma District to discuss different career opportunities in the trades and the highlights of our industry.
- At Cerro del Gallo, we donated over 300 school supply packages in partnership with the Ministry of Education, to various schools in Silleros, Los Avilés, Santa Bárbara, Las Lozas, La Colmena and San Isidro del Sisote, communities in the municipality of Dolores Hidalgo.



Student scholarships and school supply delivery in La Colorada, Mexico



Summer Camp for children and youth in San Agustin and San Luca, Mexico



High school students at the Freshman Expo in Winnemucca, Nevada

COMMUNITY INFRASTRUCTURE

Investing in proper infrastructure is key to ensuring communities have the proper support to thrive. This includes roads, agricultural support, and support for local businesses. In 2021, we made key contributions including:

- At La Colorada, we rehabilitated a total of 212 kilometres of neighborhood roads in the communities of Cobachi, La Galera and Estación Torres. Our goal of rehabilitating 100% of the houses in the La Colorada Community continues, and in 2021 a total of 32 houses have been rehabilitated, including the three educational centers in the municipality.
- At El Castillo, we provided maintenance of approximately eight kilometres of a locally owned road, provided maintenance for equipment owned by the Municipal Administration of San Juan del Río for the municipal road works, and also donated a totem pole and pipe lines to Ejido Otilio Montaña.
- At San Agustin, we provided road maintenance to approximately 44 kilometres in San Lucas, provided equipment to be installed at the Los Jacales well in Ejido San Agustin and installed solar panels to run the pump in the water well of the junior high school in the community of San Lucas. We also donated drinking water to the communities of San Lucas, San Agustin, Mimbres and las Cruces. Three cleaning campaigns were also conducted, where team members, contractors and community residents participated. This included a campaign on the state highway access to San Juan del Río, collecting approximately 2.7 tonnes of trash.
- At Florida Canyon, we helped build new units for the local animal shelter, Safe Haven.
- At Magino, we assisted the Community of Dubreuilville to create a gravel walking path for the local youth and citizen to walk to the beach instead of walking on the side of the road. We also graded the main road to go to the lodge and assisted with upkeep, and provided funding for speed bumps to assist with speed reduction of traffic coming into town to ensure pedestrian safety.
- At Cerro del Gallo, we assisted in the rehabilitation of the local church roads, and also assisted in the rehabilitation of health buildings in the community of San Antón de las Minas.



Rehabilitation of community buildings in La Colorada



Existing local equipment we provided maintenance for in San Juan del Río, Mexico



Donation of materials to the communities of San Lucas, San Agustin, Mimbres and las Cruces



Solar panels installed to provide power for water well pumps in the community of San Lucas, Mexico



At El Castillo we migrated from a sprinkler irrigation system to an on-surface drip system for our leach pads. By switching we were able to optimize our water usage.

OUR ENVIRONMENT

Argonaut is committed to continuously optimizing our operations to reduce our use of natural resources and our impact on the environment as we continue to grow.

In 2020 we began to implement changes, and in 2021 we continued to our optimizations that resulted in a reduction in water consumption, energy consumption and greenhouse gas emissions (“GHG”). Argonaut also prioritizes environmental monitoring programs that measure dust and continues to manage and meet standards in compliance with local regulatory requirements.

MINIMIZING CONSUMPTION & OPTIMIZING OPERATIONS

We began migrating from the sprinkler irrigation system to the on-surface drip hose system in early January 2020. Leaving sprinklers only on embankments, the migration represented significant water consumption savings and water optimization. In 2021, the migration from sprinkler irrigation to the dripping hose system achieved the following benefits:



EL CASTILLO COMPLEX

7% reduction
in evaporation factor

LA COLORADA

5% reduction
in evaporation factor

OVERALL BENEFITS

- reduced wind drift losses
- reduced ponding from moisture saturation on surface
- controlled irrigation rate
- flow priority optimization on fresh ore



Installing solar panels at La Colorada allowed us to reduce our diesel consumption.

“By installing solar panels in some areas of the mine, we reduce the emissions formerly generated by the processes where they were installed, as there is no need to use any more fuel and generators. Noise is also reduced, and all this brings economic benefits but above all, we generate a benefit for the environment.”

Daniel Vazquez, Maintenance Superintendent at the El Castillo mine

ALTERNATIVE ENERGY

By installing solar panels for the new communication antenna and booth buildings at the El Castillo Complex and La Colorada, we were able to reduce diesel consumption and GHG emissions. We are also in the process of switching from diesel generator to the electric power grid at San Agustin. This change is currently underway, which will lower the cost to \$0.09 - \$0.11/kWhr from the current cost is \$0.29/kWhr. In 2021, we were able to achieve the following by switching to alternative energy:



EL CASTILLO COMPLEX

4,519 kWh saved
which is equivalent to
2.2 tonnes GHG

LA COLORADA

67% diesel reduction
which is equivalent to
24% GHG reduction

IN THE COMMUNITY

Last year we donated and installed solar panels at the local high school to power the water well pump in San Agustin. Implementing this system contributes to a savings of approximately 4,500 litres of diesel used per year in the conventional system. We were able to reduce the GHG emissions by approximately 12 equivalent tonnes.

ENVIRONMENTAL PROGRAMS AT MAGINO

BAT HIBERNACULUM

An existing mine adit at the Magino Project, in place from mining operations in the 1980s, provided bat hibernation habitat for the northern myotis and the little brown myotis bat. Both species have experienced substantial population declines throughout their northeastern North American range, in large part, due to mortality from White Nose Syndrome (WNS). WNS is an infectious disease caused by fungus which grows on the skin of infected bats during hibernation. Little brown myotis and northern myotis are designated as endangered under the Endangered Species Act, 2007 (ESA).

Prior to removal of this habitat, an overall benefit permit, issued by the Ministry of Environment, Conservation and Parks is required. For the overall benefit to be achieved, a new hibernaculum needs to be constructed. In addition, Bat Habitat Rehabilitation and Artificial Bat Roosting Plans will also be developed. The new bat hibernaculum is scheduled to be constructed in the second quarter of 2022. Drafts for the Bat Habitat Rehabilitation and Artificial Roosting Plans are underway with drafts to be completed by June 2022. The draft plans will be shared with all indigenous communities partnered in the project, and the indigenous knowledge gained from the communities will be incorporated into the plans prior to being submitted to the Regulatory Agency.

FISH HABITAT

To facilitate development of the Magino Project, there will be a need to overprint or otherwise impact waterbodies (lakes, streams and wetlands) that contain fish and/or provide fish habitat. As a result, the provision of compensatory offsetting measures to replace the impacted fisheries values associated with the water features will be necessary.

The following measures are being implemented to provide compensation for the impacts and offsets to the effected fish habitat. A new diversion channel between the Spring Lake outlet and McVeigh Creek Southwest is planned to be constructed. The next measure will be to create new habitat south of Webb Lake. The constructed lake basin(s) will be designed to provide in-kind habitat replacement consistent with the majority of the habitat impacted by the project. Whereas the majority of impacted waterbodies are baitfish or low diversity sportfish communities, new basins will largely target supporting a high diversity fish community consistent with community interests and the MNRF provincial fisheries objective for this area.

The third measure is to re-introduce fish in previously industrial impacted areas. The fish community restoration offsetting measure will reintroduce top-level predators (i.e. Brook Trout and/or Lake Trout) into the previously impacted lakes. Predatory fish were historically present in these lakes but were extirpated due to the temporary water quality degradation from the severe acid deposition. Trout species are unlikely to colonize naturally without intervention due to the lack of exiting trout populations in the upper watershed, and the small size of the aquatic systems connecting the lakes to downstream populations.

The fish habitat construction is underway. The reintroduction of fish into historically impacted areas is also scheduled to begin in the second quarter of 2022.



Consultants working on fish relocation program at Magino

SPECIES AND PLANT RESCUE CAMPAIGNS AT OPERATIONS

NATIONAL FORESTRY FUND DONATION: MXN \$6,247,616

Donated by La Colorada



- La Colorada: Nearly 31 hectares were reforested in 2021. To date 62.27 hectares have been rescued, 600 meters of plant lines were laid, 77 filter dams and 6,416 plants were rescued. In 2021, the total wildlife that were rescued included 4 turtles, 5 vipers, 2 chameleons and 1 eagle found within the property.
- El Castillo: Rescued and relocated flora including a total of 31 individual cactus species. We also rescued and relocated a total of seven rattlesnakes found within the property.
- San Agustin: Rescued and relocated flora including a total of 118 individuals cactus species. The nursery has a current inventory of 7000 individuals of huizaches, mezquites and yuca species.



Flora species part of the San Agustin rescue and relocation program



“Our main goal for the El Castillo’s Restoration and Closure Plan is using the best strategies to sustain the natural resources used in our reforestation activities so they can be incorporated into the environment in a harmonious fashion. Establishing a reforestation program which reincorporates rescued flora, as well as plants reproduced with the site’s germoplasma, will enable us to reach higher survival percentages due to a better adaptability to the site conditions, like weather, topography, elevation and sun exposure. Vegetation rescue programs, as well as reproduction are fundamental for the success of the Restoration and Closure Plan.”

Guillermo Velasco, Closure Plan Superintendent at the El Castillo mine

On-site plant nursery
at San Agustin in
Durango, Mexico.



ARGONAUT'S MANAGEMENT

An overview of Argonaut's Risk Management,
Governance and Leadership.

MANAGING RISKS

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 2021, which included new risks and a shift in ranking for the other risks included in 2020.

2021 TOP 10 RISKS & DESCRIPTIONS

* New Top 10 Risk in 2021

- | | |
|---|---|
| <p>1 Project Development
Unable to deliver projects on time, on budget with desired quality.</p> <p>2 Permitting Risk
Risks associated with obtaining and maintaining the necessary permits at operating and development projects.</p> <p>3 Operational Performance
Underperformance from operations would yield less cash flow during a capital intensive phase for Argonaut.</p> <p>4 Pandemic or Endemic
Cause shortage in workers or disruption in normal business or operational activities.</p> <p>5 Human Resources
Lack of key personnel due to pandemic, competition and/or inadequate succession plan.</p> | <p>6 Access to Capital*
Unable to finance development projects in the capital markets at a reasonable cost of capital.</p> <p>7 Gold Price
Argonaut is exposed to price fluctuations.</p> <p>8 Jurisdiction Risk
Major changes that can impact where we can operate.</p> <p>9 Social License*
Individual or community opposition to mines or projects.</p> <p>10 Communication
Inadequate internal communications systems.</p> |
|---|---|

2021 TOP 10 RISKS

RISK	CAUSES	IMPACTS	EXPECTED IMPACT RATING	EXPECTED LIKELIHOOD RATING	HEAT MAP RISK LEVEL	RANKING vs. 2020
1 Project Development (no change)	Insufficient detailed engineering. Lack of consistent forecasting for capital and investment projects. Changing conditions.	Loss of confidence in team / company. Spend more than estimates. Lost opportunity.	Major	Almost Certain	23 (18)	2020 Rank: 1
2 Permitting Risk (2020 - Operational Performance)	Inadequate technical components of permit document. Political influence. Legal action brought against Argonaut or regulatory officials.	Suspension of existing operations. Delay of project start-up, expansion and development.	Major	Likely	21 (14)	▲ 2020 Rank: 6
3 Operational Performance (2020 - Pandemic or Endemic)	Operations unable to deliver the budgeted plan.	Loss of shareholder confidence. A reduction in cash flow.	Major	Possible	18	▼ 2020 Rank: 2
4 Pandemic or Endemic (2020 - Country Risk Mexico)	COVID-19 etc.	Employee self-isolation or quarantine. Impacts in locations of key suppliers cause supply chain disruptions.	Major	Possible	18 (18)	▼ 2020 Rank: 3
5 Human Resources (2020 - Gold Price)	Competition for skilled employees. Getting the right fit for the position. Travel restrictions.	Turnover in employees. Potential changes in compensation. Unable to operate at full capacity.	Moderate	Likely	17 (13)	▲ 2020 Rank: 8
6 Access to Capital* (2020 - Permitting Risk)	Windows of debt or equity markets closed at times when Argonaut re-quires capital. Required capi-tal increases significantly more than planned.	Development projects not constructed as planned which would disrupt the corporate LOM. Potential default on debt obligations.	Moderate	Likely	17	2020 Rank: n/a
7 Gold Price (2020 - Legal Actions)	Supply and demand changes, geopolitical stability. Changes in valuation of US dollar. Changes in safe haven status (i.e. Bitcoin, crypto). Severe economic crisis.	Variability in revenues and cash flows.	Catastrophic	Rare	15 (15)	▼ 2020 Rank: 5
8 Jurisdiction Risk (2020 - Human Resources)	Changes in government - tax nationalization, relationship with government, changes in government leaders.	Loss of operations, mines. Regulatory changes. New tax laws.	Major	Unlikely	14 (15)	▼ 2020 Rank: 4
9 Social License* (2020 - Tax)	Regulatory non-compliance. NGO interference. Community unrest. Inadequate legal structure in Mexico.	Unable to operate. Resources devoted to fighting legal, community or regulatory challenges.	Major	Unlikely	14	2020 Rank: n/a
10 Communications (2020 - no change)	Lack of organizational structure. Geographical diversity.	Lack of trust. Unable to grow, advance. Objectives/expectations not met. Errors and wrong decisions.	Minor	Likely	12 (12)	2020 Rank: 10

* New Risks in 2021 (#) Risk and risk level in 2020

LEADERSHIP & 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.

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.

BOARD OF DIRECTORS



James E. Kofman ^{2,3}
Chairman



Ian Atkinson ^{1,2}



Stephen Lang ^{1,3}



Peter Mordaunt ^{2,3}



Dale Peniuk ^{1,2}



Paula Rogers ^{1,2}



Audra Walsh ^{1,3}

- 1 Audit Committee
- 2 Nominating, Compensation and Governance Committee
- 3 Safety, Health, Environment, Sustainability and Technical Committee

MANAGEMENT



Larry Radford
President & CEO, Director



David Ponczoch
Chief Financial Officer



Lowe Billingsley
Chief Operating Officer



W. Robert Rose
Vice President of
Technical Services



Daniel A. Symons
Vice President of
Corporate Development &
Investor Relations



Brian Arkell
Vice President of
Exploration &
Mine Technical Services

MINERAL RESOURCES & MINERAL RESERVES¹

The following table shows the gold and silver Mineral Resources and Mineral Reserves at December 31, 2021. Mineral Resources are not Mineral Reserves. Mineral Resources hold intrinsic economic interest, which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined. 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	0.3	0.49	4				
El Castillo ²	Probable	8.9	0.40	114				
San Agustin ²	Probable	33.2	.32	336	9.1	9,742		
El Castillo Complex²	Proven & Probable	42.4	0.33	454		9,742		
El Creston	Probable	13.8	0.70	308	11.9	5,257		
Veta Madre	Probable	7.3	0.63	148	3.8	885		
La Colorada Complex³	Probable	21.1	0.67	456	9.1	6,142		
Florida Canyon ⁴	Proven	57.5	0.43	790				
Florida Canyon ⁴	Probable	10.9	0.37	131				
Florida Canyon⁴	Proven & Probable	68.4	0.42	921				
Magino ⁵	Proven	26.3	1.24	1,044				
Magino ⁵	Probable	39.2	1.10	1,383				
Magino⁵	Proven & Probable	65.5	1.15	2,427				
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	302.6	0.71	6,917	N/A	57,238	N/A	85,512
MINERAL RESOURCES		MEASURED & INDICATED ("M&I")						
El Castillo ⁸	M&I	31.4	0.36	355				
San Agustin ⁸	Indicated	60.0	0.27	531	7.6	14,766		
El Castillo Complex⁸	M&I	91.4	0.30	886		14,766		
La Colorada Complex ⁹	Indicated	36.1	0.62	714	8.3	9,622		
Florida Canyon ¹⁰	M&I	86.5	.42	1,177				
Magino ¹¹	M&I	132.4	0.94	4,019				
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	725.7	0.59	13,743	N/A	121,526	N/A	187,100
<i>Measured and indicated Mineral Resources are inclusive of Mineral Reserves</i>								
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	20.9	0.78	526				
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	48.0	0.57	882	N/A	3,782	N/A	1

¹ Refer to Mineral Resource Notes And Disclosures on page 37.

DISCLAIMERS

NATIONAL INSTRUMENT 43-101 AND QUALIFIED PERSON

Technical information included in this report was supervised and approved by Brian Arkell, Argonaut's Vice President, Exploration and a Qualified Person under NI 43-101. For further information on the Company's material properties, please see the reports as listed below on the Company's website or on www.sedar.com:

El Castillo Gold Mine	El Castillo Gold Mine, Durango, Mexico NI 43-101 Technical Report dated February 14, 2022 (effective date of October 1, 2021)
San Agustin Gold/Silver Mine	San Agustin Gold/Silver Mine, Durango, Mexico, NI 43-101 Technical Report dated February 14, 2022 (effective date of August 1, 2021)
La Colorada Gold/Silver Mine	La Colorada Gold/Silver Mine, Sonora, Mexico, NI 43-101 Technical Report dated February 14, 2022 (effective date of October 1, 2021)
Florida Canyon Gold Mine	NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Florida Canyon Gold Mine Pershing County, Nevada, USA dated July 8, 2020 (effective date June 1, 2020)
Magino Project	NI 43-101 Technical Report Mineral Resource and Mineral Reserve Update, Ontario, Canada (effective date of February 14, 2022)
Cerro del Gallo Project	Pre-Feasibility Study Technical Report on the Cerro del Gallo Project, Guanajuato, Mexico dated January 31, 2020 (effective date of October 24, 2019)

MINERAL RESOURCE NOTES AND DISCLOSURES

(1) Mineral Reserves and Mineral Resources have been estimated as at December 31, 2021 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 Mine and San Agustin Mine 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, 2021. El Castillo used a gold price of \$1,650 per ounce; San Agustin used a gold price of \$1,500 per ounce and silver price of \$20.00 per ounce. Cut-off grades for El Castillo range from 0.10 g/t Au to 0.24 g/t Au depending on ore type; cut-off grades at San Agustin were 0.16 g/t AuEQ.

(3) The Mineral Reserves for La Colorada Complex 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, 2021. La Colorada used a gold price of \$1,500 per ounce and a silver price of \$20.00 per ounce. Cut-off grade for La Colorada was 0.13 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, 2021. 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 \$1,600 per ounce. The Mineral Reserves used a variable gold cutoff grade of between 0.38 g/t Au and 0.70 g/t Au, depending on mine sequencing.

(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 \$24.00 per ounce silver. Cut-off grades range from 0.07 g/t Au to 0.48 g/t Au for El Castillo and 0.11 to 0.42 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 \$24.00 per ounce silver. Cut-off grade was 0.09 to 0.11 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 \$1,800 per ounce. The Mineral Resources used a gold cutoff of 0.28 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 contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of Argonaut Gold. Forward-looking statements and forward-looking information include, but are not limited to statements with respect to: the Magino construction capital estimate; the ability to finance additional construction costs on terms acceptable to Argonaut; the realization of mineral reserve estimates; the timing and amount of estimated future production; the impact of inflation on costs of exploration, development and production; estimated production and mine life of the various mineral projects of Argonaut; timing of approval for modifications to existing permits; permitting and legal processes in relation to mining permitting and approval; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the estimation of mineral reserves and resources; success of exploration activities; the impact of COVID-19, the response of governments to COVID-19 and the effectiveness of such responses; and currency exchange rate fluctuations. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate," "estimate" and other similar words, or statements that certain events or conditions "may," "should" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Argonaut and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include the availability and changing terms of financing, variations in ore grade or recovery rates, changes in market conditions, changes in inflation, risks relating to the availability and timeliness of permitting and governmental approvals; risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, the impact of COVID-19 and the impact and effectiveness of governmental responses to COVID-19, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated.

These factors are discussed in greater detail in Argonaut's most recent Annual Information Form and in the most recent Management's Discussion and Analysis filed on SEDAR, which also provide additional general assumptions in connection with these statements. Argonaut cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Argonaut believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release.

Although Argonaut has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Argonaut undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Comparative market information is as of a date prior to the date of this document.

NON-IFRS MEASURES

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" in this report to supplement its financial statements, which are presented in accordance with International Financial Reporting Standards ("IFRS"). Cash cost per gold ounce sold is equal to production costs less silver sales divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs less silver sales plus general and administrative, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. 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 under the heading "Non-IFRS Measures" in the management's discussion and analysis ("MD&A") for full disclosure on non-IFRS measures. The disclosure under the heading "Non-IFRS Measures" in the MD&A is incorporated by reference herein. The MD&A is available under the Company's profile at www.sedar.com.

This report should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2021 and associated MD&A, for the same period, which are available from the Company's website, www.argonautgold.com, in the "Investors" section under "Financial Filings", and under the Company's profile on SEDAR at www.sedar.com.



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