



Argonaut Gold Achieves Record Quarterly and Annual Production, Meets 2018 Production Guidance and Provides 2019 Guidance

Record Quarterly and Annual Production of 51,658 and 165,117 Gold Equivalent Ounces Respectively, Setting the Stage for 2019

Toronto, Ontario – (January 22, 2019) **Argonaut Gold Inc. (TSX: AR)** (the “Company”, “Argonaut Gold” or “Argonaut”) is pleased to announce it has met its 2018 production guidance with record gold equivalent ounce¹ (“GEO” or “GEOs”) production of 51,658 during the fourth quarter of 2018 and 165,117 during 2018. During the quarter, production was 37,977 GEOs at the El Castillo Complex (18,984 from the El Castillo mine and 18,993 from the San Agustin mine) located in the State of Durango, Mexico and 13,681 GEOs at the La Colorada mine located near Hermosillo, Sonora, Mexico. During 2018, the El Castillo Complex and La Colorada mine production totaled 117,126 GEOs and 47,991 GEOs, respectively. All dollar amounts are expressed in United States dollars unless otherwise specified.

Pete Dougherty, President & CEO stated: “We achieved record quarterly production of nearly 52,000 GEOs, which contributed to record annual production of over 165,000 GEOs. I commend the team on this accomplishment. We achieved 51% production growth quarter over quarter and are now at a run rate that indicates we can produce over 200,000 GEOs in 2019. This represents an approximate 65% increase in full year production between 2017 and 2019 – a goal that we set for ourselves early in 2017. With the strong finish to 2018, the stage is set for a robust beginning to 2019. Our main focuses as a Company during 2019 will be expanding the San Agustin mine’s crushing capacity and adding cash to the balance sheet through the free cash flow generated by our operations while continuing to de-risk and advance our development assets.”

2019 Guidance

The Company anticipates it will produce between 200,000 to 215,000 GEOs during 2019 at a cash cost² of between \$775 to \$875 per gold ounce sold and all-in sustaining costs (“AISC”)² of

¹ GEOs are based on conversion ratio of 70:1 for silver to gold ounces for 2018 and 75:1 for 2019. The silver to gold conversion ratio is based on the three-year trailing average silver to gold exchange ratio. This is the referenced ratio for each year throughout the press release.

² Please refer to section “Non-IFRS Measures” below for a discussion of these non-IFRS measures.

between \$875 to \$975 per gold ounce sold. Table 1 below illustrates the 2019 production and cost guidance:

Table 1 – 2019 GEO Production and Cost Guidance

		El Castillo Complex	La Colorada	Consolidated
GEO Production	<i>In 000s</i>	140 – 150	60 – 65	200 – 215
Cash costs^{(1) (2)}	<i>\$ per oz/Au</i>	760 – 860	800 – 900	775 – 875
AISC^{(1) (2)}	<i>\$ per oz/Au</i>			875 – 975

⁽¹⁾ Assumes a MXN:USD exchange rate of 20:1.

⁽²⁾ Please refer to section “Non-IFRS Measures” below for a discussion of these non-IFRS measures.

The Company plans to invest \$50 million to \$60 million in capital expenditures during 2019. The largest one-time budgeted capital item is approximately \$15 million for the expansion of the crushing and leaching facilities at the San Agustin mine to increase capacity by an additional 10,000 tonnes per day (“tpd”) from 20,000 tpd to 30,000 tpd. Table 2 below illustrates the projected capital expenditures for 2019 by project:

Table 2 – 2019 Capital Estimate by Project (\$M)⁽¹⁾

	El Castillo Complex	La Colorada	Magino, San Antonio & Cerro del Gallo	Consolidated
Total	27 – 31	14 – 16	9 – 13	50 – 60

⁽¹⁾ Assumes exchanges rates of MXN:USD of 20:1 and CAD:USD of 1.3:1

Table 3 below illustrates the projected capital expenditures for 2019:

Table 3 – 2019 Capital Estimate (\$M)⁽¹⁾

Sustaining	5 – 6
Expansion	28 – 33
Stripping	14 – 16
Exploration	3 – 5
Total	50 – 60

⁽¹⁾ Assumes exchanges rates of MXN:USD of 20:1 and CAD:USD of 1.3:1.

2019 Milestones

The Company is advancing several major milestones in 2019. Table 4 below outlines key milestones and the estimated timeframes for their completion:

Milestone	Estimated Completion
Magino Environmental Assessment approval	H1 2019
San Agustin crusher expansion from 20,000 tpd to 30,000 tpd	Q3 2019
Cerro del Gallo pre-feasibility study	H2 2019

Argonaut Gold Fourth Quarter and Year End Financial Results Conference Call and Webcast

The Company anticipates releasing its fourth quarter and year-end financial and operational results after market close on February 19, 2019 and will host a conference call and webcast on February 20, 2019 at 9:00 am EST to discuss the results.

Fourth Quarter and Year End Conference Call Information for February 20, 2019:

Toll Free (North America): 1-888-231-8191

International: 1-647-427-7450

Webcast: www.argonautgold.com

Fourth Quarter and Year End Conference Call Replay:

Toll Free Replay Call (North America): 1-855-859-2056

International Replay Call: 1-416-849-0833

Passcode: 3470117

The conference call replay will be available from 2:00 pm EST on February 20, 2019 to 11:59 pm EST February 27, 2019.

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 press release. Cash cost per gold ounce sold is equal to production costs less silver sales divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs less silver sales plus general and administrative expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. The Company believes that these measures provide investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Please see the management's discussion and analysis ("MD&A") for full disclosure on non-IFRS measures.

Cautionary Note Regarding Forward-looking Statements

This press release contains certain “forward-looking statements” and “forward-looking information” under applicable Canadian securities laws concerning the proposed transaction and the business, operations and financial performance and condition of Argonaut Gold Inc. (“Argonaut” or “Argonaut Gold”). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to estimated production and mine life of the various mineral projects of Argonaut; synergies and financial impact of completed acquisitions; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; success of exploration activities; and currency exchange rate fluctuations. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan,” “expect,” “project,” “intend,” “believe,” “anticipate,” “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of 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 changes in market conditions, variations in ore grade or recovery rates, risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated. 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.

About Argonaut Gold

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 and the La Colorada mine in Sonora, Mexico. Advanced exploration projects include the San Antonio project in Baja California Sur, Mexico, the Cerro del Gallo project in Guanajuato, Mexico and the Magino project in Ontario, Canada. The Company also has several exploration stage projects, all of which are located in North America.

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