

# Argonaut Gold Announces Full Year 2013 Gold Production of 120,224 Gold Equivalent Ounces

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## 2014 guidance of 135-150,000 gold equivalent ounces of production at cash cost of \$750-\$775

TORONTO, ONTARIO--(Marketwired - Jan 20, 2014) - [Argonaut Gold Inc.](#) ("Argonaut", "Argonaut Gold" or the "Company") (TSX:AR) announced today that it had production of 28,638 gold equivalent ounces during the 4<sup>th</sup> quarter ended December 31, 2013. This included 20,848 ounces at its 100% owned El Castillo Mine ("El Castillo") located in the State of Durango, Mexico and 7,790 gold equivalent ounces at its 100% owned La Colorada Mine ("La Colorada") located near Hermosillo, Mexico.

### FOURTH QUARTER 2013 HIGHLIGHTS:

#### El Castillo

- Q4 production of 20,848 gold ounces; full year production of 94,804 gold ounces,
- During Q4, 39,269 gold ounces loaded on the pad,
  - West side crusher and overland conveyor project was completed and 1.3 million tonnes was moved during the fourth quarter,
- New south waste dump is operational.

#### La Colorada

- Q4 production of 7,017 gold ounces and 47,759 silver ounces, for 7,800 gold equivalent ounces (at 61:1 conversion),
- Full year production of 22,544 gold ounces and 169,673 silver ounces, for 25,420 gold equivalent ounces (at 59:1 conversion),
- During Q4, 9,799 gold ounces and 136,476 silver ounces loaded on the pad,
- La Colorada pit is now fully opened, and the average life of mine grade was achieved in December.

#### Magino

- Announced prefeasibility study on Magino indicating an after-tax internal rate of return ("IRR") of 18% and an after-tax net present value ("NPV") of \$199 million incorporating 40% of the current mineral resource estimate.

#### San Agustín

- Completed purchase of the San Agustín gold-silver project from [Silver Standard Resources Inc.](#),
- Provided first cash payment of \$15 million for the asset, together with agreed share consideration. Purchase completion also requires IVA (VAT) payment of \$6.5 million.

### 2014 GUIDANCE

- Gold production of 135-155,000 gold equivalent ounces (at a 60:1 conversion),
  - El Castillo - 90-100,000 gold ounces at cash costs of \$775-\$800/ounce sold,
  - La Colorada - 45-50,000 gold equivalent ounces at cash costs of \$640-\$665/ounce sold,
- Cash cost per ounce sold of \$700-\$725,
- Sustaining capital program of \$6 million, and \$11 million on capitalized stripping at La Colorada,
- Expansion capital program of \$70 million,
- Exploration program of \$5 million for in-fill and step-out drilling primarily focused at San Agustín and La Colorada,
- Total anticipated spending by project:
  - El Castillo - \$11 million, split 60% sustaining and 40% expansion,
  - La Colorada - \$3 million expansion capital and \$11 million on capitalized stripping,
  - San Antonio - \$56 million capital expansion subject to permits being granted,
  - San Agustín - \$3 million expansion capital,
  - Magino - \$4 million expansion capital.

Pete Dougherty, Argonaut Gold's President & CEO said, "Overall, 2013 was a tremendous year at Argonaut. The Company announced the results of a prefeasibility study on Magino with a positive after-tax IRR of 18%, incorporating 40% of the resource. Potential upside in terms of exploration and economics for the project, may exist at Magino based on the pending surface land acquisition.

In terms of resources, ounces were added at both La Colorada and El Castillo. Exploration drilling added 110,000 ounces at La Colorada's Veta Madre discovery. At El Castillo, additional metallurgical work conducted added 360,000 in-pit gold ounces.

In terms of improving efficiencies, capital projects aimed at decreasing the production costs at both El Castillo and La Colorada were implemented. Total gold equivalent production of almost 95,000 ounces at El Castillo and 26,000 ounces at La Colorada resulted in a gold equivalent ounce production increase of 7% year over year. Additionally, at La Colorada, the Company acquired the outstanding royalty providing full ownership of the project.

Lastly, Argonaut expanded our near term development projects by acquiring the San Agustín project located 10 km from El Castillo, and by increasing our land position at the Magino project. The San Agustín projects proximity and likeness to the El Castillo mine allows us to leverage our understanding and regional strength to undertake timely exploration and development. A surface and mining rights expansion agreement with Richmond Mines Ltd. ("Richmont") was signed. This provides a key strategic initiative for the Company as now the full Magino resource envelope (an additional 60% of the resource) at Magino may be exploited while allowing for additional exploration upside on the Richmont ground.

As an organization, we have made great accomplishments, and we look forward to the challenges and opportunities 2014 bring as we embark upon continuing the development of the Company in the future."

#### FOURTH QUARTER 2013 EI CASTILLO OPERATING STATISTICS

	3 Months Ended December 31			12 Months Ended December 31		
	2013	2012	% Change	2013	2012	% Change
Mining (Tonnes 000s)						
Total tonnes mined	7,574	6,695	+13%	26,997	24,052	+12%
Total ore tonnes mined	3,764	3,321	+13%	13,621	11,962	+14%
Heap Leach Pad (Tonnes 000s)						
Tonnes ore direct to leach pad	1,045	2,034	-49%	6,352	7,561	-16%
Tonnes crushed	1,407	1,282	+10%	5,736	4,555	+26%
Tonnes overland conveyor	1,312			1,486		
Production						
Gold grade (g/t)	0.32	0.37	-13%	0.35	0.39	-9%
Gold loaded to leach pad (oz)	39,269	39,329	0	154,581	151,462	+2%
Gold produced (oz)	20,848	25,805	-19%	94,804	87,712	+8%
Gold sold (oz)	20,620	23,595	-13%	92,675	89,881	+3%
1 "g/t" is grams per tonne						
2 "oz" means troy ounce						

Richard Rhoades, Chief Operating Officer of Argonaut Gold, said, "At El Castillo, during the fourth quarter, production results were lower than anticipated, due to the processing of some transitional material which

resulted in lower recovery. It is anticipated that the Company will progress through this material and by second quarter of this year we should see more traditional oxide ores and recovery improve. During 2014, the Company aims to deliver record ore tonnes to the pad, while lower ore grades are expected. The increase in tonnage should offset the lower grades and recoveries early in the year and we anticipate producing between 90-100 thousand ounces of gold.

At the La Colorada mine, the La Colorada pit has reached life of mine grades as the pit has been opened. During December, we were able to achieve average life of mine grade from the pit. While this is very encouraging, we are still experiencing lower than projected crusher throughput. We have brought additional crushing equipment to the site and believe that further increases can be made."

#### FOURTH QUARTER 2013 LA COLORADA OPERATING STATISTICS

	3 Months Ended December 31			12 Months Ended December 31		
	2013	2012	% Change	2013	2012	% Change
Mining (Tonnes 000s)						
Total tonnes mined	4,536	2,945	+54%	16,335	7,174	+128%
Total ore tonnes mined	434	923	-53%	1,747	3,332	-48%
Heap Leach Pad (Tonnes 000s)						
Crushed ore tonnes to pad	669	623	+7%	1,919	2,895	-34%
Production						
Gold grade (g/t)	0.41	0.43	-4%	0.34	0.43	-21%
Gold loaded to leach pad (oz)	9,799	8,845	+11%	21,928	40,180	-45%
Gold produced (oz)	7,017	6,195	+13%	22,544	20,369	+11%
Silver produced (oz)	47,759	47,890	0	169,673	132,805	+28%
Gold equivalent ounces produced	7,800	7,097	+10%	25,420	24,438	+4%
Gold sold (oz)	6,298	5,907	+7%	22,234	19,900	+12%
Silver sold (oz)	40,800	54,108	-25%	173,751	116,717	+49%

<sup>1</sup> "g/t" is grams per tonne

<sup>2</sup> "oz" means troy ounce

<sup>3</sup> Conversion ratios used: Q4 2012 at 53:1, Q4 2013 at 61:1, full year 2012 at 54:1, and full year 2013 at 59:1

## 2014 Development and Growth

Peter Dougherty said, "In 2014, we anticipate a production increase at La Colorada as the pit is opened up, higher tonnes are being processed and the grade continues to increase on the main ore zone. At El Castillo, we anticipate lower grade in 2014 and higher tonnes, as we move from the southeast side of the pit back to the main zone.

In terms of advancing projects, at San Antonio, we anticipate that we will be able to provide a third quarter update in regards to the zoning issue at the project. Currently, our hope is that this issue can be resolved to benefit all parties, paving the way for construction. Capital expenditures at San Antonio are subject to the permitting process.

At the newly acquired San Agustín property, a reverse circulation drill program totaling 14,000 meters (~150 holes) and a core drill program totaling 1,000 meters (12-15 holes) is scheduled for completion during the first half of 2014. Further metallurgical test work is also planned for the San Agustín project. At Magino, permitting-related activities will continue."

## Argonaut Gold Q4 Financial Results Conference Call and Webcast - March 25, 2013:

The Q4 financial results call is scheduled to take place on March 25, 2014 at 8:30 am ET. Details for the call-in participation are:

#### Q4 and Year End Conference Call Information for March 25, 2014:

Toll Free (North America): 1-866-696-5910

International: 1-416-340-2217

Webcast: [www.argonautgold.com](http://www.argonautgold.com)

#### Q4 and Year End Conference Call Replay:

Toll Free Replay Call (North America): 1-905-694-9451

International Replay Call: 1-800-408-3053

The conference call replay will be available from 11:30 a.m. ET on March 25, 2014 to April 8, 2014.

## **About Argonaut Gold**

Argonaut Gold is a Canadian gold company engaged in exploration, mine development and production activities. Its primary assets are the production stage El Castillo Mine in Durango, Mexico, and the La Colorada Mine in Sonora, Mexico. Advanced exploration stage projects are the San Antonio project in Baja California Sur, Mexico, and the Magino project in Ontario, Canada. The recently acquired San Agustín project is the primary exploration target for Argonaut in 2014. The Company also has several exploration stage projects, all of which are located in North America.

## ***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.

## **Qualified Person, Technical Information and Mineral Properties Reports**

Technical information included in this release was supervised and approved by Thomas Burkhart, Argonaut Gold's Vice President of Exploration, and a Qualified Person under NI 43-101.

## **Non-IFRS Measures**

The Company included the non-IFRS measure "Cash cost per gold ounce sold" in this press release to

supplement its regular financial statement reporting which is 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. The Company believes that this measure provides 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 MD&A for full disclosure on non-IFRS measures.

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](http://www.sedar.com):

El Castillo Mine	NI 43-101 Technical Report on Resources and Reserves, <a href="#">Argonaut Gold Inc.</a> , El Castillo Mine, Durango State, Mexico dated November 2011
La Colorada Mine	NI 43-101 Preliminary Economic Assessment La Colorada Project, Sonora, Mexico dated December 30, 2011
Magino Gold Project	NI 43-101 Technical Report and Mineral Resource Estimate on the Magino Gold Project, Ontario, Toronto, Canada dated October 2011
San Antonio Gold Project	NI 43-101 Technical Report and Mineral Resource Estimate on the San Antonio Gold Project, Baja California Sur, Mexico dated October 2012

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