

Cash flow from operations before changes in non-cash working capital of \$6.7M for the third quarter

TORONTO, ONTARIO--(Marketwired - Nov 3, 2015) - [Argonaut Gold Inc.](#) (TSX:AR) (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its financial and operating results for the third quarter ended September 30, 2015. All dollar amounts are expressed in United States dollars unless otherwise specified.

	3 months ended September 30 2015	2014	Change
Financial Data (in millions except for earnings (loss) per share)			
Revenue	\$32.1	\$37.3	-14%
Gross profit (loss) ¹	(\$5.9)	\$4.4	-235%
Net income (loss) ⁵	(\$11.2)	(\$1.8)	-513%
Earnings (loss) per share - basic	(\$0.07)	(\$0.01)	-600%
Adjusted net income (loss) ⁴	(\$2.0)		
Adjusted earnings (loss) per share - basic ⁴	(\$0.01)		
Cash flow from operating activities before changes in non-cash operating working capital	\$6.7	\$8.7	-23%
Cash and cash equivalents			
Gold Production and Cost Data			
GEOs loaded to the pads ²	48,768	69,777	-30%
GEOs projected recoverable ^{2,3}	27,182	41,296	-34%
GEOs produced ²	28,876	32,122	-10%
GEOs sold ²	28,572	29,917	-4%
Average realized sales price	\$1,131	\$1,251	-10%
Cash cost per gold ounce sold ⁴	\$778	\$786	-1%
All-in sustaining cost per gold ounce sold ⁴	\$922	\$1,009	-9%

¹Includes a non-cash impairment write-down of \$6.7M related to work-in-process inventory at the El Castillo mine for the third quarter valuing inventory @ \$1,114 per oz.

²Gold equivalent ounces ("GEO" or "GEOs") are based on a conversion ratio of 55:1 for silver to gold and is the referenced ratio throughout this release.

³Recoverable ounces - El Castillo expected recovery rates: ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulphides argillic 30% and crushed sulphides silicic 17%; La Colorada expected recovery rates: gold 60% and silver 30%.

⁴Please refer to section "Non-IFRS Measures" below for a discussion of these Non-IFRS Measures.

⁵Includes non-cash impairment write-down of \$6.7M (\$4.6M net of tax) on pad inventory, \$2.3M (\$1.2M net of tax) in foreign exchange loss and \$3.4M in deferred tax expense related to weakening peso.

THIRD QUARTER 2015 FINANCIAL HIGHLIGHTS:

- Revenue of \$32.1 million from sales of 28,572 GEOs at an average price of \$1,131 per gold ounce.
- Adjusted net loss of \$2.0 million, after adjustments for a non-cash write-down of \$4.6 million (net of tax) for lower net realizable value of the El Castillo pad inventory as a result of the decline in gold price as well as the foreign exchange effects of the weakening Mexican peso, which impacted income tax expense by way of an increase in deferred tax expense of \$3.4 million and foreign exchange loss of \$1.2 million (net of tax). (Refer to Non-IFRS Measures section). Net loss was \$11.2 million.
- Cash balance of \$43.7 million as of the end of the third quarter, unchanged from the cash balance at the end of the second quarter.
- Cash flow from operations before changes in non-cash working capital of \$6.7 million.
- Capital investments of \$9.7 million (mineral properties, plant and equipment) during the quarter.

2015 Company Highlights:

- Corporate Highlights:
 - Cash balance at September 30, 2015 is \$43.7 million with minimal debt (related only to equipment financing leases).
 - Renegotiated key contracts including contract miner at La Colorada.
 - Making preparations to run a sustainable business at \$1,000 gold environment as evidenced by a reduction in All in Sustaining Costs and future capital reductions (refer to Non-IFRS Measures section).
- Production:
 - GEO production of 28,876 for the third quarter and 108,660 for full year, a 10% decrease and 18% increase respectively over the same periods for 2014.
 - Overall cash cost of \$778 per gold ounce sold for the third quarter and \$761 for the first nine months of 2015 (refer to Non-IFRS Measures section).
 - All-in sustaining cost of \$922 per gold ounce sold for the third quarter and \$902 for the first nine months of 2015 (refer to Non-IFRS Measures section).

- El Castillo:

- Quarterly production of 17,297 GEOs.
- During the quarter, 23,951 contained gold ounces loaded on the leach pads.
- 77 thousand tonnes per day mined and 2.7 million tonnes of mineralized material placed on the heap leach pads during the quarter.
- Construction completed on the final heap leach pad "3b" with commissioning to take place in October of this year.
- The illegal blockade ended on Friday, October 30, 2015. All normal activities resumed at the mine after the blockade was lifted. The Company and local community leaders have entered into an agreement in principal. A definitive agreement will be ratified by the communities in the near future.

- La Colorada:

- Quarterly production of 11,073 gold ounces and 27,836 silver ounces, for 11,579 GEOs.
- During the quarter, 18,090 contained gold ounces and 369,985 contained silver ounces were loaded on the leach pads.
- Average crusher throughput for the quarter of approximately 14,500 tonnes per day.
- Construction completed on the 9A heap leach pad and phase II of heap leach pad 6, providing an additional leaching capacity of three million tonnes. Ore placement on heap leach pad 6 commenced in October, which should increase production as leach cycle times are shortened.

CEO Commentary

Pete Dougherty, President and CEO of Argonaut Gold stated, "The team has put together a solid quarter, in spite of the difficult operating conditions associated with the rainy season. We met our production objectives for the quarter. We were able to maintain our costs on a per ounce basis in spite of lower production. We are preparing to operate in a \$1,000 gold price environment which should provide operating flexibility. Year over year, we have been able to lower costs, reduce payables, and our debt while preserving our balance sheet. With positive cash flow generation and almost no debt, we are well positioned for our 2016 goals. We are committed to meeting our production guidance of 135,000 to 145,000 GEO and expect to be at the higher end or slightly over our cash cost guidance of \$700 to \$750 per gold ounce sold."

With regards to our development projects, we are operating under the philosophy of getting all three development projects shovel ready. We submitted permits for the San Agustin project and we have developed plans to incorporate San Agustin into El Castillo reducing upfront capital. At San Antonio, the newly elected officials have recently taken office and we are evaluating the best ways to advance discussions on the project. We have recently re-bid the construction works for the project so that this project is fully shovel ready when permits are obtained. We are continuing work on updating the resource and economic evaluation of the Magino project and expect to release and updated PFS late 2015 or early 2016.

We are in a favorable position with continued positive cash flow and almost no debt. The Company will continue to advance the development projects to a shovel ready stage, but our commitment is to preserve our balance sheet and protect our shareholders' investments until market conditions merit advancing the projects."

Financial Results - Third Quarter 2015

Revenue for the three months ended September 30, 2015 was \$32.1 million, a decrease from \$37.3 million for the three months ended September 30, 2014. During the third quarter of 2015, gold ounces sold totaled 27,880 at an average realized price per ounce of \$1,131 (compared to 29,410 gold ounces sold at an average price per ounce of \$1,251 during the same period of 2014).

Production costs for the third quarter of 2015 were \$22.3 million, a decrease from \$23.6 million in the third quarter of 2014 primarily due to the decreased gold ounces sold. Cash cost per gold ounce sold (see Non-IFRS Measures section) decreased to \$778 in the third quarter of 2015, comparable to \$786 in the same period of 2014.

Net loss for the third quarter of 2015 was \$11.2 million or \$0.07 per basic share, an increase from net loss of \$1.8 million or \$0.01 per basic share for the third quarter of 2014. The increase in net loss was due principally to the write-down of the leach pad inventory value (\$4.6 million net of tax effects) coupled with a Foreign exchange impact to deferred taxes and other assets (\$3.4 million net of tax effect) due to a weaker Mexican peso.

Cash balances remained equal to the previous quarter at \$43.7 million as of September 30, 2015. Cash generated from operating activities before changes in non-cash working capital in the third quarter was \$6.7 million. Cash spent towards capital expenditures in the third quarter was \$9.7 million, primarily for deferred stripping and leach pad construction at the El Castillo and La Colorada mines.

THIRD QUARTER 2015 EL CASTILLO OPERATING STATISTICS

3 Months Ended September 30

	2015	2014	% Change	9 Months Ended September 30	2015	2014	% Change
Mining (Tonnes 000s)							
Total tonnes mined	7,047	7,714	-9%	20,996	23,835	-12%	
Total mineralized tonnes mined	2,722	4,059	-33%	8,388	11,492	-27%	

Tonnes waste	4,325	3,655	+18%	12,608	12,343	+2%
Tonnes per day	77	84	-8%	77	87	-11%
Waste/mineralized material ratio	1.59	0.90	+77%	1.50	1.07	+40%
Heap Leach Pad (Tonnes 000s)						
Tonnes mineralized material direct to leach pad	-	1,063	-100%	-	2,569	-100%
Tonnes crushed	1,369	1,530	-11%	4,029	4,643	-13%
Tonnes overland conveyor	1,378	1,466	-6%	4,326	4,279	+1%
Production						
Gold grade (g/t) ¹	0.27	0.34	-21%	0.31	0.33	-6%
Gold loaded to leach pad (oz) ²	23,951	44,031	-46%	82,461	121,307	-32%
Projected recoverable gold ounces loaded to pad (oz) ⁵	14,310	27,214	-47%	50,515	70,916	-29%
Gold Produced (oz) ³	17,134	22,807	-25%	63,165	64,824	-3%
GEOs produced ⁴	17,297	22,980	-25%	63,766	65,510	-3%
Gold sold (oz)	16,885	20,527	-18%	61,420	63,725	-4%
Silver sold (oz)	8,941	9,541	-6%	33,047	37,752	-12%

¹ "g/t" is grams per tonne

² "oz" means troy ounce

³ Produced ounces are calculated as ounces loaded to carbon

⁴ GEOs are based on a conversion ratio of 55:1 for silver to gold

⁵ Recovery rates: ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulfides argilic 30%, crushed sulfides silicic 17%

Summary of Production Results at El Castillo

The gold ounces loaded to the pads in the third quarter 2015 were 46% lower compared to third quarter 2014 due to lower gold grades per tonne. Ounces loaded to the pads were also impacted by a reduced amount of tonnes of mineralized material loaded to the pads resulting from inclement weather and discontinuance of hauling ore directly to the leach pads.

GEO production of 17,297 ounces in the third quarter of 2015 was 25% lower compared to the third quarter of 2014. As expected according to the mine plan, production for the quarter was largely impacted due to lower tonnes and lower grades mined.

THIRD QUARTER 2015 LA COLORADA OPERATING STATISTICS

3 Months Ended September 30

9 Months Ended September 30

	2015	2014	% Change	2015	2014	% Change
Mining (Tonnes 000s)						
Tonnes mineralized material	628	757	-17%	1,689	2,017	-16%
Tonnes waste	2,638	3,486	-24%	7,312	10,674	-31%
Total tonnes	3,266	4,243	-23%	9,001	12,691	-29%
Waste/mineralized material ratio	4.20	4.61	-9%	4.33	5.29	-18%
Tonnes rehandled	691	301	+130%	2,122	616	+244%
Heap Leach Pad (Tonnes 000s)						
Tonnes crushed and loaded to pads	1,330	1,068	+25%	3,815	2,583	+48%
Production						
Gold grade to leach pad (g/t) ¹	0.42	0.62	-32%	0.46	0.57	-19%
Gold loaded to leach pad (oz) ²	18,090	21,195	-15%	56,629	47,658	+19%
Projected recoverable GEOs loaded (oz) ^{3,4}	12,872	14,082	-9%	39,918	31,555	+27%
Gold produced (oz)	11,073	8,870	+25%	42,190	24,853	+70%
Silver produced (oz)	27,836	14,958	+86%	148,745	111,761	+33%
GEOs produced (oz)	11,579	9,142	+27%	44,894	26,885	+67%
Gold sold (oz)	10,995	8,883	+24%	42,755	25,146	+70%
Silver sold (oz)	29,077	18,313	+59%	151,839	123,607	+23%
GEOs sold	11,524	9,217	+25%	45,516	27,394	+66%

¹"g/t" is grams per tonne

²"oz" means troy ounce

³Recovery rates: gold 60% and silver 30%

⁴GEOs based on conversion ratio of 55:1 for silver to gold

Summary of Production Results at La Colorada

As anticipated this year, we are currently processing more tonnes from the historic leach pads, therefore, the total tonnes of mineralized material mined decreased by 17% for the third quarter 2015 compared to the third quarter 2014. The strip ratio has decreased as we continue to advance the pit. As noted, the crusher throughput from material sourced from both locations exceeded expected levels. As a result, production for the third quarter in 2015 of 11,579 GEOs was achieved; an increase of 27% over third quarter 2014 production of 9,142 GEOs.

Chief Operating Officer Comments

Richard Rhoades, commenting on the third quarter of 2015, stated, ""As expected, production at El Castillo was down for the quarter due to lower grades being processed and seasonal rains. Despite these challenges, the team has continued to show the ability to reduce the heap leach pad ounce inventory and achieve planned production. We look forward to a drier fourth quarter as the monsoon season ends. The grades are anticipated to increase next year as mining begins in the northwest pushback in the pit.

At the La Colorada Mine, the crushing circuit continues to perform well, averaging 14,500 tonnes per day. The Company continues to operate with a blend of reprocessed material from the historic leach pads and fresh material from the La Colorada/Gran Central pit. Heap leach pad construction is complete for the year and we are preparing for the initial construction phase of the Northeast leach pad, scheduled to commence in early 2016. All major contracts have been renegotiated including changing our mining contractor in an effort to control cost in a difficult gold market environment.

On a whole, the Company is on track to achieve our target production for the year of 135,000 to 145,000 GEOs, and is ahead of schedule on our construction projects."

Expansion Projects for 2015

The Company plans to invest a total of \$37 million on capital expenditures and exploration initiatives in 2015. Major capital expenditures in 2015 were expected to include approximately \$16 million at El Castillo (including \$4 million in leach pad expansion, \$6 million in sustaining capital and \$6 million on capitalized stripping), \$11 million at La Colorada (including \$3 million in leach pad expansion, \$2 million in sustaining capital and \$6 million on capitalized stripping), \$2 million at San Antonio, \$2 million at San Agustin and \$2 million at Magino. Exploration expenditures in 2015 were expected to amount to approximately \$4 million.

Company Progress

Pete Dougherty added "We are pleased with the results through the third quarter of 2015, while maintaining a strong cash position. The Company is maintaining its annual production guidance for 135,000 to 145,000 gold equivalent ounces with cash costs coming in on the high end or slightly over our guidance of \$700 to \$750 per ounce due to lower grades processed at El Castillo. We are aware of the pressures on the mining and metals market at this time. For this reason, the Company is preparing to operate in a \$1,000 gold price environment. This will include all operating, capital, and corporate costs within this \$1,000 per ounce target, which should provide the flexibility needed as we move forward.

We are in a favorable position with positive cash flow and no debt. The Company will continue to advance the development projects to a shovel ready stage, but our commitment is to preserve our balance sheet and protect our shareholders investments until market conditions merit advancing the projects."

Argonaut Gold Q3 2015 Financial Results Conference Call and Webcast - November 4, 2015:

The Q3 financial results call is scheduled to take place on November 4, 2015 at 7:00 AM (ET). Details for the call-in participation are:

Q3 2015 Conference Call Information for November 4, 2015:

Toll Free (North America): 1-877-223-4471

International: 1-647-788-4922

Webcast: www.argonautgold.com

Q3 2015 Conference Call Replay:

Toll Free Replay Call (North America): 1-416-621-4642

Conference ID: 26266121

The conference call replay will be available from 11:30 AM (ET) on November 4, 2015 to November 17, 2015.

Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold", "All-in sustaining cost per gold ounce sold", "Adjusted net income (loss)" and "Adjusted earnings (loss) per share - basic" in this press release 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 expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. Adjusted net income (loss) is equal to net income (loss) less the non-cash impairment write down of inventories, net of tax, and the foreign exchange effects. Adjusted earnings (loss) per share - basic is equal to adjusted net income (loss) divided by basic weighted average number of common shares outstanding. 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.

This press release should be read in conjunction with the Company's unaudited consolidated financial statements for the three and nine months ended September 30, 2015 and associated MD&A, for the same period ended, 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.

Technical Information and Mineral Properties Reports

The technical information contained in this document has been prepared under the supervision of, and has been reviewed and approved by, Mr. Thomas H. Burkhart, Argonaut's Vice President of Exploration, a qualified person as defined by National Instrument 43-101 ("NI 43-101"). For further information on the Company's properties please refer to the reports as listed below on the Company's website www.argonautgold.com or on www.sedar.com:

El Castillo Mine	NI 43-101 Technical Report on Resources and Reserves, Argonaut Gold Inc. , El Castillo Mine, Durango February 24, 2011 and with an effective date of November 6, 2010
La Colorada Mine	NI 43-101 Preliminary Economic Assessment La Colorada Project, Sonora, Mexico dated December 30, effective date of October 15, 2011
Magino Gold Project	Preliminary Feasibility Study Technical Report for the Magino Project, Wawa, Ontario, Canada dated Jan an effective date of December 17, 2013
San Antonio Gold Project	NI 43-101 Technical Report on Resources, San Antonio Project, Baja California Sur, Mexico dated Octob an effective date of September 2, 2012
San Agustin Project	NI 43-101 Technical Report and Preliminary Economic Assessment on the San Agustin Heap Leach Pro dated February 19, 2015 and with an effective date of October 3, 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 La Colorada mine in Sonora, Mexico. Advanced exploration stage projects include the San Antonio project in Baja California Sur, Mexico, the Magino project in Ontario, Canada and the San Agustin project in Durango, Mexico. The Company also has several exploration stage projects, all of which are located in North America. The Company is pursuing a development strategy for the San Agustin project that it expects to rely upon common infrastructure with the nearby El Castillo mine. In the event that this strategy is proven out, the Company intends any future development of the San Agustin project to proceed as an extension of the El Castillo mine.

Creating Value Beyond Gold

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; the ability

to obtain permits for operations; synergies; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; 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; 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", "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 variations in ore grade or recovery rates, changes in market conditions, 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, 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 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.

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