

Argonaut Gold Announces Third Quarter 2020 Operating and Financial Results Reporting

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TORONTO, Nov. 5, 2020 - [Argonaut Gold Inc.](#) (TSX: AR) (the "Company", "Argonaut Gold" or "Argonaut") announces its operating and financial results for the third quarter ended September 30, 2020. The Company reports quarterly production of 48,900 gold equivalent ounces¹ ("GEO" or "GEOs"), cash flow from operating activities before changes in operating working capital of \$13.4 million, net income of \$13.4 million or earnings per share of \$0.05, adjusted net income of \$12.2 million or adjusted earnings per share of \$0.04 (see "Non-IFRS Measures" section) and cash and cash equivalents of \$177.9 million. All dollar amounts are expressed in United States dollars, unless otherwise specified (C\$ refers to Canadian dollars).

CEO Commentary

Pete Dougherty, President and CEO stated: "It was an extremely busy third quarter for the Company. We closed the Ana Paula transaction, completed a C\$126.5 million equity financing and entered into an agreement for the sale of the Ana Paula mine. Subsequent to the end of the quarter, we completed a C\$11.5 million flow-through financing to fund exploration at Magino. Next year, we announced that we closed a convertible debenture financing for \$57.5 million while expanding and extending our revolving credit facility to up to \$125.0 million and are moving Magino towards construction early in 2021. After acquiring the Canyon mine at the beginning of the third quarter, we have begun to implement modifications to the crushing and stacking facilities which we expect will lower operating costs. We expect these modifications to be completed in the first half of 2021."

Key operating and financial statistics for the three and nine months ended September 30, 2020 are outlined in the following table:

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

| | 3 Months Ended Sept 30 | | | 9 Months Ended Sept 30 | | |
|--|------------------------|---------|--------|------------------------|---------|--------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Financial Data (in millions except for earnings per share) | | | | | | |
| Revenue | \$94.4 | \$66.8 | 41% | \$218.9 | \$196.8 | 11% |
| Gross profit | \$31.6 | \$14.5 | 118% | \$63.2 | \$35.2 | 80% |
| Net income (loss) | \$13.4 | \$4.9 | 173% | (\$3.8) | \$14.4 | (126%) |
| Earnings (loss) per share – basic | \$0.05 | \$0.03 | 67% | (\$0.02) | \$0.08 | (125%) |
| Adjusted net income ¹ | \$12.2 | \$6.5 | 88% | \$30.0 | \$10.3 | 191% |
| Adjusted earnings per share – basic ¹ | \$0.04 | \$0.04 | 25% | \$0.14 | \$0.06 | 133% |
| Cash flow from operating activities before changes in non-cash operating working capital | \$29.0 | \$17.2 | 69% | \$55.5 | \$46.6 | 19% |
| Cash and cash equivalents | \$177.9 | \$35.6 | 400% | \$177.9 | \$35.6 | 400% |
| Net cash ¹ | \$155.8 | \$21.6 | 621% | \$155.8 | \$21.6 | 621% |
| Gold Production and Cost Data | | | | | | |
| GEOs loaded to the pads ² | 120,392 | 100,731 | 20% | 257,881 | 260,251 | (1%) |
| GEOs projected recoverable ^{2,3} | 61,224 | 54,884 | 12% | 125,613 | 152,828 | (18%) |
| GEOs produced ^{2,3,4} | 48,951 | 44,712 | 9% | 122,018 | 139,094 | (12%) |
| GEOs sold ² | 49,291 | 45,567 | 8% | 125,691 | 145,426 | (14%) |
| Average realized sales price | \$1,915 | \$1,474 | 30% | \$1,750 | \$1,359 | 29% |
| Cash cost per gold ounce sold ¹ | \$1,008 | \$901 | 12% | \$960 | \$906 | 6% |
| All-in sustaining cost per gold ounce sold ¹ | \$1,401 | \$1,134 | 24% | \$1,280 | \$1,168 | 10% |

¹ Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.

² GEOs are based on a conversion ratio of 80:1 for silver to gold for 2020 and 75:1 for 2019. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

³ Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Complex Technical Report dated March 27, 2018, the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018 and the Florida Canyon Technical Report dated July 8, 2020. In periods where the Company mines material not specifically defined in a technical report (for example: run-of-mine ore or low grade stockpile material), management uses its best estimate of recovery based on the information available.

⁴ Produced ounces are calculated as ounces loaded to carbon.
Third Quarter 2020 and Recent Company Highlights:

- Corporate

- Completed at-market merger with Alio Gold Inc. ("Alio") to create a North American diversified intermediate producer.
- Completed a bought-deal equity financing for gross proceeds of C\$126.5 million (\$89.6 million).
- Entered into an agreement to sell the Ana Paula project for \$30 million, a C\$10 million contingent payment, smelter returns royalty and 9.9% equity in the acquiring company.
- Completed a bought-deal private placement flow-through equity financing for gross proceeds of C\$11.5 million to fund the continuing exploration program at Magino.
- Approved Magino project construction.
- Received fixed bid pricing proposal for approximately 50% of Magino's initial capital.
- Completed a bought-deal convertible debenture financing for gross proceeds of \$57.5 million.
- Extended and expanded the existing corporate revolving credit facility to up to \$125.0 million.
- El Castillo Complex
 - Third quarter production of 26,690 GEOs.
 - El Castillo production of 9,492 GEOs.
 - San Agustin production of 17,198 GEOs.
 - Reduced cash cost per gold ounce sold by 10% compared to the third quarter of 2019 (see "Non-IFRS Measures" section).
 - El Castillo cash cost per gold ounce sold reduced by 14% compared to the third quarter of 2019 (see "Non-IFRS Measures" section).
 - San Agustin cash cost per gold ounce sold reduced by 3% compared to the third quarter of 2019 (see "Non-IFRS Measures" section).
- La Colorada
 - Third quarter production of 10,972 GEOs.
- Florida Canyon
 - Published updated life-of-mine plan, which generates \$381 million of after-tax mine site free cash flow over 10 years at \$1,800 gold.
 - Third quarter production of 11,289 GEOs.
- Magino
 - Continued exploration program targeting high-grade mineralization at depth below the proposed open pit and result updates at the Elbow and Central zones, which show promising high-grade gold continuity.
 - Preparing to commence construction early in 2021.
- Social Responsibility
 - Received nationally awarded Environmental Socially Responsible Company recognition at the La Colorada mine for the ninth consecutive year.
 - Continued COVID-19 support for communities surrounding the Company's operations in Mexico, including donation of hygiene supplies and the sanitization of homes and local businesses.
 - Provided a donation to the Red Cross station in Dolores Hidalgo, Guanajuato Mexico.
 - Donation of food baskets to families and students in communities surrounding Argonaut's operations.

Financial Results – Third Quarter 2020

Revenue for the three months ended September 30, 2020 was \$94.4 million, an increase from \$66.8 million for the three months ended September 30, 2019. During the third quarter of 2020, gold ounces sold totaled 47,651 at an average realized price per ounce of \$1,915, compared to 44,303 gold ounces sold at an average realized price per ounce of \$1,474 during the same period of 2019. Gold ounces sold for the three months ended September 30, 2020 increased compared to the same period in 2019 primarily due to addition of the gold ounces sold from the Florida Canyon mine offset by decreases in gold ounces produced and sold at the El Castillo and La Colorada mines mostly related to a large decrease in ore tonnes to leach pads during the second quarter, as a result of the COVID-19 related suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree. While the San Agustin mine also suspended mining, crushing and stacking activities during April 2020 and May 2020, gold ounces produced and sold at the San Agustin mine during the three months ended September 30, 2020 were relatively consistent with the three months ended September 30, 2019, as a 10,000 tonne per day expansion to the crushing and stacking system put in place at the end of 2019 led to more ore tonnes to the leach pad prior to and following COVID-19 related suspensions. As of June 1, 2020, all mining, crushing and stacking activities had resumed at all Mexican operations.

Production costs for the third quarter of 2020 were \$51.2 million, an increase from \$41.5 million in the third quarter of 2019, primarily due to an increase in gold ounces sold. Cash cost per gold ounce sold (see "Non-IFRS Measures" section) was \$1,008 in the third quarter of 2020, an increase from \$901 in the same period of 2019, primarily due to an increase in cash cost per gold ounce sold at the San Agustin mine and the addition of the Florida Canyon mine that has higher cash cost than the other three mines, offset by a decrease in cash cost per gold ounce sold at the El Castillo and La Colorada mines as discussed further in the discussion of operations for the respective mine. The depreciation, depletion, and amortization (DD&A) expense included in cost of sales for the third quarter of 2020 totaled \$13.5 million, an increase from \$11.2

million in the third quarter of 2019, primarily due to an increase in gold ounces sold related to the addition of the Florida Canyon mine and by an increase in the average DD&A expense per ounce in work-in-process inventory, primarily due to the significant capital additions during the last half of 2019.

General and administrative expenses for the third quarter of 2020 were \$4.5 million, an increase from \$3.4 million for the same period of 2019 primarily related to employee related costs.

Transaction costs on acquisition for the third quarter of 2020 were \$3.8 million as a result of the Alio merger.

Losses on commodity derivatives for the third quarter of 2020 were \$9.0 million, compared to gains of \$0.5 million in the third quarter of 2019, primarily due to the large increase in realized and unrealized losses on the Company's zero-cost collar commodity contracts.

Impairment reversal of mineral properties, plant and equipment for the third quarter of 2020 was \$5.9 million, compared to nil in the third quarter of 2019, primarily due to the increase in mineral reserves and resources at the La Colorada mine from the updated life-of-mine plan and due to updates to the gold price per ounce assumption, both used in determining the recoverable amount of the relative cash generating units for the mine.

Other income for the third quarter of 2020 was \$6.2 million, an increase from other expense of \$1.1 million in the third quarter of 2019, primarily due to differences in foreign currency translation effects.

Income tax expense for the third quarter of 2020 was \$10.4 million, compared to \$5.1 million in the same period of 2019, primarily due to higher income before income taxes in the third quarter of 2020 compared to the income before income taxes in the same period of 2019.

Income from continuing operations and net income for the third quarter of 2020 were \$14.9 million and \$13.4 million, respectively or \$0.05 per basic and diluted share, an increase from income from continuing operations and net income of \$4.9 million or \$0.03 per basic or diluted share for the third quarter of 2019.

Financial Results – First Nine Months 2020

Revenue for the nine months ended September 30, 2020 was \$218.9 million, an increase from \$196.8 million for the nine months ended September 30, 2019. During the first nine months of 2020, gold ounces sold totaled 120,527 at an average realized price per ounce of \$1,750, compared to 140,729 gold ounces sold at an average realized price per ounce of \$1,359 during the same period of 2019. Gold ounces sold for the nine months ended September 30, 2020 decreased compared to the same period in 2019 primarily due to a decrease in gold ounces sold at the El Castillo and La Colorada mines due to a large decrease in ore tonnes to leach pads as a result of the temporary suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree related to COVID-19 and due to lower gold ounces sold at the El Castillo mine as a result of changing from crushing ore to run-of-mine ore direct to the leach pads, offset by increased ounces from the Florida Canyon mine effective July 1, 2020. While the San Agustin mine also suspended mining, crushing and stacking activities during April 2020 and May 2020, gold ounces produced and sold at the San Agustin mine during the nine months ended September 30, 2020 were relatively consistent with the nine months ended September 30, 2019, as a 10,000 tonne per day expansion to the crushing and stacking system put in place at the end of 2019 led to more ore tonnes to the leach pad in prior to and following COVID-19 related suspensions.

Production costs for the nine months ended September 30, 2020 were \$123.7 million, a decrease from \$133.0 million in the first nine months of 2019 primarily due to a large decrease in gold ounces sold partially offset by a slight increase in cash cost per gold ounce sold. Cash cost per gold ounce sold (see "Non-IFRS Measures" section) was \$960 in the first nine months of 2020, an increase from \$906 in the same period of 2019, primarily due to an increase in cash cost per gold ounce sold at the La Colorada mine and the addition of the Florida Canyon mine that has higher cash cost than the other three mines, offset by a decrease in cash cost per gold ounce sold at the San Agustin and El Castillo mines as discussed further in the discussion of operations for the respective mine. DD&A expense included in cost of sales for the nine months ended September 30, 2020 totaled \$33.4 million, a slight increase from \$33.3 million in the nine months ended September 30, 2019, mostly due to a large decrease in gold ounces sold offset by an increase in the average DD&A expense per ounce in work-in-process inventory, primarily due to the significant capital additions during the last half of 2019.

General and administrative expenses for the nine months ended September 30, 2020 were \$10.9 million, a slight increase from \$10.5 million in the same period of 2019.

Transaction costs on acquisition for the nine months ended of September 30, 2020 were \$4.6 million as a result of the Alio merger.

Care and maintenance expenses for the nine months ended September 30, 2020 were \$8.2 million compared to nil for the comparative period of 2019. On April 1, 2020, the Company temporary suspended all mining, crushing, and stacking activities in Mexico due to COVID-19 in response to the Mexican Federal Government decree. All activities resumed on June 1, 2020. Costs incurred during the temporary suspension associated with the suspended activities did not that generate additional inventory were separately identified and accounted for as care and maintenance expenses within operating income in the interim condensed consolidated statements of (loss) income.

Losses on commodity derivatives during the first nine months of 2020 were \$23.2 million, compared to gains of \$1.0 million in the first nine months of 2019, primarily due to the large increase in unrealized and realized losses on the Company's zero-cost collar commodity contracts.

Impairment reversal of mineral properties, plant and equipment for first nine months of 2020 was \$5.9 million, compared to nil in the first nine months of 2019, primarily due to the increase in mineral reserves and resources of the La Colorada mine from the updated life-of-mine plan and due to updates to the gold price per ounce assumption, both used in determining the recoverable amount of the relative cash generating unit for the mine.

Other income for the nine months ended September 30, 2020 was \$1.3 million, an increase from other income of \$0.8 million in the same period of 2019, primarily related to differences in foreign currency translation effects.

Income tax expense for the nine months ended September 30, 2020 was \$23.8 million, compared to \$10.4 million in the same period of 2019. The change is primarily due to higher taxable income on the Mexican operations in 2020 and due to the foreign exchange effects of the weakening Mexican peso on the calculation of deferred taxes during the first nine months of 2020.

Loss from continuing operations and net loss for the nine months ended September 30, 2020 was \$2.3 million and \$3.8 million, or \$0.01 and \$0.02 loss per basic share, respectively, a decrease from and income from continuing operations and net income of \$14.4 million or \$0.08 per basic and diluted share for the nine months ended September 30, 2019.

Operational Results – Third Quarter 2020

During the third quarter 2020, the Company achieved production of 48,951 GEOs at a cash cost of \$1,008 per gold ounce sold and all-in sustaining cost of \$1,401 per gold ounce sold compared to 44,712 GEOs at a cash cost of \$901 per gold ounce sold and an all-in sustaining cost of \$1,134 per gold ounce sold during the third quarter 2019 (see "Non-IFRS Measures" section). Higher production was primarily due to the addition of the Florida Canyon mine following the acquisition of Alio on July 1, 2020, partially offset by fewer GEOs produced at the El Castillo and La Colorada mines due to a large decrease in ore tonnes to leach pads as a result of the temporary suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree related to COVID-19. While the San Agustin mine also suspended mining, crushing and stacking activities during April 2020 and May 2020, GEOs produced and sold at the San Agustin mine during the three months ended September 30, 2020 were relatively consistent with the three month ended September 30, 2019, as a 10,000 tonne per day expansion to the crushing and stacking system put in place at the end of 2019 led to more ore tonnes to the leach pad prior to and following COVID-19 related suspensions. Higher cash cost and all-in sustaining cost are primarily related the addition of the Florida Canyon mine that has a higher cost and higher sustaining capital spend in 2020, partially offset by a decrease in cash cost and sustaining capital spend at the El Castillo Complex.

Pete Dougherty commented: "We saw lower production in the third quarter than typical steady-state operations due to lower ore tonnes to leach pads in the second quarter, as a result of the shutdown of mining, crushing and stacking activities during April and May. We also experienced the normal seasonal

challenges at our Mexican operations of solution on the leach pads being diluted by heavy rains. In spite of the rainy season, from a productivity standpoint, we managed to get the required ore tonnes to the leach pads during the third quarter, which leads us to believe the fourth quarter will be our strongest quarter of 2020."

THIRD QUARTER 2020 EL CASTILLO COMPLEX OPERATING STATISTICS

| | 3 Months Ended Sept 30 | | | 9 Months Ended Sept 30 | | |
|--|------------------------|-------|--------|------------------------|--------|--------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Mining (in 000s except waste/ore ratio) | | | | | | |
| Tonnes ore El Castillo | 2,874 | 2,436 | 18% | 5,698 | 7,024 | (19%) |
| Tonnes ore San Agustin | 2,573 | 2,371 | 9% | 6,454 | 5,993 | 8% |
| Tonnes ore | 5,447 | 4,807 | 13% | 12,152 | 13,017 | (7%) |
| Tonnes waste El Castillo | 2,240 | 2,947 | (24%) | 6,424 | 10,241 | (37%) |
| Tonnes waste San Agustin | 1,814 | 1,633 | 11% | 4,267 | 4,358 | (2%) |
| Tonnes waste | 4,054 | 4,580 | (11%) | 10,691 | 14,599 | (27%) |
| Tonnes mined El Castillo | 5,114 | 5,383 | (5%) | 12,122 | 17,265 | (30%) |
| Tonnes mined San Agustin | 4,387 | 4,004 | 10% | 10,721 | 10,351 | 4% |
| Tonnes mined | 9,501 | 9,387 | 1% | 22,843 | 27,616 | (17%) |
| Tonnes per day El Castillo | 56 | 59 | (5%) | 44 | 63 | (30%) |
| Tonnes per day San Agustin | 48 | 44 | 9% | 39 | 38 | 3% |
| Tonnes per day | 104 | 103 | 1% | 83 | 101 | (18%) |
| Waste/ore ratio El Castillo | 0.78 | 1.21 | (36%) | 1.13 | 1.46 | (23%) |
| Waste/ore ratio San Agustin | 0.71 | 0.69 | 3% | 0.66 | 0.73 | (10%) |
| Waste/ore ratio | 0.74 | 0.95 | (22%) | 0.88 | 1.12 | (21%) |
| Leach Pads (in 000s) | | | | | | |
| Tonnes crushed to East leach pads El Castillo | 59 | 988 | (94%) | 337 | 3,162 | (89%) |
| Tonnes crushed to West leach pads El Castillo | 0 | 1,124 | (100%) | 3 | 3,556 | (100%) |
| Tonnes direct to leach pads El Castillo | 2,874 | 374 | 668% | 5,509 | 374 | 1373% |
| Tonnes crushed to leach pads San Agustin | 2,616 | 2,287 | 14% | 6,540 | 5,909 | 11% |
| Tonnes crushed to leach pads | 5,549 | 4,773 | 16% | 12,389 | 13,001 | (5%) |
| Production | | | | | | |
| Gold grade loaded to leach pads El Castillo (g/t) ¹ | 0.36 | 0.39 | (8%) | 0.44 | 0.39 | 13% |
| Gold grade loaded to leach pads San Agustin (g/t) ¹ | | | | | | |

| | | | | | |
|------|------|------|------|------|-------|
| 0.31 | 0.32 | (3%) | 0.33 | 0.39 | (15%) |
|------|------|------|------|------|-------|

| | | | | | | |
|--|--------|---------|-------|---------|---------|-------|
| Gold grade loaded to leach pads (g/t) ¹ | 0.34 | 0.35 | (3%) | 0.38 | 0.39 | (3%) |
| Gold loaded to leach pads El Castillo (oz) ² | 34,281 | 30,939 | 11% | 82,138 | 88,508 | (7%) |
| Gold loaded to leach pads San Agustin (oz) ² | 25,789 | 23,385 | 10% | 69,653 | 73,548 | (5%) |
| Gold loaded to leach pads (oz) ² | 60,070 | 54,324 | 11% | 151,791 | 162,056 | (6%) |
| Projected recoverable GEOs loaded El Castillo ⁴ | 13,259 | 15,526 | (15%) | 31,878 | 54,498 | (42%) |
| Projected recoverable GEOs loaded San Agustin ⁴ | 19,350 | 17,082 | 13% | 51,081 | 52,048 | (2%) |
| Projected recoverable GEOs loaded ⁴ | 32,609 | 32,608 | 0% | 82,959 | 106,546 | (22%) |
| Gold produced El Castillo (oz) ^{2,3} | 9,329 | 14,281 | (35%) | 32,915 | 51,529 | (36%) |
| Gold produced San Agustin (oz) ^{2,3} | 16,192 | 15,210 | 6% | 42,430 | 41,978 | 1% |
| Gold produced (oz) ^{2,3} | 25,521 | 29,491 | (13%) | 75,345 | 93,507 | (19%) |
| Silver produced El Castillo (oz) ^{2,3} | 12,875 | 23,293 | (45%) | 55,967 | 81,294 | (31%) |
| Silver produced San Agustin (oz) ^{2,3} | 80,414 | 36,887 | 118% | 225,160 | 134,014 | 68% |
| Silver produced (oz) ^{2,3} | 93,289 | 60,180 | 55% | 281,127 | 215,308 | 31% |
| GEOs produced El Castillo ³ | 9,492 | 14,592 | (35%) | 33,615 | 52,613 | (36%) |
| GEOs produced San Agustin ³ | 17,198 | 15,702 | 10% | 45,245 | 43,765 | 3% |
| GEOs produced ³ | 26,690 | 30,294 | (12%) | 78,860 | 96,378 | (18%) |
| Gold sold El Castillo (oz) ² | 9,318 | 15,955 | (42%) | 33,952 | 54,839 | (38%) |
| Gold sold San Agustin (oz) ² | 14,312 | 14,478 | (1%) | 42,066 | 44,565 | (6%) |
| Gold sold (oz) ² | 23,630 | 30,433 | (22%) | 76,018 | 99,404 | (24%) |
| Silver sold El Castillo (oz) ² | 12,875 | 23,293 | (45%) | 55,967 | 81,294 | (31%) |
| Silver sold San Agustin (oz) ² | 70,368 | 37,410 | 88% | 226,547 | 144,830 | 56% |
| Silver sold (oz) ² | 83,243 | 60,703 | 37% | 282,514 | 226,124 | 25% |
| GEOs sold El Castillo | 9,479 | 16,266 | (42%) | 34,652 | 55,923 | (38%) |
| GEOs sold San Agustin | 15,191 | 14,977 | 1% | 44,897 | 46,496 | (3%) |
| GEOs sold | 24,670 | 31,243 | (21%) | 79,549 | 102,419 | (22%) |
| Cash cost per gold ounce sold El Castillo ⁵ | \$894 | \$1,038 | (14%) | \$963 | \$970 | (1%) |

| | | | | | | |
|--|-------|-------|-------|-------|-------|------|
| Cash cost per gold ounce sold San Agustin ⁵ | \$821 | \$848 | (3%) | \$787 | \$848 | (7%) |
| Cash cost per gold ounce sold ⁵ | \$850 | \$947 | (10%) | \$865 | \$915 | (5%) |

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Summary of Production Results at the El Castillo Complex

The El Castillo Complex produced 26,690 GEOs at a cash cost of \$850 per gold ounce sold during the third quarter of 2020 compared to production of 30,294 GEOs at a cash cost of \$947 per gold ounce sold during

the third quarter of 2019 (see "Non-IFRS Measures" section). Lower production was primarily due to a large decrease in ore tonnes to leach pads in the second quarter as a result of the temporary suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree related to COVID-19. Lower costs are primarily related to the reduction of crushing and conveying cost at the El Castillo mine following the switch to primarily run-of-mine ore processing earlier in 2020 and a lower waste to ore ratio at El Castillo.

THIRD QUARTER 2020 LA COLORADA OPERATING STATISTICS

| | 3 Months Ended Sept 30 | | | 9 Months Ended Sept 30 | | |
|--|------------------------|--------|--------|------------------------|---------|--------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Mining (in 000s except for waste/ore ratio) | | | | | | |
| Tonnes ore | 1,203 | 1,452 | (17%) | 2,656 | 3,511 | (24%) |
| Tonnes waste | 3,909 | 5,767 | (32%) | 10,329 | 17,667 | (42%) |
| Total tonnes | 5,112 | 7,219 | (29%) | 12,985 | 21,178 | (39%) |
| Tonnes per day | 56 | 78 | (28%) | 47 | 78 | (40%) |
| Waste/ore ratio | 3.25 | 3.97 | (18%) | 3.89 | 5.03 | (23%) |
| Leach Pads (in 000s) | | | | | | |
| Tonnes crushed to leach pads | 1,242 | 1,331 | (7%) | 2,726 | 3,337 | (18%) |
| Tonnes direct to leach pads | 0 | 145 | (100%) | 0 | 234 | (100%) |
| Production | | | | | | |
| Gold grade loaded to leach pads (g/t) ¹ | 0.46 | 0.60 | (23%) | 0.42 | 0.51 | (18%) |
| Gold loaded to leach pads (oz) ² | 18,332 | 28,586 | (36%) | 36,402 | 59,097 | (38%) |
| Projected recoverable GEOs loaded ⁴ | 14,548 | 22,276 | (35%) | 28,586 | 46,282 | (38%) |
| Gold produced (oz) ^{2,3} | 10,409 | 13,969 | (25%) | 30,295 | 41,064 | (26%) |
| Silver produced (oz) ^{2,3} | 45,060 | 33,616 | 34% | 125,929 | 123,874 | 2% |
| GEOs produced ³ | 10,972 | 14,418 | (24%) | 31,869 | 42,716 | (25%) |
| Gold sold (oz) ² | 10,283 | 13,870 | (26%) | 30,771 | 41,325 | (26%) |
| Silver sold (oz) ² | 39,932 | 34,041 | 17% | 122,540 | 126,131 | (3%) |
| GEOs sold | 10,782 | 14,324 | (25%) | 32,303 | 43,007 | (25%) |
| Cash cost per gold ounce sold ⁵ | \$910 | \$800 | 14% | \$1,020 | \$885 | 15% |

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Summary of Production Results at La Colorada

La Colorada produced 10,972 GEOs at a cash cost of \$910 per gold ounce sold during the third quarter of 2020 compared to 14,418 GEOs at a cash cost of \$800 per gold ounce sold during the third quarter of 2019 (see "Non-IFRS Measures" section). Lower production was primarily due to a large decrease in ore tonnes to leach pads in the second quarter as a result of the temporary suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree related to COVID-19 and lower gold grade mined. Higher costs were primarily related to lower gold ounces sold, as cash cost is calculated on a per-ounce-sold basis.

THIRD QUARTER 2020 FLORIDA CANYON OPERATING STATISTICS

| | 3 Months Ended Sept 30 |
|--|------------------------|
| | 2020 |
| Mining (in 000s except for waste/ore ratio) | |
| Tonnes ore | 2,095 |
| Tonnes waste | 2,847 |
| Total tonnes | 4,942 |
| Tonnes per day | 53 |
| Waste/ore ratio | 1.36 |
| Leach Pads (in 000s) | |
| Tonnes crushed to leach pads | 1,925 |
| Tonnes direct to leach pads | 228 |
| Production | |
| Gold grade loaded to leach pads (g/t) ¹ | 0.29 |
| Gold loaded to leach pads (oz) ² | 19,757 |
| Projected recoverable GEOs loaded ⁴ | 14,067 |
| Gold produced (oz) ^{2,3} | 11,204 |
| Silver produced (oz) ^{2,3} | 6,798 |
| GEOs produced ³ | 11,289 |
| Gold sold (oz) ² | 13,738 |
| Silver sold (oz) ² | 8,067 |
| GEOs sold | 13,839 |
| Cash cost per gold ounce sold ⁵ | \$1,353 |

1
"g/t"
Refers
to
grams
per
tonne
Produced
tonnes
Expected
recovered
GEOs
at
mines
located
Please
refer
to
assumptions
and
parameters
below
entitled
"Non-IFRS
Measures"
for
Florida
Canyon
Conversion
Technical
Report
dated
May
8,
2020.
In
periods
where
the
Company
mines
material
not
specifically
defined
in
a
technical
report
(for
example:
low
grade
stockpile
material),
management
uses
its
best
estimate
of
recovery
based
on
the
information
available.

Summary of Production Results at Florida Canyon

As this was the Company's first quarter of operating history at Florida Canyon following the acquisition of Alio, the Company is not making comparisons to previous periods. Florida Canyon produced 11,289 GEOs at a cash cost of \$1,353 per gold ounce sold during the third quarter of 2020 (see "Non-IFRS Measures" section). Quarterly production was impacted primarily by a delay in getting the required permit to allow for solution to the newly constructed leach pad and the mining of low-grade material that was previously backfilled into the pit during the historical operations. The Company has since received the permit to allow for solution to the newly constructed leach pad, which is expected to allow for the designed leach cycle and therefore higher gold recoveries. The Company anticipates it will have completed mining of the low-grade material that was previously backfilled in the pit early in 2021, which, once completed, should lead to a higher overall gold grade given 100% of mining will then be focused on in-situ ounces.

Outlook - Production

The Company is tracking toward the low end of its 2020 production guidance of between 210,000 and 230,000 GEOs (assuming a full year of production at Florida Canyon). Updated 2020 production guidance is provided below:

Updated 2020 GEO Production Guidance (in 000s)

| Mine | Q1 Actual | Q2 Actual | Q3 Actual | Q4 Estimate | Updated 2020 Estimate | Previous 2020 Estimate |
|-----------------|-----------|-----------|-----------|-------------|-----------------------|------------------------|
| El Castillo | 15 | 9 | 10 | 10 | 43 | 45 |
| San Agustin | 14 | 14 | 17 | 18 | 63 | 62 |
| La Colorada | 13 | 8 | 11 | 14 | 46 | 53 |
| Florida Canyon* | 11 | 13 | 11 | 12 | 47 | 50 |
| Consolidated* | 53 | 44 | 49 | 54 | 200 | 210 |

*

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

Outlook & #8211; Cost and Capital

The Company's consolidated cash cost and all-in sustaining cost continue to track well within the 2020 cost guidance ranges:

- Cash cost per gold ounce sold between \$925 and \$1,025 (see "Non-IFRS Measures" section).
- All-in sustaining cost per gold ounce sold between \$1,225 and \$1,350 (see "Non-IFRS Measures" section).

With the recent decision to advance the Magino project into construction early in 2021, the Company anticipates investing between \$35 million and \$40 million of the Magino project initial capital during the fourth quarter of 2020, primarily related to the financial assurance bond to be posted with the province of Ontario

and payments related to long lead time equipment. The Company also anticipates a reduction in 2020 capital investment at its operating mines primarily due to capital associated with La Colorada (stripping) and Florida Canyon (finalizing modifications to the crushing and stacking circuit) now expected to take place in 2021. Given these changes to anticipated capital spend, the Company now plans to invest between \$93 million and \$104 million in capital programs in 2020 (was previously between \$64 million and \$72 million), including a full year of capital investment at Florida Canyon (\$15 million by Alio during the six months ended June 30, 2020), of which \$49 million has been spent through September 30, 2020.

Argonaut Gold Third Quarter Operational and Financial Results Conference Call and Webcast:

The Company will host a conference call and webcast to discuss its third quarter operating and financial results at 9:00 am EST on November 6, 2020.

Q3 Conference Call Information

| | |
|----------------------------|--|
| Toll Free (North America): | 1-888-231-8191 |
| International: | 1-647-427-7450 |
| Conference ID: | 3642548 |
| Webcast: | www.argonautgold.com |

Q3 Conference Call Replay:

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

International Replay Call: 1-416-849-0833

The conference call replay will be available from 12:00 pm EST on November 6, 2020 until 11:59 pm EST on November 13, 2020.

Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold", "All-in sustaining cost per gold ounce sold", "Adjusted net income", "Adjusted earnings per share – basic", and "Net cash" in this 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, exploration, accretion and other expenses and sustaining capital expenditures divided by gold ounces sold. Adjusted net income is equal to net income less foreign exchange impacts on deferred income taxes, foreign exchange (gains) losses, non-cash impairment write down (reversal) of work-in-process inventory, proceeds from legal proceedings and unrealized (gains) losses on commodity derivatives. Adjusted earnings per share – basic is equal to adjusted net income divided by the basic weighted average number of common shares outstanding. Net cash is calculated as the sum of the cash and cash equivalents balance net of debt as at the statement of financial position date. 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 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 interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 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.

Qualified Person, Technical Information and Mineral Properties Reports

Technical information included in this release was supervised and approved by Brian Arkell, Argonaut's Vice

President, Exploration and a Qualified Person under National Instrument 43-101 ("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 Complex | NI 43-101 Technical Report on Resources and Reserves, El Castillo Complex, Durango, Mexico dated March 27, 2018 (effective date of March 7, 2018) |
| La Colorada Mine | NI 43-101 Technical Report on Resources and Reserves, La Colorada Gold/Silver Mine, Hecla, Nevada, USA dated March 27, 2018 (effective date of December 8, 2017) |
| Florida Canyon Gold Mine | NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Florida Canyon Gold Mine, Esmeralda County, Nevada, USA dated July 8, 2020 (effective date June 1, 2020) |
| Magino Gold Project | Feasibility Study Technical Report on the Magino Project, Ontario, Canada dated December 8, 2017 (effective date November 8, 2017) |
| Cerro del Gallo Project | Pre-Feasibility Study Technical Report on the Cerro del Gallo Project, Guanajuato, Mexico dated October 24, 2020 (effective date of October 24, 2019) |

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 the pandemic virus outbreak and government, regulatory and market responses thereto; commodity price volatility; uncertainty of exploration and development; uncertainty in the estimation of Mineral Reserves and Mineral Resources; permitting risk; mineral and surface rights; undisclosed risks and liabilities relating to the Alio business combination; risks that the anticipated benefits of the Alio business combination will not be realized or fully realized; the ability to close on the sale of the Ana Paula project; statements with respect to estimated production and mine life of the various mineral projects of Argonaut; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; 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; the scope, duration and impact of the COVID-19 pandemic; the scope, duration and impact of regulatory responses to the pandemic on the employees, business and operations of Argonaut and the broader market; variations in ore grade or recovery rates; risks relating to international operations; fluctuating metal prices and currency exchange rates; the ability to realize synergies of recent M&A activity; possible exposure to undisclosed risks of liabilities arising in relation to recent transactions; 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, the La Colorada mine in Sonora, Mexico and the Florida Canyon mine in Nevada, USA. Advanced exploration projects include the Magino project in Ontario, Canada and the Cerro del Gallo project in Guanajuato, Mexico. The Company holds several other exploration stage projects, all of which are located in North America.

For more information, contact:

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