

# Extractive Sector Transparency Measures Act - Annual Report

<b>Reporting Entity Name</b>	Argonaut Gold Inc.					
<b>Reporting Year</b>	<b>From</b>	1/1/2016	<b>To:</b>	12/31/2016	<b>Date submitted</b>	2018-06-29
<b>Reporting Entity ESTMA Identification Number</b>	E217052		<input type="radio"/> Original Submission <input checked="" type="radio"/> Amended Report		<b>Report Version</b>	
					2	
<b>Other Subsidiaries Included</b> (optional field)						
<b>For Consolidated Reports - Subsidiary Reporting Entities Included in Report:</b>	E268348 Castle Gold Corporation, E499979 Pediment Gold Corp.					
<b>Not Substituted</b>						
<b>Attestation by Reporting Entity</b>						
<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i></p> <p><i>The ESTMA report for the entity(ies) and reporting year listed above is being amended due to a reclassification of certain payments to the Federal Government of Mexico between the taxes and royalties payment categories. The total amount paid to the Federal Government of Mexico was correct in the original submission of the ESTMA report dated May 10, 2017. I am attesting to this amended update.</i></p>						
<b>Full Name of Director or Officer of Reporting Entity</b>	David Ponczoch			<b>Date</b>	2018-06-29	
<b>Position Title</b>	Chief Financial Officer					

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<b>Reporting Year</b>	<b>From:</b> 1/1/2016	<b>To:</b> 12/31/2016			
<b>Reporting Entity Name</b>	Argonaut Gold Inc.			<b>Currency of the Report</b>	CAD
<b>Reporting Entity ESTMA Identification Number</b>	E217052				
<b>Subsidiary Reporting Entities (if necessary)</b>	E268348 Castle Gold Corporation, E499979 Pediment Gold Corp.				

### Payments by Payee

Country	Payee Name	Departments, Agency, etc... within Payee that Received Payments	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Mexico	Federal Government of Mexico		3,710,000	890,000	1,880,000					6,480,000	<p>The breakdown of amounts paid to the Payee represents the following:</p> <p>1) Corporate income taxes paid to the Secretaria de Hacienda y Credito Publico. These payments were made in cash of CA\$820,000 and in-kind through the reduction of a refundable value added tax receivable of CA\$660,000.</p> <p>2) Income tax withheld by subsidiaries of the Company located in Mexico on certain payments to subsidiaries of the Company located outside of Mexico and paid in cash to the Secretaria de Hacienda y Credito Publico of CA\$590,000.</p> <p>3) Mining taxes paid in cash to the Secretaria de Hacienda y Credito Publico of CA\$1,640,000.*</p> <p>4) Royalties on precious metals revenue paid to the Secretaria de Hacienda y Credito Publico of CA\$890,000.*</p> <p>5) Various fees paid in cash totalling CA\$1,880,000 which included:</p> <ul style="list-style-type: none"> <li>- Permitting fees paid to the Comision Nacional Forestal of CA\$1,230,000.</li> <li>- Concession fees paid to the Secretaria de Economia of CA\$590,000.</li> <li>- Permitting fees paid to the Instituto de Administracion y Avaluos de Bienes Nacionales of CA\$40,000.</li> <li>- Surcharges paid to the Secretaria de Hacienda y Credito Publico of CA\$20,000.</li> </ul> <p>*Amount amended from original ESTMA report dated May 10, 2017 to reclassify certain payments to the Secretaria de Hacienda y Credito Publico between the taxes and royalties payment categories. The amendment results in an increase to the taxes payment category and a decrease to the royalties payment category related to the La Colorada project of CA\$1,260,000. The total amount paid to the Secretaria de Hacienda y Credito Publico was correct as originally filed.</p> <p>Balances translated to CA\$ using 2016 average MXN to CAD rate of .0711.</p>
			<b>3,710,000</b>	<b>890,000</b>	<b>1,880,000</b>	-	-	-	-	<b>6,480,000</b>	

