

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name: Argonaut Gold Inc.
 Reporting Year: From 1/1/2018 To: 12/31/2018 Date submitted: 2019-05-29

Reporting Entity ESTMA Identification Number: E217052
 Original Submission
 Amended Report

Other Subsidiaries Included (optional field)

For Consolidated Reports - Subsidiary Reporting Entities Included in Report: E268348 Castle Gold Corporation, E499979 Pediment Gold Corp.

Not Substituted

Attestation by Reporting Entity

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.

Full Name of Director or Officer of Reporting Entity: David Ponczoch Date: 2019-05-29
 Position Title: Chief Financial Officer

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|--|--|----------|-----|------------|------------------------|-----|
| Reporting Year | From: | 1/1/2018 | To: | 12/31/2018 | Currency of the Report | CAD |
| Reporting Entity Name | Argonaut Gold Inc. | | | | | |
| Reporting Entity ESTMA Identification Number | E217052 | | | | | |
| Subsidiary Reporting Entities (if necessary) | E268348 Castle Gold Corporation, E499979 Pediment Gold Corp. | | | | | |

Payments by Payee

| Country | Payee Name ¹ | Departments, Agency, etc... within Payee that Received Payments ² | Taxes | Royalties | Fees | Production Entitlements | Bonuses | Dividends | Infrastructure Improvement Payments | Total Amount paid to Payee | Notes ^{3,4} |
|--|------------------------------|--|-----------|-----------|-----------|-------------------------|---------|-----------|-------------------------------------|----------------------------|--|
| Mexico | Federal Government of Mexico | | 1,410,000 | 990,000 | 1,350,000 | | | | | 3,750,000 | The breakdown of amounts paid to the Payee represents the following: 1) Corporate income taxes paid in cash to the Secretaria de Hacienda y Credito Publico of CA\$800,000. Additionally, payments were made in-kind through the utilization of tax credits, the reduction of refundable income tax and value added tax receivables and net operating losses from prior years of CA\$1,600,000. 2) Mining taxes paid in cash to the Secretaria de Hacienda y Credito Publico of CA\$610,000. 3) Royalties on precious metals revenue paid in cash to the Secretaria de Hacienda y Credito Publico of CA\$990,000. 4) Various fees paid in cash totaling CA\$1,350,000 related to the following: -Concession fees paid to the Secretaria de Economia of CA\$1,060,000; -Permitting fees paid to the Comision Nacional Forestal of CA\$200,000, Secretaria de Medio Ambiente y Recursos Naturales of CA\$50,000 and Secretaria de la Defensa Nacional of CA\$10,000; and -Surcharge fees paid to the Secretaria de Hacienda y Credito Publico of CA\$30,000. Balances paid in Mexican Pesos ("MXN"). |
| Canada | Batchewana First Nation | | | | 360,000 | | | | | 360,000 | The amount paid to the Payee represents fees paid in cash to the Batchewana First Nation of CA\$360,000. Balance paid in CAD. |
| Canada | Metis Nation of Ontario | | | | 10,000 | | 300,000 | | | 310,000 | The breakdown of amounts paid to the Payee represents the following: 1) Fees paid in cash of CA\$10,000. Balance paid in CAD. 2) Bonuses paid in cash of CA\$60,000 on signing of the Community Engagement Agreement. Balance paid in CAD. 3) Bonuses paid in-kind of CA\$240,000 on signing of the Community Engagement Agreement through the issuance of common shares at market price on date of grant. |
| Where payments were made in currencies other than Canadian dollars, the payments were converted into Canadian dollars using a weighted average of the exchange rates during the period as follows: 1 USD = CAD: 1.2957 1 MXN = CAD: 0.0674 | | | | | | | | | | | |
| Additional Notes: | | | | | | | | | | | |

¹ Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

² Optional field.

³ When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

⁴ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

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| Reporting Entity Name | Argonaut Gold Inc. | |
| Reporting Entity ESTMA Identification Number | E217052 | |
| Subsidiary Reporting Entities (if necessary) | E268348 Castle Gold Corporation, E499979 Pediment Gold Corp. | |
| Currency of the Report | CAD | |

Payments by Project

| Country | Project Name ¹ | Taxes | Royalties | Fees | Production Entitlements | Bonuses | Dividends | Infrastructure Improvement Payments | Total Amount paid by Project | Notes ²³ |
|---------|---------------------------|---------|-----------|---------|-------------------------|---------|-----------|-------------------------------------|------------------------------|---------------------|
| Mexico | El Castillo | 380,000 | 580,000 | 200,000 | | | | | 1,160,000 | |
| Mexico | La Colorada | 230,000 | 410,000 | 270,000 | | | | | 910,000 | |
| Mexico | San Antonio | | | 500,000 | | | | | 500,000 | |
| Mexico | Cerro del Gallo | | | 350,000 | | | | | 350,000 | |
| Mexico | Corporate | 800,000 | | 30,000 | | | | | 830,000 | |
| Canada | Magino | | | 370,000 | | 300,000 | | | 670,000 | |

Additional Notes³: Where payments were made in currencies other than Canadian dollars, the payments were converted into Canadian dollars using a weighted average of the exchange rates during the period as follows:
 1 USD = CAD: 1.2957
 1 MXN = CAD: 0.0674

¹ Enter the project that the payment is attributed to. Some payments may not be attributable to a specific project, and do not need to be disclosed in the "Payments by Project" table.

² When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

³ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the "Additional Notes" row or the "Notes" column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.