



**Argonaut Gold Announces Second Quarter 2020 Operating and Financial Results, Including \$23 Million of Free Cash Flow; Provides Second Half 2020 Free Cash Flow Guidance**

**Toronto, Ontario** - (August 11, 2020) **Argonaut Gold Inc. (TSX: AR)** (the “Company”, “Argonaut Gold” or “Argonaut”) announces its operating and financial results for the second quarter ended June 30, 2020. The Company reports quarterly production of 31,531 gold equivalent ounces<sup>1</sup> (“GEO” or “GEOs”), \$23.4 million of free cash flow<sup>2</sup> (“FCF”), cash flow from operating activities before changes in operating working capital of \$11.8 million, net loss of \$7.7 million or loss per share of \$0.04 and adjusted net income<sup>2</sup> of \$8.5 million or adjusted earnings per basic share<sup>2</sup> of \$0.05. All dollar amounts are expressed in United States dollars, unless otherwise specified (C\$ refers to Canadian dollars).

Pete Dougherty, President and CEO stated: “We’ve completed major milestones for the Company over the past few months with the Alio merger, the completion of the Schedule 2 process at Magino and the recent equity financing. The Company experienced a large cash increase of \$23 million during the quarter amidst the two month shutdown of mining, crushing and stacking activities in Mexico due to COVID-19 restrictions. While production dipped during this shutdown period, we saw significant cash flow, as the heap leach pad inventory was reduced at minimal cost. We are in a position to deliver significant free cash flow through the remainder of the year, which bodes well for the execution of our transition strategy of developing our lower-cost, longer-life pipeline of growth assets. At \$1,900 gold, we expect to generate between \$49 million and \$79 million of free cash flow during the second half of 2020.”

**Second Half 2020 FCF<sup>2</sup> Guidance**

Argonaut is well positioned to generate significant FCF<sup>2</sup> in 2020. The Company’s anticipated FCF<sup>2</sup> is highly leveraged to the gold price. Between January 1, 2020 and June 30, 2020, Argonaut has generated approximately \$29 million of FCF<sup>2</sup>. The table below outlines Argonaut’s FCF<sup>2</sup> leverage to the gold price during the second half of 2020, including the Florida Canyon mine following the merger with Alio Gold Inc. on July 1, 2020 (outside of a construction decision on a development stage project).

**Second Half 2020 FCF<sup>2</sup> Guidance Sensitivity to Gold Price (\$M)**

<b>\$1,700</b>	<b>\$1,800</b>	<b>\$1,900</b>	<b>\$2,000</b>	<b>\$2,100</b>
<b>33 – 58</b>	<b>41 – 68</b>	<b>49 – 79</b>	<b>57 – 89</b>	<b>65 - 99</b>

Key operating and financial statistics for the second quarter of 2020 are outlined in the following table:

	3 Months Ended June 30			6 Months Ended June 30		
	2020	2019	Change	2020	2019	Change
<b>Financial Data (in millions except for earning per share)</b>						
Revenue	\$58.0	\$56.0	4%	\$124.5	\$129.9	(4%)
Gross profit	\$17.7	\$9.2	92%	\$31.6	\$20.7	53%
Net income (loss)	\$(7.7)	\$5.4	(243%)	\$(17.2)	\$9.5	(281%)
Earnings (loss) per share – basic	\$(0.04)	\$0.03	(233%)	\$(0.10)	\$0.05	(300%)
Adjusted net income <sup>1</sup>	\$8.5	\$1.4	507%	\$16.9	\$3.8	345%
Adjusted earnings per share – basic <sup>1</sup>	\$0.05	\$0.01	400%	\$0.09	\$0.02	350%
Cash flow from operating activities before changes in non-cash operating working capital	\$11.8	\$11.3	4%	\$26.5	\$29.4	(10%)
Cash and cash equivalents	\$65.2	\$23.9	173%	\$65.2	\$23.9	173%
Net cash <sup>1</sup>	\$58.2	\$9.9	488%	\$58.2	\$9.9	488%
<b>Gold Production and Cost Data</b>						
GEOs loaded to the pads <sup>2</sup>	40,309	82,680	(51%)	137,489	159,520	(14%)
GEOs projected recoverable <sup>1,3</sup>	20,105	49,763	(60%)	64,389	97,944	(34%)
GEOs produced <sup>2,2,4</sup>	31,531	40,213	(22%)	73,067	94,382	(23%)
GEOs sold <sup>2</sup>	34,196	43,185	(21%)	76,400	99,859	(23%)
Average realized sales price	\$1,713	\$1,303	31%	\$1,642	\$1,306	26%
Cash cost per gold ounce sold <sup>1</sup>	\$885	\$931	(5%)	\$929	\$909	2%
All-in sustaining cost per gold ounce sold <sup>1,5</sup>	\$1,080	\$1,264	(15%)	\$1,213	\$1,184	2%

<sup>1</sup>Please refer to the section below entitled “Non-IFRS Measures” for a discussion of these Non-IFRS Measures.

<sup>2</sup>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.

<sup>3</sup>Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Complex Technical Report dated March 27, 2018 and the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018. In periods where the Company mines and processes material not specifically defined in a technical report (for example: low grade stockpile material or run-of-mine ore), management uses its best estimate of recovery based on the information available. The El Castillo mine is currently processing run-of-mine ore and has several years of data to support run-of-mine recoveries.

<sup>4</sup>Produced ounces are calculated as ounces loaded to carbon.

### **Second Quarter 2020 and Recent Company Highlights:**

- Corporate
  - Closed Alio Gold Inc. transaction on July 1, 2020 to create a North American, diversified, intermediate gold producer.
  - In July, the Company completed an equity financing for gross proceeds of C\$126.5 million.
- El Castillo Complex
  - Second quarter production of 23,662 GEOs.
    - El Castillo production of 9,394 GEOs.
    - San Agustin production of 14,268 GEOs.

- Completed construction of LV North and East Crusher leach pads at El Castillo.
- La Colorada
  - Second quarter production of 7,869 GEOs.
  - Completed construction of 4B leach pad and overflow ponds.
- Florida Canyon
  - In early July, the Company completed and filed a technical report that included an updated life-of-mine plan demonstrating mine site after-tax free cash flow of approximately \$133 million at \$1,350 gold, \$216 million at \$1,500 gold, \$326 million at \$1,700 gold and \$491 million at \$2,000 gold.
- Magino
  - Received approval of Schedule 2 process from Canadian Federal government.
  - In late July, the Company provided a drill results updated from the Elbow Zone. These results showed high-grade continuity below the proposed pit (see press release dated July 28, 2020).
- Cerro del Gallo
  - At the end of June, the Company submitted a Unified Technical Document that includes an Environmental Impact Assessment, an Environmental Risk Assessment and the Justified Technical Study for a Change of Soil Use.
- Social Responsibility
  - Zero lost time accidents during the second quarter 2020.
  - Received nationally awarded Environmental Socially Responsible Company recognition at the El Castillo Complex for the eighth consecutive year.
  - Provided COVID-19 support to communities in Mexico by providing food baskets, sanitization of public spaces and streets, donation of masks, sanitizer and thermometers and hosted public health information sessions.
  - Participated in municipal meetings with health officials at La Colorada and the El Castillo Complex in sessions relating to “Safe Return to Work” procedures.
  - Provided equipment for the cleaning of dams for water harvesting in the communities of the Ejidos of Otilio Montañón and Atotonilco, near the El Castillo Complex.

### **Financial Results – Second Quarter 2020**

Revenue for the three months ended June 30, 2020 was \$58.0 million, an increase from \$56.0 million for the three months ended June 30, 2019. During the second quarter of 2020, gold ounces sold totaled 32,707 at an average realized price per ounce of \$1,713, compared to 41,647 gold ounces sold at an average realized price per ounce of \$1,303 during the same period of 2019. Gold ounces sold for the three months ended June 30, 2020 decreased compared to the same period in 2019 primarily due to a decrease in gold ounces produced at the El Castillo and La Colorada mines mostly related to a large decrease in ore tonnes to leach pads as a result of the COVID-19 related suspension of mining, crushing and stacking activities in response to the Mexican Federal Government decree. As of June 1, 2020, all mining, crushing and stacking activities had resumed at all Mexican operations.

Production costs for the second quarter of 2020 were \$30.9 million, a decrease from \$40.5 million in the second quarter of 2019, primarily due to a decrease in gold ounces sold. Cash cost per

gold ounce sold (see “Non-IFRS Measures” section) was \$885 in the second quarter of 2020, a decrease from \$931 in the same period of 2019, primarily due to a decrease in cash cost per gold ounce sold at the El Castillo and San Agustin 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 second quarter of 2020 totaled \$8.8 million, a decrease from \$10.2 million in the second quarter of 2019, primarily due to a decrease in gold ounces sold, as many of the mining assets are amortized on a unit-of-production basis, partially offset by an increase in the average DD&A expense per ounce in work-in-process inventory, primarily due to significant capital additions during the second, third and fourth quarters of 2019.

General and administrative expenses for the second quarter of 2020 were \$3.1 million, comparable to \$3.4 million for the same period of 2019.

Losses on commodity derivatives for the second quarter of 2020 were \$12.4 million, compared to gains of \$0.2 million in the second quarter of 2019, primarily due to the large increase in unrealized losses on the Company’s zero-cost collar contracts.

Care and maintenance expenses for the three months ended June 30, 2020 were \$8.2 million compared to nil for the comparative period of 2019. On April 1, 2020, the Company temporarily 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 that did not generate additional inventory have been separately identified and accounted for as care and maintenance expenses within operating income in the interim condensed consolidated statements of (loss) income.

Other income for the second quarter of 2020 was \$1.0 million, a decrease from \$1.3 million in the second quarter of 2019, primarily due to differences in foreign currency translation effects.

Income tax expense for the second quarter of 2020 was \$2.2 million, compared to \$1.3 million in the same period of 2019, primarily due to higher forecasted taxable income related to the increase in the price of gold, offset by a deferred income tax asset related to the unrealized loss on derivatives.

Net loss for the second quarter of 2020 was \$7.7 million or \$0.04 per share, a decrease from net income of \$5.4 million or \$0.03 per basic share for the second quarter of 2019.

Adjusted net income<sup>2</sup> for the second quarter of 2020 was \$8.5 million or \$0.05 per basic share, an increase from adjusted net income of \$1.4 million or \$0.01 per basic share for the second quarter of 2019.

### **Financial Results – First Half 2020**

Revenue for the six months ended June 30, 2020 was \$124.5 million, a decrease from \$129.9 million for the six months ended June 30, 2019. During the first half of 2020, gold ounces sold totaled 72,876 at an average realized price per ounce of \$1,642, compared to 96,426 gold ounces sold at an average realized price per ounce of \$1,306 during the same period of 2019. Gold

ounces sold for the six months ended June 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.

Production costs for the six months ended June 30, 2020 were \$72.5 million, a decrease from \$91.5 million in the first half 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 \$929 in the first half of 2020, an increase from \$909 in the same period of 2019, primarily due to an increase in cash cost per gold ounce sold at the El Castillo and La Colorada mines, as disclosed further in the discussion of operations for the respective mine. DD&A expense included in cost of sales for the six months ended June 30, 2020 totaled \$19.9 million, a decrease from \$22.1 million in the six months ended June 30, 2019, due to the decrease in gold ounces sold, as many of the mining assets are amortized on a unit-of-production basis.

General and administrative expenses for the six months ended June 30, 2020 were \$7.2 million, comparable to \$7.2 million in the same period of 2019.

Care and maintenance expenses for the six months ended June 30, 2020 were \$8.2 million compared to nil for the comparative period of 2019. On April 1, 2020, the Company temporarily 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 that did not generate additional inventory have been 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 half of 2020 were \$14.2 million, compared to gains of \$0.5 million in the first half of 2019, primarily due to the large increase in unrealized losses on the Company’s zero-cost collar contracts.

Other expenses for the six months ended June 30, 2020 was \$4.9 million, a decrease from other income of \$1.9 million in the same period of 2019, primarily related to differences in foreign currency translation effects.

Income tax expense for the six months ended June 30, 2020 was \$13.4 million, compared to \$5.2 million in the same period of 2019. The change is primarily due to the foreign exchange effects of the weakening Mexican peso on the calculation of deferred taxes during the first half of 2020 and to higher forecasted taxable income related to the increase in the price of gold, offset by a deferred income tax asset related to the unrealized loss on derivatives.

Net loss for the six months ended June 30, 2020 was \$17.2 million or \$0.10 per share, a decrease from net income of \$9.5 million or \$0.05 per basic share for the six months ended June 30, 2020.

Adjusted net income<sup>2</sup> for the six months ended June 30, 2020 was \$16.9 million or \$0.09 per basic share, an increase from adjusted net income<sup>2</sup> of \$3.8 million or \$0.02 per basic share for the six months ended June 30, 2020.

### Operational Results – Second Quarter 2020

During the second quarter 2020, the Company achieved production of 31,531 GEOs at a cash cost of \$885 per gold ounce sold and all-in sustaining cost of \$1,080 per gold ounce sold compared to 40,213 GEOs at a cash cost of \$931 per gold ounce sold and an all-in sustaining cost of \$1,264 per gold ounce sold during the second quarter 2019 (see “Non-IFRS Measures” section). Lower production was primarily related to the temporary shutdown of mining, crushing and stacking activities during April and May due to COVID-19 restrictions in response to the Mexican Federal Government decree. Lower costs are primarily due to the reduction in costs related to the temporary shutdown of mining, crushing and stacking activities during April and May while gold production and sales continued.

Pete Dougherty commented: “I commend the team for their commitment to safety protocols and the new protocols that have been developed and implemented due to COVID-19 precautions. It is not an easy undertaking to shutdown certain activities and ramp them back up as efficiently and with the additional health and safety protocols as we have done, and our operating team deserves full credit for this successful restart. Mining, crushing and stacking activities have ramped up very well following the temporary shutdown of these activities due to COVID-19 during April and May. We are getting the planned tonnes to the leach pads despite the heavy rains experienced recently in Mexico. These rains have the potential to dilute the solution on the leach pads and slow third quarter recoveries, but any delay in recoveries is expected to be temporary and all operations are functioning to plan.”

### SECOND QUARTER 2020 EL CASTILLO COMPLEX OPERATING STATISTICS

	3 Months Ended June 30			6 Months Ended June 30		
	2020	2019	% Change	2020	2019	% Change
<b>Mining (in 000s except waste/ore ratio)</b>						
Tonnes ore El Castillo	902	2,300	-61%	2,824	4,588	-38%
Tonnes ore San Agustin	1,172	1,961	-40%	3,881	3,622	7%
<b>Tonnes ore</b>	<b>2,074</b>	<b>4,261</b>	<b>-51%</b>	<b>6,705</b>	<b>8,210</b>	<b>-18%</b>
Tonnes waste El Castillo	770	3,489	-78%	4,184	7,294	-43%
Tonnes waste San Agustin	584	1,408	-59%	2,453	2,725	-10%
<b>Tonnes waste</b>	<b>1,354</b>	<b>4,897</b>	<b>-72%</b>	<b>6,637</b>	<b>10,019</b>	<b>-34%</b>
Tonnes mined El Castillo	1,672	5,789	-71%	7,008	11,882	-41%
Tonnes mined San Agustin	1,756	3,369	-48%	6,334	6,347	0%
<b>Tonnes mined</b>	<b>3,428</b>	<b>9,158</b>	<b>-63%</b>	<b>13,342</b>	<b>18,229</b>	<b>-27%</b>
Tonnes per day El Castillo	18	64	-72%	39	66	-41%
Tonnes per day San Agustin	19	37	-49%	35	35	0%
<b>Tonnes per day</b>	<b>37</b>	<b>101</b>	<b>-63%</b>	<b>74</b>	<b>101</b>	<b>-27%</b>

Waste/ore ratio El Castillo	0.85	1.52	-44%	1.48	1.59	-7%
Waste/ore ratio San Agustin	0.50	0.72	-31%	0.63	0.75	-16%
<b>Waste/ore ratio</b>	<b>0.65</b>	<b>1.15</b>	<b>-43%</b>	<b>0.99</b>	<b>1.22</b>	<b>-19%</b>
Leach Pads (in 000s)						
Tonnes crushed to East leach pads El Castillo	64	1,101	-94%	278	2,174	-87%
Tonnes crushed to West leach pads El Castillo	0	1,175	-100%	3	2,432	-100%
Tonnes direct to leach pads El Castillo	903	0	-	2,635	0	-
Tonnes crushed to leach pads San Agustin	1,191	1,931	-38%	3,924	3,622	8%
<b>Tonnes to leach pads</b>	<b>2,158</b>	<b>4,207</b>	<b>-49%</b>	<b>6,840</b>	<b>8,228</b>	<b>-17%</b>
<b>Production</b>						
Gold grade loaded to leach pads El Castillo (g/t)	0.43	0.39	10%	0.51	0.39	31%
Gold grade loaded to leach pads San Agustin (g/t)	0.33	0.39	-15%	0.35	0.43	-19%
<b>Gold loaded to leach pads (g/t)</b>	<b>0.37</b>	<b>0.39</b>	<b>-5%</b>	<b>0.42</b>	<b>0.41</b>	<b>2%</b>
Gold loaded to leach pads El Castillo (oz)	13,386	28,225	-53%	47,857	57,569	-17%
Gold loaded to leach pads San Agustin (oz)	12,609	24,458	-48%	43,864	50,163	-13%
<b>Gold loaded to leach pads (oz)</b>	<b>25,995</b>	<b>52,683</b>	<b>-51%</b>	<b>91,721</b>	<b>107,732</b>	<b>-15%</b>
Projected recoverable GEOs loaded El Castillo	5,547	18,635	-70%	18,619	38,972	-52%
Projected recoverable GEOs loaded San Agustin	8,951	16,940	-47%	31,732	34,966	-9%
<b>Projected recoverable GEOs loaded</b>	<b>14,498</b>	<b>35,575</b>	<b>-59%</b>	<b>50,351</b>	<b>73,938</b>	<b>-32%</b>
Gold produced El Castillo (oz)	9,151	14,361	-36%	23,586	37,248	-37%
Gold produced San Agustin (oz)	13,403	12,684	6%	26,238	26,768	-2%
<b>Gold produced (oz)</b>	<b>22,554</b>	<b>27,045</b>	<b>-17%</b>	<b>49,824</b>	<b>64,016</b>	<b>-22%</b>
Silver produced El Castillo (oz)	19,547	29,791	-34%	43,092	58,001	-26%
Silver produced San Agustin (oz)	69,242	43,097	61%	144,746	97,127	49%
<b>Silver produced (oz)</b>	<b>88,789</b>	<b>72,888</b>	<b>22%</b>	<b>187,838</b>	<b>155,128</b>	<b>21%</b>
GEOs produced El Castillo	9,394	14,758	-36%	24,123	38,021	-37%
GEOs produced San Agustin	14,268	13,259	8%	28,047	28,063	0%
<b>GEOs produced</b>	<b>23,662</b>	<b>28,017</b>	<b>-16%</b>	<b>52,170</b>	<b>66,084</b>	<b>-21%</b>
Gold sold El Castillo (oz)	11,008	16,094	-32%	24,634	38,884	-37%
Gold sold San Agustin (oz)	14,293	14,181	1%	27,754	30,087	-8%
<b>Gold sold (oz)</b>	<b>25,301</b>	<b>30,275</b>	<b>-16%</b>	<b>52,388</b>	<b>68,971</b>	<b>-24%</b>
Silver sold El Castillo (oz)	19,547	29,791	-34%	43,092	58,001	-26%
Silver sold San Agustin (oz)	71,042	50,786	40%	156,179	107,420	45%
<b>Silver sold (oz)</b>	<b>90,589</b>	<b>80,577</b>	<b>12%</b>	<b>199,271</b>	<b>165,421</b>	<b>20%</b>
GEOs sold El Castillo	11,253	16,491	-32%	25,173	39,657	-37%
GEOs sold San Agustin	15,181	14,858	2%	29,706	31,519	-6%
<b>GEOs sold</b>	<b>26,434</b>	<b>31,349</b>	<b>-16%</b>	<b>54,879</b>	<b>71,176</b>	<b>-23%</b>

Cash cost per gold ounce sold El Castillo	\$862	\$976	-12%	\$988	\$942	5%
Cash cost per gold ounce sold San Agustin	\$756	\$910	-17%	\$769	\$849	-9%
<b>Cash cost per gold ounce sold</b>	<b>\$802</b>	<b>\$945</b>	<b>-15%</b>	<b>\$872</b>	<b>\$901</b>	<b>-3%</b>

<sup>1</sup> "g/t" refers to grams per tonne.

<sup>2</sup> "oz" refers to troy ounce.

<sup>3</sup> Produced ounces are calculated as ounces loaded to carbon.

<sup>4</sup> Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Complex Technical Report dated March 27, 2018. In periods where the Company mines and processes material not specifically defined in a technical report (for example: run-of-mine ore), management uses its best estimate of recovery based on the information available. The El Castillo mine is currently processing run-of-mine ore and has several years of data to support run-of-mine recoveries.

<sup>5</sup> Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

### Summary of Production Results at the El Castillo Complex

The El Castillo Complex produced 23,662 GEOs at a cash cost of \$802 per gold ounce sold during the second quarter of 2020 versus 28,017 GEOs at a cash cost of \$945 per gold ounce sold during the second quarter of 2019 (see "Non-IFRS Measures" section). Lower costs are primarily due to the reduction in strip ratio at both mines and a weakening of the Mexican peso. El Castillo costs were also lower due to the switch to processing run-of-mine ore and eliminating crushing and related costs.

### SECOND QUARTER 2020 LA COLORADA OPERATING STATISTICS

	3 Months Ended June 30			6 Months Ended June 30		
	2020	2019	% Change	2020	2019	% Change
<b>Mining (in 000s except for waste/ore ratio)</b>						
Tonnes ore	506	1,187	-57%	1,453	2,059	-29%
Tonnes waste	1,737	5,934	-71%	6,420	11,900	-46%
Tonnes mined	2,243	7,121	-69%	7,873	13,959	-44%
Tonnes per day	25	78	-68%	43	77	-44%
Waste/ore ratio	3.43	5.00	-31%	4.42	5.78	-24%
Tonnes rehandled	0	0		0	0	
<b>Leach Pads (in 000s)</b>						
Tonnes crushed to leach pads	518	1,213	-57%	1,484	2,006	-26%
Tonnes direct to leach pads	0	0		0	89	-100%
<b>Production</b>						
Gold loaded to leach pads (g/t)	0.42	0.46	-9%	0.38	0.45	-16%
Gold loaded to leach pads (oz)	7,048	18,078	-61%	18,070	30,511	-41%
Projected recoverable GEOs loaded	5,607	14,188	-60%	14,038	24,006	-42%
Gold produced (oz)	7,537	11,723	-36%	19,886	27,095	-27%
Silver produced (oz)	26,554	35,485	-25%	80,869	90,258	-10%
GEOs produced	7,869	12,196	-35%	20,897	28,298	-26%
Gold sold (oz)	7,406	11,372	-35%	20,488	27,455	-25%
Silver sold (oz)	28,410	34,788	-18%	82,608	92,090	-10%



GEOs sold	7,762	11,836	-34%	21,521	28,683	-25%
Cash cost per gold ounce sold	\$1,169	\$894	31%	\$1,074	\$928	16%

<sup>1</sup> "g/t" refers to grams per tonne.

<sup>2</sup> "oz" refers to troy ounce.

<sup>3</sup> Produced ounces are calculated as ounces loaded to carbon.

<sup>4</sup> Expected recoverable GEOs are based on the assumptions and parameters as set forth in the La Colorada Gold/Silver Mine Technical Report dated March 27, 2018. 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.

<sup>5</sup> Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

## Summary of Production Results at La Colorada

La Colorada produced 7,869 GEOs at a cash cost of \$1,169 per gold ounce sold during the second quarter of 2020 compared to 12,196 GEOs at a cash cost of \$894 per gold ounce sold during the second quarter of 2019 (see "Non-IFRS Measures" section). Higher costs are primarily due to lower gold grades and lower gold ounces sold, as cash cost is calculated on a per-ounce-sold basis.

## Florida Canyon

While not attributed to Argonaut for the second quarter of 2020, as the Alio Gold Inc. transaction closed on July 1, 2020, during the second quarter of 2020, the Florida Canyon mine produced 13,215 GEOs at a cash cost per gold ounce sold of \$1,240.

During the second half of 2020, Argonaut anticipates making a capital investment of approximately \$10 million into the crushing and stacking circuit with the expectation that this investment will lower operating costs in 2021 onward.

For more information regarding plans at Florida Canyon, please refer to the updated life-of-mine plan detailed in the press release dated July 3, 2020 and the corresponding technical report, which is available on the Company's website at [www.argonautgold.com](http://www.argonautgold.com) or at [www.sedar.com](http://www.sedar.com).

## 2020 Guidance

Since resuming mining, crushing and stacking activities on June 1, 2020, the Company has not experienced significant disruptions to production or its supply chain due to COVID-19. However, the Company cautions that the global effects of COVID-19 are continuing to evolve and given the uncertainty of the duration and magnitude of the impact of COVID-19, the Company's production and cash cost estimates are subject to a higher than normal degree of uncertainty. The guidance discussed below does not reflect any potential for additional suspensions or other significant disruption to operations due to COVID-19.

On July 6, 2020, the Company provided updated production, cost and capital guidance following the re-instatement of mining, crushing and stacking activities on June 1, 2020 and the closing of the Alio Gold Inc. merger on July 1, 2020. No changes have been made to that guidance (see July 6, 2020 press release).

## Argonaut Gold Second Quarter 2020 Operational and Financial Results Conference Call and Webcast:

The Company will host the second quarter 2020 conference call and webcast on Wednesday, August 12, 2020 at 9:00 am EDT.

**Q2 Conference Call Information**

Toll Free (North America):	1-888-231-8191
International:	1-647-427-7450
Conference ID:	6463827
<b>Webcast:</b>	<b><u><a href="http://www.argonautgold.com">www.argonautgold.com</a></u></b>

**Q2 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 EDT on August 12, 2020 until 11:59 pm EDT on August 19, 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”, “Net cash” and “Free Cash Flow” 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, unrealized (gains) losses on commodity derivatives and care and maintenance expenses. 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. Free cash flow is equal to the change in the Company’s net cash (cash and cash equivalents less debt), excluding cash increases related to equity financings. 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 six months ended June 30, 2020 and associated MD&A, for the same period, which are available from the Company's website,

[www.argonautgold.com](http://www.argonautgold.com), in the "Investors" section under "Financial Filings", and under the Company's profile on SEDAR at [www.sedar.com](http://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](http://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, Hermosillo, Mexico 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 Pershing 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 21, 2017 (effective date November 8, 2017)
Cerro del Gallo Project	Pre-Feasibility Study Technical Report on the Cerro del Gallo Project, Guanajuato, Mexico dated January 31, 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; 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, the Cerro del Gallo project in Guanajuato, Mexico and the Ana Paula project in Guerrero, Mexico. The Company holds several other exploration stage projects, all of which are located in North America.

For more information, contact:

#### **Argonaut Gold Inc.**

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Source: Argonaut Gold Inc.

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<sup>1</sup> GEOs are based on a conversation ratio of 80:1 for silver to gold for 2020 and 75:1 for 2019. The silver to gold conversation ratio is based on the three-year trailing average silver to gold ratios. These are the referenced ratios for each year throughout the press release.

<sup>2</sup> Please refer to the section entitled “Non-IFRS Measures” for a discussion of these Non-IFRS Measures.