Argonaut Gold Announces $30 Million Revolving Credit Facility, Updated Preliminary Economic Assessment and Permitting Advancement at San Agustin

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Toronto, Ontario - (April 29, 2016) **Argonaut Gold Inc. (TSX: AR)** ("Argonaut", "Argonaut Gold" or the "Company") is pleased to announce that it has entered into a $30 million revolving credit facility. Additionally, the Company is pleased to highlight results of an updated Preliminary Economic Assessment ("PEA") for its 100% owned San Agustin gold project in Durango, Mexico prepared by Kappes, Cassiday & Associates ("KCA"), Resource Modeling Inc. ("RMI") and Argonaut Gold's management team. In accordance with National Instrument ("NI") 43-101, a Technical Report will be filed within 45 days. The Company also announces it has received approval on the San Agustin Environmental Impact Study from the Mexican Environmental Authority (SEMARNAT). All dollar amounts are in United States dollars unless otherwise stated.

Debt Facility

The Company has completed arrangements for a $30 million revolving credit facility (the "Facility"). Bank of Montreal ("BMO") acted as lead arranger, bookrunner and the administrative agent for the Facility. In addition to BMO, The Bank of Nova Scotia is also participating as a lender. The three-year Facility remains undrawn at present but is immediately available. The Facility includes customary terms and conditions, will initially bear interest of LIBOR plus 2.50% and subsequently on a sliding scale between 2.25% to 3.25%. Standby fees for the undrawn portion of the Facility are also on a similar scale basis between 0.51% and 0.73%. The uses of proceeds are for general corporate purposes and future project development, possibly including, San Agustin.

Dave Ponczoch, CFO of Argonaut Gold, stated: "Our strong balance sheet and projected cash flows provide us an opportunity to access funds at a low cost of capital. The funds from the Facility combined with current cash on hand and internal cash generation will be available to fund growth opportunities such as the development of San Agustin."

San Agustin Project Updated PEA Highlights using $1200/ounce gold and $15/ounce silver

- Pre-tax Net Present Value ("NPV") of $126 million using a 5% discount rate
- After-tax NPV of $89.9 million using a 5% discount rate.
- After-tax Internal Rate of Return ("IRR") of 50%.

- Initial estimated capital expenditure investment of $42.6 million, including $7.3 million in contingency.
- Average annual production of over 80,000 gold equivalent ounces ("GEOs")*.

San Agustin PEA Results[1]	
Life of mine ("LOM") (years)	6.5
Indicated GEOs recovered (000s)[2]	536
Cash cost per GEO	$648
LOM Capital costs: (millions)[3] Initial Sustaining	 $42.6 $42.2
After-tax NPV @ 5% discount rate (millions)[4]	$89.9
After-tax IRR[4]	50%

[1]PEA incorporating work by KCA, RMI and Argonaut Gold to be filed within 45 days of this release in accordance with NI 43-101. The PEA is preliminary in nature, and there is no certainty that the PEA will be realized.
[2]GEO production was calculated at 80:1 conversion using $1,200/ounce gold and $15/ounce silver
[3]Initial capital costs of $42.6 million including $7.3 million in contingency and $3.1 million in internal engineering, procurement, and construction management.
[4]NPV and IRR calculations are based on after-tax expectations with a long term gold price of $1,200 per ounce and silver price of $15 per ounce.

San Agustin Production Specifications

- Total Indicated Mineral Resource proposed to be processed includes 72.4 million tonnes containing 745,000 ounces of gold with an average grade of 0.32 grams per tonne ("g/t") and 24.5 million ounces of silver with an average grade of 10.6 g/t.
- LOM strip ratio of 0.4:1.
- No Inferred Mineral Resources were included in the mine or production plan.
- Total contemplated LOM production of 488,000 ounces of gold and 3.8 million ounces of silver from the Indicated Mineral Resource.

Production Statistics:	
LOM (years)	6.5

* Gold equivalent ounces ("GEO" or "GEOs") are based on a conversion ratio of 80:1 for silver to gold.

Total Indicated Mineral Resource tonnes processed (000s)	72,400
Total tonnes waste (000s)	28,600
LOM strip ratio (waste: mineralized material)	0.4
Overall average gold grade (g/t)	0.32
Overall average silver grade (g/t)	10.6
Overall average gold recovery – 2-stage crushed material	66%
Overall average gold recovery –1-stage crushed material	57%
Overall average silver recovery – 2-stage crushed material	16%
Overall average silver recovery –1-stage crushed material	9%
Gold ounces recovered (000's)	488
Silver ounces recovered (000's)	3,804
Average annual production GEOs	80,200

Modeled Operating Costs (LOM Average)	
Cost / Tonne Mineralized Material	**$4.79**
Mining	$1.52
Processing	$2.92
G&A	$0.35
Cash Cost Per GEO	$648

Modeled Capital Costs (millions)	
Mine (pre-production)	$2.8
Process	$21.7
Infrastructure	$5.3
Total Capital	**$29.8**
Contingency, EPCM, owner & indirect costs	$12.8
Total Initial Capital	$42.6
Sustaining Capital	$42.2
Total LOM Capital	**$84.8**

Peter Dougherty, President and CEO of Argonaut Gold stated: "The updated PEA of San Agustin shows a significant reduction of the initial capital requirement and a considerable increase in NPV and IRR, primarily due to synergies with El Castillo and throughput increases. We believe San Agustin will be producing ounces within a year of a construction decision. We anticipate that decision will be made during the second half of 2016. While we envision the initial capital of the project will be funded with existing cash and projected cash flow, the Facility is a low-cost backstop which provides us with considerable flexibility."

NI 43-101 Preliminary Economic Assessment Report

The updated PEA for Argonaut's San Agustin project is based on a mineral resource estimate initially prepared by RMI on July 8, 2014, and presented in a NI 43-101 Technical Report dated

October 3, 2014. That Technical Report was then updated on February 18, 2015 as a PEA Technical Report on the heap leach potential of San Agustin. Those two Technical Reports disclosed an Indicated Mineral Resource of 82.2 million tonnes containing 845,000 gold ounces and 28,263,000 ounces of silver at average gold and silver grades of 0.32 g/t and 10.7 g/t respectively. The San Agustin mineral resource estimate is based on approximately 500 drill holes totaling nearly 80,000 meters of drilling. The relatively small Inferred oxide mineral resource estimate was not used in the February 2015 PEA or in the updated PEA.

Path forward:
The Company recently received approval of its Environmental Impact Study for San Agustin. The Company requires additional land and the Change in Use of Soils permit before it will be in a position to make a construction decision.

Technical Information

Mineral resources referenced herein are not mineral reserves and do not have demonstrated economic viability.

The Company cautions that a PEA is preliminary in nature and that it relies upon mineral resource estimates which have the considerations noted above applied to them. There is no certainty that the PEA will be realized or that any of the resources will ever be upgraded to reserves.

For further information on the San Agustín project please see the technical report titled "Technical Report and Preliminary Economic Assessment, San Agustin Heap Leach Project, Durango, Mexico" with an effective date of October 3, 2014 and available on the Company's website or on www.sedar.com under the Company's profile.

Mr. Michael Lechner of RMI located in Stites, Idaho who is an "Independent Qualified Person" as defined by NI 43-101 and the lead person responsible for completing the San Agustín resource has reviewed this press release as it relates to the San Agustín project.

Mr. Richard Rhoades, Chief Operating Officer of Argonaut Gold, who is a Qualified Person as defined by NI 43-101 and the person responsible for the mine plan and mining related capital and operating costs, has reviewed this press release as it relates to the San Agustin project.

Mr. Carl Defilippi of KCA located in Reno, Nevada who is an "Independent Qualified Person" as defined by NI 43-101 and the lead person responsible for completing the metallurgical work for the new San Agustín resource has reviewed this press release as it relates to the San Agustín project and has overseen the metallurgical and recovery methods, infrastructure, and non-mining related operating costs and capital costs.

The release of this information was approved by Thomas Burkhart, Argonaut Gold's Vice President of Exploration and a Qualified Person under NI 43-101.

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.

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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 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 estimation of mineral resources at mineral projects of Argonaut; the realization of mineral reserve and resource estimates; the timing and amount of estimated future production; economics of production; estimated production and mine life of the various mineral projects of Argonaut; the future price of gold and silver; synergies and financial impact of completed acquisitions; the benefits of the development potential of the properties of Argonaut; 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 variations in metal grades, changes in market conditions, variations in recovery rates, 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. 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.

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. 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.

For more information, contact:

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