Argonaut Gold Announces First Quarter 2016 Earnings per Share of $0.03;
Cash Balance Increases to $46.6 Million

Toronto, Ontario - (May 3, 2016) **Argonaut Gold Inc. (TSX:AR)** (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its financial and operating results for the first quarter ended March 31, 2016. All dollar amounts are expressed in United States dollars, unless otherwise specified.

	1st Quarter		
	2016	**2015**	**Change**
Financial Data (in millions except earnings per share)			
Revenue	$35.3	$51.0	(31%)
Gross profit	$8.9	$6.8	31%
Net income	$4.3	$1.5	187%
Earnings per share - basic	$0.03	$0.01	200%
Cash flow from operating activities before changes in non-cash operating working capital and other items	$9.0	$16.8	(46%)
Cash and cash equivalents	$46.6	$64.0	(27%)
Gold Production and Cost Data			
GEOs loaded to the pads[1]	51,002	54,254	(6%)
GEOs projected recoverable[1,2]	27,856	31,634	(12%)
GEOs produced[1]	32,154	43,255	(26%)
GEOs sold[1]	30,012	42,418	(29%)
Average realized sales price per gold ounce	$1,181	$1,211	(2%)
Cash cost per gold ounce sold[3]	$757	$735	3%
All-in sustaining cost per gold ounce sold[3]	$871	$883	(1%)

[1] Gold equivalent ounces ("GEO" or "GEOs") are based on a conversion ratio of 65:1 for silver to gold for 2016 and 55:1 for 2015 and are the referenced ratios throughout this release.
[2] Recoverable ounces – El Castillo expected recovery rates: ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulphides argillic 30% and crushed sulphides silicic 17%; La Colorada expected recovery rates: gold 60% and silver 30%.
[3] Refer to section Non-IFRS Measures.

FIRST QUARTER 2016 FINANCIAL HIGHLIGHTS:

- Revenue of $35.3 million from sales of 30,012 GEOs at an average price of $1,181 per gold ounce.
- Net income of $4.3 million.
- Cash flow from operations before changes in non-cash working capital and other items of $9.0 million.
- Capital investments of $5.5 million (on mineral properties, plant and equipment).

2016 Q1 Highlights and Recent Events:

- Corporate Highlights
  - Cash balance grew to $46.6 million.
  - Further strengthened board and management.
  - Received Environmental Socially Responsible Company award at both Mexican operations.
  - Entered into a $30 million revolving credit facility in April.
- Production
  - Production of 32,154 GEOs, a 26% decrease over the record first quarter of 2015, but a 6% increase over the fourth quarter of 2015.
  - Overall cash cost of $757 per gold ounce sold (refer to Non-IFRS Measures section).
  - All-in sustaining cost of $871 per gold ounce sold (refer to Non-IFRS Measures section).
- El Castillo
  - Quarterly production of 17,500 GEOs.
  - During the quarter, 23,259 contained gold ounces loaded on the leach pads.
  - Over 75,900 tonnes per day mined and 2.8 million ore tonnes placed on the heap leach pads during the quarter.
- La Colorada
  - Quarterly production of 13,894 gold ounces and 49,370 silver ounces, for 14,654 GEOs.
  - During the quarter, 21,519 contained gold ounces and 404,552 contained silver ounces loaded on the leach pads.
  - Over 50,100 tonnes per day mined and 1.2 million tonnes of mineralized material placed on the heap leach pads during the quarter.
  - Completed leach pad #5 (2.1 million tonne capacity).
  - Northeast leach pad advancing on schedule with anticipated completion in the third quarter of 2016.
- Project Updates
  - Highlighted results of an updated National Instrument ("NI") 43-101 Preliminary Economic Assessment Technical Report for San Agustin showing a 37% reduction in initial capital, an increase in after-tax IRR from 22% to 50% and a 28% increase in after-tax NPV to $89.9 million at a 5% discount rate.
    - In accordance with NI 43-101, a Technical Report will be filed on or before June 13, 2016.

- Received approval on the San Agustin Environmental Impact Study from the Mexican Environmental Authority (SEMARNAT).
- Completed sale transaction of the non-core La Fortuna project located in Durango, Mexico. The transaction parameters include $2.0 million of cash payable in three tranches ($750,000 on closing, $250,000 nine months after closing and $1.0 million upon a construction decision) and a 2.5% net smelter royalty capped at $4.5 million.
- Completed and filed an updated preliminary feasibility study and NI 43-101 Technical Report for Magino, resulting in a robust project with an after-tax NPV at a 5% discount rate of $415 million and IRR of 22.9% at $1,200 per ounce gold.

CEO Commentary

Pete Dougherty, President and CEO, stated: "First quarter 2016 GEO production was in line with guidance at El Castillo, exceeded guidance at La Colorada and showed a 6% improvement over the previous quarter. At La Colorada, we exceeded expectations primarily due to increased crusher throughput. In addition to a solid quarter of production, we generated net income of $4.3 million and continue to add cash to our balance sheet."

Financial Results – First Quarter 2016

Revenue for the three months ended March 31, 2016 was $35.3 million, a decrease from $51.0 million during the three months ended March 31, 2015. During the first quarter of 2016, GEOs sold totaled 30,012 at an average realized price per gold ounce of $1,181 (compared to 42,418 GEOs sold at an average price per ounce of $1,211 during the same period of 2015).

Production costs for the first quarter of 2016 were $22.9 million, a decrease from $31.4 million in the first quarter of 2015 due to the decreased gold ounces sold. Cash cost per gold ounce sold (refer to Non-IFRS Measures section) was $757 in the first quarter of 2016 compared to $735 in the same period of 2015.

Net income for the first quarter of 2016 was $4.3 million or $0.03 per basic share, an increase from net income of $1.5 million or $0.01 per basic share for the first quarter of 2015. The increase in net income was due principally to the non-cash impairment reversal of $3.6 million ($2.3 million after tax) related to the net realizable value of work-in-process inventory at the El Castillo mine, as a result of an increase in the price of gold as at March 31, 2016.

Cash and cash equivalents grew by $0.7 million over the previous quarter to $46.6 million at March 31, 2016. Cash spent towards capital expenditures in the first quarter was $5.5 million, primarily for deferred stripping and leach pad construction.

FIRST QUARTER 2016 El CASTILLO OPERATING STATISTICS

	3 Months Ended March 31		
	2016	**2015**	**% Change**
Mining (Tonnes 000s)			
Tonnes ore	2,747	2,811	(2%)
Tonnes waste	4,163	3,882	7%
Total tonnes mined	6,910	6,693	3%
Waste/ore ratio	1.52	1.38	10%
Heap Leach Pads (Tonnes 000s)			
Tonnes crushed	1,262	1,396	(10%)
Tonnes overland conveyor	1,491	1,415	5%
Production			
Gold grade (g/t)[1]	0.26	0.34	(23%)
Gold loaded to leach pads (oz)[2]	23,259	30,556	(24%)
Gold produced (oz)[3]	17,359	24,622	(29%)
GEOs produced[4]	17,500	24,845	(30%)
Gold sold (oz)	15,406	23,856	(35%)
Silver sold (oz)	9,186	12,259	(25%)
Cash cost per gold ounce sold[5]	$850	$888	(4%)

[1] "g/t" refers to grams per tonne.

[2] "oz" refers to troy ounce.

[3] Produced ounces are calculated as ounces loaded to carbon.

[4] GEOs are based on a conversion ratio of 65:1 for silver to gold for 2016 and 55:1 for 2015.

[5] Refer to section Non-IFRS Measures.

Summary of Production Results at El Castillo

The gold ounces loaded to the pads in the first quarter 2016 were 24% lower compared to first quarter 2015 primarily due to lower ore grade. GEO production of 17,500 ounces in the first quarter of 2016 was in line with guidance and a 30% decrease over first quarter of 2015, also primarily due to lower grades. Production guidance for 2016 at El Castillo is maintained at 75,000 to 80,000 GEOs.

FIRST QUARTER 2016 LA COLORADA OPERATING STATISTICS

	3 Months Ended March 31		
	2016	**2015**	**% Change**
Mining (Tonnes 000s)			
Tonnes ore	1,163	483	141%
Tonnes waste	3,400	2,544	34%
Total tonnes mined	4,563	3,027	51%
Waste/ore ratio	2.92	5.27	(45%)
Gold grade mined (g/t)[1]	0.56	0.58	(3%)
Total ore tonnes rehandled	50	663	(92%)
Heap Leach Pads (Tonnes 000s)			
Crushed ore tonnes to pads	1,213	1,140	6%
Production			
Gold grade to leach pads (g/t)	0.55	0.50	10%
Gold loaded to leach pads (oz)[2]	21,519	18,208	18%
Gold produced (oz)[3]	13,894	17,169	(19%)
Silver produced (oz)	49,370	68,261	(28%)
GEOs produced[4]	14,654	18,410	(20%)
Gold sold (oz)	13,772	17,118	(20%)
Silver sold (oz)	45,031	67,134	(33%)
Cash cost per gold ounce sold[5]	$654	$522	25%

[1] "g/t" refers to grams per tonne.
[2] "oz" refers to troy ounce.
[3] Produced ounces are calculated as ounces loaded to carbon.
[4] GEOs are based on a conversion ratio of 65:1 for 2016 and 55:1 for 2015 for silver to gold.
[5] Refer to section Non-IFRS Measures.

Summary of Production Results at La Colorada

The processing of the historical material on the leach pads finalized in 2015; therefore, GEO production decreased by 20% for the first quarter 2016 over first quarter 2015. Crusher throughput for the quarter exceeded operating levels, averaging 13,300 tonnes per day compared to the budget of 11,000 tonnes per day. The strip ratio has decreased as the material from the mine has been primarily sourced from the La Colorada pit. As a result, quarterly production for the first quarter in 2016 of 14,654 GEOs was achieved, ahead of guidance of 12,000 to 13,000 GEOs. Production guidance is maintained for La Colorada and anticipated GEO production for the full year 2016 is expected to be between 55,000 and 60,000 ounces.

COO Comments

Richard Rhoades, Chief Operating Officer of Argonaut Gold, commenting on the first quarter of 2016, stated: “We are pleased with the solid start to the year. We anticipate the grade at El Castillo will improve during the second half of the year as we begin mining the north end of the

phase 6 pit area. At La Colorada, the construction of the new Northeast pad is on schedule and we anticipate it will be completed during the third quarter of this year."

Capital Expenditures for 2016

The Company maintains its plans to invest approximately $23 million on capital expenditures and exploration initiatives in 2016. Major capital expenditures in 2016 are expected to include approximately $14 million at La Colorada (including expansion capital for Northeast leach pad and conveyor system), $4 million at El Castillo, $1 million at San Agustin (excluding construction capital, should a construction decision be made), $1 million at Magino and $1 million at San Antonio. Exploration expenditures in 2016 are expected to amount to approximately $2 million. As of March 31, 2016, the Company has spent $5.5 million on capital expenditures and exploration initiatives.

Argonaut Gold Q1 2016 Financial Results Conference Call and Webcast – May 3, 2016:

The Q1 financial results call is scheduled to take place on May 3, 2016 at 8:30 AM (EDT). Details for the call-in participation are:

Q1 2016 Conference Call Information for May 3, 2016:

Toll Free (North America):	1-877-291-4570
International:	1-647-788-4919
Webcast:	www.argonautgold.com

Q1 2016 Conference Call Replay:

Toll Free Replay Call (North America):	1-416-621-4642
International Replay Call:	1-800-585-8367
Passcode:	27628654

The conference call replay will be available from 11:30 AM (EDT) on May 3, 2016 to May 17, 2016.

Annual General Meeting:

Argonaut Gold Inc. will hold its annual meeting of shareholders on Tuesday, May 3, 2016 at 10:00 am (EDT) at the offices of Bennett Jones LLP, located at 3400 One First Canadian Place, Toronto, Ontario, Canada.

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.

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 estimated production and mine life of the various mineral projects of Argonaut; synergies and financial impact of completed acquisitions; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the estimation of mineral reserves and resources; 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, variations in ore grade or 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. 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.

Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" 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 expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. The Company believes that this measure provides investors with an improved ability 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 consolidated financial statements for the three months ended March 31, 2016 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 Thomas Burkhart, Argonaut Gold's Vice President of Exploration, and a Qualified Person under 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 Mine	NI 43-101 Technical Report on Resources and Reserves, Argonaut Gold Inc., El Castillo Mine, Durango State, Mexico dated February 24, 2011 (effective date of November 6, 2010)
La Colorada Mine	NI 43-101 Preliminary Economic Assessment La Colorada Project, Sonora, Mexico dated December 30, 2011 (effective date of October 15, 2011)
San Agustin Project	Press release dated April 29, 2016. In accordance with NI 43-101, a Technical Report will be filed on or before June 13, 2016.
Magino Gold Project	Preliminary Feasibility Study Technical Report on the Magino Project, Wawa, Ontario, Canada dated February 22, 2016 (effective date January 18, 2016)
San Antonio Gold Project	NI 43-101 Technical Report on Resources, San Antonio Project, Baja California Sur, Mexico dated October 10, 2012 (effective date of September 1, 2012)

Mineral resources are not mineral reserves and do not have demonstrated economic viability. A preliminary economic assessment is preliminary in nature, it may include inferred mineral reserves that are considered too speculative geologically to have the economic

considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that a preliminary economic assessment will be realized.

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