Argonaut Gold Raises C$4.5M via Private Placement of Flow-Through Common Shares and Provides Update on Planned Activities at Magino Project

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Toronto, Ontario - (May 25, 2016) **Argonaut Gold Inc. (TSX:AR)** (the "Company", "Argonaut Gold" or "Argonaut") today provides an update on planned activities at its 100% owned Magino property. The Company plans to drill the mineral resources expected to be mined during the first two years of mine life on 10 to 12 metre centres in order to increase the confidence during the potential payback period of the project. Argonaut also intends to advance permitting over the next 12 to 15 months.

Pete Dougherty, President and CEO stated: "We view drilling out the first phase of the projected pit a substantial de-risking of the Magino project. At the same time, we will move forward with permitting at Magino to further de-risk the project."

Private Placement Financing of Flow-Through Common Shares

In connection with the planned activities at Magino, the Company is pleased to announce that it has issued 1,280,000 flow-through common shares ("Flow-Through Shares") on a private placement basis at a price of C$3.55 per Flow-Through Share (the "Offering"), representing a 24.5% premium from the date of pricing on May 9, 2016, for aggregate gross proceeds of C$4,544,000.

Closing of the private placement occurred on May 25, 2016. The Flow-Through Shares were sold through a syndicate of Agents led by GMP Securities L.P. and including Desjardins Securities Inc.

The gross proceeds from the sale of the Flow-Through Shares will be used to fund Canadian exploration expenses (within the meaning of the Income Tax Act (Canada)), that will qualify as "flow-through mining expenditures", as defined in subsection 127(9) of the *Income Tax Act* (Canada), and "eligible Ontario exploration expenditures", as defined in the *Taxation Act, 2007* (Ontario) at Argonaut's 100% owned Magino property in Ontario.

The Flow-Through Shares issued in connection with the Offering are subject to a hold period of four months and one day in accordance with applicable Canadian securities laws.

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 use of proceeds of the private placement, the planned drilling, the pit and mine design at the Magino property, permitting 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.

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