Argonaut Gold Announces Q2 Production of 29,237 Gold Equivalent Ounces

Cash Balance Increases to $54.1 Million

Toronto, Ontario – (July 14, 2016) **Argonaut Gold Inc. (TSX: AR)** ("Argonaut", "Argonaut Gold" or the "Company") announces production of 29,237 gold equivalent ounces ("GEOs") during the second quarter ended June 30, 2016 ("Q2"). Given the lower than anticipated production during the second quarter, the Company is now guiding toward the lower end of its 2016 production guidance to between 130,000 to 135,000 GEOs (previously 130,000 to 140,000 GEOs). All dollars in this press release are expressed in U.S. dollars, unless otherwise noted.

	2nd Quarter			Year to date		
	2016	2015	Change	2016	2015	Change
Total Gold Equivalent Ounce Production:						
GEOs loaded to the pads[1]	63,724	55,871	14%	114,726	110,125	4%
GEOs projected recoverable ounces[1,2]	32,125	31,617	2%	59,981	63,251	(5%)
GEOs produced ounces[1]	29,237	36,529	(20%)	61,391	79,784	(23%)
GEOs ounces sold[1]	31,230	36,547	(15%)	61,242	78,965	(22%)

[1] GEOs are based on conversion ratio of 65:1 for silver to gold for 2016 and 55:1 for 2015. This is the referenced ratio throughout the release

[2] Recoverable ounces – El Castillo expected gold 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%

2016 Production (000s)	2nd Quarter Guidance	2nd Quarter Actual	Year to date Guidance	Year to date Actual
El Castillo GEOs produced	20.0 – 21.0	15.3	37.5 – 40.0	32.9
La Colorada GEOs produced	14.5 – 15.5	13.9	26.5 – 28.5	28.5
Total GEOs produced	**34.5 – 36.5**	**29.2**	**64.0 – 68.5**	**61.4**

Pete Dougherty, President and CEO, stated: "We discovered more areas with economic mineralization than expected at both operations. However, as the areas are lower grade, it delayed mining of higher grade areas and resulted in lower production for the second quarter. We anticipate getting into the higher grade areas during the second half of the year which, coupled with production improvements, should improve output. Therefore, we are guiding to the low end of the full year production. While second quarter production was lower than anticipated, as we look to the future, these low grade gains have good potential to extend the life of both mines."

At El Castillo, the Company experienced lower than anticipated grade as a result of mine sequencing, as it continued to mine in phase seven of the pit longer than planned due to low

grade ore gains. The Company expects to be finished mining in the phase seven pit area by the end of July 2016 and will be focused on higher grade phase six during the balance of 2016. Also, the Company is in the process of relocating its idle CR2 crushing unit from La Colorada to El Castillo and anticipates this unit will be operational during the third quarter 2016. The Company expects an increase in crushing capacity of 5,000 to 6,000 tonnes per day, which should lead to stronger second half production at El Castillo.

At La Colorada, the mine continued to produce low grade gains of mineralized material, which reduced the overall grade from original projections. While the Company is pleased to discover areas of unexpected low grade mineralization, processing this material contributed to lower production than planned. These low grade gains were partially offset by higher than budgeted throughput (over 13,000 tonnes per day versus 11,000 tonnes per day budgeted).

SECOND QUARTER 2016 AND RECENT HIGHLIGHTS:

Corporate Highlights

- Cash balance grew to $54.1 million.
- Completed C$4.5 million private placement of flow-through common shares for Magino project drilling.

El Castillo

- Production of 15,358 GEOs.
- 35,222 contained gold ounces loaded on the leach pads.
- Over 76,700 tonnes per day mined and approximately 2.7 million ore tonnes placed on the leach pads.

La Colorada

- Production of 13,282 gold ounces and 38,819 silver ounces, for 13,879 GEOs.
- 20,388 contained gold ounces and 527,398 contained silver ounces loaded on the leach pads.
- Over 56,300 tonnes per day mined and approximately 1.2 million mineralized material tonnes placed on the leach pads.
- Completed construction of Northeast leach pad ahead of schedule and on budget.

San Agustin

- Completed and filed the updated Preliminary Economic Assessment National Instrument (“NI”) 43-101 Technical Report dated June 10, 2016.
- Entered into agreement to acquire the necessary land for development.
- Filed Change in Use of Soil permit application.

Magino

- Initiated infill drill program at 10 to 12 metre centres on mineral resources expected to be mined during the first two years of mine life.
- Committed to geotechnical drilling program.
- Continued to advance permitting.

SECOND QUARTER 2016 EL CASTILLO OPERATING STATISTICS

	3 Months Ended June 30			6 Months Ended June 30		
	2016	2015	% Change	2016	2015	% Change
Mining						
Tonnes ore (000s)	2,774	2,855	(3%)	5,521	5,666	(3%)
Tonnes waste (000s)	4,207	4,401	(4%)	8,370	8,283	1%
Tonnes mined (000s)	6,981	7,256	(4%)	13,891	13,949	0%
Tonnes per day (000s)	77	80	(4%)	76	77	(1%)
Waste/ore ratio	1.52	1.54	(1%)	1.52	1.46	4%
Heap Leach Pad						
Tonnes crushed (000s)	1,365	1,263	8%	2,627	2,660	(1%)
Tonnes overland conveyor (000s)	1,316	1,533	(14%)	2,807	2,948	(5%)
Production						
Gold grade (g/t)[1]	0.41	0.31	32%	0.33	0.32	3%
Gold loaded to leach pad (oz)[2]	35,222	27,954	26%	58,481	58,510	0%
Projected recoverable gold ounces (oz)[3]	17,458	17,143	2%	30,536	36,205	(16%)
Gold produced (oz)	15,195	21,409	(29%)	32,554	46,031	(29%)
Gold sold (oz)	16,287	20,679	(21%)	31,693	44,535	(29%)

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

[2] "oz" refers to troy ounce

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

SECOND QUARTER 2016 LA COLORADA OPERATING STATISTICS

	3 Months Ended June 30			6 Months Ended June 30		
	2016	2015	% Change	2016	2015	% Change
Mining						
Mineralized material tonnes (000s)	1,189	578	106%	2,352	1,061	122%
Tonnes waste (000s)	3,935	2,130	85%	7,335	4,674	57%
Total tonnes (000s)	5,124	2,708	89%	9,687	5,735	69%
Waste/mineralized material ratio	3.31	3.68	(10%)	3.12	4.41	(29%)
Tonnes rehandled (000s)	0	767	(100%)	50	1,430	(97%)
Heap Leach Pad						
Crushed mineralized material tonnes to pad (000s)	1,216	1,346	(10%)	2,429	2,486	(2%)
Production						
Gold grade mined (g/t)[1]	0.52	0.47	11%	0.54	0.56	(4%)
Gold loaded to leach pad (oz)[2]	20,388	20,331	0%	41,907	38,538	9%
Projected recoverable GEOs loaded (oz)[3,4]	12,223	12,198	0%	29,445	27,046	9%
Gold produced (oz)	13,282	13,948	(5%)	27,176	31,117	(13%)
Silver produced (oz)	38,819	52,648	(26%)	88,189	120,909	(27%)
GEOs produced (oz)[4]	13,879	14,905	(7%)	28,533	33,315	(14%)
Gold sold (oz)	14,068	14,642	(4%)	27,840	31,760	(12%)
Silver sold (oz)	46,282	55,628	(17%)	91,313	122,762	(26%)
GEOs sold	14,780	15,653	(6%)	29,245	33,992	(14%)

[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 conversion ratio of 65:1 for silver to gold for 2016 and 55:1 for 2015

Richard Rhoades, Chief Operating Officer, commented: “At El Castillo, we encountered and processed more lower grade ore than anticipated at phase seven of the pit. It is imperative to finish mining this area, as it will be backfilled with waste. We expect to be finished mining this area by the end of the month and move into the higher grade phase six of the pit during the balance of 2016. This, combined with the additional crushing from the CR2 unit, gives us confidence that El Castillo will have a stronger second half of the year.

At La Colorada, we also encountered more economic mineralized material than planned. While we are pleased to have this additional mineralized material, which lowers the strip ratio, it reduced the overall grade processed for the quarter. We continue to achieve better than anticipated throughput rates at the crusher, which speaks to the efforts of the operations team.”

Argonaut Gold Q2 Financial Results Conference Call and Webcast:
The Company anticipates releasing results after the close of market on August 11, 2016 and will host the Q2 financial results call on August 12, 2016 at 8:30 am EDT.

Q2 Conference Call Information

Toll Free (North America):	1-877-291-4570
International:	1-647-788-4919
Conference ID:	27628035
Webcast:	**www.argonautgold.com**

Q2 Conference Call Replay:

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

The conference call replay will be available from 11:30 am EDT on August 12, 2016 until 11:59 pm EDT on August 26, 2016.

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.

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	NI 43-101 Technical Report and Preliminary Economic Assessment San Agustin Heap Leach Project, Durango, Mexico dated June 10, 2016 (effective date of Resources April 29, 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)

For more information, contact:

Argonaut Gold Inc.
Dan Symons
Vice President, Investor Relations
Phone: 416-915-3107
Email: dan.symons@argonautgold.com