Argonaut Gold Receives Favourable Ruling In Federal Lawsuit Relating to San Antonio Permit

Toronto, Ontario - (July 28, 2016) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") announces that the federal court of appeals has issued a favourable ruling regarding its Federal lawsuit arising from the denial of the Environmental Impact Assessment (Manifiesto de Impacto or MIA) for its San Antonio project in Baja California Sur, Mexico.

On August 2, 2012, the Company was denied its Environmental Impact Assessment for its San Antonio project due in part to a local zoning issue. The Company filed a Federal lawsuit stating that the local zoning plan was not validly constituted and therefore should not have been an obstacle to the permitting of the project.

The Company has received a copy of the federal appeals court ruling in its finding that the current Urban Development Plan for the Municipality of La Paz ("zoning plan") was not properly established and therefore should not have been used as a criteria in the review of the MIA for the San Antonio project. Furthermore, the ruling instructed the Mexican Environmental Authority (SEMARNAT) to annul the denial of the MIA and issue a new decision without taking into consideration the zoning plan within three business days of notification of the ruling. The Company continues to review the full text of this ruling with its advisors and consider the next steps that will be undertaken by both the Company and SEMARNAT. The Company cautions that there is no assurance that permits will be issued imminently and that permitting continues to be subject to regulatory processes of uncertain duration.

Pete Dougherty, President & CEO stated: "We are pleased with the outcome of the ruling, which confirms our belief that the local zoning plan should not have impeded the permitting of the San Antonio project. This ruling does not mean that our permits are granted but does provide the basis of understanding for all involved in the permitting process. We will continue to engage and work closely with all stakeholders to advance the San Antonio project. We believe that San Antonio provides an opportunity for a model mine with the use of clean technologies that also provides near and long-term benefits to the region."

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 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 receipt of necessary permits; 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, permitting delays, 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.

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