Argonaut Gold Announces Q3 Production of 26,322 Gold Equivalent Ounces and Revised Guidance

Toronto, Ontario – (October 17, 2016) **Argonaut Gold Inc. (TSX: AR)** ("Argonaut", "Argonaut Gold" or the "Company") reports production of 26,322 gold equivalent ounces ("GEOs") during the third quarter ended September 30, 2016 ("Q3"). The lower than anticipated production during the third quarter is primarily a result of two factors at the Company's El Castillo mine: higher than anticipated rainfall and changes in mine sequencing. Given the lower than planned production, the Company is adjusting its 2016 production guidance to between 115,000 and 120,000 GEOs (previously 130,000 to 135,000 GEOs). All dollars in this press release are expressed in U.S. dollars, unless otherwise noted.

	3rd Quarter			Year to date		
	2016	2015	Change	2016	2015	Change
Total Gold Equivalent Ounce Production:						
GEOs loaded to the pads[1]	57,765	48,768	18%	172,491	158,893	9%
GEOs projected recoverable ounces[1,2,3]	29,338	27,182	8%	89,319	90,433	(1%)
GEOs produced ounces[1,3]	26,322	28,876	(9%)	87,713	108,660	(19%)
GEOs ounces sold[1]	26,069	28,572	(9%)	87,311	107,537	(19%)

[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 for each year 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%

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

During Q3, the Company produced 13,161 GEOs at its El Castillo mine and 13,161 GEOs at its La Colorada mine for a total of 26,322 GEOs.

At El Castillo, production at the operation was negatively affected by heavy rainfall during the period, which hampered both mining and crusher throughput. Unusually heavy rainfall during Q3 amounted to 344.5 millimetres versus 132.0 millimetres during the same period in 2015. In addition, the Company estimates that during 2016 it will have mined approximately 2.8 million tonnes of ore at an average grade of 0.23 grams gold per tonne that was not in the original 2016 mine plan. This ore is comprised of lower grade oxide, transition and higher grade sulphide material. While economic, the sulphide ore yields significantly lower recoveries. The additional ore tonnes have impacted mine sequencing which has delayed mining the higher grade oxide ore phases of the pit that had been planned to be mined during 2016 and therefore lowered production. This change will have a positive impact on 2017 production, as the Company originally had no oxide ore scheduled to be mined during 2017 in the life of mine plan ("LOM plan") (see Annual Information Form filed March 16, 2016 on www.sedar.com) but now

anticipates mining approximately 60% oxide ore during 2017. Also during Q3, the CR2 crushing unit, relocated from La Colorada to El Castillo during August 2016, completed its ramp up to over 5,000 tonnes per day. This additional crushing should positively impact production during the fourth quarter 2016 and 2017 compared to the LOM plan.

At La Colorada, the Company continues to encounter more economic mineralized material than anticipated. While the Company is pleased to discover areas of economic low grade material, processing this material contributed to lower gold production compared to the planned processing of higher grade material during 2016. These low grade gains were partially offset by higher than budgeted throughput and a reduced stripping ratio.

Pete Dougherty, President and CEO, stated: "Heavy rainfall during the quarter at El Castillo made it extremely difficult to hit our mining and throughput targets. Also at El Castillo, due to the revision of mine sequencing, we have mined much lower grade oxide and much more sulphide ore than planned in 2016 which will lead to more oxide production in 2017. Now that the rainy season is past us, we are mining the higher grade oxide ore from phase six. We believe that the fourth quarter should improve in terms of ore placements – particularly with the additional crushing capacity.

At La Colorada, it is important to note that we have not changed our cutoff grades. Much of what was classified as waste in our mine model turned out to be above our cutoff grade and is now considered economic. This positive development increases our tonnages, lowers the strip ratio and extends mine life. Additionally, the recent drilling at the El Creston deposit showed encouraging results as we begin preparing this pit for production."

THIRD QUARTER 2016 AND RECENT HIGHLIGHTS:

Corporate Highlights

- Cash balance of $50.4 million at September 30, 2016.

El Castillo

- Production of 13,161 GEOs.
- 27,616 contained gold ounces loaded on the leach pads.
- Over 69,800 tonnes per day mined and approximately 2.6 million ore tonnes placed on the leach pads.

La Colorada

- Production of 12,610 gold ounces and 35,863 silver ounces, for 13,161 GEOs.
- 21,474 contained gold ounces and 563,905 contained silver ounces loaded on the leach pads.
- Over 56,700 tonnes per day mined and approximately 1.3 million mineralized material tonnes placed on the leach pads.
- Completed confirmation drill program that showed evidence of higher grades and thicknesses at the El Creston deposit (see press release dated October 3, 2016).

San Antonio

- Received favourable ruling in Federal lawsuit relating to the environmental permit.
    - SEMARNAT decision pending.

THIRD QUARTER 2016 EL CASTILLO OPERATING STATISTICS

	3 Months Ended Sept 30			9 Months Ended Sept 30		
	2016	**2015**	**% Change**	**2016**	**2015**	**% Change**
Mining						
Tonnes ore (000s)	2,625	2,722	(4%)	8,146	8,388	(3%)
Tonnes waste (000s)	3,804	4,325	(12%)	12,174	12,608	(3%)
Tonnes mined (000s)	6,429	7,047	(9%)	20,320	20,996	(3%)
Tonnes per day (000s)	70	77	(9%)	74	77	(4%)
Waste/ore ratio	1.45	1.59	(9%)	1.49	1.50	(1%)
Heap Leach Pad						
Tonnes crushed East (000s)	1,259	1,369	(8%)	3,886	4,029	(4%)
Tonnes crushed CR2 (000s)	251	0	-	251	0	-
Tonnes overland conveyor (000s)	1,088	1,378	(21%)	3,895	4,326	(10%)
Production						
Gold grade (g/t)[1]	0.33	0.27	22%	0.33	0.31	6%
Gold loaded to leach pad (oz)[2]	27,616	23,951	15%	86,097	82,461	4%
Projected recoverable gold ounces (oz)[3]	13,850	14,310	(3%)	44,386	50,515	(12%)
Gold produced (oz)[3]	13,049	17,134	(24%)	45,603	63,165	(28%)
Gold sold (oz)	12,892	16,885	(24%)	44,585	61,420	(27%)

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

[2] "oz" refers to troy ounce

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

THIRD QUARTER 2016 LA COLORADA OPERATING STATISTICS

	3 Months Ended Sept 30			9 Months Ended Sept 30		
	2016	2015	% Change	2016	2015	% Change
Mining						
Mineralized material tonnes (000s)	1,063	628	69%	3,415	1,689	102%
Tonnes waste (000s)	4,160	2,638	58%	11,495	7,312	57%
Total tonnes (000s)	5,223	3,266	60%	14,910	9,001	66%
Waste/mineralized material ratio	3.91	4.20	(7%)	3.37	4.33	(22%)
Tonnes rehandled (000s)	0	691	(100%)	50	2,122	(98%)
Heap Leach Pad						
Tonnes direct to pad (000s)	180	0	-	180	0	-
Crushed tonnes to pad (000s)	1,098	1,330	(17%)	3,527	3,815	(8%)
Production						
Gold grade (g/t)[1]	0.52	0.42	24%	0.53	0.46	15%
Gold loaded to leach pad (oz)[2]	21,474	18,090	19%	63,381	56,629	12%
Projected recoverable GEOs loaded (oz)[3,4]	15,488	12,872	20%	44,933	39,918	13%
Gold produced (oz)[3]	12,610	11,073	14%	39,786	42,190	(6%)
Silver produced (oz)[3]	35,863	27,836	29%	124,052	148,745	(17%)
GEOs produced (oz)[3,4]	13,161	11,579	14%	41,694	44,894	(7%)
Gold sold (oz)	12,537	10,995	14%	40,377	42,755	(6%)
Silver sold (oz)	34,358	29,077	18%	125,671	151,839	(17%)
GEOs sold	13,065	11,524	13%	42,310	45,516	(7%)

[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

Argonaut Gold Q3 Financial Results Conference Call and Webcast:

The Company anticipates releasing results after the close of market on November 3, 2016 and will host the Q3 financial results call on November 4, 2016 at 8:30 am EDT.

Q3 Conference Call Information

Toll Free (North America):	1-877-291-4570
International:	1-647-788-4919
Conference ID:	98681716
Webcast:	**www.argonautgold.com**

Q3 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 November 4, 2016 until 11:59 pm EST on November 18, 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)

Mineral resources referenced herein are not mineral reserves and do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. The mineral resource estimates may include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

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 a PEA will be realized or that any of the resources will ever be upgraded to reserves.

For more information, contact:

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