Argonaut Gold Announces Third Quarter 2016 Financial Results and Management Change

Toronto, Ontario - (November 3, 2016) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its financial and operating results for the third quarter ended September 30, 2016. All dollar amounts are expressed in United States dollars unless otherwise specified.

	3 months ended September 30			9 months ended September 30		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Financial Data (in millions except for earnings (loss) per share)						
Revenue	$35.0	$32.1	9%	$109.5	$126.6	(14%)
Gross profit (loss)	$6.9	($5.9)	217%	$23.6	($9.4)	351%
Net income (loss)	$0.2	($11.2)	102%	$3.8	($20.2)	119%
Earnings (loss) per share - basic	$0.00	($0.07)	100%	$0.02	($0.13)	115%
Adjusted net income (loss)[3]	$3.9	($2.0)	295%	$8.8	$1.2	633%
Adjusted earnings (loss) per share – basic[3]	$0.02	($0.01)	300%	$0.06	$0.01	500%
Cash flow from operating activities before changes in non-cash operating working capital and other items	$8.4	$6.7	25%	$26.5	$34.9	(24%)
Cash and cash equivalents				$50.4	$43.7	15%
Gold Production and Cost Data						
GEOs loaded to the pads[1]	57,765	48,768	18%	172,491	158,893	9%
GEOs projected recoverable[1,2]	29,338	27,182	8%	89,319	90,433	(1%)
GEOs produced[1]	26,322	28,876	(9%)	87,713	108,660	(19%)
GEOs sold[1]	26,069	28,572	(9%)	87,311	107,537	(19%)
Average realized sales price	$1,344	$1,131	19%	$1,257	$1,186	6%
Cash cost per gold ounce sold[3]	$896	$778	15%	$812	$761	7%
All-in sustaining cost per gold ounce sold[3]	$1,054	$922	14%	$953	$902	6%

[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 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]Please refer to section "Non-IFRS Measures" below for a discussion of these Non-IFRS Measures.

Third Quarter 2016 Financial Highlights

- Revenue of $35.0 million from sales of 25,429 gold ounces at an average price of $1,344 per gold ounce and 41,660 silver ounces at an average price of $20 per silver ounce.
- Net income of $0.2 million and adjusted net income of $3.9 million (refer to Non-IFRS section).
- Cash flow from operations before changes in non-cash working capital and other items of $8.4 million.
- Net decrease in cash from June 30, 2016 of $3.7 million, while making capital investments of $10.1 million (on mineral properties, plant and equipment).

2016 Q3 and Recent Company Highlights

- Corporate:
  - Cash balance at September 30, 2016 was $50.4 million.
- Production:
  - Production of 26,322 GEOs in the third quarter and 87,713 GEOs for the first nine months of 2016.
  - Overall cash cost of $896 per gold ounce sold for the third quarter and $812 for the first nine months of 2016 (refer to Non-IFRS Measures section).
  - All-in sustaining cost of $1,054 per gold ounce sold for the third quarter and $953 for the first nine months of 2016 (refer to Non-IFRS Measures section).
- El Castillo:
  - Production of 13,161 GEOs.
  - 27,616 contained gold ounces loaded on the leach pads of which 13,850 are projected recoverable.
  - Over 69,800 tonnes per day mined and 2.6 million tonnes of ore 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 of which 15,488 GEOs are projected recoverable.
  - Over 56,700 tonnes per day mined and approximately 1.3 million tonnes of mineralized material 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 Agustin:
  - Received Change in Use of Soil permit and made decision to advance construction (see press release dated November 2, 2016).
    - Targeting first gold production Q3 2017.
- San Antonio:
  - Received favourable ruling in Federal lawsuit relating to permit.
    - SEMARNAT decision pending.
- Magino:
  - Continued infill drill program at 10 to 12 metre centres on mineral resources expected to be mined during the first two years of mine life.

- Continued geotechnical drilling program.
- Continued to advance permitting.

Management Change

Richard Rhoades, Chief Operating Officer, will be leaving the Company effective November 11, 2016. The Company thanks Mr. Rhoades for his contributions during his tenure.

The Company is pleased to announce the hiring of William Zisch as Chief Operating Officer. Mr. Zisch brings more than 35 years of mining industry and professional experience to Argonaut Gold. He previously held the role of President and CEO of Midway Gold. Prior to Midway, Mr. Zisch was the Vice President of Operations at Royal Gold Inc. Prior to joining Royal Gold, he spent 12 years with Newmont Mining Company in various international assignments serving as the Operations Manager at the Yanacocha mine in Peru and later as the Vice President of African Operations while based in Ghana. Mr. Zisch served as Vice President of Planning during his last two years at Newmont where he was responsible for company-wide strategic, operational and capital planning. Prior to his tenure at Newmont, Mr. Zisch spent 16 years with FMC Company, where he held several positions in coal and gold operations and strategic sourcing roles in the company's Chemical Group. Mr. Zisch holds an MBA degree from the Wharton School at the University of Pennsylvania and a BS degree in Mining Engineering from the Colorado School of Mines.

Mr. Zisch will assume the role of Chief Operating Officer effective immediately and will be based in Mexico for the first year of his tenure with Argonaut. Mr. Rhoades will assist for a transitional period until November 11, 2016.

CEO Commentary

Pete Dougherty, President and CEO, stated, "I'm pleased to announce the hiring of Bill Zisch to our management team as Chief Operating Officer. I have had the pleasure of working with Bill in the past at FMC Company and am pleased to once again have him as part of our team. On behalf of the Argonaut team, I want to thank Dick Rhoades for his contributions to the organization over the past four years. We wish him well in his future endeavours.

"At the operations, third quarter production did not meet expectations due to heavy rainfall and mine sequencing at El Castillo. As the rainy season is now behind us and with the additional crushing facilities fully operational, we believe we will see improvements during the fourth quarter in terms of placements to the leach pads.

"At La Colorada, we continue to find low-grade mineralized material in the intermediate zone between the La Colorada and Gran Central pits. This material was previously classified as waste and was scheduled to be mined and taken to waste storage facilities. As we encounter this low-grade material, which is being mined and loaded on the leach pads, it reduces the strip ratio but also lowers the overall grade. Positively, these mineralized material gains should slightly extend the mine life."

Financial Results – Third Quarter 2016

Revenue for the three months ended September 30, 2016 was $35.0 million, an increase from $32.1 million for the three months ended September 30, 2015. During the third quarter of 2016, gold ounces sold totalled 25,429 at an average realized price per ounce of $1,344 (compared to 27,880 gold ounces sold at an average price per ounce of $1,131 during the same period of 2015).

Production costs for the third quarter of 2016 were $23.6 million, an increase from $22.3 million in the third quarter of 2015 primarily due to an increase in cash cost per gold ounce. Cash cost per gold ounce sold (see Non-IFRS Measures section) was $896 in the third quarter of 2016, an increase from $778 in the same period of 2015, primarily due to higher mining costs and lower gold ounces produced and sold.

Net income for the third quarter of 2016 was $0.2 million or $0.00 per basic share, an increase from the net loss of $11.2 million or $0.07 per share for the third quarter of 2015.

During the third quarter of 2016, cash decreased by $3.7 million due primarily to $10.1 million of capital expenditures incurred, offset by $7.6 million of cash flows from operations, as compared to the third quarter of 2015 in which cash increased by $0.1 million due primarily to $10.4 million of cash flows from operations, offset by $9.7 million of capital expenditures incurred.

Cash provided by operating activities totalled $7.6 million in the third quarter of 2016, as compared to $10.4 million in the third quarter of 2015. The decrease in cash provided by operations is primarily related to the net decrease in non-cash operating working capital changes in the third quarter of 2016 compared to a net increase in the third quarter of 2015, primarily due to reductions in receivables upon recovery of value added tax in the third quarter of 2015.

Cash used in investing activities totalled $10.1 million in the third quarter of 2016, versus $8.4 million in the third quarter of 2015. The cash used in investing activities consisted of $10.1 million in capital expenditures primarily related to deferred stripping at the El Castillo and La Colorada mines and expenses related to the Magino and San Agustin projects. Investing activities during the third quarter of 2015 included capital expenditures of $9.7 million primarily related to deferred stripping and leach pad construction at the El Castillo and La Colorada mines, partially offset by proceeds from disposal of equipment of $1.3 million.

Cash used in financing activities totalled $1.1 million in the third quarter of 2016, as compared to $0.9 million in the third quarter of 2015. During the third quarter of each of 2016 and 2015, the Company made debt payments of $0.8 million on the leased mining equipment fleet.

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

Summary of Production Results at El Castillo

During the third quarter of 2016, El Castillo mined 6,429,112 tonnes including 2,625,142 tonnes of ore. At El Castillo, the East and CR2 facilities crushed and loaded 1,510,320 tonnes and the West facility conveyed and loaded 1,088,127 tonnes during the quarter, which resulted in an estimated 27,616 gold ounces to the leach pads. El Castillo produced 13,049 gold ounces during the third quarter of 2016. Production was negatively affected by heavy rainfall during the period and changes in mine sequencing. Due to the revision of the mine sequencing, El Castillo mined lower grade oxide ore and higher grade sulphide ore, which yields significantly lower recoveries, during the quarter. The mine plan had anticipated mining no oxide ore during 2017. However, due to mine sequencing, the Company deferred mining of oxide ores to 2017. El Castillo sold 12,892 gold ounces during the third quarter of 2016 at a cash cost per gold ounce sold of $936 (see Non-IFRS Measures section), compared to 16,885 gold ounces sold at a cash cost of $915 for the third quarter of 2015.

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 mined (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

Summary of Production Results at La Colorada

During the third quarter of 2016, La Colorada mined 5,223,615 tonnes containing 1,063,597 tonnes of mineralized material. The increase in tonnes mined from the comparable period of 2015 is primarily due to shifting processing of tonnes from old leach pads to a focus on mining from areas within the pit. La Colorada loaded 1,278,174 tonnes during the quarter, including 179,737 tonnes of run-of-mine mineralized material direct to leach pads, which resulted in an estimated 21,474 gold ounces to the leach pads. La Colorada produced 12,610 gold ounces and 35,863 silver ounces during the third quarter of 2016 or 13,161 GEOs. La Colorada sold 12,537 gold ounces in the third quarter of 2016 at a cash cost per gold ounce sold of $855 (see Non-IFRS Measures section), compared to 10,995 gold ounces sold at a cash cost of $568 for the third quarter of 2015. The increase in cash cost per gold ounce sold over the comparable period of 2015 is primarily due to higher mine operating costs as a result of no longer processing tonnes from the old leach pads at the mine.

2016 Guidance

In 2016, the Company plans to produce between 115,000 and 120,000 GEOs (based on the three-year historical average silver to gold ratio of 65:1), which is revised from the previously announced 2016 revised production guidance of between 130,000 to 135,000 GEOs. The adjustment to 2016 production guidance is due to lower than anticipated production during the third quarter as a result of two factors at the Company's El Castillo mine: higher than anticipated rainfall and changes in mine sequencing.

Cash cost per ounce of gold sold (see Non-IFRS measures section) in 2016 is now expected to be between $825 and $875 per gold ounce (previously $750 and $800 per gold ounce) due to the decrease in gold production.

The Company plans to invest a total of $37-$39 million on capital expenditures and exploration initiatives in 2016, an increase from previous guidance of $34 million due primarily to the commencement of construction at San Agustin. Major capital expenditures in 2016 are expected to include approximately $9 million at El Castillo (previously $8 million), $13 million at La Colorada, $1 million at San Antonio, $6-$8 million at San Agustin (previously $2 million) and $3 million at Magino (previously $5 million). Exploration and other capital expenditures in 2016 are expected to amount to approximately $5 million. At September 30, 2016, the Company had invested $23 million of the planned $37-$39 million capital and exploration expenditures.

Argonaut Gold Q3 Financial Results Conference Call and Webcast:

The Company 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 and the construction stage San Agustin project in Durango, Mexico and the production stage La Colorada mine in Sonora, Mexico. Advanced exploration stage projects include the San Antonio

project in Baja California Sur, Mexico, and the Magino project in Ontario, Canada. 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”, “All-in sustaining cost per gold ounce sold”, “Adjusted net income (loss)” and “Adjusted earnings (loss) per share – basic” 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. Adjusted net income (loss) is equal to net income (loss) less foreign exchange impacts on deferred income taxes, foreign exchange (gains) losses, non-cash impairment write down (reversal) related to the net realizable value and changes in the expected recovery of gold ounces from mineralized material in the work-in-process inventory, change in unrecognized Mexican deferred tax assets and other adjustments. Adjusted earnings (loss) per share – basic is equal to adjusted net income (loss) divided by the basic weighted average number of common shares outstanding. The Company believes that these measures provide 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 interim condensed consolidated financial statements for the three and nine months ended September 30, 2016 and associated MD&A for the same period ended, 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 National Instrument 43-101 (“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 Preliminary Economic Assessment ("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.

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