**Argonaut Gold Produces 34,384 and 122,097 Gold Equivalent Ounces During the Fourth Quarter and Year Ended 2016 Respectively and Provides 2017 Guidance**

**Toronto, Ontario** – (January 16, 2017) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") announces gold equivalent ounce[1] ("GEO" or "GEOs") production of 34,384 during the fourth quarter ended December 31, 2016 ("Q4") and 122,097 during the year ended December 31, 2016 ("YE"). During Q4, production was 16,747 GEOs at its 100% owned El Castillo Mine ("El Castillo") located in the State of Durango, Mexico and 17,637 GEOs at its 100% owned La Colorada Mine ("La Colorada") located near Hermosillo, Mexico. During 2016, El Castillo and La Colorada GEO production totaled 62,766 and 59,331, respectively. Management expects YE consolidated cash costs[2] to be below the lower end of the range of revised 2016 guidance of $825 to $875 per gold ounce sold. At YE, the Company had a cash balance of $42 million and $30 million available on an undrawn corporate revolver. All dollar amounts are expressed in United States dollars unless otherwise specified.

Pete Dougherty, President & CEO stated: "Production at El Castillo normalized during the fourth quarter after a challenging third quarter, while La Colorada provided consistent production throughout 2016. The 34,384 GEOs of production during the fourth quarter represents our strongest quarter of the year and also is the largest quarterly production total since the second quarter of 2015. I'm also pleased to report that construction at San Agustin is advancing on schedule and on budget. With first gold production from San Agustin targeted for the third quarter of this year and the following ramp up, we expect our highest quarterly production and lowest costs during the fourth quarter of 2017. Looking forward in terms of operations, we remain focused on operating in a safe and environmentally conscious manner while providing production growth over the next several years as we construct and ramp up operations at San Agustin."

**2017 Guidance**

The Company anticipates it will produce between 115,000 to 130,000 GEOs during 2017 at a cash cost[2] of between $725 to $775 per gold ounce sold and an all-in sustaining costs ("AISC")[2]

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[1] GEOs are based on conversion ratio of 65:1 for silver to gold ounces ratio for 2016 and 70:1 for 2017 and are the referenced ratios throughout this press release.

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

of between $910 to $960 per gold ounce sold. Due to the anticipated start up at San Agustin during the third quarter 2017 and the following ramp up, the Company expects the fourth quarter 2017 to provide the strongest production and lowest costs during 2017. Table 1 below illustrates the 2017 production and cost guidance:

**Table 1 – 2017 Production and Cost Guidance**

| | | El Castillo/San Agustin[1] Complex | La Colorada | Consolidated |
|---|---|---|---|---|
| **GEO Production** | *In 000s* | 70 – 80 | 45 – 50 | **115 – 130** |
| **Cash costs[2] [3]** | *$ per ounce* | 760 - 810 | 675 - 725 | **725 – 775** |
| **AISC[2] [3]** | *$ per ounce* | | | **910 – 960** |

[1] *San Agustin guidance reflects full year expected production and cost guidance. Production and costs prior to declaration of commercial production will be capitalized on the balance sheet.*

[2] *Assumes a MXN:USD exchange rate of 19:1.*

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

The Company plans to invest $75.8 million in capital expenditures during 2017, primarily in the areas of construction at San Agustin ($34.0 million) and capitalized stripping at the El Creston pit at La Colorada ($18.7 million). Table 2 below illustrates the projected capital expenditures for 2017:

**Table 2 – 2017 Capital Estimate ($M)[1]**

| | El Castillo | San Agustin | La Colorada | Magino, San Antonio & Other | Consolidated |
|---|---|---|---|---|---|
| Sustaining | 3.7 | 1.0 | 1.9 | 0.0 | **6.6** |
| Expansion | 3.4 | 34.0 | 3.4 | 5.5 | **46.3** |
| Stripping | 2.6 | 0.3 | 18.7 | 0.0 | **21.6** |
| Exploration | 0.0 | 0.2 | 0.4 | 0.7 | **1.3** |
| **Total** | 9.7 | 35.5 | 24.4 | 6.2 | **75.8** |

[1] *Assumes exchanges rates of MXN:USD of 19.1 and CAD:USD of 1.3:1.*

Over the next three years, the Company expects production at the El Castillo pit to decrease annually and production at San Agustin to ramp up resulting in overall production growth at a lower cost at the El Castillo/San Agustin Complex. At La Colorada, the Company is investing in a significant capital stripping program to open the El Creston pit during 2017 with the goal of increasing annual production at La Colorada over the next several years. The Company is currently updating its life of mine plans and intends to publish these during the first quarter 2017 in conjunction with the filing of its Annual Information Form.

The Company advises that it will no longer pre-release its first, second and third quarter production results, unless there is a material change which would require such an announcement, and will publish its operating results with its quarterly financial disclosure.

**Argonaut Gold Fourth Quarter and Year End Financial Results Conference Call and Webcast**
The Company anticipates releasing its fourth quarter and year end financial results before market open on March 13, 2017 and will host a conference call and webcast on March 13, 2017 at 8:30 am EDT to discuss the results.

**Fourth Quarter and Year End Conference Call Information for March 13, 2017:**

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| Toll Free (North America): | 1-888-231-8191 |
| International: | 1-647-427-7450 |
| **Webcast:** | **www.argonautgold.com** |

**Fourth Quarter and Year End Conference Call Replay:**

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|---|---|
| Toll Free Replay Call (North America): | 1-855-859-2056 |
| International Replay Call: | 1-416-849-0833 |
| Passcode: | 54191629 |

The conference call replay will be available from 11:30 am EDT on March 13, 2017 to March 27, 2017.

**Non-IFRS Measures**
The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" in this press release. 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. 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.

***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:

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| 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) |

**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.

For more information, contact:

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