Argonaut Gold Announces Agreement to Acquire Key Fresnillo Mineral Concession Adjacent to the El Castillo Mine

Toronto, Ontario - (February 23, 2017) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce that its wholly-owned subsidiary, Minera Real Del Oro, S.A. de C.V., has entered into an agreement with Desarrollos Mineros El Aguila, S.A. de C.V. ("El Aguila"), a wholly-owned subsidiary of Fresnillo Plc ("Fresnillo") whereby Argonaut will acquire 420 hectares pursuant to a mineral concession (the "San Juan Concession") owned by El Aguila covering known projections of El Castillo mineralization (the "Transaction"). In addition, the parties have entered into an agreement whereby portions of other adjacent concessions may be used by Argonaut for leach pads, ponds and overburden sites, subject to the terms of such agreement. All dollar amounts are expressed in United States dollars unless otherwise specified.

Under the terms of the Transaction, Argonaut has agreed to pay El Aguila cash consideration of $26 million, half of which is payable today upon the execution of the Transaction and the remainder on or before December 15, 2017.

Currently, Argonaut holds the surface rights to the San Juan Concession. Over the past three years Argonaut and Fresnillo have collaborated as Fresnillo completed 34,510 metres of exploration drilling in 132 drill holes. The Company reviewed these results and has found evidence that the El Castillo mineral system continues onto the San Juan Concession to the northeast and south of the original El Castillo concession boundaries. The Company believes that the acquisition of the San Juan concession has the potential to positively impact its production profile and notes the recently published three-year production outlook (see press release dated February 16, 2017) does not include any allowance for the impact of this acquisition.

Pete Dougherty, President & CEO commented: "We are excited to have entered into an agreement that is beneficial to both parties. We will now be able to mine the remaining mineralization on our side of the concession boundary as we move the pit wall back onto the San Juan Concession. This, coupled with the known mineralization on the San Juan Concession, allows us the opportunity to expand the pit even farther. We have increased our footprint in the area threefold going from approximately 200 hectares to over 620 hectares. We believe this is a very strategic acquisition, as it means El Castillo has the potential to be an important part of our future production."

Tom Burkhart, Vice President of Exploration stated: "The acquisition of the San Juan Concession greatly enhances our opportunity to extend mine life at El Castillo. We are excited to have acquired this concession, as it hosts significant drill intercepts close to the pit boundaries and

may allow us to capture mineralization within our resources but not in the current mine plans due to slope angles. We expect to commence shortly on an approximate $2 million detailed infill program within areas of mineralization to increase drill hole density from its current 50 to 75 metre spacing. Once our infill drill program has been completed and analyzed, we will be in a position to update the mineral resource statement for El Castillo."

To view plan view maps, cross sections, drill hole locations and results above a 0.15 g/t cutoff in relation to the El Castillo mine, visit:
http://www.argonautgold.com/gold_operations/drill_results/

Table 1 below illustrates selected results from Fresnillo's drill program. All reported intervals are within the oxide zone:

Table 1: Selected Drill Results

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CA-02	**223**	**-49**					
Interval			24.8	28.4	3.6	0.39	11
Interval			36.2	39.9	3.7	0.16	9
Interval			50.5	103.0	52.5	0.62	21
Including			86.7	92.7	6.0	1.25	90
Interval			116.8	125.5	8.8	0.23	4

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CA-36	**271**	**-46**					
Interval			1.5	18.0	16.5	0.19	5
Interval			22.5	25.5	3.0	0.19	8
Interval			30.0	45.0	15.0	0.30	5
Interval			61.7	97.5	35.8	0.73	21
Including			65.8	73.5	7.8	2.16	70
Interval			134.1	138.0	3.9	0.28	2

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CA-37	**270**	**-46**					
Interval			0.0	11.9	11.9	0.27	6
Interval			32.9	55.6	22.7	0.33	3
Interval			70.4	82.0	11.6	0.20	4
Interval			88.2	92.9	4.6	0.24	3
Interval			109.2	115.6	6.4	0.17	2
Interval			122.8	127.2	4.4	0.18	2

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t

CA-47	**271**	**-90**					
Interval			0.0	56.1	56.1	0.31	2
Interval			68.7	78.5	9.8	0.22	2

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CA-54	**11**	**-90**					
Interval			17.4	21.5	4.1	0.16	1
Interval			47.5	107.8	60.4	0.44	3
Including			100.7	102.4	1.7	5.10	17

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CA-68	**330**	**-90**					
Interval			19.8	86.3	66.5	0.34	2
Including			58.0	61.0	3.1	1.40	3
Interval			100.7	105.2	4.5	0.21	1
Interval			114.4	122.0	7.7	0.32	1

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CI-01	**360**	**-89**					
Interval			48.2	101.5	53.3	0.24	1

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CI-02	**222**	**-59**					
Interval			54.3	68.0	13.7	0.67	2
Interval			74.1	113.7	39.6	0.28	1
Interval			133.5	136.6	3.1	0.15	0

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CI-03	**174**	**-87**					
Interval			78.6	100.0	21.3	0.18	1
Interval			118.3	122.8	4.6	0.22	1
Interval			148.7	165.5	16.8	0.25	2

Hole	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t
CI-06	**221**	**-55**					
Interval			57.3	61.9	4.6	0.53	2
Interval			66.5	115.2	48.8	0.31	3

The Company has reviewed the sampling procedures utilized by Fresnillo during its drilling

programs on the San Juan Concession. Drill samples are transported to the preparation laboratory of ALS-Chemex Labs Inc. in Chihuahua, Mexico where samples are prepared and pulps sent for assay in the laboratory of ALS-Chemex in Vancouver, British Columbia. Samples are analyzed for gold by fire assay and atomic absorption finish. For silver, samples use a multi-element inductively coupled plasma (ICP) assay. The practices are standard Quality Assurance/Quality Control sample procedures similar to those used by Argonaut. This includes the insertion of sample standards, blanks and duplicates as well as systematic check assaying by a second accredited laboratory.

Qualified Person Information

The technical information relating to exploration activities disclosed in this news release was prepared under the supervision of, and reviewed and verified by, Thomas Burkhart, Argonaut Gold's Vice President of Exploration and Qualified Person under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

For further information on the El Castillo mine, please see the technical report on the El Castillo mine titled "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), prepared by SRK Consulting (U.S.), Inc. for Argonaut Gold (the "El Castillo Report"). The El Castillo Report is available electronically on Argonaut's website at www.argonautgold.com or on SEDAR under Argonaut's issuer profile at www.sedar.com.

The Company is not aware of any legal, political, environmental or other risks that could materially affect the potential development of the project other than those set out in the annual information form of Argonaut for the financial year ended December 31, 2015 (dated March 16, 2016) filed on SEDAR under Argonaut's issuer profile at www.sedar.com. Please see below under the heading "Cautionary Note Regarding Forward-looking Statements" for further details regarding risks facing the Company.

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.

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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. Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the acquisition by Argonaut of the San Juan Concession; the ability of the San Juan Concession to extend mine life at El Castillo; the potential for further mine expansion along the El Castillo

mineral corridor; the reliability of geological interpretations; the timing and ability of Argonaut to mine the remaining mineralization on its side of the boundary a move the pit wall back onto the San Juan Concession; the timing and ability to implement a more exhaustive infill program surrounding the existing Fresnillo drilling on the San Juan Concession; planned investment of approximately $2 million in additional exploration on the San Juan Concession; the significance of drill intercepts; the timing and ability of the Company to provide an updated mineral resource statement, if at all; 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; estimation of mineral resources at mineral projects of Argonaut; the realization of mineral reserve and resource estimates; the receipt of necessary permits; the benefits of the development potential of the properties of Argonaut 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 Argonaut being unable to complete the acquisition of the San Juan Concession; the ability of geological interpretations and drill results to predict mineralization; the ownership of surface rights covering mineral concessions; variations in metal grades; variations in recovery rates; the possibility of project cost overruns or unanticipated costs and expenses' permitting delays; changes in market conditions; risks relating to international operations; fluctuating metal prices and currency exchange rates; changes in project parameters; labour disputes and other risks of the mining industry; failure of plan; and equipment or processes to operate as anticipated.

These factors are discussed in greater detail in the annual information form of Argonaut for the financial year ended December 31, 2015 (dated March 16, 2016) and the management's discussion and analysis of Argonaut for the three and nine months ended September 30, 2016 (dated November 2, 2016), both of which are filed on SEDAR under Argonaut's issuer profile at www.sedar.com and 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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