Argonaut Gold Announces First Quarter 2017 Operating and Financial Results

Production of 37,707 Gold Equivalent Ounces and Earnings per Share of $0.07

Toronto, Ontario - (May 9, 2017) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its financial and operating results for the first quarter ended March 31, 2017. The Company reports quarterly net income of $12.0 million or earnings per share of $0.07, adjusted net income[1] of $4.9 million or adjusted earnings per share[1] of $0.03 and production of 37,707 gold equivalent ounces[2] ("GEO" or "GEOs"). All dollar amounts are expressed in United States dollars, unless otherwise specified (C$ refers to Canadian dollars).

Key operating and financial statistics for the first quarter of 2017 are outlined in the following table:

(in millions except for earning per share)	3 months ended March 31		
	2017	**2016**	**Change**
Revenue	$44.5	$35.3	26%
Gross profit	$10.1	$8.9	13%
Net income	$12.0	$4.3	179%
Earnings per share – basic	$0.07	$0.03	133%
Adjusted net income[1]	$4.9	$1.8	172%
Adjusted earnings per share – basic[1]	$0.03	$0.01	200%
Cash flow from operating activities before changes in non-cash operating working capital	$14.9	$9.0	66%
Cash and cash equivalents	$55.2	$46.6	18%
GEOs loaded to the pads[2]	55,447	51,002	9%
GEOs projected recoverable[2,3]	32,712	27,856	17%
GEOs produced[2,4]	37,707	32,154	17%
GEOs sold[2]	36,173	30,012	21%
Average realized sales price	$1,228	$1,181	4%
Cash cost per gold ounce sold[1]	$751	$757	(1%)
All-in sustaining cost per gold ounce sold[1]	$870	$871	0%

[1] Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.
[2] Gold equivalent ounces ("GEO" or "GEOs") are based on a conversion ratio of 70:1 for silver to gold for 2017 and 65:1 for 2016. This is the referenced ratio for each year throughout the press release.
[3] Recoverable ounces - El Castillo expected 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%.
[4] Produced ounces are calculated as ounces loaded to carbon.

First Quarter 2017 and Recent Company Highlights:

- Corporate Highlights
  - Acquisition of San Juan ("Fresnillo") mineral concession adjacent to El Castillo, increasing the mineral concession footprint from 200 hectares to 620 hectares (see press release dated February 23, 2017).
  - Successful C$45.0 million equity financing, including the over-allotment option, primarily allocated toward the Fresnillo mineral concession acquisition and subsequent infill drill program.
  - Received Environmental Socially Responsible Company award at both El Castillo and La Colorada for the fifth consecutive year.
- El Castillo
  - First quarter production of 22,226 GEOs.
  - Initiated 21,000 metre drill program on recently acquired Fresnillo mineral concession.
  - Disassembled and removed west crusher and overland conveyor systems for relocation to San Agustin.
- La Colorada
  - First quarter production of 15,481 GEOs.
  - Completed 5,139 metre drill program at the El Creston deposit that indicated potential for open pit expansion (see press release dated March 20, 2017).
  - Continued stripping of El Creston pit.
  - Completed construction of northeast leach pad phase three.
- San Agustin
  - Completed detailed design work.
  - Commenced construction of heap leach pad and was 65% complete at May 5, 2017.
  - Received west crusher and overland conveyor systems from El Castillo and began reassembling.
  - New secondary crushing equipment arriving and is being erected.
  - At May 5, 2017, construction was 50% complete with $19.8 million spent or committed, which remains on schedule and budget.
- San Antonio
  - Initiated legal process for review of recent permit decision (see press release dated December 16, 2016).
- Magino
  - Filed Environmental Impact Statement and advanced Environmental Assessment process (federal and provincial).
  - Advanced feasibility study.
  - Advanced First Nations impact benefit agreements.

CEO Commentary

Pete Dougherty, President and CEO stated: "The production results during the first quarter were outstanding and speak to the success our team has made in improving operational efficiencies. I commend the team on its continued focus on safety, their commitment to the

environment and improving our operations. The operations, construction and exploration teams are firing on all cylinders right now at El Castillo, La Colorada and San Agustin."

Financial Results – First Quarter 2017

Revenue for the three months ended March 31, 2017 was $44.5 million, an increase from $35.3 million for the three months ended March 31, 2016. During the first quarter of 2017, gold ounces sold totaled 34,962 at an average realized price per ounce of $1,228 (compared to 29,178 gold ounces sold at an average price per ounce of $1,181 during the same period of 2016).

Production costs for the first quarter of 2017 were $27.8 million, an increase from $22.9 million in the first quarter of 2016 primarily due to the increase in gold ounces sold. Cash cost per gold ounce sold (see Non-IFRS Measures section) was $751 in the first quarter of 2017, comparable to $757 in the same period of 2016.

General and administrative expenses for the first quarter of 2017 were $3.2 million, an increase from $2.3 million in the same period of 2016 primarily due to one-time employee transition costs.

Gains on foreign exchange derivatives for the first quarter of 2017 were $1.7 million, an increase from nil in the first quarter of 2016, due to gains on the Company's zero-cost collar contracts.

Other income for the first quarter of 2017 was $1.7 million, an increase from other expense of $1.2 million in the first quarter of 2016, primarily due to differences in foreign currency translation effects.

Income tax recovery for the first quarter of 2017 was $2.1 million compared to income tax expense of $0.9 million in the same period of 2016. The change is primarily due to the foreign exchange effects of the strengthening Mexican peso on the calculation of deferred taxes, partially offset by higher taxable income during the first quarter of 2017.

Net income for the first quarter of 2017 was $12.0 million or $0.07 per basic share, an increase from $4.3 million or $0.03 per share for the first quarter of 2016.

Adjusted net income for the first quarter of 2017 was $4.9 million or $0.03 per basic share, an increase from $1.8 million or $0.01 per basic share for the first quarter of 2016 primarily due to the increase of gold ounces sold (see Non-IFRS Measures section).

Operational Results – First Quarter 2017

The San Agustin project construction plan originally called for the west crusher at the El Castillo mine to be disassembled and relocated in early February 2017. The Company reviewed this plan and determined there would be no impact to the overall San Agustin construction schedule by delaying this relocation until early March 2017. As a result, crushed tonnes placed on the leach pad at El Castillo exceeded the original plan by approximately 132,000 tonnes.

These additional tonnes, along with improved operating efficiencies at El Castillo and mineralized material grades at La Colorada that exceeded planned levels, led to strong first quarter production.

The Company planned and continues to expect that the first and fourth quarters of 2017 will contribute higher quarterly production than the second and third quarters. Relocation of the west crusher to San Agustin during the first quarter reduces overall crushing capacity at El Castillo in the second quarter by approximately 45%. The re-start, commissioning and ramp-up of the west crusher at San Agustin during the second quarter and third quarter will mean that crushing capacity is expected to be fully restored by the end of the third quarter.

Bill Zisch, Chief Operating Officer, commented: "By re-evaluating our plan and delaying the relocation of the west crusher from El Castillo to San Agustin, we saw placement of ore on the pad at El Castillo above the budget for the quarter. We initiated changes with our crusher maintenance program at El Castillo, which led to less downtime, and also made modifications to our blasting practices to increase rock fragmentation at both El Castillo and La Colorada, which aided crusher throughput. All of these improvements contributed to higher than budgeted throughput and ore placement during the quarter."

FIRST QUARTER 2017 EL CASTILLO OPERATING STATISTICS

	3 Months Ended March 31		
	2017	**2016**	**% Change**
Mining			
Tonnes ore (000s)	2,467	2,747	(10%)
Tonnes waste (000s)	3,389	4,163	(19%)
Tonnes mined (000s)	5,856	6,910	(15%)
Tonnes per day (000s)	65	76	(14%)
Waste/ore ratio	1.37	1.52	(10%)
Heap Leach Pads			
Tonnes crushed East (000s)	1,301	1,262	3%
Tonnes crushed CR2 (000s)	451	0	-
Tonnes overland conveyor (000s)	769	1,491	(48%)
Production			
Gold grade loaded to the pads (g/t)[1]	0.39	0.26	50%
Gold loaded to leach pads (oz)[2]	31,956	23,259	37%
Projected recoverable gold ounces (oz)[4]	19,359	13,078	48%
Gold produced (oz)[3]	22,085	17,359	27%
Gold sold (oz)	20,063	15,406	30%
Cash cost per gold ounce sold[5]	885	850	4%

[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] Recovery rates: ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulphides argilic 30%, crushed sulphides silicic 17%
[5] Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at El Castillo

First quarter production surpassed expectations as run-of-mine material placed close to the leach pad liner but not fully leached during the last two months of 2016 was put back under leach leading to an increase in solution grades from the east leach pad. Additionally, higher recovery oxide materials constituted over 80% of the quarter's material loaded onto the leach pads versus a budgeted level of approximately 65%. Tonnes crushed after delaying the disassembling and relocation of the west crusher from El Castillo to San Agustin also contributed to higher production. During March, the first month that El Castillo crushing operations consisted of the east and CR2 crushers alone, a focus on uptime optimization and blending softer, stockpiled ore resulted in the east and CR2 crushers sending approximately 74,000 more tonnes to the leach pads versus budget.

FIRST QUARTER 2017 LA COLORADA OPERATING STATISTICS

	3 Months Ended March 31		
	2017	**2016**	**% Change**
Mining			
Mineralized material tonnes (000s)	1,065	1,163	(8%)
Tonnes waste (000s)	5,197	3,400	53%
Total tonnes (000s)	6,262	4,563	37%
Tonnes per day (000s)	70	50	40%
Waste/mineralized material ratio	4.88	2.92	67%
Tonnes rehandled (000s)	0	50	(100%)
Heap Leach Pads			
Crushed tonnes to pads (000s)	1,108	1,213	(9%)
Tonnes direct to pads (000s)	80	0	-
Production			
Gold grade loaded to the pads (g/t)[1]	0.55	0.55	0%
Gold loaded to leach pads (oz)[2]	21,018	21,519	(2%)
Projected recoverable GEOs loaded (oz)[4]	13,353	14,778	(10%)
Gold produced (oz)[3]	14,401	13,894	4%
Silver produced (oz)[3]	75,599	49,370	53%
GEOs produced (oz)[3]	15,481	14,654	6%
Gold sold (oz)	14,899	13,772	8%
Silver sold (oz)	74,897	45,031	66%
GEOs sold	15,969	14,465	10%
Cash cost per gold ounce sold[5]	570	654	(13%)

[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] Recovery rates: gold 60% and silver 30%
[5] Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at La Colorada

First quarter production benefited from an area of higher than expected mineralized material grade in the Grand Central/La Colorada pit that was loaded onto the leach pads. Leach solution grades were also raised by a scheduled re-leach program during the quarter. Stripping at the El Creston pit began in the fourth quarter of 2016 with mineralized material encountered slightly ahead of schedule. Positive drill results at the El Creston deposit have confirmed mineralized and non-mineralized locations and quantities that are expected to be incorporated into updated mine plans during the year.

San Agustin

The San Agustin project represents the next leg of the Company's growth. The Company envisions the San Agustin deposit to be a significant contributor within the El Castillo mining complex. The project is located approximately 10 kilometres from the nearby El Castillo mine and will share infrastructure. San Agustin boasts a short construction period and modest initial capital investment of $43 million. At May 5, 2017, approximately $19.8 million had been spent or committed and construction was approximately 50% complete, with first gold pour expected during the third quarter of 2017. To view recent photos of construction progress, please visit: http://www.argonautgold.com/gold_operations/san_agustin/construction_progress/.

Magino

On January 23, 2017, the Company submitted the Environmental Impact Statement for the project and continues to engage all stakeholders during the environmental assessment process. The Company continues to advance a feasibility study, which is expected to be completed during the second half of 2017. The Company has also made good progress in advancing First Nations impact benefit agreements.

2017 Guidance

The Company reiterates its 2017 production guidance and cost guidance:

- Production between 115,000 and 130,000 GEOs
- Cash cost between $725 and $775 per gold ounce sold (see Non-IFRS measures section).
- All-in sustaining cost between $910 and $960 per gold ounce sold (see Non-IFRS measures section).

Capital Expenditures for 2017

In addition to the original plan of approximately $76 million on capital expenditures and exploration initiatives, the Company will spend approximately $28 million to acquire the Fresnillo mineral concession adjacent to the El Castillo mine and to complete an associated infill drill program during 2017 (see press release dated February 23, 2017). During the first quarter of 2017, the Company spent approximately $32 million on capital expenditures and exploration initiatives.

Management Change

Tom Burkhart, Vice President of Exploration retired on March 31, 2017. The Company and Mr. Burkhart have executed a consulting agreement. Mr. Burkhart's career as a professional geologist spans over 35 years. Early in his career, Mr. Burkhart's work was primarily focused in

Nevada where he was part of the team that discovered the Hill Top gold deposit. He also ran successful exploration programs at Florida Canyon and Relief Canyon. During his career, Mr. Burkhart spent several years abroad leading exploration teams in Argentina and Peru where he was directly responsible for the discovery of several economic gold deposits before joining Argonaut Gold in 2010. While with Argonaut, Mr. Burkhart has been responsible for the expansion of mineral resources at the Company's active mine sites where there has been considerable exploration success. Mr. Burkhart was heavily involved with the evaluation of the San Agustin project, which is currently in construction.

Pete Dougherty, President and CEO commented: "We will miss the passion and energy Tom brings to the office and into the field on a daily basis and are grateful that he has agreed to a consulting contract. He has been a valued member of our executive team since 2010 and his geological knowledge and expertise has greatly contributed to Argonaut's success. Tom's impressive body of work throughout his career speaks for itself. We wish him the best in his well-earned retirement."

Argonaut Gold Q1 Operating and Financial Results Conference Call and Webcast:
The Company anticipates releasing results after the close of market on May 9, 2017 and will host the Q1 financial results call on May 10, 2017 at 8:30 am EDT.

Q1 Conference Call Information

Toll Free (North America):	1-888-231-8191
International:	1-647-427-7450
Conference ID:	3127426
Webcast:	**www.argonautgold.com**

Q1 Conference Call Replay:

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

The conference call replay will be available from 11:30 am EDT on May 10, 2017 until 11:59 pm EDT on May 24, 2017.

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" and "Adjusted earnings 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 is equal to net income less foreign exchange impacts on deferred income taxes, foreign exchange losses, reversal of non-cash impairment write down related to the net realizable value of the work-in-process inventory and recognition of previously unrecognized Mexican deferred tax

assets. Adjusted earnings per share – basic is equal to adjusted net income 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 consolidated financial statements for the three months ended March 31, 2017 and associated MD&A, for the same period, 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.

Creating Value Beyond Gold

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 estimated production and mine life of the various mineral projects of Argonaut; the ability to obtain permits for operations; synergies; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; 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; 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”, “should” 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 ore grade or recovery rates, changes in market conditions, risks relating to the availability and timeliness of permitting and governmental approvals; risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parametres, 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.

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, 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)

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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