Argonaut Gold Announces Commercial Production at San Agustin; Project Delivered On Schedule and Under Budget in Excess of 20%

Toronto, Ontario - (October 23, 2017) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce its San Agustin operation commenced commercial production effective October 1, 2017, two weeks following its first gold pour (see press release dated September 19, 2017). The project has been delivered on schedule and under budget in excess of 20% from the initial capital estimate of $43 million. All dollar amounts are expressed in United States dollars, unless otherwise specified.

Pete Dougherty, President & CEO stated: "The achievement of commercial production at San Agustin is a major milestone for the Company. I commend the team on its ability to deliver the project on schedule, under budget and with no major safety or environmental incidents. We view San Agustin as an important piece of the El Castillo Complex given the shared infrastructure and synergies with our neighbouring El Castillo mine. We believe the El Castillo Complex has the ability to ramp up to 150,000 gold equivalent ounces of production over the next couple of years, which will be the driving force of our approximate 60% production growth rate and lower operating costs by 2019."

All aspects of the San Agustin mine have been transitioned to the operations team. The Company will disclose the total initial capital and pre-commercial production operating results for San Agustin when it releases its third quarter 2017 operating and financial results on Thursday, November 2, 2017.

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 San Agustin mine, which together form the El Castillo Complex 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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