Argonaut Gold Announces First Quarter 2018 Operating and Financial Results

Production of 40,853 Gold Equivalent Ounces, Net Cash[1] Increases $7.2 million and Earnings per Share of $0.07

Toronto, Ontario - (April 30, 2018) **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, 2018. The Company reports a quarterly net cash[1] increase of $7.2 million, cash flow from operating activities before changes in operating working capital of $21.0 million, net income of $12.2 million or earnings per share of $0.07, adjusted net income[1] of $7.9 million or adjusted earnings per share[1] of $0.04 and production of 40,853 gold equivalent ounces[2] ("GEO" or "GEOs"). All dollar amounts are expressed in United States dollars, unless otherwise specified (C$ refers to Canadian dollars).

CEO Commentary

Pete Dougherty, President and CEO stated: "We made significant investments during 2017 and 2018 is about harvesting those investments and adding cash to our balance sheet through strong free cash flow. During the first quarter, we added $7.2 million in net cash[1] to our balance sheet. We expect to continue to generate strong free cash flow, particularly during the second half of 2018, as we see the benefits of the throughput enhancements made at El Castillo and ramping up San Agustin production. Our primary objectives this year are to build cash on the balance sheet, continue to ramp up production, execute on our 65% growth program from 2017 to 2019 and de-risk our development assets. As our first quarter data shows, we are off to a strong start on all fronts."

Key operating and financial statistics for the first quarter of 2018 are outlined in the following table:

[1]Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.
[2]GEOs are based on a conversion ratio of 70:1 for silver to gold. This is the referenced ratio for each year throughout the release.

	3 months ended March 31		
	2018	2017	Change
Financial Data (in millions except for earning per share)			
Revenue	$52.9	$44.5	19%
Gross profit	$17.4	$10.1	72%
Net income	$12.2	$12.0	2%
Earnings per share – basic	$0.07	$0.07	0%
Adjusted net income[1]	$7.9	$4.9	61%
Adjusted earnings per share – basic[1]	$0.04	$0.03	33%
Cash flow from operating activities before changes in non-cash operating working capital	$21.0	$14.9	41%
Cash and cash equivalents	$21.3	$55.2	(61%)
Net cash[1]	$13.3	$54.7	(76%)
Gold Production and Cost Data			
GEOs loaded to the pads[2]	80,919	55,447	46%
GEOs projected recoverable[2, 3]	46,111	32,712	41%
GEOs produced[2, 4]	40,853	37,707	8%
GEOs sold[2]	40,046	36,173	11%
Average realized sales price	$1,330	$1,228	8%
Cash cost per gold ounce sold[1]	$650	$751	(13%)
All-in sustaining cost per gold ounce sold[1]	$781	$870	(10%)

[1]Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.
[2]GEOs are based on a conversion ratio of 70:1 for silver to gold. This is the referenced ratio for each period throughout the 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%; San Agustin expected recovery rates: gold 66% and silver 16%; La Colorada expected recovery rates: gold 60% and silver 30%.
[4]Produced ounces are calculated as ounces loaded to carbon.

First Quarter 2018 and Recent Company Highlights:

- Corporate Highlights
  - Increased corporate revolver from $30 million to $50 million with an accordion feature providing up to $75 million.
- El Castillo Complex
  - First quarter production of 25,737 GEOs.
    - El Castillo production of 8,765 GEOs.
    - San Agustin production of 16,972 GEOs.
  - Increased Mineral Reserves to over 1.2 million contained gold ounces and over 25 million contained silver ounces.
  - Completed construction of the El Castillo CR2 crusher that will ultimately increase throughput from 5,000 tonnes per day to 14,000 tonnes per day.
  - Completed construction of the La Victoria leach pad at El Castillo.
  - Initiated a 15,000 metre drill program on the San Agustin northwest extension target.
  - Initiated construction of the San Agustin leach pad expansion.
- La Colorada

    - First quarter production of 15,116 GEOs.
    - Initiated construction of the Phase Two leach pad.
- Cerro del Gallo
    - Re-logged drill core and developed geologic model.
- San Antonio
    - Held technical sessions with the Mexican Environmental Authority DGIRA in preparation of new future Environmental Impact Assessment (Manifiesto de Impacto Ambiental or MIA) application submittal.
- Magino
    - Advanced Environmental Assessment process (federal and provincial).
    - Signed the Community Engagement Agreement with the Métis Nation of Ontario in April.

Financial Results – First Quarter 2018

Revenue for the three months ended March 31, 2018 was $52.9 million, an increase from $44.5 million for the three months ended March 31, 2017. During the first quarter of 2018, gold ounces sold totaled 38,072 at an average realized price per ounce of $1,330, compared to 34,962 gold ounces sold at an average realized price per ounce of $1,228 during the same period of 2017.

Production costs for the first quarter of 2018 were $27.1 million, a decrease from $27.8 million in the first quarter of 2017, primarily due to a decrease in cash cost per gold ounce sold, offset by an increase in gold ounces sold. Cash cost per gold ounce sold (see Non-IFRS Measures section) was $650 in the first quarter of 2018, a decrease from $751 in the same period of 2017, primarily due to the commencement of commercial production at the San Agustin mine effective October 1, 2017, which has a lower cash cost per gold ounce sold. Depreciation, depletion and amortization ("DD&A") expense included in cost of sales for the first quarter of 2018 totaled $8.5 million, an increase from $6.6 million in the first quarter of 2017, due to the increase in gold ounces sold, as many of the mining assets are amortized on a unit-of-production basis, and the commencement of commercial production at the San Agustin mine, which has a higher DD&A expense per ounce.

General and administrative expenses for the first quarter of 2018 were $3.4 million, comparable to $3.2 million in the same period of 2017.

Gains on foreign exchange derivatives for the first quarter of 2018 were $0.8 million, a decrease from $1.7 million in the first quarter of 2017, due to a decrease in unrealized gains on the Company's zero-cost collar contracts on the Mexican peso.

Other income for the first quarter of 2018 was $0.5 million, a decrease from $1.7 million in the first quarter of 2017, primarily due to differences in foreign currency translation effects.

Income tax expense for the first quarter of 2018 was $2.6 million compared to income tax recovery of $2.1 million in the same period of 2017. The increase in income tax expense is primarily due to the recognition of previously unrecognized Mexican deferred tax assets in the

first quarter of 2017 and higher taxable income during the first quarter of 2018.

Net income for the first quarter of 2018 was $12.2 million or $0.07 per basic share, an increase from $12.0 million or $0.07 per share for the first quarter of 2017.

Adjusted net income for the first quarter of 2018 was $7.9 million or $0.04 per basic share, an increase from $4.9 million or $0.03 per basic share for the first quarter of 2017, primarily due to the recognition of previously unrecognized Mexican deferred tax assets in the first quarter of 2017, which reduced deferred tax expense (see Non-IFRS Measures section).

Operational Results – First Quarter 2018

During the first quarter 2018, the Company achieved production of 40,853 GEOs at a cash cost of $650 per gold ounce sold and all-in sustaining cost of $781 per gold ounce sold compared to 37,707 GEOs at a cash cost of $751 per gold ounce sold and an all-in sustaining cost of $870 per gold ounce sold during the first quarter 2017 (see Non-IFRS Measures section). Higher production and lower costs are driven by the introduction of the low-cost San Agustin mine.

The El Castillo Complex produced 25,737 GEOs at a cash cost of $600 per gold ounce sold during the first quarter of 2018 versus 22,226 GEOs at a cash cost of $885 per gold ounce sold during the first quarter of 2017 due to the introduction of the low-cost San Agustin mine to the Complex (see Non-IFRS Measures section).

At San Agustin, the crusher exceeded nameplate capacity by approximately 15% during the first quarter 2018. The previous scaling issue that had led to a lack of solution flow to the leach pad during the initial ramp up of the operation during the fourth quarter of 2017 has been corrected, with a change to the anti-scaling chemicals used in the solution and a switch from drip hoses to sprinklers for solution application.

La Colorada produced 15,116 GEOs at a cash cost of $726 per gold ounce sold during the first quarter of 2018 compared to 15,481 GEOs at a cash cost of $570 per gold ounce sold during the first quarter of 2017 (see Non-IFRS Measures section). The increase in costs are primarily driven by lower capitalized stripping in 2018.

Bill Zisch, Chief Operating Officer, commented: “San Agustin continued to ramp up and exceeded expectations at the crusher during the first quarter. We continue to gain experience with leach dynamics and solution management of the San Agustin leach pad to optimize plant throughput. We have identified and corrected the scaling issue that was slowing solution flow during the fourth quarter of 2017. At La Colorada, the operation performed as expected and, despite the inability to blast currently, has maintained mining, crushing, stacking and leaching operations due to the availability of previously blasted ore and stockpiled ore. We experienced a delay in the timing of recovering ounces at El Castillo, primarily because we have been stacking and leaching at the top lift of both leach pads. To a lesser degree, we also realized lower recovery of hematitic oxide material located in Phase 9 and 10 of the pit, as this lithology is indicating a 54% recovery versus historical recovery of approximately 70% for general oxide material. As we ramp up the modified CR2 crusher to 14,000 tonnes per day, begin stacking ore

on the new La Victoria leach pad and flush previously stacked ounces through the East and West leach pads, we anticipate production picking up quarter over quarter throughout the year."

FIRST QUARTER 2018 EL CASTILLO COMPLEX OPERATING STATISTICS

	3 Months Ended March 31		
	2018	**2017**	**% Change**
Mining (in 000s except waste/ore ratio)			
Tonnes ore El Castillo	1,619	2,467	(34%)
Tonnes ore San Agustin	1,726	0	-
Tonnes ore	**3,345**	**2,467**	**36%**
Tonnes waste El Castillo	3,106	3,389	(8%)
Tonnes waste San Agustin	356	0	-
Tonnes waste	**3,462**	**3,389**	**2%**
Tonnes mined El Castillo	4,725	5,856	(19%)
Tonnes mined San Agustin	2,082	0	-
Tonnes mined	**6,807**	**5,856**	**16%**
Tonnes per day El Castillo	52	65	(20%)
Tonnes per day San Agustin	23	0	-
Tonnes per day	**75**	**65**	**15%**
Waste/ore ratio El Castillo	1.92	1.37	40%
Waste/ore ratio San Agustin	0.21	-	-
Waste/ore ratio	**1.03**	**1.37**	**(25%)**
Leach Pads (in 000s)			
Tonnes crushed East to leach pads El Castillo	995	1,301	(24%)
Tonnes crushed CR2 to leach pads El Castillo	628	451	39%
Tonnes overland conveyor to leach pads El Castillo	0	769	(100%)
Tonnes crushed to leach pads San Agustin	1,718	0	-
Tonnes crushed to leach pads	**3,341**	**2,521**	**33%**
Production			
Gold grade loaded to leach pads El Castillo (g/t)[1]	0.44	0.39	13%
Gold grade loaded to leach pads San Agustin (g/t)[1]	0.50	-	-
Gold grade loaded to leach pads (g/t)[1]	**0.47**	**0.39**	**21%**
Gold loaded to leach pads El Castillo (oz)[2]	22,740	31,956	(29%)
Gold loaded to leach pads San Agustin (oz)[2]	27,878	0	-
Gold loaded to leach pads (oz)[2]	**50,618**	**31,956**	**58%**
Projected recoverable GEOs loaded El Castillo[4]	15,419	19,359	(20%)
Projected recoverable GEOs loaded San Agustin[4]	20,039	0	-
Projected recoverable GEOs loaded[4]	**35,458**	**19,359**	**83%**
Gold produced El Castillo (oz)[2,3]	8,657	22,085	(61%)
Gold produced San Agustin (oz)[2,3]	15,824	0	-
Gold produced (oz)[2,3]	**24,481**	**22,085**	**11%**
Silver produced El Castillo (oz)[2,3]	7,528	9,840	(23%)
Silver produced San Agustin (oz)[2,3]	80,331	0	-
Silver produced (oz)[2,3]	**87,859**	**9,840**	**793%**

GEOs produced El Castillo[3]	8,765	22,226	(61%)
GEOs produced San Agustin[3]	16,972	0	-
GEOs produced[3]	**25,737**	**22,226**	**16%**
Gold sold El Castillo (oz)[2]	8,259	20,063	(59%)
Gold sold San Agustin (oz)[2]	14,733	0	-
Gold sold (oz)[2]	**22,992**	**20,063**	**15%**
Silver sold El Castillo (oz)[2]	7,528	9,840	(23%)
Silver sold San Agustin (oz)[2]	71,483	0	-
Silver sold (oz)[2]	**79,011**	**9,840**	**703%**
GEOs sold El Castillo	8,367	20,204	(59%)
GEOs sold San Agustin	15,754	0	-
GEOs sold	**24,121**	**20,204**	**19%**
Cash cost per gold ounce sold El Castillo[5]	$1,020	$885	15%
Cash cost per gold ounce sold San Agustin[5]	$365	$0	-
Cash cost per gold ounce sold[5]	**$600**	**$885**	**(32%)**

[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] Expected recovery rates – El Castillo ROM oxide 50%, crushed oxide 70%, ROM transition 40%, crushed transition 60%, crushed sulphides argillic 30% and crushed sulphides silicic 17%; San Agustin gold 66% and silver 16%.
[5] Please refer to the section below entitled "Non-IFRS Measures" for a discussion of this Non-IFRS Measure.

Summary of Production Results at the El Castillo Complex

At El Castillo, the Company invested in an enhancement to the CR2 crusher with the goal of increasing throughput at this crusher from 5,000 tonnes per day to 14,000 tonnes per day. Construction of this project was completed during the first quarter of 2018 and the CR2 crusher continues to ramp up to this new production rate. Due to mine sequencing, the waste to ore strip ratio at El Castillo was 1.92:1 during the first quarter of 2018 compared to anticipated 1.0:1 for the remainder of its mine life. Also, both East and West leach pads are at their top lifts, which slows the timing of gold ounces flowing from the bottom of the leach pad. The height of the leach pads, coupled with lower tonnage and solution availability and the lower recoveries while mining hematitic oxide material, led to a 15% increase in cash costs per gold ounce sold at El Castillo during the first quarter of 2018 versus the first quarter of 2017 (see Non-IFRS Measures section). The Company has completed construction of the La Victoria leach pad and, with process enhancements to the CR2 crushing circuit, are expected to result in an increase in production.

At San Agustin, the crusher exceeded nameplate capacity by approximately 15% during the first quarter of 2018. The previous scaling issue that led to a lack of solution flow to the leach pad during the initial ramp up of the operation in the fourth quarter of 2017 has been resolved with a change to the anti-scaling chemicals used in the solution and a switch from drip hoses to sprinklers for solution application.

FIRST QUARTER 2018 LA COLORADA OPERATING STATISTICS

	3 Months Ended March 31

	2018	2017	% Change
Mining (in 000s except for waste/ore ratio)			
Tonnes mineralized material	1,096	1,065	3%
Tonnes waste	6,131	5,197	18%
Total tonnes	7,227	6,262	15%
Tonnes per day	80	70	14%
Waste/mineralized material ratio	5.59	4.88	15%
Leach Pads (in 000s)			
Tonnes crushed to leach pads	1,108	1,108	0%
Tonnes direct to leach pads	17	80	(79%)
Production			
Gold grade loaded to leach pads (g/t)[1]	0.43	0.55	(22%)
Gold loaded to leach pads (oz)[2]	15,462	21,018	(26%)
Projected recoverable GEOs loaded[4]	10,653	13,353	(20%)
Gold produced (oz)[2,3]	14,291	14,401	(1%)
Silver produced (oz)[2,3]	57,767	75,599	(24%)
GEOs produced[3]	15,116	15,481	(2%)
Gold sold (oz)[2]	15,080	14,899	1%
Silver sold (oz)[2]	59,116	74,897	(21%)
GEOs sold	15,925	15,969	0%
Cash cost per gold ounce sold[5]	$726	$570	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.
[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 and costs were in line with expectations. The Company anticipates ore grade to improve quarter over quarter throughout 2018, as mining transitions completely from the La Colorada/Gran Central pit to the El Creston pit. As reported on April 12, 2018, the explosives permit has been temporarily suspended at La Colorada due to a legal action brought by four individuals against the Secretary of National Defense and the Municipality of La Colorada. The court hearing is scheduled for May 16, 2018. After a thorough review of previously blasted ore in the pits, ore stockpiles and the ability to mine certain areas without requiring blasting, the Company estimates it has sufficient ore to continue operations until the end of July at its budgeted crushing throughput level of 12,000 tonnes per day.

Argonaut Gold First Quarter 2018 Operating and Financial Results Conference Call and Webcast:

The Company will host the first quarter 2018 conference call and webcast on May 1, 2018 at 8:30 am EDT.

Q1 Conference Call Information

Toll Free (North America): 1-888-231-8191

International:	1-647-427-7450
Conference ID:	6651219
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 1, 2018 until 11:59 pm EDT on May 8, 2018.

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", "Adjusted earnings per share – basic" and "Net cash" 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 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. Net cash is calculated as the sum of the cash and cash equivalents balance net of debt as at the statement of financial position date. The Company believes that these measures provide investors with an alternative view 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 months ended March 31, 2018 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 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's 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 Brian Arkell, Argonaut's Vice President, 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 Complex	NI 43-101 Technical Report on Resources and Reserves, El Castillo Complex, Durango State, Mexico dated March 27, 2018 (effective date of March 7, 2018)
La Colorada Mine	NI 43-101 Technical Report on Resources and Reserve, La Colorada Gold/Silver Mine, Hermosillo, Mexico dated March 27, 2018 (effective date of December 8, 2017)
Magino Gold Project	Feasibility Study Technical Report on the Magino Project, Ontario, Canada dated December 21, 2017 (effective date November 8, 2017)
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 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, the Cerro del Gallo project in Guanajuato, 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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