FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1. NAME AND ADDRESS OF COMPANY

Argonaut Gold Inc. ("**Argonaut**")
9600 Prototype Court
Reno, Nevada 89521

ITEM 2. DATE OF MATERIAL CHANGE

July 1, 2020

ITEM 3. NEWS RELEASE

A joint news release was disseminated by Argonaut and Alio Gold Inc. ("**Alio**") through CNW GlobeNewswire, and was subsequently filed on the System for Electronic Document Analysis and Retrieval (SEDAR) under Argonaut's issuer profile on July 1, 2020.

ITEM 4. SUMMARY OF MATERIAL CHANGE

On July 1, 2020, Argonaut and Alio completed their previously-announced business combination, pursuant to which, among other things, Argonaut acquired all of the issued and outstanding Alio Shares (as defined herein) by way of a statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia) (the "Arrangement"). The Arrangement became effective at 12:01 a.m. (Vancouver time) on July 1, 2020, resulting in Alio becoming a wholly-owned subsidiary of Argonaut.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

On July 1, 2020, Argonaut and Alio completed their previously-announced business combination, pursuant to which, among other things, Argonaut acquired all of the issued and outstanding Alio Shares by way of a statutory plan of arrangement under the provisions of the Business Corporations Act (British Columbia). The Arrangement became effective at 12:01 a.m. (Vancouver time) on July 1, 2020, resulting in Alio becoming a wholly-owned subsidiary of Argonaut.

Under the terms of the Arrangement, each former shareholder of Alio is entitled to receive 0.67 of a common share of Argonaut (each whole share, an "**Argonaut Share**") in exchange for each common share of Alio (each whole share, an "**Alio Share**") held immediately prior to the effective time of the Arrangement. Further, under the Arrangement, (i) all of the outstanding options to acquire Alio Shares prior to the effective time of the Arrangement were exchanged for options to acquire Argonaut Shares, as adjusted in accordance with the plan of arrangement, and (ii) holders of warrants to acquire Alio Shares outstanding immediately prior to the effective time of the Arrangement will be entitled to receive, in lieu of Alio Shares, 0.67 of an Argonaut Share for each warrant exercised.

The Alio Shares ceased trading on the NYSE American on July 1, 2020 and were delisted from the TSX on July 3, 2020 and Alio has submitted an application to the applicable securities regulators to cease to be a reporting issuer and to terminate its public reporting obligations.

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

Not applicable.

ITEM 6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7. OMITTED INFORMATION

Not applicable.

ITEM 8. EXECUTIVE OFFICER

For further information, please contact Daniel Symons, VP, Investor Relations of Argonaut, at 416-915-3107.

ITEM 9. DATE OF REPORT

July 7, 2020