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Argonaut Gold Approves Magino Project Construction, Receives Fixed Bid Pricing Proposal, Announces US\$50 Million Bought Deal Financing of Senior Unsecured Convertible Debentures and Expansion of Corporate Revolving Credit Facility to Up to US\$125 Million

Toronto, Ontario – (October 14, 2020) **Argonaut Gold Inc. (TSX: AR)** (the “Company”, “Argonaut Gold” or “Argonaut”) is pleased to announce that the Board of Directors has approved the construction of the Company’s 100%-owned Magino gold project in Ontario, Canada. Argonaut is also pleased to announce it has received a fixed bid pricing proposal for a significant portion of the initial capital requirement for the Magino project and that it has secured debt financing of up to US\$175 million by way of a US\$50 million bought deal offering of senior unsecured convertible debentures and the extension and expansion of its existing revolving credit facility (“RCF”) for up to US\$125 million.

Magino Construction Approval and Financing Plan

Management recommended and the Board of Directors has approved the construction of the Magino project. Argonaut anticipates a two year construction period commencing in January 2021 following the closure plan filing and posting of a financial assurance bond with the province of Ontario. The first gold pour is anticipated during the first half of 2023. In the Magino Feasibility Study Technical Report filed December 2017 (“Magino FS”), initial capital was estimated at US\$321 million and has recently been estimated at between US\$360 million and US\$380 million, including contingency and inflation. Therefore, the Company has provided an allowance in its total financing plan in excess of US\$400 million. Funding announced today is expected to more than fully satisfy such financing requirements including the following financial sources:

Sources	US\$
Unaudited cash balance at September 30, 2020	\$178M
Senior unsecured convertible debentures ¹	\$50M
Ana Paula sale ²	\$30M
Cash flow from existing producing mines through 2022 ³	\$142M+
Total	\$400M+

¹Excludes potential over-allotment, if any.

²See press release dated September 11, 2020, sale is subject to the conditions described therein.

³Assumes a gold price of at or above US\$1,600 per ounce.

The Company anticipates that these sources will provide in excess of US\$400 million through 2022, assuming a gold price at or above US\$1,600 per ounce. Therefore, the Company will

allow its extended and expanded corporate RCF of up to US\$125 million to act as a backstop to the financing plan. The Company, with assistance from its financial advisor, Endeavour Financial, evaluated a number of funding options to finance the Magino project. After reviewing the available alternatives, the Company chose to pursue the corporate RCF and convertible package as it:

- Provides a very attractive, low cost of capital;
- Provides balance sheet flexibility;
- Does not require gold hedging;
- Provides corporate flexibility; and
- Ensures operating flexibility to pursue future Magino expansion opportunities and/or advance other projects in parallel.

The timing of capital spend for the construction is expected to be approximately as follows:

- 2020 – 10% (primarily securing long lead time items and posting financial assurance with the province of Ontario)
- 2021 – 40%
- 2022 – 40%
- 2023 – 10%

Fixed Bid Pricing Proposal

The Company has recently received a fixed bid pricing proposal that covers approximately 50% of the recent initial capital estimate of between US\$360 million and US\$380 million. Argonaut is currently reviewing the fixed bid pricing proposal and, if satisfactory terms can be met, anticipates entering into a negotiated contract before the commencement of construction in January 2021.

Bought Deal Offering of Senior Unsecured Convertible Debentures

The Company also announces today that it has entered into an agreement with BMO Capital Markets and Scotiabank (the “Underwriters”), under which the Underwriters have agreed to buy on a bought deal basis US\$50 million of senior unsecured convertible debentures (the “Debentures”) at a price of US\$1,000 per debenture (the “Offering”). The Company has granted the Underwriters an option, exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 15% of the Offering to cover over-allotments, if any. The Offering is expected to close on or about October 30, 2020 and is subject to Argonaut Gold receiving approval of the Toronto Stock Exchange and all necessary regulatory approvals.

The Debentures will mature on November 30, 2025 (the “Maturity Date”) and will bear interest at an annual rate of 4.625% payable semi-annually in arrears on May 31 and November 30 of each year, commencing on May 31, 2021. At the holder’s option, the Debentures may be converted into common shares of the Company (“Common Shares”) at any time prior to the close of business on the earlier of the last business day immediately preceding the Maturity Date and the date fixed for redemption at a conversion rate of 350.1155 per US\$1,000 principal amount of Debentures (equal to a Conversion Price of approximately US\$2.86 per Common

Share, subject to adjustment in certain circumstances in accordance with the trust indenture governing the Debentures.

The Debentures will not be redeemable before November 30, 2023. On or after November 30, 2023, the Debentures may be redeemed in whole or in part from time to time at the option of the Company at par plus accrued and unpaid interest, if any, to but excluding the date of redemption, provided that the volume weighted average trading price of the Common Shares on the TSX converted daily into U.S. dollars at the Bank of Canada single rate of exchange for such date, and such U.S. dollar prices averaged for the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is not less than 125% of the Conversion Price. Argonaut intends to use the net proceeds of the Offering for the advancement of the Company's Magino project and for general corporate purposes.

The Debentures to be issued under the Offering will be offered by way of a short-form prospectus in each of the provinces of Canada, excluding Quebec, and may be offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and certain other jurisdictions.

This press release does not constitute an offer of securities for sale in the United States. The securities have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States or to a U.S. person (as defined in Regulation S under the U.S. Securities Act) absent registration or an application exemption from the registration requirements of the U.S. Securities Act.

Corporate Revolving Credit Facility

The Company has received commitments to extend and expand its existing RCF with the Bank of Montreal and Bank of Nova Scotia to US\$100 million, with an accordion feature of US\$25 million. The RCF has a three-year term and bears a sliding scale interest rate of LIBOR plus 2.25% to 3.50%. Standby fees for the undrawn portion of the RCF are also on a similar sliding scale basis between 0.56% and 0.79%. The RCF is subject to commitment reductions in the final six months of the term as show below:

Accordion + Commitment	
	US\$
Initial	\$125M
30-Apr-23	\$115M
31-May-23	\$100M
30-Jun-23	\$85M
31-Jul-23	\$70M
31-Aug-23	\$55M

Magino FS Highlights

The Magino FS demonstrated that the Magino project is a strategic, scalable, long-life asset in the attractive mining jurisdiction of Ontario, Canada. Highlights from the Magino FS include:

- A 10,000 tonne per day processing facility;
- Average annual gold production of 150,000 ounces over the first five years;
- A 17-year mine life;
- Cash cost of US\$669 per ounce sold*; and
- All-in sustaining cost of US\$711 per gold ounce sold*.

*See Non-IFRS Measures Section

For further information on the Magino project, please see the report as listed below on the Company's website or on www.sedar.com:

Magino Gold Project	Feasibility Study Technical Report on the Magino Project, Ontario, Canada dated December 21, 2017 (effective date November 8, 2017)
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Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" in this press release, which are presented in accordance with International Financial Reporting Standards ("IFRS"). Cash cost per gold ounce sold is equal to production costs divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs plus general and administrative expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. 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 most recent management's discussion and analysis for full disclosure on non-IFRS measures.

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 proposed transaction and 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, uncertainties related successful approval and completion of the transactions described therein; commodity price volatility; uncertainty of exploration and development; uncertainty in the estimation of Mineral Reserves and Mineral Resources; permitting risk; mineral and surface rights; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; success of exploration activities; statements with respect to estimated production and mine life of the various mineral projects 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 changes in market conditions; the ability to obtain regulatory approvals and the conditions therefor; the timing and ability to successfully complete elements of the transaction, including regulatory approvals; variations in ore grade or recovery rates; fluctuating metal prices and currency exchange rates; possible exposure to undisclosed risks of liabilities arising in relation to recent transactions; changes in project parameters; the possibility of project cost overruns or unanticipated costs and expenses; risk relating to international operations; labour disputes and other risks of the mining industry; failure of plant, equipment or processes to operate as anticipated. 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.

About Argonaut Gold

Argonaut Gold is a Canadian gold company engaged in exploration, mine development and production. Its primary assets are the El Castillo mine and San Agustin mine, which together form the El Castillo Complex in Durango, Mexico, the La Colorada mine in Sonora, Mexico and the Florida Canyon mine in Nevada, USA. Advanced exploration projects include the Magino project in Ontario, Canada and the Cerro del Gallo project in Guanajuato, Mexico. The Company holds several other exploration stage projects, all of which are located in North America.

For more information, contact:

Argonaut Gold Inc.

Dan Symons

Vice President, Corporate Development & Investor Relations

Phone: 416-915-3107

Email: dan.symons@argonautgold.com

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