

UNDERWRITING AGREEMENT

October 19, 2020

Argonaut Gold Inc.
3400 One First Canadian Place
Toronto, Ontario
M5K 1A4

Attention: Mr. Peter C. Dougherty, President and Chief Executive Officer

Dear Sir:

We understand that Argonaut Gold Inc. ("**Argonaut**" or the "**Corporation**") intends to create, issue and sell US\$50,000,000 aggregate principal amount of 4.625% convertible senior unsecured debentures of the Corporation (the "**Purchased Debentures**") at a price (the "**Offer Price**") of US\$1,000 per Purchased Debenture.

We also understand that the Corporation intends to issue and sell, at the option of the Underwriters (as defined below) (the "**Over-Allotment Option**"), up to US\$7,500,000 aggregate principal amount of additional 4.625% convertible senior unsecured debentures of the Corporation, being 15% of the aggregate Purchased Debentures (the "**Over-Allotment Debentures**") at the Offer Price to cover over-allotments, if any, and for market stabilization purposes. The Purchased Debentures and the Over-Allotment Debentures are collectively referred to herein as the "**Offered Debentures**".

We also understand that the Corporation is eligible to file and shall, concurrent with the entering into of this Underwriting Agreement (as defined below), file a preliminary short form prospectus (the "**Preliminary Prospectus**"), pursuant to the Passport Procedures (as defined below), electing the Ontario Securities Commission as the principal regulator, and will obtain a decision document issued by the Ontario Securities Commission, as principal regulator, evidencing that a receipt (or deemed receipt) has been issued for the Preliminary Prospectus in each of the Qualifying Jurisdictions (as defined below) on or before October 20, 2020.

The Underwriters also understand that the Corporation shall prepare and use commercially reasonable efforts to file within the time limits and on the terms set out below a (final) short form prospectus (the "**Final Prospectus**"), and all other necessary documents in order to qualify the Offered Debentures for distribution to the public in each of the Qualifying Jurisdictions (the "**Offering**").

The Offered Debentures may also be offered and sold in the United States on a private placement basis in accordance with Schedule "A" attached hereto, which Schedule forms a part of this agreement (the "**Underwriting Agreement**"), and in compliance with U.S. Securities Laws (as defined below) to Persons who the Underwriters reasonably believe to be Qualified Institutional Buyers (as defined below).

Based upon and subject to the terms and conditions set out below: (a) BMO Nesbitt Burns Inc. ("**BMO**") and Scotia Capital Inc. ("**Scotiabank**", and together with BMO, the "**Underwriters**", and, individually, an "**Underwriter**"), hereby severally (and not jointly, nor jointly and severally), offer to purchase from Argonaut in the respective percentages set out in Section 18 of this Underwriting Agreement, and Argonaut hereby agrees to sell to the Underwriters all, but not less than all, of the Purchased Debentures at the Offer Price per Purchased Debentures; and (b) in the event and to the extent the Over-Allotment Option granted to the Underwriters pursuant to Section 12 of this Underwriting Agreement is exercised by the Underwriters, Argonaut agrees to sell to each of the Underwriters, and each of the Underwriters agrees severally (and not jointly, nor jointly and severally) to purchase from

Argonaut, the respective percentage of the Over-Allotment Debentures set forth opposite the name of such Underwriter in Section 18 of this Underwriting Agreement at the Offer Price per Over-Allotment Debentures.

The Underwriters propose to offer the Offered Debentures at the Offer Price specified above. After a reasonable effort has been made to sell all of the Offered Debentures at the Offer Price, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Offered Debentures remaining unsold.

In consideration of the Underwriters' services to be rendered in connection with the Offering, including assisting in preparing documentation relating to the sale of the Offered Debentures including the Preliminary Prospectus, the Final Prospectus (and any Supplementary Material) and distributing the Offered Debentures, directly and through other investment dealers and brokers, the Corporation agrees to pay the Underwriting Fee (as defined herein) to the Underwriters at the Time of Closing.

Interest on the Offered Debentures will be payable semi-annually in arrears on May 31 and November 30 of each year, with the first interest payment to occur on May 31, 2021. Each Offered Debenture will be convertible into Underlying Shares (as defined herein) at the option of the holder of an Offered Debenture at any time prior to the close of business on the earliest of (i) the Business Day (as defined herein) immediately preceding the Maturity Date (as defined herein), (ii) if called for redemption, on the Business Day immediately preceding the date fixed for redemption, or (iii) if called for repurchase pursuant to a Change of Control (as defined herein), on the Business Day immediately preceding the payment date, at a conversion rate of 350.1155 Underlying Shares for each US\$1,000 principal amount of Offered Debentures, representing a conversion price of approximately US\$2.86 per Underlying Share (the "**Conversion Price**"). The Offered Debentures will otherwise have the terms specified in the Prospectuses and the Debenture Indenture (as defined herein).

The following are the terms and conditions of the agreement between the Corporation and the Underwriters:

TERM AND CONDITIONS

Section 1 Definitions and Interpretation

(1) In this Underwriting Agreement:

"Act" means the *Business Corporation Act* (Ontario);

"Affiliate" means an affiliated entity for purposes of the *Securities Act* (Ontario);

"Alio Gold Business Combination" means the business combination between Alio Gold Inc. and the Corporation pursuant to the Arrangement Agreement;

"Ancillary Documents" means all agreements, certificates and documents executed and delivered, or to be executed and delivered, by the Corporation in connection with the transactions contemplated by this Underwriting Agreement;

"Applicable Securities Laws" means the Canadian Securities Laws and the U.S. Securities Laws;

"Argonaut" or the **"Corporation"** means Argonaut Gold Inc.;

“Arrangement Agreement” means the arrangement agreement dated March 30, 2020 between the Corporation and Alio Gold Inc. relating to the Alio Gold Business Combination;

“Auditor” means PricewaterhouseCoopers LLP;

“Business Day” means a day other than a Saturday, Sunday or any other day on which the principal offices of Canadian Schedule I banks located in the City of Toronto, Ontario, are not open for business;

“Canadian Securities Laws” means, collectively, all applicable securities laws of each of the Qualifying Jurisdictions and the respective rules and regulations under such laws together with applicable published instruments, notices and orders of the securities regulatory authorities in the Qualifying Jurisdictions;

“Change of Control” shall have the meaning given to it in the Debenture Indenture;

“Closing Date” means October 30, 2020 or any earlier or later date as may be agreed to by Argonaut and the Underwriters, each acting reasonably, but will in any event not be later than 42 days after the date of issuance of a receipt for the Final Prospectus;

“common shares” means the common shares in the capital of the Corporation;

“Corporate Financial Information” means: (a) the audited consolidated annual financial statements of the Corporation for the years ended December 31, 2019 and 2018, including the notes thereto, together with the report of the Auditor; and (b) the unaudited interim condensed consolidated financial statements of the Corporation for the three and six months ended June 30, 2020, including the notes thereto;

“Conversion Price” has the meaning given to it in the ninth paragraph of this Agreement;

“Debenture Indenture” means the trust indenture to be dated as of the Closing Date, to be entered into between the Corporation and the Debenture Trustee, providing for the issue of the Offered Debentures;

“Debenture Trustee” means Computershare Trust Company of Canada, the debenture trustee for the Offered Debentures pursuant to the Debenture Indenture;

“Debt Instrument” means any note, loan, bond, debenture, indenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money other than indebtedness between the Corporation and the Subsidiaries or between the Subsidiaries;

“distribution” means distribution or distribution to the public, as the case may be, for the purposes of Canadian Securities Laws or any of them;

“Environmental Laws” means all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, bylaws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign, including laws, ordinances, regulations or orders, relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substances;

“Environmental Permits” means all material licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws;

“Final Prospectus” has the meaning given to that term in the fourth paragraph of this Underwriting Agreement;

“Governmental Authority” means any: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, board, or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions, the TSX and the Investment Industry Regulatory Organization of Canada;

“IFRS” means International Financial Reporting Standards, as issued by the International Accounting Standards Board;

“Indemnified Party” or **“Indemnified Parties”** has the meaning given to that term in Section 15(1) of this Underwriting Agreement;

“Laws” means Canadian Securities Laws, U.S. Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, Subsidiaries, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

“Leased Premises” means the office premises which are material to the Corporation and which the Corporation occupies as a tenant;

“Liens” means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant, right of use or any other right or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

“limited-use version” has the meaning given to that term in NI 41-101;

“Material Adverse Effect” means the effect resulting from any change in fact, event or change which has a material adverse effect on a Person’s business, affairs, capital, operations, financial condition, prospects, properties or assets, in all cases, considered on a consolidated basis, or any fact, event or change which would result in the Offering Documents containing a misrepresentation;

“Material Agreement” means any contract, commitment, agreement (written or oral), instrument, lease or other document (including option agreements), to which the Corporation or any of the Subsidiaries is a party or otherwise bound and which is material to the Corporation or the Subsidiaries;

“material change” has the meaning given to that term in the *Securities Act* (Ontario);

“material fact” has the meaning given to that term in the *Securities Act* (Ontario);

“Material Properties” means the Corporation’s material mineral properties, being: (a) the production-stage “El Castillo Project” and “San Agustin Project” located in the State of Durango, Mexico; (b) the production-stage “La Colorada Mine” located in the State of Sonora, Mexico; (c) the advanced exploration stage “Magino Project” located in the Province of Ontario, Canada; (d) the production-stage “Florida Canyon Mine” located in the State of Nevada, United States; and (e) the advanced exploration stage property “Cerro del Gallo Project” in the State of Guanajuato, Mexico, each as described further in the Offering Documents;

“Maturity Date” means November 30, 2025, the maturity date for the Offered Debentures;

“Mexico Subsidiaries” means, collectively, Minera Real del Oro, S.A. de C.V., Compañía Minera Pitalla, S.A. de C.V., Kings-San Antón, S.A. de C.V., San Antón de las Minas, S.A. de C.V., Timmins Goldcorp Mexico, S.A. de C.V. and Minera Aurea, S.A. de C.V.;

“misrepresentation” has the meaning given to that term in the *Securities Act* (Ontario);

“NI 41-101” means National Instrument 41-101 – *General Prospectus Requirements*;

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“NI 44-101” means National Instrument 44-101 – *Short Form Prospectus Distributions*;

“Offer Price” has the meaning given to that term in the first paragraph of this Underwriting Agreement;

“Offered Debentures” has the meaning given to that term in the second paragraph of this Underwriting Agreement;

“Offering” has the meaning given to that term in the fourth paragraph of this Underwriting Agreement;

“Offering Documents” means, collectively, the Prospectuses, any Supplementary Material, and each U.S. 144A Memorandum;

“Offering Jurisdictions” means the Qualifying Jurisdictions, the United States and any other jurisdiction permitted under this Underwriting Agreement;

“Over-Allotment Closing Date” means the third Business Day after the notice of exercise of the Over-Allotment Option is delivered to the Corporation, or any earlier or later date as may be agreed to in writing by the Corporation and the Underwriters, each acting reasonably;

“Over-Allotment Debentures” has the meaning given to that term in the second paragraph of this Underwriting Agreement;

“Over-Allotment Option” has the meaning given to that term in the second paragraph of this Underwriting Agreement;

“Passport Procedures” means the procedures provided for under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* among the securities commissions and other securities regulatory authorities in each of the provinces and territories of Canada;

“Person” means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of any nature or kind whatsoever;

“Preliminary Prospectus” has the meaning given to that term in the third paragraph of this Underwriting Agreement and for greater certainty includes the documents incorporated by reference therein;

“Prospectuses” means, collectively, the Preliminary Prospectus and the Final Prospectus;

“Purchased Debentures” has the meaning given to that term in the first paragraph of this Underwriting Agreement;

“Qualified Institutional Buyer” means a “qualified institutional buyer” as defined in Rule 144A;

“Qualifying Jurisdictions” means, collectively, each of the provinces of Canada other than the Province of Quebec;

“Rule 144A” means Rule 144A under the U.S. Securities Act;

“Securities Commissions” means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions;

“Selling Firms” has the meaning given to that term in Section 10(1)(a);

“Standard Listing Conditions” has the meaning given to that term in Section 3(5)(c) of this Underwriting Agreement;

“subsidiary” and **“subsidiaries”** have the meaning given to such terms in the Act;

“Subsidiaries” means the following direct or indirect subsidiaries of the Corporation: (a) Prodigy Gold Inc.; (b) Castle Gold Corporation; (c) Minera Real del Oro, S.A. de C.V.; (d) Pediment Gold Corp.; (e) Compañía Minera Pitalla, S.A de C.V.; (f) Argonaut Gold U.S. Inc.; (g) San Anton Resource Corporation; (h) Kings-San Antón, S.A. de C.V.; (i) San Antón de las Minas, S.A. de C.V.; (j) Alio Gold Inc.; (k) Alio Gold (US) Inc.; (l) Rye Patch Mining U.S. Inc.; (m) Rye Patch Gold US Inc.; (n) RP Dirt Inc.; (o) Standard Gold Mining, Inc.; (p) Florida Canyon Mining, Inc.; (q) Timmins Goldcorp Mexico S.A. de C.V.; (r) Aurea Mining Inc.; and (s) Minera Aurea, S.A. de C.V.;

“Supplementary Material” means, collectively: (a) any amendment or supplement to the Prospectuses; (b) any amendment or supplement to the U.S. 144A Memorandum; (c) any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of Argonaut under Canadian Securities Laws relating to the qualification for distribution of the Offered Debentures; or (d) any other document that is delivered or intended to be delivered to a purchaser of Offered Debentures; including, for greater certainty, any marketing material and any standard term sheet approved by the Corporation in accordance with Section 2(3);

“Technical Reports” means the following technical reports relating to Argonaut’s Material Properties:

- (a) “Pre-Feasibility Study NI 43-101 Technical Report Cerro del Gallo Heap Leach Project Guanajuato, Mexico”, dated January 31, 2020 (effective date of October 24, 2019), prepared by Carl Defilippi, M.Sc. C.E.M., SME of Kappes Cassiday & Associates, Thomas Dyer, P.E. of Mine Development Associates, Todd Minard, P.E. of Golder Associates Inc., Brian Arkell, CPG and Neb Zurkic, CPG;
- (b) “NI 43-101 Technical Report on Resources and Reserves, El Castillo Complex, Durango, Mexico”, dated March 27, 2018 (effective date of March 7, 2018), prepared by John Tinucci, PhD, P.E., ISRM, Bret C. Swanson, BEng Mining, MAusIMM, MMSAQ, Eric J.

Olin, MSc Metallurgy, MBA, SME-RM, MAusIMM, Jeff Osborn, BEng Mining, MMSAQP, Mark Allan Willow, MSc, CEM, SME-RM, Michael Lechner, PGeo;

- (c) “Technical Report – Mineral Resource and Mineral Reserve Florida Canyon Gold Mine Pershing County Nevada”, dated July 8, 2020 (effective date of June 1, 2020), prepared by Independent Mining Consultants, Inc., Qualified Persons John M. Marek, P.E. RM-SME and James R. Arnold, P.E;
- (d) “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), prepared by John Tinucci, PhD, P.E., ISRM, Bret C. Swanson, BEng Mining, MAusIMM, MMSAQP, Eric J. Olin, MSc Metallurgy, MBA, SME-RM, MAusIMM, Jeff Osborn, BEng Mining, MMSAQP, Mark Allan Willow, MSc, CEM, SME-RM, Michael Lechner, PGeo; and
- (e) “Feasibility Study Technical Report on the Magino Project, Ontario, Canada”, dated December 21, 2017 (effective date of November 8, 2017), prepared by Michael Makarenko, P. Eng., JDS Energy & Mining Inc., Dino Pilotto, P.Eng., JDS Energy & Mining Inc., Michael Lechner, P. Geo., Resource Modeling Inc., Luiz Castro, P. Eng., Golder Associates Ltd., Sindy Cheng, P.Eng., Lycopodium Minerals Canada Ltd. and Dr. Ian Hutchison, PhD, PE, SLR Consulting Ltd.;

“**Time of Closing**” means: (a) 8:00 a.m. (Toronto time) on the Closing Date or the Over-Allotment Closing Date, as applicable; or (b) any other time on the Closing Date or the Over-Allotment Closing Date, as applicable, as may be agreed to by Argonaut and the Underwriters;

“**Transfer Agent**” means Computershare Investor Services Inc., at its principal offices in the City of Toronto, Ontario;

“**TSX**” means the Toronto Stock Exchange;

“**Underlying Shares**” means the common shares issuable by the Corporation on the conversion, redemption or maturity of the Debentures (if and as applicable);

“**Underwriting Agreement**” has the meaning given to that term in the fifth paragraph herein;

“**Underwriting Fee**” has the meaning given to that term in Section 13;

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**U.S. Affiliate**” means the U.S. registered broker-dealer affiliate of an Underwriter;

“**U.S. 144A Memorandum**” means each U.S. private placement memorandum, in a form and substance acceptable to the Underwriters, which has attached thereto a copy of the Preliminary Prospectus or the Final Prospectus, or any amendment or supplement thereto, delivered or to be delivered to offerees and purchasers of Offered Debentures in the United States pursuant to the terms and conditions hereof;

“**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, as amended;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“U.S. Securities Laws” means all applicable securities laws in the United States, including without limitation, the U.S. Securities Act, the U.S. Exchange Act and the rules and regulations promulgated thereunder, and any applicable state securities laws.

- (2) *Incorporation of Schedules.* The Underwriters and the Corporation acknowledge that Schedules “A” to “C” attached hereto shall form part of this Underwriting Agreement.
- (3) *Headings, etc.* The division of this Underwriting Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Underwriting Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Underwriting Agreement.
- (4) *Currency.* Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.
- (5) *Knowledge.* In this Underwriting Agreement a reference to “knowledge” of Argonaut means to the best knowledge of Mr. Peter C. Dougherty, Mr. Dave Ponczoch and Mr. Brian Arkell after due and reasonable inquiry.
- (6) *Information Relating to Underwriters.* Where this Underwriting Agreement references information and statements relating solely to the Underwriters (and/or their U.S. Affiliates) and furnished by them specifically for use in the Offering Documents, or any part thereof, the statements set forth under the heading “Plan of Distribution” in the Preliminary Prospectus, Final Prospectus or any Supplementary Material, or that relate to over-allotment and stabilization activities that may be undertaken by the Underwriters, constitute the only such information and statements.

Section 2 Filing of the Prospectuses and Qualification for Distribution

- (1) The Corporation has prepared and, concurrently with the entering into of this Underwriting Agreement, will file the Preliminary Prospectus under Canadian Securities Laws, and shall have obtained a decision document evidencing the receipt (and deemed receipt) therefor from the Securities Commission in each of the Qualifying Jurisdictions (under Passport Procedures) by no later than 5:00 p.m. (Toronto time) on October 20, 2020.
- (2) The Corporation shall prepare and use its commercially reasonable efforts to file the Final Prospectus under Canadian Securities Laws, and shall obtain a receipt (or deemed receipt) therefor from the Securities Commission in each of the Qualifying Jurisdictions (under Passport Procedures) by 5:00 p.m. (Toronto time) on or before October 27, 2020, and shall have filed such other documents relating to the distribution in Canada of the Offered Debentures, and shall have taken all other steps and proceedings that may be necessary to be taken by the Corporation in order to qualify the Offered Debentures for distribution in each of the Qualifying Jurisdictions by the Underwriters under Canadian Securities Laws by 5:00 p.m. (Toronto time) on such date.
- (3) During the distribution of the Offered Debentures:
 - (a) the Corporation shall prepare, in consultation with BMO and Scotiabank, any marketing materials (including any template version thereof) to be provided to potential investors in the Offered Debentures, and approve in writing any such marketing materials (including any template version thereof), as may reasonably be requested by the

Underwriters, such marketing materials to comply with Canadian Securities Laws and to be acceptable in form and substance to the Underwriters and their counsel, acting reasonably;

- (b) BMO and Scotiabank shall together approve in writing any such marketing materials, as contemplated by the Canadian Securities Laws, prior to any marketing materials being provided to potential investors of Offered Debentures and/or filed with the Securities Commissions; and
 - (c) the Corporation shall: (i) file any such marketing materials (or any template version thereof) with the Securities Commissions as soon as reasonably practicable after such marketing materials are so approved in writing by the Corporation and BMO and Scotiabank, and in any event on or before the day the marketing materials are first provided to any potential investor of Offered Debentures; and (ii) remove or redact any comparables from any template version so filed, in compliance with NI 44-101, prior to filing such template version with the Securities Commissions (provided that a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Securities Commissions in compliance with NI 44-101 by the Corporation, and a copy thereof provided to the Underwriters as soon as practicable following such filing).
- (4) The Corporation and each Underwriter, on a several basis, covenants and agrees that, during the distribution of the Offered Debentures, it will not provide any potential investor with any materials or information in relation to the distribution of the Offered Debentures or the Corporation other than the Prospectuses, any Supplementary Material and the U.S. 144A Memorandum in accordance with this Underwriting Agreement, provided that: (a) any such materials that constitute marketing materials have been approved and filed in accordance with Section 2(3); and (b) any such materials that constitute standard term sheets have been approved in writing by the Corporation and the Underwriters and are provided in compliance with Canadian Securities Laws in each case only in the Qualifying Jurisdictions.
 - (5) Notwithstanding Section 2(3) and Section 2(4), following the approval and filing of a template version of marketing materials in accordance with Section 2(3), the Underwriters may provide a limited-use version of such template version to potential investors in the Offered Debentures in accordance with Canadian Securities Laws.
 - (6) Until the date on which the distribution of the Offered Debentures is completed, the Corporation will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under Canadian Securities Laws to continue to qualify the distribution of the Offered Debentures or, in the event that the Offered Debentures or any of them, have, for any reason, ceased to so qualify, to so qualify again such securities, as applicable, for distribution.

Section 3 Delivery of Offering Documents and Related Matters

- (1) The Corporation shall deliver without charge to the Underwriters, as soon as practicable and in any event within one (1) Business Day for deliveries within Toronto, Ontario and two (2) Business Days for deliveries outside of Toronto, Ontario of the date of the receipt (or deemed receipt) of the Preliminary Prospectus or the Final Prospectus (as the case may be), and thereafter from time to time during the distribution of the Offered Debentures, in such cities in the Offering Jurisdictions as the Underwriters shall notify the Corporation, as many commercial copies of the Preliminary Prospectus, the Final Prospectus and each related U.S. 144A Memorandum, respectively, as the Underwriters may request for the purposes contemplated by the Applicable

Securities Laws. The Corporation will similarly cause to be delivered to the Underwriters, in such cities in the Offering Jurisdictions as the Underwriters may request commercial copies of any Supplementary Material required or intended to be delivered to purchasers or prospective purchasers of the Offered Debentures.

- (2) Each delivery of the Prospectuses, each U.S. 144A Memorandum or any Supplementary Material will have constituted and will constitute the Corporation's consent to the use of the Prospectuses, each U.S. 144A Memorandum and any Supplementary Material by the Underwriters, the U.S. Affiliates and the Selling Firms for the distribution of the Offered Debentures in the Offering Jurisdictions in compliance with the provisions of this Underwriting Agreement.
- (3) Each delivery of the Prospectuses and any Supplementary Material to the Underwriters by, or on behalf of, Argonaut will constitute the representation and warranty of Argonaut to the Underwriters that (except for information and statements relating solely to the Underwriters and furnished by them specifically for use in the Prospectuses), at the respective times of delivery:
 - (a) all information and statements contained therein are true and correct in all material respects and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to Argonaut and the Offered Debentures, as required by Canadian Securities Laws;
 - (b) no material fact or information has been omitted from such document which is required to be stated therein or is necessary to make the statements or information contained therein not misleading in light of the circumstances in which they were made; and
 - (c) such document fully complies with the requirements of Canadian Securities Laws pursuant to which it was filed.
- (4) Each delivery of the U.S. 144A Memorandum and any Supplementary Material to the Underwriters by Argonaut will constitute the representation and warranty of Argonaut to the Underwriters and the U.S. Affiliates that (except for information and statements relating solely to the Underwriters and the U.S. Affiliates and furnished by them specifically for use in the U.S. 144A Memorandum) at the respective times of delivery, such U.S. 144A Memorandum or Supplementary Material being delivered does not contain an untrue statement of a material fact or omit to state a material fact that is required to be stated or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (5) Argonaut will also deliver to the Underwriters without charge contemporaneously with, or prior to, the filing of the Final Prospectus:
 - (a) a copy of the Final Prospectus, manually signed on behalf of the Corporation by the Persons and in the form required by Canadian Securities Laws, including copies of any documents incorporated by reference therein which have not previously been delivered to the Underwriters (provided that any documents incorporated by reference therein which are publicly available on SEDAR shall be deemed to be delivered to the Underwriters);
 - (b) a copy of any other document filed with, or delivered to, the Securities Commissions by Argonaut under Canadian Securities Laws in connection with the Offering;

- (c) evidence satisfactory to the Underwriters of the approval (or conditional approval) of the listing and posting for trading on the TSX of the Offered Debentures and the Underlying Shares, subject only to satisfaction by Argonaut of customary post-closing conditions imposed by the TSX in similar circumstances (the “**Standard Listing Conditions**”); and
 - (d) a “long-form” comfort letter dated the date of the Final Prospectus in a form and substance acceptable to the Underwriters, acting reasonably, addressed to the Underwriters, from the Auditor, and based on a review completed no more than two (2) Business Days prior to the date of the Final Prospectus, with respect to financial and accounting information relating to the Corporate Financial Information in the Final Prospectus or incorporated therein, which letter shall be in addition to the auditor’s consent and any auditor’s comfort letter addressed to the Securities Commissions and filed with or delivered to the Securities Commissions under Canadian Securities Laws.
- (6) Comfort letters and other documents substantially similar to those referred to in this section will be delivered, as required, to the Underwriters and Argonaut, and their respective counsel, as applicable, with respect to any Supplementary Material, contemporaneously with, or prior to the filing or delivery of, any Supplementary Material.

Section 4 Material Changes During the Distribution of the Offered Debentures

- (1) Argonaut will immediately inform the Underwriters at first orally, and then in writing, during the period prior to the completion of the distribution of the Offered Debentures of the full particulars of:
- (a) any material change (whether actual, anticipated, threatened, contemplated) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or ownership of Argonaut, in each case on a consolidated basis (other than a change disclosed in the Prospectus); or
 - (b) any material fact (whether actual, anticipated, threatened, contemplated, or proposed) that has arisen or would have been required to have been stated in any of the Offering Documents had that fact arisen or been discovered on, or prior to, the date of the Offering Documents, as the case may be; or
 - (c) any change (whether actual, anticipated, threatened, contemplated, or proposed by, to, or against) in any material fact or any misstatement of any material fact contained or incorporated by reference in any of the Offering Documents, or the coming into existence of any new material fact,

in all cases which change or material fact is, or could reasonably be expected to be, of such a nature as:

- (d) to render any of the Offering Documents, as they exist taken together in their entirety immediately prior to such change or material fact, misleading or untrue in any material respect or could result in any of such documents, as they exist taken together in their entirety immediately prior to such change or material fact, containing a misrepresentation; or
- (e) could result in any of the Offering Documents, as they exist taken together in their entirety immediately prior to such change or material fact, not complying with any Applicable Securities Laws; or

- (f) to constitute a Material Adverse Effect as it relates to Argonaut.
- (2) Argonaut shall comply with Part 6 of NI 41-101 and with the comparable provisions of Canadian Securities Laws, and Argonaut will prepare and will file or deliver promptly at the request of the Underwriters, any Supplementary Material, which, in the opinion of the Underwriters and their counsel, acting reasonably, may be necessary, and will, until the distribution of the Offered Debentures is complete, otherwise comply with all applicable filing, delivery and other requirements under Canadian Securities Laws arising as a result of such fact or change necessary to continue to qualify the Offered Debentures for distribution in each of the Qualifying Jurisdictions.
- (3) The Corporation and the Underwriters acknowledge that if the Final Prospectus (prior to amendment) contains a misrepresentation, the Corporation will promptly prepare and file with the Securities Commissions in the Qualifying Jurisdictions any amendment or supplement thereto which in the opinion of the Underwriters and the Corporation, acting reasonably, may be necessary or advisable to correct such misrepresentation.
- (4) In addition, if, during the period from the date hereof to the later of (i) the Closing Date and (ii) the date of the completion of the distribution of the Offered Debentures, it shall be necessary to file or deliver any Supplementary Material to comply with any Applicable Securities Laws, the Corporation shall, in co-operation with the Underwriters, make any such filing and/or delivery as soon as reasonably possible.
- (5) In addition to the provisions of Section 4(1) and Section 4(2), Argonaut will, acting reasonably, discuss with the Underwriters, any change, event, development or fact, contemplated, anticipated, threatened, or proposed which is of such a nature that there may be reasonable doubt as to whether written notice should be given to the Underwriters under Section 4 of this Underwriting Agreement and will consult with the Underwriters with respect to the form and substance of any Supplementary Material proposed to be filed or delivered by Argonaut, it being understood and agreed that no such Supplementary Material will be filed by Argonaut with any Securities Commission or delivered to any purchaser or prospective purchaser until the Underwriters and their legal counsel: (a) have been given a reasonable opportunity to review; and (b) approve such material, acting reasonably.

Section 5 Due Diligence

Prior to the Time of Closing, and, if applicable, prior to the filing or delivery of any Supplementary Material, the Underwriters, their legal counsel, and technical consultants will be provided with timely access to all information required to permit them to conduct a full due diligence investigation of Argonaut and its business operations, properties, assets, affairs, prospects and financial condition. In particular, the Underwriters shall be permitted to conduct all due diligence that they may reasonably require in order to fulfil their obligations under Applicable Securities Laws, and in that regard, Argonaut will make available to the Underwriters, their legal counsel and technical consultants, on a timely basis, all corporate and operating records, contracts, resource and reserve reports, technical reports, feasibility studies, financial information, transaction record books, current budgets, current forecasts, reports, key officers, as applicable, and other relevant documentation or information necessary in order to complete the due diligence investigation of Argonaut, and its business operations, properties, assets, affairs, prospects and financial condition for this purpose, and without limiting the scope of the due diligence inquiries the Underwriters may conduct, to participate in one or more due diligence sessions to be held prior to the Time of Closing at which management of the Corporation, the Auditor and the legal counsel of the Corporation shall participate. The Corporation shall obtain written responses to the Underwriters' due diligence inquiries from an author of each of the Technical Reports. It shall be a condition precedent

to: (a) the Underwriters' execution of any certificate in any Offering Document that the Underwriters be satisfied as to the form and substance of the document; and (b) the delivery of each U.S. 144A Memorandum to any purchaser or prospective purchaser that the Underwriters and their U.S. Affiliates be satisfied as to the form and substance of such document.

Section 6 Conditions of Closing

The Underwriters' obligations under this Underwriting Agreement to purchase the Offered Debentures or any of them, are conditional upon (which conditions may be waived by the Underwriters in their sole discretion) and subject to:

- (1) *Canadian Legal Opinion.* The Underwriters receiving at the Time of Closing on the Closing Date a favourable legal opinion from Bennett Jones LLP, counsel to Argonaut, who may rely on, or alternatively provide directly to the Underwriters, the opinions of local counsel acceptable to counsel to the Underwriters, acting reasonably, as to the qualification of the Offered Debentures for sale to the public and as to other matters governed by the laws of jurisdictions in Canada other than the Provinces of Ontario, British Columbia and Alberta, and may rely as to matters of fact on certificates of officers, public and exchange officials or of the Auditor or Transfer Agent, to the effect set forth below:
 - (a) Argonaut has been incorporated and is existing under the laws of the Province of Ontario and has the corporate capacity and power to own and lease its properties and assets and to conduct its business as described in the Final Prospectus;
 - (b) the Corporation having the corporate power to execute and deliver this Underwriting Agreement, the Debenture Indenture, and to carry out the transactions contemplated hereby and thereby, under the laws of the Province of Ontario;
 - (c) as to the authorized and issued share capital of Argonaut;
 - (d) all necessary corporate actions having been taken by Argonaut to authorize the execution and delivery of the Underwriting Agreement and the Debenture Indenture, and the performance of its obligations hereunder and thereunder;
 - (e) the Underwriting Agreement and Debenture Indenture having been duly executed and delivered by Argonaut and constituting legal, valid and binding obligations of, and being enforceable against, Argonaut in accordance with their terms (subject to bankruptcy, insolvency or other Laws affecting the rights of creditors generally, general equitable principles including the availability of equitable remedies and the qualification that no opinion need be expressed as to rights to indemnity or contribution) and such other customary qualifications for an opinion of this nature;
 - (f) the execution and delivery by Argonaut of the Underwriting Agreement and the Debenture Indenture, the fulfilment of the terms thereof by Argonaut, and the issue, sale and delivery on the Closing Date of the Purchased Debentures (and the Over-Allotment Debentures to the extent that the Over-Allotment Option is exercised) not constituting or resulting in a breach of or a default under, and not creating a state of facts which, after notice or lapse of time or both, will constitute or result in a breach of, and will not conflict with, any of the terms, conditions or provisions of the articles and by-laws of Argonaut or any applicable Law of Ontario, and the federal Laws of Canada;

- (g) the Debenture Trustee having been appointed as the debenture trustee for the Offered Debentures;
- (h) Computershare Investor Services Inc. having been duly appointed as registrar and transfer agent for the common shares of the Corporation;
- (i) the issuance of the Underlying Shares upon conversion, redemption or maturity of the Offered Debentures as contemplated by the Debenture Indenture, as the case may be, will be exempt from the prospectus and registration requirements under Canadian Securities Laws and no other documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations of the appropriate regulatory authority in each of the Qualifying Jurisdictions obtained by the Corporation under Canadian Securities Laws to permit such issuance of the Underlying Shares, except for such filings, proceedings, approvals, permits, consents or authorizations which have been obtained (or will be obtained prior to the Closing Time);
- (j) all necessary corporate actions having been taken by Argonaut to authorize the creation, issuance and delivery of the Offered Debentures;
- (k) all documents required to be filed with or delivered to the Securities Commissions by Argonaut, and all proceedings required to be taken by Argonaut under Applicable Securities Laws, have been filed or delivered and taken in order to qualify the distribution of the Offered Debentures in each of the Qualifying Jurisdictions through investment dealers or brokers registered under the applicable Laws thereof who have complied with the relevant provisions thereof and no other documents will be required to be filed, proceedings taken, or approvals, permits, consents or authorizations obtained by Argonaut under Applicable Securities Laws to permit the trading in the Qualifying Jurisdictions of the Offered Debentures, through registrants duly registered under Applicable Securities Laws or in circumstances in which there is an exemption from the registration requirements of such applicable laws;
- (l) the Offering Documents having been duly authorized and executed by the Corporation;
- (m) upon full payment therefor and the issue thereof, the Offered Debentures and the Underlying Shares having been validly issued by the Corporation, and in the case of the Underlying Shares, as fully paid and non-assessable shares in the capital of the Corporation;
- (n) the attributes of the Debentures and the Underlying Shares being consistent in all material respects with the description thereof contained or referred to in the Prospectuses and the Debenture Indenture;
- (o) the Offered Debentures and Underlying Shares having been conditionally approved, or approved, for listing on the TSX, subject only to the Standard Listing Conditions;
- (p) the Corporation being a reporting issuer (or the equivalent) under the Securities Laws of all of the Qualifying Jurisdictions, and not being included on a list of defaulting reporting issuers maintained by the securities regulators of such jurisdictions; and
- (q) the statements under the heading "Eligibility for Investment" in the Final Prospectus in so far as they purport to describe the provisions of the laws referred to therein, are fair and accurate summaries of the matters discussed therein,

in a form and substance acceptable to the Underwriters, acting reasonably.

- (2) *Opinion of United States Counsel for the Corporation.* In the event of the offering and sale of Offered Debentures in the United States pursuant to this Underwriting Agreement, including Schedule “A” hereto, the Underwriters shall have received an opinion from Paul, Weiss, Rifkind, Wharton & Garrison LLP, the Corporation’s special U.S. counsel, in form and substance reasonably satisfactory to the Underwriters and their counsel and addressed to the Underwriters, to the effect that it is not necessary in connection with: (i) the offer, sale and delivery of the Offered Debentures to the Underwriters under the Underwriting Agreement or in connection with the initial resale of the Offered Debentures by the Underwriters in accordance with the provisions of this Underwriting Agreement; or (ii) the delivery of Underlying Shares to the holders of the Offered Debentures upon the conversion thereof in accordance with the provisions of the Debenture Indenture, to register the Offered Debentures or the Underlying Shares under the U.S. Securities Act, provided that, with respect to (ii) above, no commission or other remuneration is paid or given directly or indirectly for soliciting the conversion of the Offered Debentures into Underlying Shares, and provided further that the Underlying Shares issuable upon conversion of the Offered Debentures are not exchanged in a case under Title 11 of the United States Bankruptcy Code; it being understood that no opinion is expressed as to any subsequent reoffer or resale of the Offered Debentures or Underlying Shares;
- (3) *Opinion of Mexico Counsel for the Corporation.* The Underwriters receiving at the Time of Closing on the Closing Date a favourable legal opinion from Hogan Lovells LLP, Mexico counsel to Argonaut, as to: (a) the incorporation and existence of each of the Mexico Subsidiaries; (b) the ability of each of the Mexico Subsidiaries to carry on its business as presently carried on and to own, lease and operate their properties and assets; (c) the authorized capital and issued and outstanding share capital of each of the Mexico Subsidiaries; and (d) the ownership of the issued and outstanding securities of each of the Mexico Subsidiaries, in form and substance acceptable to the Underwriters, acting reasonably.
- (4) *Title Opinions.* The Underwriters receiving, at the Time of Closing, favourable legal opinions dated as of the Closing Date from, as applicable, Hogan Lovells LLP, Mexico counsel to Argonaut and from Bennett Jones LLP, counsel to Argonaut, as to title matters in respect of the Material Properties in form and substance acceptable to the Underwriters, acting reasonably.
- (5) *Officer’s Certificate of Argonaut.* The Underwriters having received at the Time of Closing on the Closing Date, a certificate dated such date signed by the Chief Executive Officer and Chief Financial Officer of Argonaut or another officer acceptable to the Underwriters in form and substance acceptable to the Underwriters with respect to:
 - (a) the constating documents of Argonaut;
 - (b) the resolutions of the directors of Argonaut relevant to the Offering, the allotment, issue (or reservation for issue) and sale of the Offered Debentures and the Underlying Shares, the authorization of this Underwriting Agreement, the Debenture Indenture and the other agreements and transactions contemplated by this Underwriting Agreement; and
 - (c) the incumbency and signatures of signing officers of Argonaut.
- (6) *Lock-Up Agreements.* The Underwriters having received executed “lock-up” agreements, each substantially in the form of Schedule “C” hereto, between the Underwriters and each director and officer of the Corporation.

- (7) *Certificate of Transfer Agent and Registrar.* The Corporation having delivered to the Underwriters a certificate of the Transfer Agent, which certifies the number of common shares issued and outstanding on the day prior to the Closing Date.
- (8) *Certificates of Status.* The Underwriters having received at the Time of Closing on the Closing Date, certificates of status and/or compliance (or the equivalent), for Argonaut and each Subsidiary, dated no earlier than the date prior to the Closing Date.
- (9) *Closing Certificate of Argonaut.* Argonaut having delivered to the Underwriters, at the Time of Closing, a certificate dated the date on which such Time of Closing occurs, addressed to the Underwriters and signed by the Chief Executive Officer and Chief Financial Officer of Argonaut, certifying for and on behalf of Argonaut, and not in their personal capacities, after having made due inquiries, with respect to the following matters:
- (a) Argonaut having complied with all the covenants, in all material respects, and satisfied all the terms and conditions of this Underwriting Agreement on its part to be complied with and satisfied at or prior to such Time of Closing;
 - (b) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation or prohibiting the sale of the Offered Debentures or any of the Corporation's issued securities having been issued, and no proceeding for such purpose, to the knowledge of such officers, being pending or threatened;
 - (c) subsequent to the date of this Underwriting Agreement, there having not occurred a material change, or any change or development that could reasonably be expected to result in a Material Adverse Effect, or the coming into existence or discovery of a material fact, other than as disclosed in the Final Prospectus or any Supplementary Material, as the case may be;
 - (d) subsequent to the date of this Underwriting Agreement, no material change relating to the Corporation having occurred since the date of this Underwriting Agreement other than as disclosed in the Final Prospectus or in any Supplementary Material; and
 - (e) the representations and warranties of Argonaut contained in this Underwriting Agreement, any Ancillary Documents and in any certificates of Argonaut delivered pursuant to or in connection with this Underwriting Agreement, being true and correct in all material respects (or, as regards specific representations and warranties if qualified by materiality, in all respects) as at the Time of Closing, with the same force and effect as if made on and as at such Time of Closing, except for such representations and warranties which are in respect of a specific date in which case such representations and warranties shall be true and correct in all material respects (or, as regards specific representations and warranties if qualified by materiality, in all respects), as of such date, after giving effect to the transactions contemplated by this Underwriting Agreement.
- (10) *"Bring-Down" Comfort Letter.* The Underwriters shall have received a comfort letter of the Auditor in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, similar to the comfort letter to be delivered to the Underwriters pursuant to Section 3(5)(d) hereof, with any modifications necessary in the event additional information is incorporated by reference into the Final Prospectus, and updated to a date not less than two days prior to the Closing Date.

- (11) *TSX Listing of Offered Debentures and Underlying Shares.* At least two Business Days prior to the Closing Date, Argonaut having delivered to the Underwriters evidence of the approval (or conditional approval) of the listing and posting for trading of the Offered Debentures and the Underlying Shares on the TSX, subject only to satisfaction by Argonaut of the Standard Listing Conditions.
- (12) *Electronic Deposit.* The Corporation shall have confirmed the electronic deposit of the Offered Debentures through the facilities of CDS as specified in Section 11(2) hereof.
- (13) *Commission.* The Underwriters shall have received the Underwriting Fee in the manner specified in Section 13 hereof.
- (14) *No Termination.* The Underwriters not having exercised any rights of termination set forth in Section 14.
- (15) *No Cease Trade Order.* At the Time of Closing, the Corporation not being the subject of a cease trading order made by any Securities Commission or other competent authority which has not been rescinded.
- (16) *Representations and Warranties.* At the Time of Closing, the representations and warranties of Argonaut contained in this Underwriting Agreement, any Ancillary Documents and in any certificates of Argonaut delivered pursuant to or in connection with this Underwriting Agreement, being true and correct in all material respects (or, as regards specific representations and warranties if qualified by materiality, in all respects) as at the Time of Closing, with the same force and effect as if made on and as at the Time of Closing, except for such representations and warranties which are in respect of a specific date in which case such representations and warranties shall be true and correct, in all material respects (or, as regards specific representations and warranties if qualified by materiality, in all respects), as of such date, after giving effect to the transactions contemplated by this Underwriting Agreement, and Argonaut having complied with all terms and conditions of this Underwriting Agreement to be complied with by Argonaut at or prior to the Time of Closing.
- (17) *Other Documentation.* The Underwriters having received at the Time of Closing such further certificates, opinions of counsel and other documentation from Argonaut as may be contemplated herein or as the Underwriters may reasonably require, provided, however, that the Underwriters shall request any such certificate or document within a reasonable period prior to the Time of Closing that is sufficient for Argonaut to obtain and deliver such certificate, opinion or document.

Section 7 Representations and Warranties of Argonaut

- (1) Argonaut makes the representations, warranties and covenants applicable to it in Schedule "A" hereto and acknowledges that the terms and conditions of the representations, warranties and covenants of the parties contained in Schedule "A" form a part of this Underwriting Agreement.
- (2) Argonaut hereby represents and warrants to the Underwriters as set forth on Schedule "B" hereto.

Section 8 Representations and Warranties of the Underwriters

- (1) Each Underwriter hereby severally, and not jointly, nor jointly and severally, represents and warrants that:

- (a) it is, and will remain so, until the completion of the Offering, appropriately registered under applicable Canadian Securities Laws so as to permit it to lawfully fulfil its obligations hereunder; and
 - (b) it has all requisite corporate power and authority to enter into this Underwriting Agreement and to carry out the transactions contemplated under this Underwriting Agreement on the terms and conditions set forth herein.
- (2) Each Underwriter makes the representations, warranties and covenants applicable to it in Schedule "A" hereto and acknowledges that the terms and conditions of the representations, warranties and covenants of the parties contained in Schedule "A" form a part of this Underwriting Agreement.
- (3) The representations and warranties of each of the Underwriters contained in this Underwriting Agreement shall be true at the Time of Closing as though they were made at the Time of Closing and they shall not survive the completion of the transactions contemplated under this Underwriting Agreement but shall terminate on the completion of the distribution of the Offered Debentures.

Section 9 Additional Covenants of Argonaut

In addition to any other covenant of Argonaut set forth in this Underwriting Agreement, Argonaut covenants with the Underwriters that:

- (a) *Stock Exchange Listings.* Prior to the filing of the Final Prospectus with the Securities Commissions, Argonaut will file or cause to be filed with the TSX all necessary documents and will take, or cause to be taken, all commercially reasonable steps necessary to ensure that the Offered Debentures and Underlying Shares have been approved (or conditionally approved) for listing and for trading on the TSX, subject only to satisfaction by Argonaut of the Standard Listing Conditions, and Argonaut shall thereafter, fulfill the Standard Listing Conditions, if any, within the time period prescribed by the TSX;
- (b) *Other Filings.* Argonaut will make all necessary filings, use commercially reasonable efforts to obtain all necessary regulatory consents and approvals (if any) and Argonaut will pay all filing fees required to be paid in connection with the transactions contemplated in this Underwriting Agreement;
- (c) *Press Releases.* Subject to compliance with applicable Law, any press release of Argonaut relating to the Offering will be provided in advance to BMO and Scotiabank, and Argonaut will agree to the form and substance thereof with BMO and Scotiabank, each acting reasonably, prior to the release thereof;
- (d) *Use of Proceeds.* Argonaut shall use the net proceeds from the purchase and sale of the Offered Debentures in accordance with the descriptions set forth under the headings "Use of Proceeds" in the Final Prospectus; and
- (e) *Blackout Period.* Argonaut agrees not to, directly or indirectly, issue any common shares or securities or other financial instruments convertible into or having the right to acquire common shares (other than pursuant to rights or obligations under securities or instruments outstanding) or enter into any agreement or arrangement under which you acquire or transfer to another, in whole or in part, any of the economic consequences of

ownership of common shares, whether that agreement or arrangement may be settled by the delivery of common shares or other securities or cash, or agree to become bound to do so, or disclose to the public any intention to do so, for a period starting on the date hereof and ending on the date that is 90 days from the Closing Date, without the prior written consent of BMO and Scotiabank, which consent will not be unreasonably withheld, other than issuances: (i) under existing director or employee stock options, bonus or purchase plans or similar share compensation arrangements; (ii) upon the exercise of convertible securities, warrants or options outstanding prior to the date hereof; (iii) in connection with obligations of the Corporation in respect of existing agreements as of the date hereof; (iv) the issuance of securities in connection with an offering of common shares to fund CDE expenditures relating to the Corporation's Canadian assets, up to an amount of \$40 million; or (v) the issuance of securities by the Corporation in connection with acquisitions in the normal course of business.

Section 10 Covenants of the Underwriters

(1) The Underwriters hereby covenant and agree with Argonaut the following:

- (a) *Offering Jurisdictions and Offering Price.* During the period of distribution of the Offered Debentures by or through the Underwriters, the Underwriters will offer and sell Offered Debentures to the public only in the Qualifying Jurisdictions or where they may lawfully be offered for sale or sold directly and through other duly registered investments dealers and brokers (the Underwriters, together with such other investment dealers and brokers, are referred to herein as the “**Selling Firms**”), upon the terms and conditions set forth in the Final Prospectus and in this Underwriting Agreement. The Underwriters may also offer and sell the Offered Debentures in the United States in accordance with Schedule “A” hereto. For the purposes of this Section 10(1)(a), the Underwriters shall be entitled to assume that the Offered Debentures are qualified for distribution in any Qualifying Jurisdiction where a receipt (or deemed receipt) has been obtained under Passport Procedures for the Final Prospectus from the applicable Securities Commission following the filing of the Final Prospectus.
- (b) *Compliance with Applicable Securities Laws.* The Underwriters shall comply with, and will instruct any Selling Firms to comply with, the applicable Canadian Securities Laws in connection with the offer to sell and distribution of the Offered Debentures and shall not, directly or indirectly, solicit offers to purchase or sell the Offered Debentures or deliver any Offering Documents so as to require registration of the Offered Debentures or filing of a prospectus or registration statement with respect to the Offered Debentures or compliance by the Corporation with regulatory requirements (including any continuous disclosure obligations or similar reporting obligations) under the laws of any jurisdiction other than the Qualifying Jurisdictions, including, without limitation, the United States and the Underwriters shall not, and shall not instruct any Selling Firm to not, make any representations or warranties with respect to the Corporation or the Offered Debentures, other than as set forth in the Offering Documents. The Underwriters will comply with the obligations applicable to them set out in Schedule “A” to this Underwriting Agreement.
- (c) *Completion of Distribution.* The Underwriters will use their reasonable best efforts to complete the distribution of the Offered Debentures as promptly as possible after the Time of Closing and will notify Argonaut when, in the Underwriters’ opinion, the Underwriters have ceased the distribution of the Offered Debentures, and, within 30 days after completion of the distribution, will provide Argonaut, in writing, with a breakdown of the number of Offered Debentures distributed in each of the Qualifying

Jurisdictions where that breakdown is required by a Securities Commission for the purpose of calculating fees payable to, or making filings with, that Securities Commission.

- (2) *Liability on Default.* No Underwriter shall be liable to Argonaut under this Underwriting Agreement with respect to any act, omission or default by any of the other Underwriters or another Underwriter's U.S. Affiliate, as the case may be, or for any default resulting from the Corporation's failure to comply with Applicable Securities Laws.

Section 11 Closing

- (1) *Location of Closing.* The purchase and sale of the Purchased Debentures will be completed at the offices of Bennett Jones LLP in Toronto, Ontario at the Time of Closing on the Closing Date.
- (2) *Certificates.* At the Time of Closing on the Closing Date, subject to the terms and conditions contained in this Underwriting Agreement, Argonaut shall deliver to the Underwriters a certificate or certificates representing the Purchased Debentures against payment of the Offer Price set out in this Underwriting Agreement by wire transfer on the Closing Date payable to Argonaut or if requested, utilize the non-certificated inventory system of CDS Clearing and Depository Service Inc. (the "**NCI System**"). Argonaut will, at the Time of Closing on the Closing Date and upon such payment of the aggregate Offer Price to Argonaut, make payment in full of the Underwriting Fee which shall be made by Argonaut directing the Underwriters to withhold the Underwriting Fee from the payment of the aggregate Offer Price. Certificates representing the Offered Debentures, if any, shall be registered in such names as the Underwriters may request provided such request is made two (2) Business Days prior to each Closing Date.

Section 12 Over-Allotment Option

- (1) The Corporation hereby grants to the Underwriters, in the respective percentages set out in Section 18 of this Underwriting Agreement, the Over-Allotment Option to purchase the Over-Allotment Debentures at the Offer Price per Over-Allotment Debenture. The Over-Allotment Option may be exercised in whole or in part and from time to time prior to its expiry in accordance with the provisions of this Underwriting Agreement by BMO, on behalf of the Underwriters, by delivering to the Corporation written notice of exercise, setting out the number of Over-Allotment Debentures to be purchased by the Underwriters, which notice must be received by the Corporation not later than 5:00 p.m. (Toronto time) on the date that is thirty (30) days after the Closing Date. Upon the furnishing of the notice, the Underwriters will severally (and not jointly, nor jointly and severally) be committed to purchase the Over-Allotment Debentures in the respective percentages set out in Section 18 of this Underwriting Agreement and the Corporation will be committed to issue and sell in accordance with and subject to the provisions of this Underwriting Agreement, the number of Over-Allotment Debentures indicated in the notice. Over-Allotment Debentures may be purchased by the Underwriters only for the purpose of satisfying over-allotments made in connection with the distribution of the Purchased Debentures and for market stabilization purposes permitted pursuant to Canadian Securities Laws.
- (2) In the event that the Over-Allotment Option is exercised by the Underwriters and any of the Over-Allotment Debentures are purchased by the Underwriters, the closing shall take place at the offices mentioned in Section 11 above, or at such other place as shall be agreed upon by the Underwriters and the Corporation, on each Over-Allotment Closing Date.

- (3) At the Time of Closing on an Over-Allotment Closing Date, if any, for the exercise of the Over-Allotment Option, subject to the terms and conditions contained in this Underwriting Agreement, the Corporation shall deliver to the Underwriters a certificate or certificates representing Over-Allotment Debentures against payment of the aggregate Offer Price by wire transfer on such Over-Allotment Closing Date payable to Argonaut or if requested, utilize the NCI System. Argonaut will, at the Time of Closing on such Over-Allotment Closing Date, and upon such payment of the aggregate Offer Price to Argonaut, make payment in full of the Underwriting Fee which shall be made by Argonaut directing the Underwriters to withhold the Underwriting Fee from the payment of the aggregate Offer Price. Certificates representing the Over-Allotment Debentures, if any, shall be registered in such names as the Underwriters may request provided such request is made two (2) Business Days prior to an Over-Allotment Closing Date.
- (4) The closing of the Over-Allotment Option shall be conditional upon the conditions set forth in Section 6(10) through Section 6(17) being satisfied at the Time of Closing on the Over-Allotment Closing Date.
- (5) In the event that that the Over-Allotment Option is exercised by the Underwriters and Over-Allotment Debentures are issued on or prior to November 29, 2020, the Corporation agrees to make payment in respect of such Over-Allotment Debentures for any interest which may have accrued from the Closing Date to the applicable Over-Allotment Closing Date.

Section 13 Compensation of the Underwriters

In consideration of the Underwriters' services to be rendered in connection with the Offering, the Corporation shall pay to the Underwriters a fee (the "**Underwriting Fee**"), at the applicable Time of Closing, equal to 4.00% of the aggregate gross cash proceeds received from the sale of the Purchased Debentures (being US\$40.00 per Purchased Debenture) and, if applicable, the Over-Allotment Debentures.

Section 14 Termination Rights

- (1) It is understood that any Underwriter may waive in whole or in part, or extend the time for compliance with any of the terms and conditions in this Underwriting Agreement without prejudice to its rights in respect of any subsequent breach, provided that to be binding on an Underwriter any such waiver or extension must be in writing and executed by such Underwriter.
- (2) In addition to any other remedies which may be available to the Underwriters in respect of any default, act or failure to act, or non-compliance with the terms of this Underwriting Agreement by Argonaut, any Underwriter shall be entitled, at such Underwriter's option, to terminate and cancel, without any liability on such Underwriter's part, such Underwriter's obligations under this Underwriting Agreement to purchase the Purchased Debentures or the Over-Allotment Debentures if, at or at any time prior to the applicable Time of Closing:
 - (a) (i) except for any inquiry, action, suit, investigation or other proceeding based solely upon the activities of the Underwriters in connection with the Offering, in relation to Argonaut, any inquiry, action, suit, investigation or other proceeding, whether formal or informal, is commenced, announced, or threatened or any order or ruling is issued by any exchange or market, or any other regulatory authority in Canada, the United States or Mexico; or (ii) any law or regulation under or pursuant to any statute of Canada or of any province thereof, or of the United States or Mexico or any state or territory thereof, is promulgated or changed which inquiry, action, suit, investigation, proceeding, order,

ruling, law or regulation, in the opinion of the Underwriters, acting reasonably, operates to prevent or materially restrict the distribution or trading of the Offered Debentures or which, in the opinion of the Underwriter, in its sole discretion, acting reasonably, would reasonably be expected to have a significant adverse effect on the market price or value of the Offered Debentures;

- (b) there is, a material change or a change in any material fact or a new material fact arises or is discovered that in the opinion of the Underwriter, in its sole discretion, acting reasonably, would be expected to have a significant adverse effect on the business, operations or capital of Argonaut, or a significant adverse effect on the market price or value of the Offered Debentures;
 - (c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, including, without limiting the generality of the foregoing, any natural catastrophe, act of war, civil insurrection, pandemic (including, without limitation, matters caused by, relating to or resulting from the COVID-19 pandemic, to the extent that there is any material adverse development related thereto, in such Underwriter's opinion, in its sole discretion, acting reasonably, after October 14, 2020, or any escalation thereof), terrorist action or similar event (whether or not in connection with such conflict or insurrection) or any governmental action, change of applicable law or regulation (or in the judicial interpretation thereof), inquiry or other occurrence of any nature whatsoever which, in such Underwriter's opinion, in its sole discretion, acting reasonably, seriously adversely effects the market price or value of the Offered Debentures, or will seriously adversely effect the financial markets or the business, operations or affairs of the Corporation and its Subsidiaries taken as a whole;
 - (d) Argonaut is in breach of any material term, condition or covenant of this Underwriting Agreement, or any representation or warranty given by Argonaut in this Underwriting Agreement becomes, is discovered to be (whether by due diligence of the Underwriters or otherwise) or is materially false, and such breach or such materially false representation is: (i) in the opinion of such Underwriter (acting reasonably) not capable of being cured prior to the Closing Date; (ii) would result in the failure of any condition precedent set out in Section 6 hereof; or (iii) has not been rectified to the satisfaction of the Underwriters (acting reasonably) within 24 hours of when such Underwriter provides notice to Argonaut of the same; or
 - (e) Argonaut is in breach of the requirements of Section 2(1) and Section 2(2).
- (3) The rights of termination contained in this section may be exercised by any Underwriter giving written notice thereof to the Corporation and the other Underwriters at any time prior to the applicable Time of Closing and are in addition to any other rights or remedies the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Underwriting Agreement or otherwise. In the event of any such termination, there shall be no further liability or obligation on the part of such Underwriter to the Corporation or on the part of the Corporation to the Underwriter except in respect of any liability or obligation under any of Section 15, Section 16 and Section 17, which will remain in full force and effect.

Section 15 Indemnity

- (1) Argonaut covenants and agrees to protect, indemnify, and save harmless, each of the Underwriters and their respective U.S. Affiliates, and each of their respective directors, officers, employees, affiliates and agents and each Person, if any, who controls any Underwriter or its U.S. Affiliate (individually, an “**Indemnified Party**” and collectively, the “**Indemnified Parties**”), against all losses (other than loss of profits), claims, suits, demands, liabilities, costs, damages, or expenses caused or incurred, whether directly or indirectly, by reason of:
- (a) any of the Offering Documents, or any certificate of Argonaut delivered hereunder, containing, or being alleged to contain, a misrepresentation (as defined herein) or any misstatement of a material fact or any omission or alleged omission to state in the Offering Documents any material fact (except for any information and statements relating solely to the Underwriters and furnished by them specifically for use in the Offering Documents) required to be stated in the Offering Documents for such Offering Documents to contain full, true and plain disclosure of all material facts as required by Canadian Securities Laws or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;
 - (b) any order made, or inquiry, action, suit, investigation or proceeding commenced or threatened by any court, securities regulatory authority, stock exchange or other competent authority or any change of law or the interpretation or administration thereof based upon any misrepresentation, untrue statement or omission or any alleged misrepresentation, untrue statement or omission in the Offering Documents (except for information and statements relating solely to the Underwriters and furnished by them specifically for use in such documents) that operates or prevents or restricts the trading in any of Argonaut’s securities or the distribution of any of the Offered Debentures in any of the Offering Jurisdictions;
 - (c) Argonaut not complying, or alleged to have not complied, with any Applicable Securities Laws or stock exchange requirements in connection with the transactions herein contemplated including Argonaut’s non-compliance or alleged non-compliance with any statutory requirement to make any document available for inspection or to file or deliver any such document with or to a securities regulatory authority; or
 - (d) any breach of or default under a representation, warranty, covenant or agreement of Argonaut contained in this Underwriting Agreement or any other document delivered pursuant to this Underwriting Agreement or under Applicable Securities Laws, or the failure of Argonaut to comply with any of its obligations under this Underwriting Agreement or under Applicable Securities Laws,

provided that, if and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made determines that such losses, claims, damages, suits, liabilities, costs or expenses resulted from the fraud, gross negligence, or wilful misconduct of the Indemnified Party claiming indemnity, such Indemnified Party shall promptly reimburse to the Corporation any funds advanced to the Indemnified Party in respect of such losses, claims, damages, suits, liabilities, costs or expenses and the indemnity provided for in this Section 15 shall cease to apply to such Indemnified Party in respect of such losses, claims, damages, suits, liabilities, costs or expenses; provided that for greater certainty, the foregoing shall not disentitle an Underwriter from indemnification hereunder to the extent that gross negligence, if any, relates to the Underwriter’s failure to conduct adequate “due diligence”.

- (2) If any Indemnified Party receives notice of any formal proceeding commenced against it in a court of competent jurisdiction in respect of which indemnification is or might reasonably be considered to be provided under any of Section 15(1), such Indemnified Party will notify the indemnifying party (the “**Indemnifier**”) as soon as possible of the nature of such claim (provided that the omission to so notify the Indemnifier will not relieve the Indemnifier of any liability that it may otherwise have to the Indemnified Party hereunder, except and only to the extent the Indemnifier is materially prejudiced by such omission) and the Indemnifier shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim; provided, however, that the defence shall be through legal counsel reasonably acceptable to such Indemnified Party and that no settlement may be made by the Indemnifier or such Indemnified Party without the prior written consent of the other, such consent not to be unreasonably withheld.
- (3) In any such claim, such Indemnified Party shall have the right to retain other legal counsel to act on such Indemnified Party’s behalf, provided that the reasonable fees and disbursements of such other legal counsel shall be paid by such Indemnified Party, unless: (i) the Indemnifier fails to assume the defence of such suit on behalf of the Indemnified Party within ten (10) Business Days of receiving actual notice of such suit or having assumed such defense, fails to pursue it; (ii) the employment of such counsel has been authorized by the Indemnifier; or (iii) the named parties to any such suit (including any added or third parties) include both the Indemnified Party and the Indemnifier, and the Indemnified Party has been advised in writing by counsel that there may be one or more legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnifier or the Indemnified Party is advised by counsel that there is an actual or potential conflict between the interests of the Indemnified Party and the Indemnifier (in each of which cases the Indemnifier shall not have the right to assume the defence of such suit on behalf of the Indemnified Party), in any of which circumstances the Indemnified Party shall be required to keep the Indemnifier apprised of the developments of the claim (except in the case where there is actual or potential conflict), including providing copies of any material documents related thereto to the Indemnifier, and the Indemnifier shall be liable to pay the reasonable fees and expenses of the counsel for the Indemnified Party, provided that in no circumstances will the Indemnifier be required to pay the fees and expenses of more than one set of legal counsel for all the Indemnified Parties.
- (4) To the extent that any Indemnified Party is not a party to this Underwriting Agreement, the Underwriters shall obtain and hold the right and benefit of this section in trust for and on behalf of such Indemnified Party.
- (5) The Indemnifier hereby consents to personal jurisdiction in any court in which any claim that is subject to indemnification hereunder is brought against the Underwriters or any Indemnified Party and to the assignment of the benefit of this section to any Indemnified Party for the purpose of enforcement provided that nothing herein shall limit the Indemnifier’s right or ability to contest the appropriate jurisdiction or forum for the determination of any such claims.
- (6) Except as contemplated in this section, no Indemnifier shall be liable under this section for any settlement of any claim or action effected without its prior written consent, which shall not be unreasonably withheld.

Section 16 Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnity provided in Section 15 would otherwise be available in accordance with its terms but is, for any reason not attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable

by an Indemnified Party or is insufficient to hold the Indemnified Party harmless, the Corporation shall contribute to the amount paid or payable (or, if such indemnity is unavailable only in respect of a portion of the amount so paid or payable, such portion of the amount so paid or payable) by such Indemnified Party as a result of such liabilities, claims, suits, demands, losses, costs, damages and expenses:

- (a) in such proportion as is appropriate to reflect the relative benefits received by the Corporation on the one hand and the Underwriters on the other from the offering of the Offered Debentures and Over-Allotment Debentures, if any; or
- (b) if the allocation provided by clause (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) above but also the relative fault of the Corporation on the one hand and the Underwriters on the other hand in connection with the matters or things referred to in which resulted in such liabilities, claims, suits, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations,

provided that the Underwriters shall not in any event be liable to contribute, in the aggregate, any amount in excess of the Underwriting Fee or any portion thereof actually received.

The relative benefits received by the Corporation on the one hand and the Underwriters on the other shall be deemed to be in the same ratio as the total proceeds from the offering of the Offered Debentures and Over-Allotment Debentures, if any, (net of the Underwriting Fee payable to the Underwriters but before deducting expenses) received by the Corporation is to the Underwriting Fee received by the Underwriters. Notwithstanding the foregoing, a Person guilty of fraud, gross negligence or willful misconduct shall not be entitled to contribution from any other party.

The relative fault of the Corporation on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the matters or things referred to in Section 15 which resulted in such liabilities, claims, suits, demands, losses, costs, damages and expenses relate to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Corporation or to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Underwriters and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or misrepresentation, or other matter or thing referred to in Section 15. The amount paid or payable by an Indemnified Party as a result of the liabilities, claims, suits, demands, losses, costs, damages and expenses referred to above shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such liabilities, claims, suits, demands, losses, costs, damages and expenses, whether or not resulting in an action, suit, proceeding or claim.

The parties agree that it would not be just and equitable if contribution pursuant to this Section 16 were determined by any method of allocation which does not take into account the equitable considerations referred to in this section.

Section 17 Expenses

Whether or not the Offering is completed, the Corporation will be responsible for all of its expenses incurred in relation to the Offering, including the fees and disbursements of its legal counsel, the fees and disbursements of the Auditor and technical consultants, Prospectus filing fees, stock exchange listing fees and printing costs.

For greater certainty, the Corporation will not be responsible for the fees and disbursements of the Underwriters' counsel or the "out-of-pocket" costs of the Underwriters. However, if the Offering is

not completed due to any failure on the part of the Corporation to comply with the terms and conditions of this Underwriting Agreement, the Corporation will reimburse the Underwriters for all such costs and expenses of the Underwriters and its counsel.

Section 18 Liability of the Underwriters

- (1) The obligation of the Underwriters to purchase the Purchased Debentures (or the Over-Allotment Debentures, if the Over-Allotment Option is exercised) at the Time of Closing shall be several, and not joint, nor joint and several, and shall be as to the following percentages of the Purchased Debentures (or the Over-Allotment Debentures as applicable) to be purchased at any such time:

BMO Nesbitt Burns Inc.	50.0%
Scotia Capital Inc.	50.0%
	100.0%

- (2) If one of the Underwriters fails to purchase its applicable percentage of the aggregate amount of the Purchased Debentures (or the Over-Allotment Debentures if the Over-Allotment Option is exercised) at the Time of Closing, the other Underwriters shall have the right, but shall not be obligated, to purchase, all but not less than all, of the applicable Purchased Debentures (or the Over-Allotment Debentures if the Over-Allotment Option is exercised) which would otherwise have been purchased by the Underwriter that failed to purchase. If, with respect to any such securities, any non-defaulting Underwriter elects not to exercise such right so as to assume the entire obligation of the defaulting Underwriter (the Offered Debentures in respect of which the defaulting Underwriter(s) fail to purchase and the non-defaulting Underwriters do not elect to purchase being hereinafter called the “**Defaulted Debentures**”) and the number of Defaulted Debentures exceeds 5% of the number of Purchased Debentures (or the Over-Allotment Debentures) to be purchased hereunder, then (i) each Underwriter shall have the several right to terminate its obligation hereunder to purchase the Offered Debentures required to be purchased by it and without any liability to Argonaut, and (ii) Argonaut shall have the right to either (A) proceed with the sale of the applicable Offered Debentures (less the Defaulted Debentures) to the non-defaulting Underwriters (other than those Underwriters who terminated under (i) above), or (B) terminate its respective obligations hereunder without liability to the non-defaulting Underwriters except under Section 15, Section 16, and Section 17.

Section 19 Action by Underwriters

All steps which must or may be taken by the Underwriters in connection with this Underwriting Agreement, with the exception of: (a) the matters relating to termination contemplated by Section 14; (b) settlement of any indemnity claim contemplated by Section 15; and (c) waiver of a condition of closing as contemplated by Section 6, shall be taken by BMO, on behalf of itself and the other Underwriters, and the execution of this Underwriting Agreement shall constitute Argonaut’s authority for accepting notification of any such steps from, and for delivering the definitive certificates or electronic deposit representing the Offered Debentures to, or to the account of, BMO. Notwithstanding anything to the contrary herein, the obligations of the Underwriters to Argonaut are several, and not joint, nor joint and several. In all cases, BMO shall use its commercially reasonable efforts to consult with the other Underwriters prior to taking any action on their behalf, and shall in any event advise the Underwriters of steps taken on their behalf.

Section 20 Governing Law

This Underwriting Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 21 Survival of Warranties, Representations, Covenants and Agreements

Except as expressly provided for in this Underwriting Agreement, all warranties, representations, covenants and agreements of Argonaut and the Underwriters herein contained, or contained in documents submitted or required to be submitted pursuant to this Underwriting Agreement, shall survive the purchase by the Underwriters of the Offered Debentures and shall continue in full force and effect, regardless of the closing of the sale of the Offered Debentures and regardless of any investigation which may be carried on by the Underwriters, or on their behalf, for a period of three years following the Closing Date. Without limitation of the foregoing, the provisions contained in this Underwriting Agreement in any way related to the indemnification or the contribution obligations shall survive and continue in full force and effect, indefinitely, subject only to the limitation requirements of applicable law.

Section 22 No Fiduciary Relationship

The Corporation hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the purchase and sale of the Offered Debentures. The Corporation further acknowledges that the Underwriters are acting pursuant to a contractual relationship created solely by this Underwriting Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Corporation, its management, shareholders or creditors or any other Person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the purchase and sale of the Offered Debentures, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Corporation, either in connection with the transactions contemplated by this Underwriting Agreement or any matters leading up to such transactions, and the Corporation hereby confirms its understanding and agreement to that effect. The Corporation and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Corporation regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Offered Debentures, do not constitute advice or recommendations to the Corporation. The Corporation hereby waives and releases, to the fullest extent permitted by law, any claims that the Corporation may have against the Underwriters with respect to any breach or alleged breach of any fiduciary or similar duty to the Corporation in connection with the transactions contemplated by this Underwriting Agreement or any matters leading up to such transactions.

Section 23 Notices

All notices or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by facsimile delivered or facsimile to such other party as follows:

(a) to Argonaut at:

Argonaut Gold Inc.
3400 One First Canadian Place
Toronto, Ontario
M5K 1A4

Attention: Peter C. Dougherty, President and Chief Executive Officer
Facsimile No.: (775) 284-4426

with a copy (which shall not constitute notice) to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario
M5X 1A4 Canada

Attention: Sander Grieve
Facsimile No.: (416) 863-1716

(b) to any of the Underwriters c/o BMO at:

BMO Nesbitt Burns Inc.
1 First Canadian Place, 4th Floor
100 King Street West
P.O. Box 150
Toronto, Ontario M5X 1H3

Attention: Ilan Bahar
Facsimile No.: (416) 359-4459

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Attention: Amanda Linett
Facsimile No.: (416) 947-0866

or at such other address or facsimile number as may be given by either of them to the other in writing from time to time and such notices or other communications shall be deemed to have been received when delivered or, if facsimile, on the next Business Day after such notice or other communication has been facsimile (with receipt confirmed).

Section 24 Counterpart Signature

This Underwriting Agreement may be executed in one or more counterparts (including counterparts by facsimile or PDF), which together shall constitute an original copy hereof as of the date first noted above.

Section 25 Time of the Essence

Time shall be of the essence in this Underwriting Agreement.

Section 26 Severability

If any provision of this Underwriting Agreement is determined to be void or unenforceable, in whole or in part, such void or unenforceable provision shall not affect or impair the validity of any other provision of this Underwriting Agreement and shall be severable from this Underwriting Agreement.

Section 27 Entire Agreement

This Underwriting Agreement constitutes the entire agreement among the Underwriters and Argonaut relating to the subject matter hereof.

Section 28 Acceptance

If this Underwriting Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by Argonaut, please communicate your acceptance by executing where indicated below and returning by facsimile or PDF one copy and returning by an originally executed copy to BMO.

[Remainder of page is intentionally blank.]

Yours very truly,

BMO NESBITT BURNS INC.

By: (signed) Ilan Bahar
Ilan Bahar
Managing Director, Co-Head Global Metals &
Mining

SCOTIA CAPITAL INC.

By: (signed) Geoff Smith
Geoff Smith
Managing Director

The foregoing accurately reflects the terms of the transaction that we are to enter into and such terms are agreed to.

ACCEPTED as of this 19th day of October, 2020.

ARGONAUT GOLD INC.

By: (signed) Peter Dougherty
Peter Dougherty
President & Chief Executive Officer

SCHEDULE "A"

UNITED STATES OFFERS AND SALES

As used in this Schedule "A", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the underwriting agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

"Directed Selling Efforts" means "directed selling efforts" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Debentures and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Offered Debentures;

"Foreign Issuer" shall have the meaning ascribed thereto in Regulation S;

"General Solicitation" or **"General Advertising"** means "general solicitation" or "general advertising", as used in Rule 502(c) under the U.S. Securities Act, including, without limitation, any advertisements, articles, notices or other communications published on the internet or in any newspaper, magazine or similar media or broadcast over radio, television, or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

"Offshore Transaction" means an "offshore transaction" as that term is defined in Regulation S;

"Regulation S" means Regulation S adopted by the SEC under the U.S. Securities Act; and

"SEC" means the United States Securities and Exchange Commission.

Representations, Warranties and Covenants of the Underwriters

Each Underwriter, on behalf of itself and its U.S. Affiliate, if any, represents, warrants and covenants to the Corporation that:

- (1) It acknowledges that the Offered Debentures have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the U.S. Securities Act available under Rule 144A and in reliance upon exemptions under applicable state securities laws.
- (2) In accordance with paragraph (5) below, it has only offered and sold and will only offer and sell the Offered Debentures in the United States to Persons it reasonably believes are Qualified Institutional Buyers pursuant to Rule 144A and in compliance with applicable state securities law. Except as set forth in the preceding sentence, the Underwriter has not made and will not make any offer to sell or solicitation of an offer to buy any of the Offered Debentures unless such offer or sale of the Offered Debentures was made in an Offshore Transaction.
- (3) It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Debentures, except with its U.S. Affiliate, any Selling Firm or with the prior written consent of the Corporation. It shall require its U.S. Affiliate and each Selling Firm to agree, for the benefit of the Corporation, to comply with, and shall cause its U.S. Affiliate and use

its reasonable best efforts to ensure that each Selling Firm complies with, the same provisions of this Schedule as apply to such Underwriter as if such U.S. Affiliate and Selling Firm was a party to this Underwriting Agreement.

- (4) Neither such Underwriter nor its U.S. Affiliate, nor any persons acting on its or their behalf, has engaged or will engage in any Directed Selling Efforts.
- (5) Except as permitted by Rule 15a-6 under the U.S. Exchange Act, all offers and sales of Offered Debentures in the United States have been and shall be made through the Underwriter's U.S. Affiliate in compliance with all applicable U.S. federal and state broker-dealer requirements. Such U.S. Affiliate is and will be, on the date of each offer or sale of Offered Debentures in the United States, duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and under the laws of each state where such offers and sales are made (unless exempted from such state's registration requirements) and a member in good standing with the Financial Industry Regulatory Authority, Inc.
- (6) Offers and sales of Offered Debentures in the United States by the Underwriter or its U.S. Affiliate have not been and shall not be made by any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.
- (7) All purchasers of the Offered Debentures who are in the United States or who were offered Offered Debentures in the United States ("**U.S. Purchasers**") shall be informed that the Offered Debentures have not been and will not be registered under the U.S. Securities Act and are being sold to them in reliance on Rule 144A and in reliance upon similar exemptions from regulations under applicable state securities laws.
- (8) It will ensure that each Person in the United States that was offered Offered Debentures by it or its U.S. Affiliate has been or shall be provided with the U.S. 144A Memorandum including the Preliminary Prospectus and/or the Final Prospectus, as applicable. It will ensure that each U.S. Purchaser purchasing Offered Debentures from it, through its U.S. Affiliate, shall (i) be provided, prior to the applicable Time of Closing, with the U.S. 144A Memorandum including the Final Prospectus; and (ii) execute and deliver to the Underwriters and the Corporation a Qualified Institutional Buyer investment letter substantially in the form attached as Exhibit A to the U.S. 144A Memorandum.
- (9) Its U.S. Affiliate selling the Offered Debentures in the United States is a Qualified Institutional Buyer.
- (10) Prior to each Time of Closing, it will provide the Corporation and its transfer agent with a list of all U.S. Purchasers purchasing the Offered Debentures from its U.S. Affiliate.
- (11) At each Time of Closing, the Underwriter, together with its U.S. Affiliate selling Offered Debentures in the United States, will provide a certificate, substantially in the form of Exhibit A to this Schedule relating to the manner of the offer and sale of the Offered Debentures in the United States or will be deemed to have represented that none of it, its affiliates or any person acting on its or their behalf has offered or sold Offered Debentures in the United States.

Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants, covenants and agrees to and with the Underwriters that:

- (1) (a) The Corporation is, and at each Time of Closing will be, a Foreign Issuer; (b) the Corporation is not now, and as a result of the offer and sale of Offered Debentures contemplated hereby will not be, required to be registered as an “investment company” under the United States Investment Company Act of 1940, as amended; (c) none of the Corporation, any of its affiliates, or any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to which no representation, warranty, covenant or agreement is made), has engaged or will engage in any Directed Selling Efforts or has taken or will take any action (including the sale of securities into the United States) that would cause the exemptions afforded by Rule 144A or Regulation S under the U.S. Securities Act to be unavailable for offers and sales of the Offered Debentures pursuant to this Underwriting Agreement and (d) none of the Corporation, any of its affiliates, or any person acting on its or their behalf (other than the Underwriters, their affiliates or any person acting on their behalf, as to which no representation, warranty, covenant or agreement is made) has engaged or will engage in any form of General Solicitation or General Advertising in connection with the offer or sale of the Offered Debentures in the United States or has otherwise acted in a manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with the offer or sale of the Offered Debentures in the United States.
- (2) The Corporation reasonably believes that there is no “substantial U.S. market interest” with respect to the Offered Debentures or its common shares or any other class of its equity securities, as such term is defined in Regulation S of the U.S. Securities Act.
- (3) None of the Corporation, its affiliates or any persons acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to which no representation, warranty, covenant or agreement is made) has offered or sold, or will offer or sell, any of the Offered Debentures in the United States except for offers and sales made through the Underwriters and their U.S. Affiliates in compliance with this Schedule.
- (4) None of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to which no representation, warranty, covenant or agreement is made) has taken or will take any action that would cause the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A to become unavailable with respect to the offer and sale of the Offered Debentures in the United States or which would cause the exclusion from such registration requirements set forth in Rule 903 of Regulation S to become unavailable with respect to the offer and sale of the Offered Debentures outside the United States.
- (5) The Offered Debentures are not, and as of each Time of Closing will not be, and no securities of the same class as the Offered Debentures are or will be (a) listed on a national securities exchange registered under Section 6 of the U.S. Exchange Act, (b) quoted in a “U.S. automated inter-dealer quotation system,” as such term is used in Rule 144A, or (c) convertible or exchangeable into or exercisable for securities so listed or quoted at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) of less than 10%.

Exhibit A

UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States of the convertible senior unsecured debentures (the “**Purchased Debentures**”) of Argonaut Gold Inc. (the “**Corporation**”) pursuant to the underwriting agreement dated as of October 19, 2020 among the Corporation and the Underwriters named therein (the “Underwriting Agreement”), each of the undersigned does hereby certify as follows:

I. [Name of U.S. broker-dealer Affiliate] is on the date hereof, and was on the date of each offer and sale of the Purchased Debentures made by it in the United States, a duly registered broker or dealer under the United States Securities and Exchange Act of 1934, as amended, and the securities laws of each state in which an offer or sale of Purchased Debentures was made (unless exempted from the respective state’s broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc., and all offers and sales of Purchased Debentures in the United States by or through [Name of U.S. broker-dealer Affiliate] have been and will be effected in accordance with all U.S. federal and state broker-dealer requirements;

II. Each offeree of Purchased Debentures in the United States was provided with a copy of one or both of the U.S. 144A Memorandum, including the Preliminary Prospectus, and/or the U.S. 144A Memorandum, including the Final Prospectus, and each U.S. Purchaser (a) was provided, prior to the Time of Closing, with a copy of the U.S. 144A Memorandum, including the Final Prospectus, and no other written material was used in connection with the offer and sale of the Purchased Debentures in the United States, and (b) executed and delivered to the Underwriters and the Corporation a Qualified Institutional Buyer Investment Letter substantially in the form attached as Exhibit A to the U.S. 144A Memorandum;

III. Immediately prior to our soliciting such offerees, we had reasonable grounds to believe and did believe that each offeree was, and continue to believe that each U.S. Purchaser purchasing Purchased Debentures from us is, a “qualified institutional buyer”, as defined in Rule 144A under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”);

IV. No form of “general solicitation” or “general advertising” (as those terms are used in Rule 502(c) of Regulation D under the U.S. Securities Act) or “directed selling efforts” (as such term is defined in Rule 902(c) of Regulation S under the U.S. Securities Act) was used by us in connection with the offer or sale of the Purchased Debentures in the United States; and

V. The offering of the Purchased Debentures in the United States has been conducted by us in accordance with the terms of the Underwriting Agreement, including Schedule “A” hereto.

Unless otherwise defined, terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule “A” hereto.

[Signature page follows]

Dated this _____ day of _____, 2020.

[UNDERWRITER]

By: _____
Authorized Signing Officer

[U.S. BROKER-DEALER AFFILIATE]

By: _____
Authorized Signing Officer

SCHEDULE "B"

REPRESENTATIONS AND WARRANTIES OF ARGONAUT

General Matters

- (a) (A) the Corporation (i) has been duly organized and is validly existing under the laws of the province of Ontario and is in good standing under the Act; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own or lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to create, issue and sell the Offered Debentures and to enter into and carry out its obligations under this Underwriting Agreement and the Debenture Indenture; and (B) each of the Subsidiaries (i) has been duly organized and is validly existing under the laws of the jurisdiction of its organization and is up-to-date in respect of all material corporate filings; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own or lease and operate its properties and assets;
- (b) no proceedings have been taken, instituted or, to the knowledge of the Corporation, are pending for the dissolution or liquidation of the Corporation or any of the Subsidiaries;
- (c) each of the Corporation and the Subsidiaries is, in all material respects, conducting its business in compliance with all applicable laws, rules and regulations (including all material applicable federal, provincial, municipal, and local laws, regulations and other lawful requirements of any governmental or regulatory body) of each jurisdiction in which its business is carried on and is licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business to enable its business to be carried on as now conducted and its property and assets to be owned or leased and operated and all such licences, registrations and qualifications are valid, subsisting and in good standing and it has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would reasonably be expected to result in a Material Adverse Effect in respect of the Corporation and the Subsidiaries, taken as a whole;
- (d) the execution and delivery of this Underwriting Agreement and the Debenture Indenture and the performance of the transactions contemplated hereby and thereby have been authorized by all necessary corporate action of the Corporation and upon the execution and delivery thereof, this Underwriting Agreement and the Debenture Indenture shall constitute valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with its terms, provided that enforcement thereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction, that the provisions relating to indemnity, contribution and waiver of contribution may be unenforceable and that enforceability is subject to the provisions of the *Limitations Act*, 2002 (Ontario);
- (e) all consents, approvals, permits, authorizations or filings as may be required under Applicable Securities Laws necessary for the execution and delivery of this Underwriting Agreement and the Debenture Indenture and the valid sale and delivery of the Offered Debentures have been made or obtained or will be obtained prior to the Closing Date, as applicable, other than post-closing filings required to be made to the TSX relating to the Standard Listing Conditions;

- (f) the execution and delivery of this Underwriting Agreement and the Debenture Indenture by the Corporation, the performance by the Corporation of its obligations hereunder and thereunder (including the issue and sale of the Offered Debentures) and the consummation of the transactions contemplated hereby and thereby do not and will not conflict with or result in a breach or violation of any of the terms of or provisions of, or constitute a default under (whether after notice or lapse of time or both), and the Corporation is not currently in breach or default of, (A) any statute, rule or regulation applicable to the Corporation; (B) the constating documents or resolutions of the Corporation which are in effect at the date of hereof; (C) any Debt Instrument or Material Agreement; or (D) any judgment, decree or order binding the Corporation, the Subsidiaries or the properties or assets thereof, except where such breach, violation or default would not reasonably be expected to result in a Material Adverse Effect in respect of the Corporation and the Subsidiaries, taken as a whole;
- (g) the Offered Debentures to be issued and sold as described in this Underwriting Agreement and the Offering Documents have been, or prior to the Time of Closing, will be validly authorized for issuance and upon their issuance and delivery against payment in full of the aggregate Offering Price, will be validly issued as fully paid and non-assessable common shares;
- (h) as at the Closing Time, the Underlying Shares will be duly and validly authorized for issuance on the conversion, redemption or maturity of the Offered Debentures, in accordance with the Debenture Indenture;
- (i) the authorized and issued capital of the Corporation and the Subsidiaries conform to the description thereof contained in the Offering Documents;
- (j) the attributes of the Debentures and the Underlying Shares are consistent in all material respects with the description thereof contained or referred to in the Prospectuses and the Debenture Indenture;
- (k) except for possible changes to the Nevada net proceeds tax, the Corporation is not aware of any legislation, or proposed legislation published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Corporation;
- (l) the currently issued and outstanding common shares are listed and posted for trading on the TSX and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the sale of the Offered Debentures or the trading of any of the Corporation's issued securities has been issued and, to the knowledge of the Corporation, no proceedings for such purpose have been threatened or are pending;
- (m) the Corporation has not taken any action which would be reasonably expected to result in the delisting or suspension of the common shares on or from the TSX and the Corporation is currently in compliance, in all material respects, with the rules and regulations of the TSX;
- (n) except as mandated by or in conformity with the recommendations of a Governmental Authority, there has been no closure or suspension of operations at the Material Properties or reduction in workforce productivity of the Corporation or its Subsidiaries as a result of the COVID-19 pandemic. The Corporation and the Subsidiaries have been monitoring the COVID-19 pandemic and the present and potential impacts at all of its

operations and has put appropriate control measures, limitations, restrictions and procedures in place to ensure the wellness of all of its employees and surrounding communities where the Corporation and its Subsidiaries operate while continuing to operate;

- (o) other than as disclosed in the Offering Documents, no person now has any agreement or option or right or privilege (whether at law, preemptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Corporation or the Subsidiaries and the number of common shares reserved for issue pursuant to outstanding options, warrants, share incentive plans, convertible, exercisable and exchangeable securities and other rights to acquire common shares conform to the description thereof in the Offering Documents;
- (p) since December 31, 2019, other than as disclosed in the Offering Documents:
 - (i) there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Corporation or the Subsidiaries on a consolidated basis;
 - (ii) there has not been any material change in the capital stock or long-term debt of the Corporation and the Subsidiaries on a consolidated basis; and
 - (iii) the Corporation and the Subsidiaries have carried on their businesses in the ordinary course;
- (q) the Corporate Financial Information, presents fairly, in all material respects, the financial condition of the Corporation, on a consolidated basis, for the periods referred to therein and have been prepared in accordance with IFRS;
- (r) there are no material off-balance sheet transactions, arrangements or obligations (including contingent obligations) of the Corporation or other persons that would reasonably be expected to result in a Material Adverse Effect in respect of the Corporation and the Subsidiaries, taken as a whole;
- (s) to the knowledge of the Corporation, the representations and warranties of Alio Gold Inc. in the Arrangement Agreement are true and correct in all material respects, subject to the same exceptions and qualifications as set out therein (including as disclosed in the disclosure letter of Alio Gold Inc. delivered in connection with the Arrangement Agreement), as of the date hereof;
- (t) other than as disclosed to the Underwriters in writing, there are no actions, proceedings or investigations (whether or not purportedly by or on behalf of the Corporation) commenced or, to the knowledge of the Corporation, threatened or pending against the Corporation or the Subsidiaries at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign, that would reasonably be expected to result in an adverse material change in respect of the Corporation and the Subsidiaries, taken as a whole;

- (u) the Corporation is a “reporting issuer”, not included in a list of defaulting reporting issuers maintained by the Securities Commissions in the Provinces of Ontario, British Columbia and Alberta and, without limiting the foregoing, the Corporation has at all times complied, in all material respects, with its obligations to make timely disclosure of all material changes relating to it and there is no material change relating to the Corporation which has occurred and with respect to which the requisite news release has not been disseminated or material change report has not been filed with such Securities Commissions (except a material change report in respect of the offer and sale of Offered Debentures hereunder);
- (v) all material filings and fees required to be made and paid by the Corporation pursuant to Applicable Securities Laws and general corporate law have been made and paid and the information and statements set forth in the material incorporated by reference in the Offering Documents were accurate in all material respects and did not contain any misrepresentation as of the date of such information or statement, and the Corporation has not filed any confidential material change report with any Securities Commissions that is still maintained on a confidential basis;
- (w) the Auditor is independent public accountants as required by Canadian Securities Laws;
- (x) there has not been any “reportable event” (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the Auditor or any former auditor of the Corporation;
- (y) the Corporation is not party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Corporation to compete in any line of business, transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of the Corporation;
- (z) other than the Corporation or as otherwise contemplated herein, there is no Person that is or will be entitled to the proceeds of the Offering under the terms of any Debt Instrument, Material Agreement, or other instrument or document (written or unwritten);
- (aa) the Corporation is not party to any agreement, nor is the Corporation aware of any agreement, which in any manner affects the voting control of any of the securities of the Corporation or the Subsidiaries;
- (bb) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto, including any penalty and interest payable with respect thereto due and payable by the Corporation and the Subsidiaries, have been paid except where the failure to pay such taxes would not reasonably be expected to result in Material Adverse Effect in respect of the Corporation and the Subsidiaries, taken as a whole. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiaries have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings did not contain a misrepresentation as at the respective dates thereof except where the failure to file such documents or such misrepresentation would not reasonably be expected to result in a Material Adverse Effect in respect of the Corporation and the Subsidiaries, taken as a

whole. To the knowledge of the Corporation, no examination of any tax return of the Corporation or the Subsidiaries is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Corporation or the Subsidiaries, in any case, except where such examinations, issues or disputes would not reasonably be expected to result in a Material Adverse Effect in respect of the Corporation and the Subsidiaries, taken as a whole;

- (cc) none of the Corporation or the Subsidiaries, nor, to the Corporation's knowledge, any other person, is in default in any material respect in the observance or performance of any term, covenant or obligation to be performed by the Corporation or a Subsidiary or such other person under any Debt Instrument or Material Agreement, and no event has occurred which with notice or lapse of time or both would constitute such a default by the Corporation or a Subsidiary or, to the Corporation's knowledge, any other party, except where such default or event would not reasonably be expected to result in an adverse material change in respect of the Corporation and the Subsidiaries, taken as a whole;
- (dd) the Transfer Agent at its principal transfer office in the City of Toronto, Ontario has been duly appointed as the registrar and transfer agent in Canada in respect of the common shares;
- (ee) prior to the Closing Date, the Debenture Trustee at its principal transfer office in the City of Toronto, Ontario will have been duly appointed as the debenture trustee in respect of the Offered Debentures;
- (ff) except as disclosed in the Offering Documents, none of the directors, officers or employees of the Corporation, any known holder of more than 10% of any class of shares of the Corporation, or any known associate or affiliate of any of the foregoing persons or companies, has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction with the Corporation or the Subsidiaries which, as the case may be, materially affected, is material to or will materially affect the Corporation and the Subsidiaries, taken as a whole;
- (gg) other than the Underwriters (or any of the Selling Firms) pursuant to this Underwriting Agreement or as otherwise contemplated herein, there is no person acting or purporting to act at the request of the Corporation who is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the transactions contemplated herein;
- (hh) except as disclosed in the Offering Documents, none of the Corporation or the Subsidiaries have any material loans or other material indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with them other than for the reimbursement of ordinary course business expenses;
- (ii) the assets of the Corporation and the Subsidiaries and their respective businesses and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and the Corporation has not failed to promptly give any notice or present any material claim thereunder;

- (jj) with respect to each of the Leased Premises, the Corporation or a Subsidiary, as applicable, occupies the Leased Premises and has the right to occupy and use the Leased Premises, subject to the terms of the respective leases, and each of the leases pursuant to which the Corporation or a Subsidiary, as applicable, occupies the Leased Premises is in good standing and in full force and effect;
- (kk) all information that has been prepared by the Corporation relating to the Corporation and its business, property and liabilities and provided to the Underwriters, and that may be provided to the Underwriters prior to the Time of Closing, including all financial, marketing, technical and operational information, was, and will be, as of the date of such information, true and correct in all material respects, and no fact or facts have or will be omitted therefrom which would make such information misleading in any material respect;
- (ll) if required under the Canadian Securities Laws, all of the Material Agreements have been disclosed in the Offering Documents and have or will be filed with the Securities Commissions. Neither the Corporation nor the Subsidiaries has received any notification from any party that it intends to terminate any such Material Agreement;
- (mm) no Securities Commission, stock exchange or comparable authority has issued any order preventing or suspending the use or effectiveness of the Offering Documents or preventing the distribution of the Offered Debentures, if any, in any Qualifying Jurisdiction, nor instituted proceedings for that purpose and, to the knowledge of the Corporation, no such proceedings are pending or contemplated;
- (nn) the form and terms of the certificate for the common shares have been approved and adopted by the board of directors of the Corporation, and comply with the provisions of the constating documents of the Corporation, the Act and the rules of the TSX;
- (oo) the statements set out in the Offering Documents under the heading "Notice to Investors – Forward-Looking Information" has been prepared and disclosed in material compliance with Parts 4A and 4B of National Instrument 51-102 – *Continuous Disclosure Obligations*. The Corporation has no reason to believe that the actual results forecast or projected by such statements will not be achieved, and the Corporation does not expect to modify such forward looking statements in any materially adverse manner during the period of distribution of the Offered Debentures;
- (pp) none of the directors or officers of the Corporation are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular exchange;
- (qq) the Offered Debentures will be qualified investments under the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts;

Due Diligence Matters

- (rr) the minute books and records of the Corporation which the Corporation has made available to the Underwriters and their counsel, Stikeman Elliott LLP, in connection with

their due diligence investigation of the Corporation for the period requested to the date of examination thereof are all of the minute books of the Corporation, contain copies of all constating documents, including all amendments thereto, and all proceedings of securityholders and directors (and committees thereof) and are complete in all material respects;

Mining and Environmental Matters

- (ss) the Corporation or a Subsidiary is the registered or beneficial owner of the interests in the Material Properties as described in the Offering Documents and the Corporation or a Subsidiary holds either freehold title, leases, concessions, claims, licenses, options, permits, contractual rights or participating interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which a particular property is located in respect of the mineral rights located in the Material Properties in which the Corporation or a Subsidiary has an interest as described in the Offering Documents under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Corporation or a Subsidiary to explore for mineral deposits relating thereto, free and clear of any Liens and no material commission, royalty, licence fee or similar payment (other than mining duties, royalties or other payments which may be required to be paid to the government of Mexico or any agency in Mexico) to any Person (other than royalty or other payments which may become payable pursuant to applicable legislation in the jurisdiction in which the Material Properties are located) with respect to the Material Properties is payable other than as disclosed in the Offering Documents and no other material property rights (including access rights) are necessary for the conduct of the business of the Corporation as currently conducted; and the Corporation knows of no claim or basis for any claim that might or could adversely affect the right of the Corporation or a Subsidiary, any co-owner or any joint venture partner, in any material manner to use, transfer, access or otherwise explore such property rights;
- (tt) all material option agreements concerning mining interests to which the Corporation or a Subsidiary is a party or otherwise bound, are in good standing and there are no Liens registered or outstanding against the interests therein or the property related thereto, except in accordance with such option agreements and as set forth in the Offering Documents; all payment obligations thereunder have been met and, to the knowledge of the Corporation, the title to the property to which the option agreements relate are good and marketable and held by the titleholders who are parties to the respective option agreements;
- (uu) the Corporation or a Subsidiary holds either exploration permits or contractual interests or rights in exploration permits recognized in the jurisdiction in which the Material Properties are located under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Corporation or a Subsidiary to access the property and explore for the minerals relating thereto; all such exploration permits in which the Corporation has any interests or right have been, to the knowledge of the Corporation, validly registered in accordance with all applicable Laws, and are valid and subsisting; the Corporation or a Subsidiary has all necessary surface rights and access rights relating to the Material Properties in which the Corporation has an interest as described in the Offering Documents granting the Corporation or a Subsidiary the right and ability to access the property and explore for minerals as are appropriate in view of their respective rights and interests therein, with only such exceptions as do not materially interfere with the access and use by the

Corporation or a Subsidiary of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above are currently in good standing in the name of the Corporation or a Subsidiary;

- (vv) any and all of the agreements and other documents and instruments pursuant to which the Corporation or a Subsidiary holds its Material Properties and assets (including any option agreement or any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, none of the Corporation nor any of the Subsidiaries is in default of any of the material provisions of any such agreements, documents or instruments, nor to the knowledge of the Corporation has any such default been alleged, except in each case as would not reasonably be expected to have a Material Adverse Effect on the Corporation and the Subsidiaries, taken as a whole. None of the Material Properties (or any option agreement or any interest in, or right to earn an interest in, any property) of the Corporation are subject to any right of first refusal or purchase or acquisition rights;
- (ww) there are no material claims with respect to indigenous rights currently outstanding or, to the knowledge of the Corporation, threatened or pending, with respect to the Material Properties;
- (xx) the Corporation and each of the Subsidiaries is in compliance in all material respects with all Environmental Laws;
- (yy) the Corporation has obtained all Environmental Permits necessary as at the date hereof for the operation of the business carried by the Corporation or a Subsidiary, and each Environmental Permit is valid, subsisting and in good standing in all material respects and none of the Corporation nor any Subsidiary is in default or breach of any Environmental Permit in any material respect and no proceeding is outstanding or, to the knowledge of the Corporation, has been threatened or is pending to revoke or limit any Environmental Permit;
- (zz) neither the Corporation nor any Subsidiary has used, except in compliance in all material respects with all Environmental Laws and Environmental Permits, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any hazardous substance;
- (aaa) neither the Corporation nor any Subsidiary has received any notice of, or been prosecuted for, an offence alleging, non-compliance in any material respect with any Environmental Laws, and neither the corporation nor any Subsidiary has settled any allegation of material non-compliance short of prosecution. There are no orders or directions issued against the Corporation or any Subsidiary under Environmental Laws requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Corporation or a Subsidiary, nor has the Corporation or a Subsidiary received notice of any of the same;
- (bbb) there are no past unresolved or, to the Corporation's knowledge, any threatened or pending claims, complaints, notices or requests for information received by the Corporation or a Subsidiary with respect to any alleged material violation of any Environmental Laws which would reasonably be expected to result in an adverse

material change in respect of the Corporation and the Subsidiaries, taken as a whole; and no conditions exist at, on or under any property now or previously owned, operated, optioned or leased by the Corporation or a Subsidiary which, with the passage of time, or the giving of notice or both, would give rise to liability under Environmental Laws that, individually or in the aggregate, would reasonably be expected to result in an adverse material change in respect of the Corporation and the Subsidiaries, taken as a whole;

- (ccc) except as ordinarily or customarily required by applicable Environmental Permits, neither the Corporation nor any Subsidiary has received any notice wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local cleanup site or corrective action under Environmental Laws that would reasonably be expected to result in an adverse material change in respect of the Corporation and the Subsidiaries, taken as a whole;
- (ddd) there are no material environmental audits, evaluations, assessments, studies or tests relating to the Corporation or a Subsidiary except for ongoing assessments conducted by or on behalf of the Corporation or a Subsidiary in the ordinary course;
- (eee) the Corporation is in compliance, in all material respects, with the provisions of NI 43-101, and has filed all technical reports required to be filed pursuant thereto; there has been no change to the Technical Reports of which the Corporation is aware that would require the filing of a new technical report under NI 43-101;
- (fff) all information requested by the authors of the Technical Reports was made available to them, prior to the issuance of such report, for the purpose of preparing such report, which information, to the best of the knowledge of the Corporation, did not contain any material misrepresentation at the time such information was so provided;
- (ggg) the information set forth in the Offering Documents relating to the estimates by the Corporation of mineral resources has been reviewed and verified by the authors described in the Offering Documents under the heading "Technical Information" and there have been no material adverse changes to such information since the date of delivery or preparation thereof;

Employment Matters

- (hhh) each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Corporation or a Subsidiary for the benefit of any current or former director, officer, employee or consultant of the Corporation or a Subsidiary (the "**Employee Plans**") has been maintained in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans, in each case in all material respects and has been publicly disclosed to the extent required by Canadian Securities Laws;
- (iii) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Corporation;

- (jjj) there is not currently any labour disruption, dispute, slowdown, stoppage, complaint or grievance or, to the knowledge of the Corporation, threatened or pending which is adversely affecting or would reasonably be expected to have a Material Adverse Effect on, the carrying on of the business of the Corporation or the Subsidiaries, taken as a whole and the Corporation is not aware of any proposal to unionize its employees and no collective bargaining agreements are in place or currently being negotiated by the Corporation;

Compliance Matters

- (kkk) Neither the Corporation nor any of its Subsidiaries, nor, to the knowledge of the Corporation, any director, officer, agent, employee, affiliate or other person acting on behalf of the Corporation or any of its Subsidiaries is aware of or has taken any action, directly or indirectly, that has resulted or would result in a violation of the *Corruption of Foreign Public Officials Act* (Canada) (the “**CFPOA**”) including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign public official” (as such term is defined in the CFPOA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the CFPOA; and the Corporation and its Subsidiaries will monitor their respective businesses to ensure compliance with the CFPOA and, if violations of the CFPOA are found, will take remedial action to remedy such violations; and
- (lll) The operations of the Corporation and its Subsidiaries are, and have been conducted at all times, in compliance with all material applicable financial recordkeeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Corporation, threatened.

SCHEDULE "C"

Form of Lock-up Agreement

LOCK-UP AGREEMENT

October 30, 2020

BMO Nesbitt Burns Inc. ("**BMO**")

Scotia Capital Inc. ("**Scotiabank**", and together with BMO, the "**Underwriters**")

(collectively, the "**Underwriters**")

Re: Argonaut Gold Inc. – Lock-up Agreement

Ladies and Gentlemen:

The undersigned, understands that the Underwriters have entered into an underwriting agreement dated October 19, 2020 (the "**Underwriting Agreement**") with Argonaut Gold Inc. (the "**Corporation**") providing for a public offering (the "**Offering**") of 4.625% convertible senior unsecured debentures of the Corporation ("**Debentures**"). Initially capitalized terms not otherwise defined herein have the meaning given to them in the Underwriting Agreement.

In consideration of the benefit that the Offering will confer upon the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that during the period beginning from the date hereof and ending on the 90th day following the Closing Date (the "**Lock-Up Period**"), the undersigned will not, directly or indirectly, sell, grant an option or right for the sale of any common shares of the Corporation, or otherwise dispose of, any common shares of the Corporation, or any options or warrants to purchase any common shares of the Corporation or any securities convertible or exchangeable for or that represent the right to receive common shares of the Corporation, whether now owned or hereinafter acquired, owned directly, indirectly or beneficially by the undersigned, or under control or direction of the undersigned ("**Undersigned's Securities**") or enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of the Undersigned's Securities (regardless of whether any such arrangement is to be settled by the delivery of securities of the Corporation, securities of another Person, cash or otherwise) or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing. Notwithstanding the foregoing, the undersigned may transfer, sell or otherwise dispose of the Undersigned's Securities during the Lock-Up Period with the prior written consent of BMO and Scotiabank, such consent not to be unreasonably withheld.

The foregoing restrictions shall not apply to: (a) transfers to affiliated entities of the undersigned, any family members of the undersigned, or any company, trust or other entity owned by or maintained for the benefit of the undersigned; (b) transfers occurring by operation of law; (c) pledges of the Undersigned Securities as security for *bona fide* indebtedness of the undersigned, provided, in each case, that any such transferee or pledgee shall first execute a lock-up agreement in substantially the form hereof covering the remainder of the Lock-Up Period; (d) the exercise of stock options under the Corporation's existing stock option plan; or (e) transfers made pursuant to a bona fide take-over bid or similar transaction made to all holders of common shares of the Corporation provided that in the event the take-over or acquisition transaction is not completed, any securities shall remain subject to the restrictions contained in this lock-up agreement.

The undersigned represents and warrants that it now has, and, except as contemplated above, for the duration of this lock-up agreement, will have good and marketable title to the Undersigned's Securities. Subject to the foregoing, the undersigned also agrees and consents to the entry of stop transfer restrictions with the Corporation's transfer agent and registrar, or the equivalent, against the transfer of the Undersigned's Securities except in compliance with the foregoing restrictions.

The undersigned understands that the Corporation and the Underwriters are relying upon this lock-up agreement in proceeding towards consummation of the Offering. The undersigned further understands that this lock-up agreement is irrevocable and shall be binding upon the undersigned's legal representatives, successors, and assigns, and shall enure to the benefit of the Corporation, the Underwriters and their respective legal representatives, successors and assigns. This lock-up agreement shall terminate if the Offering is not consummated within 42 days of the date a receipt is issued for the Final Prospectus or in the event that the undersigned is no longer a director or officer of the Corporation.

This lock-up agreement will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein and may be executed by facsimile or PDF signature and as so executed shall constitute an original.

Very truly yours,

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By: _____

Name:

Title: **[Director/Title]** of Argonaut Gold Inc.