

TERM SHEET

ARGONAUT GOLD INC.

Public Offering of Flow-Through Shares

January 25, 2021

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada, except for Québec. A copy of the preliminary short form prospectus, and any amendment, is required to be delivered to any investor that received this document and expressed an interest in acquiring the offered securities.

There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, the final short form prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

All amounts in C\$ unless otherwise stated.

Issuer:	Argonaut Gold Inc. (the “ Company ”).
Offering:	Treasury offering (the “ Offering ”) of 8,156,100 common shares to be issued as “flow-through shares” with respect to “Canadian development expenses” (“ CDE ”) within the meaning of the Income Tax Act (Canada) and the regulations thereunder in force as of the date hereof (the “ Tax Act ”) (the “ CDE Flow-Through Shares ”).
CDE Offering Price:	\$2.82 per CDE Flow-Through Share (the “ CDE Offering Price ”).
Resale Price:	\$2.30 per share
Size of Offering:	\$23,000,202.
Over-Allotment Option:	The Company has granted to the Underwriters an option (the “ Over-Allotment Option ”) exercisable, in whole or in part until 11:59 p.m. Toronto time on the 30 th day following the Closing Date to purchase up to such number of additional CDE Flow-Through Shares of the Company at the CDE Offering Price, as is equal to 15% of the number of CDE Flow-Through Shares of the Company issued pursuant to the Offering, for market stabilization purposes and to cover over-allotments, if any.
Flow-Through Income Tax Considerations:	The Company will use an amount equal to the gross proceeds received by the Company from the sale of the CDE Flow-Through Shares, pursuant to the provisions in the Tax Act, to incur eligible “Canadian development expenses” as such term is defined in the Tax Act (the “ Qualifying Expenditures ”) on or before December 31, 2021, and to renounce all the Qualifying Expenditures in favour of the subscribers of the CDE Flow-Through Shares effective on or before December 31, 2021.

Use of Proceeds:	The gross proceeds of the Offering will be used to incur Qualifying Expenditures at the Magino project.
Jurisdictions:	The CDE Flow-Through Shares will be qualified in all of the provinces of Canada, except for Québec (the “ Jurisdictions ”), pursuant to a short form prospectus. The CDE Flow-Through Shares may also be sold into the United States on a private placement basis to Qualified Institutional Buyers (QIBs) via an exemption from the registration requirements of the <i>United States Securities Act of 1933</i> , as amended. In addition, the CDE Flow-Through Shares may be sold in jurisdictions outside of Canada and the United States, in each case in accordance with all applicable laws provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction.
Form of Underwriting:	“Bought deal” public offering made by way of short form prospectus subject to conventional bought deal termination provisions and closing conditions to be included in a definitive underwriting agreement.
Underwriting Agreement:	The Company and the Underwriters will enter into a definitive underwriting agreement which agreement will contain “material change out”, “disaster and regulatory out”, and “breach out” clauses running to the closing of the Offering.
Listing:	An application has been or will be made to list the CDE Flow-Through Shares on the Toronto Stock Exchange (the “ TSX ”) which listing shall be conditionally approved prior to the Closing Date. The existing common shares of the Company are currently listed on the TSX under the symbol “AR”.
Closing Date:	February 11, 2021, or such other date as Cormark and the Company may agree.
Commission:	Cash commission equal to 5.0% of the gross proceeds of the Offering.
Lead Underwriter:	Cormark Securities Inc.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. Information has been incorporated by reference in the short form prospectus from documents filed with securities commissions or similar authorities in Canada.

An investment in the CDE Flow-Through Shares is highly speculative due to various factors, including the nature of the Company’s business and should only be made by persons who can afford the total loss of their investment. Prospective investors should consider the risk factors described under “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2019 which is available under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com, before purchasing the CDE Flow-Through Shares.