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Argonaut Gold Announces $23 Million Bought Deal Public Offering of Flow-Through Common Shares

TORONTO, January 25, 2021 – Argonaut Gold Inc. (TSX:AR) ("**Argonaut**" or the "**Company**") is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase , on a "bought deal" basis, 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**") at a price of $2.82 per CDE Flow-Through Share (the "**CDE Offering Price**") for gross proceeds to the Company of approximately $23 million (the "**Offering**").

The Underwriters also have an option to purchase that number of additional CDE Flow-Through Shares equal to 15% of the number of CDE Flow-Through Shares sold pursuant to the Offering at CDE Offering Price, for market stabilization purposes and to cover over-allotments for a period expiring 30 days after the date of closing.

The proceeds from the sale of the CDE Flow-Through Shares will be used on development expenses on the Magino project as permitted under the Tax Act to qualify as CDE. The Company will renounce all the CDE development expenses in favour of the subscribers of the CDE Flow-Through Shares effective on or before December 31, 2021.

The CDE Flow-Through Shares will be offered by way of short form prospectus in each of the provinces of Canada, except for Québec, pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* and some may be resold in the United States pursuant to an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") and in such other jurisdictions outside of Canada and the United States as agreed to by the Company, in each case in accordance with all applicable laws and provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction.

Closing is expected on or about February 11, 2021 and is subject to Toronto Stock Exchange and other necessary regulatory approvals.

The CDE Flow-Through Shares have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor will there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Argonaut Gold

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

Forward-Looking Information

This press release contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian securities laws concerning the business, operations and financial performance and condition of Argonaut Gold. Forward- looking statements and forward-looking information in this press release include, but are not limited to, statements with respect to closing of the Offering, use of proceeds of the Offering, tax treatment of the CDE Flow Through Shares, timing of the renunciation of the development expenses. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of the management of Argonaut at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Argonaut and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include risks of the mining industry, the spread of COVID-19 and the impact of government policies to ameliorate COVID-19, failure of plant, equipment or processes to operate as anticipated, changes in market conditions, variations in ore grade or recovery rates, risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses and labour disputes. These factors are discussed in greater detail in Argonaut's (i) most recent Annual Information Forms, and (ii) most recent Management Discussion and Analysis, which are each filed on Argonaut's SEDAR profile and provide additional general assumptions in connection with these statements. Argonaut cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Argonaut believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these

expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon. These statements speak only as of the date of this presentation. Although Argonaut have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Argonaut undertakes any obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Comparative market information is as of a date prior to the date of this document.

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