



Argonaut Gold Announces Fourth Quarter and Full Year 2022 Financial Results

Achieves guidance for 2022 production

Toronto, Ontario - (February 26, 2023) **Argonaut Gold Inc. (TSX: AR)** (the "Company", "Argonaut Gold" or "Argonaut") announced today its operating and financial results for the fourth quarter and year ended December 31, 2022. All dollar amounts are expressed in United States dollars, unless otherwise specified (CA\$ refers to Canadian dollars).

FULL YEAR 2022 HIGHLIGHTS

Year ended December 31, 2022 compared to year ended December 31, 2021

- Achieved 2022 annual guidance for gold equivalent ounce ("GEO" or "GEOs") production
- Produced 203,155 GEOs
- Sold 207,158 GEOs, a 17% decline
- 5% increase in average realized gold price per ounce to \$1,877
- 11% decrease in revenue to \$388.3 million as a result of lower gold ounces sold
- On a per ounce sold basis, cash cost¹ and all-in sustaining cost¹ ("AISC") were higher due to inventory write-downs, lower year-over-year production, and higher costs
- Generated cash flow from operating activities before changes in non-cash operating working capital and other items totaling \$70.6 million, a reduction of 43% due to lower sales and higher costs
- \$135.5 million non-cash impairment of mineral properties, plant and equipment, largely due to the inflationary pressures on the Company's low-grade heap leach operations combined with land access and permitting issues at two of its Mexican mines, San Agustin and La Colorada
- \$22.9 million non-cash write-downs of inventories to net realizable values
- Net loss of \$152.2 million compared to net income of \$26.5 million; adjusted net loss¹ of \$22.4 million compared to adjusted net income¹ of \$57.1 million
- Cash and cash equivalents of \$73.3 million
- Undrawn debt capacity at year end stands at \$170 million

FOURTH QUARTER 2022 HIGHLIGHTS

Quarter ended December 31, 2022 compared to quarter ended December 31, 2021

- Produced 42,510 GEOs, a 31% decline
- Sales of 51,615 GEOs, a 9% decline
- 3% increase in average realized gold price per ounce to \$1,860
- 7% decrease in revenue to \$95.9 million due to lower gold ounces sold partially offset by higher average realized gold price per ounce

- On a per ounce basis, cash cost¹ and AISC¹ were higher due to the write-down of inventories to net realizable value at four mines. Additionally, lower production and inflationary pressures increased operating costs
- Generated cash flow from operating activities before changes in non-cash operating working capital and other items of \$8.6 million, 53% lower due to decline in gold sales and higher costs

"Last year was a challenging year for the Company on two fronts. First, the increase in construction costs at the Magino project required a large capital raise, including debt, equity and the sale of a royalty. Second, the inflationary pressures had a significant impact on operating results of our low-grade heap leach operations, resulting in an impairment of our Mexican assets and Florida Canyon mine," stated David Ponczoch, Chief Financial Officer.

"As part of the Company's effort to focus on prioritizing core assets, we have sold and optioned two non-core Mexican assets and revised mine plans of our three operating mines in Mexico to focus on free cash flow generation. As a result, we suspended mining activities at our El Castillo mine at the end of last year and we expect mining activities at San Agustin and La Colorada will temporarily pause by the end of this year, until land access and permits are received to complete mining of the remaining reserves and resources," stated Marc Leduc, Chief Operating Officer.

"Looking ahead, management is laser focused on completing the Magino project, with first pour planned for mid-May followed by commercial production in the third quarter. The commissioning of Magino will be the first step in transforming the Company as it enters a pivotal growth stage. We believe Magino has the potential to be one of the 10 largest and lowest cost gold mines in Canada, combining a large open pit operation with the potential of higher-grade underground material to feed an expandable mill. In addition, management will be focused on exploring the large sulfide resource at Florida Canyon, located just below the oxide deposits," said Richard Young, President and Chief Executive Officer.

Management Changes

The Company is pleased to announce two new appointments to its senior leadership team: David Savarie, Vice President, General Counsel & Corporate Secretary, and Nancy Lee, Vice President, Human Resources. Mr. Savarie brings over 20 years of professional experience to the Company, the last 15 of which have been exclusively within mining. Ms. Lee brings more than 25 years of experience to the Company, the last 10 of which have been exclusively within mining.

¹This is a Non-IFRS Measure. Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.

Fourth Quarter and Full Year 2022 Financial & Operating Highlights

Three and twelve months ending December 31, 2022 and 2021

	3 Months Ended December 31			12 Months Ended December 31		
	2022	2021	Change	2022	2021	Change
Financial Data (in millions except for per share amounts)						
Revenue	\$95.9	\$102.9	(7%)	\$388.3	\$436.9	(11%)
Gross (loss) profit	\$(24.6)	\$17.8	(238%)	\$23.8	\$114.4	(79%)
Net (loss) income	\$(174.9)	\$(37.3)	(369%)	\$(152.2)	\$26.5	(674%)
(Loss) earnings per share - basic	\$(0.22)	\$(0.12)	(80%)	\$(0.28)	\$0.09	(406%)
Adjusted net (loss) income ¹	\$(37.7)	\$10.2	(470%)	\$(22.4)	\$57.1	(139%)
Adjusted earnings (loss) per share – basic ¹	\$(0.05)	\$0.03	(242%)	\$(0.04)	\$0.19	(121%)
Cash flow from operating activities before changes in non-cash operating working capital and other items	\$8.6	\$18.3	(53%)	\$70.6	\$124.9	(43%)
Cash and cash equivalents	\$73.3	\$199.2	(63%)	\$73.3	\$199.2	(63%)
Net (debt) cash ¹	\$(4.3)	\$119.2	(104%)	\$(4.3)	\$119.2	(104%)
Production and Cost Data						
GEOs loaded to the pads ²	90,483	102,524	(12%)	348,429	458,342	(24%)
GEOs projected recoverable ^{2,3}	47,777	59,386	(20%)	194,065	258,474	(25%)
GEOs produced ^{2,4}	42,510	61,926	(31%)	203,155	244,156	(17%)
GEOs sold ²	51,615	56,961	(9%)	207,158	242,333	(15%)
Average realized gold price per ounce	\$1,860	\$1,799	3%	\$1,877	\$1,791	5%
Cash cost ¹ per gold ounce sold	\$2,005	\$1,172	71%	\$1,443	\$1,006	43%
AISC ¹ cost per gold ounce sold	\$2,266	\$1,514	50%	\$1,765	\$1,311	35%

¹This is a Non-IFRS Measure. Please refer to the section below entitled “Non-IFRS Measures” for a discussion of these Non-IFRS Measures.

²GEOs are based on a conversion ratio of 80:1 for silver to gold for 2022 and 85:1 for 2021. The silver to gold conversion ratio is based on the three-year trailing average silver to gold ratio.

³Expected recoverable GEOs are based on the assumptions and parameters as set forth in the El Castillo Gold Mine Technical Report dated February 14, 2022, the San Agustin Gold/Silver Mine Technical Report dated February 14, 2022, the La Colorada Gold/Silver Mine Technical Report dated February 14, 2022 and the Florida Canyon Technical Report dated July 8, 2020. In periods where the Company mines and processes material not specifically defined in a technical report (for example: low-grade stockpile material or run-of-mine ore), management uses its best estimate of recovery based on the information available.

⁴Produced ounces are calculated as ounces loaded to carbon.

The Company sold more ounces than it produced in the fourth quarter 2022 due to timing of gold sales. Ounces remaining in finished goods inventory at the end of the third quarter were sold in October 2022. The average realized gold price was \$1,860 per gold ounce in fourth quarter 2022 as compared with the average price of \$1,799 for the prior year period. This higher price was realized by delivering into the gold forward pricing contracts for the quarter and into future forward contracts.

Magino Project Update

By the end of 2022, the Company had incurred approximately \$583 million on Magino construction, and estimated the project was 80% complete.

The Magino project's estimated EAC was increased from \$730 million (CA\$920 million) to \$755 million (CA\$980 million). The increase in costs were largely attributed to: (i) an anticipated 45-day delay to first pour, which results in higher capitalized overheads; (ii) higher earthworks costs related to higher fuel prices and scope changes; (iii) higher power costs; and iv) changes to reduce risks in the mine plan, partially offset by the weakening of the Canadian dollar against the US dollar. Those activities under the Company's scope include earthworks, on-site infrastructure, and site power, and are all proceeding on schedule for completion in time for the anticipated first pour in mid-May 2023. Ausenco Engineering Canada Inc., the engineering firm contracted by the Company to complete the mineral processing plant and related infrastructure, is on schedule for the same timing as well. The site team is in the process of ramping up the operations team for full operations. Ore mining commenced ahead of schedule in January 2023 to allow for the buildup of an ore stockpile to de-risk operations. The commissioning team is arriving on site and the site team is focused on operations readiness.

Ramp up to commercial production is expected to take three months following first pour in mid-May 2023, thereby placing the project on schedule for commercial production, estimated in the third quarter 2023.

2022 Guidance (Amended) vs 2022 Actual and 2023 Guidance

Argonaut achieved its 2022 guidance for GEO production. The Company exceeded 2022 cost guidance for cash cost¹ and AISC¹ per gold ounce sold due to write-downs of inventories to net realizable values at El Castillo, Florida Canyon, San Agustin, and La Colorada, which increased cash cost¹ and AISC¹ by \$114 per ounce. The higher cost per ounce guidance for 2023 reflects the higher non-cash amortization of inventories at the Company's three Mexican mines. The 2023 per ounce cost guidance for Magino is largely in line with the last technical report issued. As Magino ramps up production and becomes the Company's largest producing mine, the Company expects overall AISC per ounce of gold to decline.

		2022 Guidance (Amended) ³	2022 Actual	2023 Guidance
GEO production ¹	oz	200,000 - 230,000	203,155	200,000 - 230,000
Cost of sales ² per gold ounce sold	\$/oz	–	1,816	1,500 - 1,600
Cash cost ² per gold ounce sold	\$/oz	1,300 - 1,350	1,443	1,200 - 1,300
AISC ² per gold ounce sold	\$/oz	1,650 - 1,725	1,765	1,625 - 1,725
Capital (including exploration and excluding Magino construction capital)	\$ millions	60 - 65	63	50 - 55
Magino Construction Capital	\$ millions	400 - 423	335	173

¹Based on a silver to gold ratio of 80:1 in 2022 and 85:1 in 2021.

²This is a Non-IFRS Measure. Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.

³2022 amended guidance was initially presented in the Company's November 3, 2022 earnings news release.

Argonaut's consolidated financial statements and management's discussion & analysis ("MD&A"), for the three and twelve month periods ended December 31, 2022, are available on Argonaut's website at <https://www.argonautgold.com/English/investors/financial-reports/default.aspx> and on SEDAR at www.sedar.com.

¹This is a Non-IFRS Measure. Please refer to the section below entitled "Non-IFRS Measures" for a discussion of these Non-IFRS Measures.

Fourth Quarter 2022 Operational and Financial Results Conference Call and Webcast:

The Company will host a conference call and webcast to discuss its fourth quarter and full year ended December 31, 2022 operating and financial results at 9:30 am ET on February 27, 2023.

Q4 2022 Conference Call Information

Toll Free (North America): 1-888-664-6392

International: 1-416-764-8659

Conference ID: 66132759

Webcast: www.argonautgold.com

Q4 2022 Conference Call Replay

Toll Free Replay Call (North America): 1-888-390-0541

International Replay Call: 1-416-764-8677

Replay Entry Code: 132759#

The conference call and replay will be available from 12:00 pm ET on February 27, 2023 until 11:59 pm ET on March 6, 2023.

Non-IFRS Measures

The Company has included certain non-IFRS measures including “Adjusted net (loss) income” and “Net (debt) cash” and non-IFRS ratios including “Cost of sales per gold ounce sold”, “Cash cost per gold ounce sold”, “AISC per gold ounce sold”, “Adjusted (loss) earnings per share - basic” in this press release to supplement its financial statements which are presented in accordance with IFRS. The Company believes that these measures provide investors with an alternate view to evaluate the performance of the Company by providing information on control of production costs, trends in cash costs of the Company and the underlying operating performance of the core mining business. Management also uses these measures to monitor internal performance. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

1. The following tables provide reconciliations of production costs per the financial statements to cost of sales per gold ounce sold and cash cost per gold ounce sold for each mine:

All Mines		Three months ended December 31,		Year ended December 31,	
		2022	2021	2022	2021
Production costs, as reported	\$000s	80,322	68,278	278,293	253,750
Inventory impairment	\$000s	22,876	—	22,876	—
Less silver sales	\$000s	1,749	3,732	11,565	19,046
Net cost of sales	\$000s	101,449	64,546	289,604	234,704
Gold ounces sold	oz	50,606	55,094	200,695	233,349
Cost of sales per gold ounce sold	\$/oz	2,378	1,544	1,816	1,382
Cash cost per gold ounce sold	\$/oz	2,005	1,172	1,443	1,006

2. AISC includes net cost of sales at the Company's mining operations, which forms the basis of the Company's cash cost per gold ounce sold. Additionally, the Company includes general and administrative, exploration, accretion and other expenses, and sustaining capital expenditures. Sustaining capital expenditures exclude all expenditures at the Company's pre-production, development stage, and advanced exploration stage projects and certain expenditures at the Company's operating sites that are deemed expansionary in nature.

The following table provides a reconciliation of AISC per gold ounce sold to the consolidated financial statements:

		Three months ended December 31,		Year ended December 31,	
		2022	2021	2022	2021
Net cost of sales	\$000s	101,449	64,546	289,604	234,704
General and administrative expenses	\$000s	5,113	5,411	18,226	18,130
Exploration expenses	\$000s	(2,094)	1,063	1,403	4,315
Accretion and other expenses	\$000s	3,398	3,121	13,496	11,455
Sustaining capital expenditures	\$000s	6,825	9,271	31,406	37,276
AISC	\$000s	114,691	83,412	354,135	305,880
Gold ounces sold	oz	50,606	55,094	200,695	233,349
AISC per gold ounce sold	\$/oz	2,266	1,514	1,765	1,311

3. Adjusted net (loss) income and adjusted (loss) earnings per share - basic exclude a number of temporary or one-time items described in the following table, which provides a reconciliation of adjusted net (loss) income to the consolidated financial statements:

		Three months ended December 31,		Year ended December 31,	
		2022	2021	2022	2021
Net (loss) income, as reported	\$000s	(174,937)	(37,252)	(152,202)	26,529
Unrealized loss (gain) on derivatives	\$000s	5,035	(3,776)	(7,165)	(21,015)
Other non-operating income, net of tax	\$000s	(3,849)	(511)	(534)	(2,432)
Foreign exchange loss (gain), net of tax	\$000s	6,867	(258)	8,348	2,782
Impact of foreign exchange on deferred income taxes	\$000s	(5,955)	(889)	(6,413)	(225)
Inventory impairment (reversal), net of tax	\$000s	10,387	(350)	10,311	(1,762)
Loss on sale of marketable securities	\$000s	–	–	534	–
Impairment of mineral properties, plant and equipment, net of tax	\$000s	125,168	52,903	125,168	52,903
Adjusted net (loss) income	\$000s	(37,722)	10,223	(22,391)	57,136
Weighted average number of common shares outstanding, as reported	shares	808,689,807	311,196,542	552,547,321	307,975,052
Adjusted (loss) earnings per share - basic	\$/share	(0.05)	0.03	(0.04)	0.19

4. Net cash or debt is calculated as the sum of the cash and cash equivalents balance net of debt as at the statement of financial position date. The net debt calculation excludes the convertible debentures and lease liabilities, due to the nature of the obligations, in order to show the nominal undiscounted debt.

A reconciliation of net cash (debt) is provided below:

		December 31, 2022	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$000s	73,254	89,195	199,235
Debt	\$000s	(77,581)	(80,000)	(80,000)
Net (debt) cash	\$000s	(4,327)	9,195	119,235

This press release should be read in conjunction with the Company's audited consolidated financial statements for the three and twelve months ended December 31, 2022 and associated MD&A for the same periods, which are available from the Company's website, www.argonautgold.com, in the "Investors" section under "Financial Filings", and under the Company's profile on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-looking Statements

This press release contains certain “forward-looking statements” and “forward-looking information” under applicable Canadian securities laws concerning the business, operations and financial performance and condition of Argonaut Gold. Forward-looking statements and forward-looking information include, but are not limited to statements with respect to: the conditions precedent for draws on the Loan Facilities, independent engineer technical review, the availability and change in terms of financing, the Magino construction capital estimate; the ability to finance additional construction costs on terms acceptable to Argonaut; risks related to meeting the Magino construction project schedule; the realization of mineral reserve estimates; the timing and amount of estimated future production; the impact of inflation on costs of exploration, development and production; estimated production and mine life of the various mineral projects of Argonaut; risk of employee and/or contractor strike actions; timing of approval for modifications to existing permits; permitting and legal processes in relation to mining permitting and approval; the benefits of the development potential of the properties of Argonaut; the future price of gold, copper, and silver; the estimation of mineral reserves and resources; success of exploration activities; the impact of COVID-19, the response of governments to COVID-19 and the effectiveness of such responses; and currency exchange rate fluctuations. Except for statements of historical fact relating to Argonaut, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan,” “expect,” “project,” “intend,” “believe,” “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may”, “should” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Argonaut and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include the availability and changing terms of financing, variations in ore grade or recovery rates, changes in market conditions, changes in inflation, risks relating to the availability and timeliness of permitting and governmental approvals; 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, the impact of COVID-19 and the impact and effectiveness of governmental responses to COVID-19, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated.

These factors are discussed in greater detail in Argonaut's most recent Annual Information Form and in the most recent Management's Discussion and Analysis filed on SEDAR, which also 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 press release should not be unduly relied upon. These statements speak only as of the date of this press release.

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

Qualified Person, Technical Information and Mineral Properties Reports

Technical information included in this release was supervised and approved by Brian Arkell, Argonaut's Vice President, Exploration and a Qualified Person under NI 43-101. For further information on the Company's material properties, please see the reports as listed below on the Company's website or on www.sedar.com:

El Castillo Gold Mine	El Castillo Gold Mine, Durango, Mexico NI 43-101 Technical Report dated February 14, 2022 (effective date of October 1, 2021)
San Agustin Gold/Silver Mine	San Agustin Gold/Silver Mine, Durango, Mexico, NI 43-101 Technical Report dated February 14, 2022 (effective date of August 1, 2021)
La Colorada Gold/Silver Mine	La Colorada Gold/Silver Mine, Sonora, Mexico, NI 43-101 Technical Report dated February 14, 2022 (effective date of October 1, 2021)
Florida Canyon Gold Mine	NI 43-101 Technical Report on Mineral Resource and Mineral Reserve Florida Canyon Gold Mine Pershing County, Nevada, USA dated July 8, 2020 (effective date June 1, 2020)
Magino Gold Project	NI 43-101 Technical Report Mineral Resource and Mineral Reserve Update dated March 3, 2022 (effective date February 14, 2022)
Cerro del Gallo Project	Pre-Feasibility Study Technical Report on the Cerro del Gallo Project, Guanajuato, Mexico dated January 31, 2020 (effective date of October 24, 2019)

About Argonaut Gold

Argonaut Gold Inc. is a Canadian gold company listed on the Toronto Stock Exchange, and engaged in exploration, mine development and production. The Company is in the final stages of construction of the Magino mine, located in Ontario, Canada. The Company also has three operating mines including the Florida Canyon mine in Nevada, USA, the San Agustin mine in Durango, Mexico, and the La Colorada mine in Sonora, Mexico. In Q4 2022, the El Castillo mine ceased mining operations and is now in residual leaching. In addition, the Company holds the advanced exploration stage Cerro del Gallo project and several other exploration stage projects, all of which are located in North America. On July 1, 2020, the Company completed the acquisition of Alio Gold Inc. which held the Florida Canyon mine and Ana Paula project.

For more information, contact:

Argonaut Gold Inc.

Joanna Longo
Investor Relations
Phone: 416-575-6965
Email: info@argonautgold.com

Source: Argonaut Gold Inc.