

Argonaut Gold Announces Terms for its C\$195 Million Equity Financing Together with its US\$250 Million Credit Facilities to Fully Finance the Magino Construction Project

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TORONTO, June 23, 2022 - [Argonaut Gold Inc.](#) (TSX: AR) (the "Company", "Argonaut Gold" or "Argonaut") is pleased to announce it has entered into an agency agreement in connection with the marketed offering (the "Offering") of 434,000,000 common shares of the Company ("Common Shares", and Common Shares offered pursuant to the Offering being the "Offered Shares") at a price of C\$0.45 per Offered Share (for gross proceeds of approximately C\$195 million) with a syndicate of agents (the "Agents") led by BMO Capital Markets, Scotiabank and Cormark Securities and including Canaccord Genuity Corp., RBC Capital Markets, Desjardins Capital Markets, Echelon Wealth Partners, Laurentian Bank Securities, Paradigm Capital, and Stifel GMP.

Together with the previously announced binding commitment letter from a syndicate of lenders for the financing of a six year, US\$200 million term loan credit facility and a three year revolving credit facility of US\$50 million (together, the "Facilities"), for a total debt Facilities limit of US\$250 million, the Company believes it is fully financed to complete the construction of its 100% owned Magino Project in Ontario, Canada. The project remains on schedule for first gold pour by the end of March 2023.

The net proceeds of the Offering will be used for the development of the Magino Project and for general corporate purposes.

The closing of the Offering is expected to occur on or about July 5, 2022, and is subject to market and other customary conditions and Toronto Stock Exchange ("TSX") approval.

Details of the Offering

In addition to the above, the Company has granted to the Agents an option (the "Over-Allotment Option"), exercisable in whole or in part in the sole discretion of the Agents at any time up to 30 days from and including the closing date of the Offering, to offer to sell up to an additional 15% of the Offered Shares pursuant to the Offering on the same terms and conditions to cover over-allotments, if any, and for market stabilization purposes.

The Offered Shares will be offered in each of the provinces and territories of Canada, other than Québec, pursuant to a prospectus supplement to the Company's base shelf prospectus dated June 2, 2022 (collectively, the "Prospectus") and in the United States on a private placement basis to "qualified institutional buyers" pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act").

The terms of the Offering were negotiated on an arm's length basis between the Company and the Agents. The price per Offered Share represents a 43.6% discount to the market price of the Common Shares prior to announcement of the Offering (calculated as the 5-day volume weighted average price) and a 21.1% discount to the most recent closing price of the Common Shares on the TSX. The number of Offered Shares to be sold pursuant to the Offering is 434,000,000 Offered Shares (or 130.4% of Argonaut's outstanding Common Shares prior to the Offering on a non-diluted basis). In the event the Over-Allotment Option is fully

exercised, the number of Offered Shares sold pursuant to the Offering will be 499,100,000 Offered Shares (or 149.9% of Argonaut's outstanding common shares prior to the Offering on a non-diluted basis).

Insiders and Control

The only entity or person expected (to the knowledge of the Company) to own or exercise control of direction over more than 10% of the issued and outstanding Common Shares of Argonaut upon completion of the Offering is GMT Capital Corp. ("GMT"), which is currently expected to then exercise control and direction over approximately 27.66% of the outstanding Common Shares.

GMT and certain directors and officers are the only current insiders of Argonaut participating in the Offering. As a result of the Offering, GMT will continue to be a "control person" of Argonaut as defined by the TSX Company Manual. The holdings of GMT prior to the Offering and subsequent to completion of the Offering are set out below:

	Number (%) of Common Shares Currently Held	Number (%) of Common Shares Held After the Offering
GMT	67,676,962 (20.33 %)	212,121,462 (27.66 %)
Directors and Officers	2,766,973 (0.8 %)	3,211,473 (0.4 %)

Exemption from Shareholder Approval

The Offering triggers the requirement for approval from the holders of a majority of the currently issued and outstanding Common Shares, excluding the votes attached to the Common Shares held by GMT, under:

1. Section 604(a)(i), unless an exemption is applicable, as the Offering constitutes a placement to an entity that would give rise to a requirement for shareholder approval for the creation of a control person. GMT became a control person of the Company by way of recent open market purchases of Common Shares on the TSX.
2. Section 607(e), unless an exemption is applicable, as the Offering will result in an issuance of Common Shares at a price that exceeds the permitted discount price per listed security for the transaction to be less than as provided for in this Subsection 607(e).
3. Section 607(g)(ii), unless an exemption is applicable, as the terms of the Offering are such that the TSX will apply its private placement rules where the transaction will result in the issuance of Common Shares to an insider greater than 10% of the number of Common Shares currently issued and outstanding in excess of the insider's pro rata interest in the Company at a price below market price.

Argonaut has made application to the TSX, pursuant to the provisions of Section 604(e) of the TSX Company Manual, for a "financial hardship" exemption from the requirements to obtain shareholder approval of the Offering, on the basis that absent the Offering, the Company is in serious financial difficulty. The board of directors (the "Board") of Argonaut formed a special committee (the "Special Committee") consisting of unconflicted members of the Board, to consider the proposed terms of the Offering, including the number of securities issuable, the number of Offered Shares issuable to insiders and the offering price being at a discount to the market price. The Special Committee met separately from the Board, and after careful consideration, the Special Committee, having considered the reasonableness of the Offering, unanimously recommended that the Company approve the terms of the Offering and make application to the TSX under Section 604(e). The Board subsequently met (with members of the Board with an interest in the Offering having declared their interests and not participating in deliberations or voting), received the advice of the Special Committee, and, acting unanimously: (i) declared the Company in financial distress; (ii) approved the application under Section 604(e); (iii) confirmed the Offering is designed to improve the Company's financial position; and (iv) determined the Offering is reasonable for the Company in the circumstances.

In addition the Board (absent conflicted directors) noted that the involvement of GMT in the transactions

referred to above in connection with the Offering are "related party transactions" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") and confirmed the Company is relying on the exemptions in sections 5.5(g) and 5.7(e) of MI 61-101 in connection with such transactions.

Argonaut expects that, as a consequence of its financial hardship application, the TSX will commence a delisting review of Argonaut, which is normal practice when a listed issuer seeks to rely on this exemption. Although Argonaut believes that it will be in compliance with all continued listing requirements of the TSX upon the closing of the Offering, no assurance can be provided as to the outcome of such review or continued qualification for listing on the TSX. There can be no assurance that the TSX will accept the application for the use of the financial hardship exemption from the requirement to obtain shareholder approval described above.

The Company, consistent with Section 604(e), proposes to close the Offering on July 5, 2022, being the 5th business day after the date of this press release.

Cautionary Statements

No securities regulatory authority has either approved or disapproved of the contents of this news release. The common shares of the Company have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Offered Shares may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Copies of the Prospectus, following filing of the prospectus supplement, may be obtained on SEDAR at www.sedar.com and from BMO Capital Markets, Brampton Distribution Centre C/O The Data Group of Companies, 9195 Torbram Road, Brampton, Ontario L6S 6H2 by telephone at 905-791-3151 Ext 4020 or by email at torbramwarehouse@datagroup.ca. The Prospectus contains important detailed information about the Company and the proposed Offering. Prospective investors should read the Prospectus and the other documents the Company has filed on SEDAR at www.sedar.com before making an investment decision.

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. Forward-looking statements and forward-looking information include, but are not limited to statements with respect to the use of proceeds from the Offering and the Facilities, acceptance by the TSX of the financial hardship exemption application; the Magino project, the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; estimated production and mine life of the various mineral projects of Argonaut; 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; 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 possibility of project cost overruns or unanticipated costs and expenses; variations in ore grade or recovery rates; changes in market conditions; risks relating to the availability and timeliness of permitting and governmental approvals; risks relating to international operations; fluctuating metal prices and

