ARGONAUT GOLD LTD.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2009

March 31, 2010

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CAUTIONARY STATEMENT

This Annual Information Form ("AIF") includes certain "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this AIF that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's businesses, operations, plans and other such matters are forward-looking statements.

When used in this AIF, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Examples of such forward-looking statements include statements pertaining to, without limitation, the future price of gold, the estimation of the mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, expected capital expenditures, costs and timing of development of new deposits, success of exploration activities, permitting requirements, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks and hazards, title disputes or claims and limitations on insurance coverage.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate as actual results and could cause actual results, developments or events to differ materially from those anticipated include, among others, the factors described or referred to elsewhere herein, and include unanticipated and/or unusual events. Many of such factors are beyond the Corporation's ability to predict or control.

Readers of this AIF are cautioned not to put undue reliance on forward-looking statements due to their inherent uncertainty. Argonaut Gold Ltd. disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. These forward-looking statements should not be relied upon as representing management's views as of any date subsequent to the date of this AIF.

EXCHANGE RATE INFORMATION

In this AIF, unless otherwise stated, all references to "$" or "CAD$" refer to Canadian dollars and all references to "US$" refer to U.S. dollars.

The following table sets forth, for the periods indicated, certain information with respect to exchange rates for the Canadian dollar expressed in U.S. dollars such as the highest rate, lowest rate and the exchange rate at the end of each period and the average of such exchange rates based upon the noon buying rates as reported by the Bank of Canada:

	Twelve months ended December 31 (US$)		
	2009	**2008**	**2007**
High	0.9716	1.0905	1.0527
Low	0.7692	0.7726	0.8437
Period End	0.9555	0.8220	1.0527
Average	0.8757	0.9732	0.9089

The noon rate of exchange on March 26, 2010 as reported by the Bank of Canada for the conversion of Canadian dollars into U.S. dollars was CAD$1.00 equals US$0.9801.

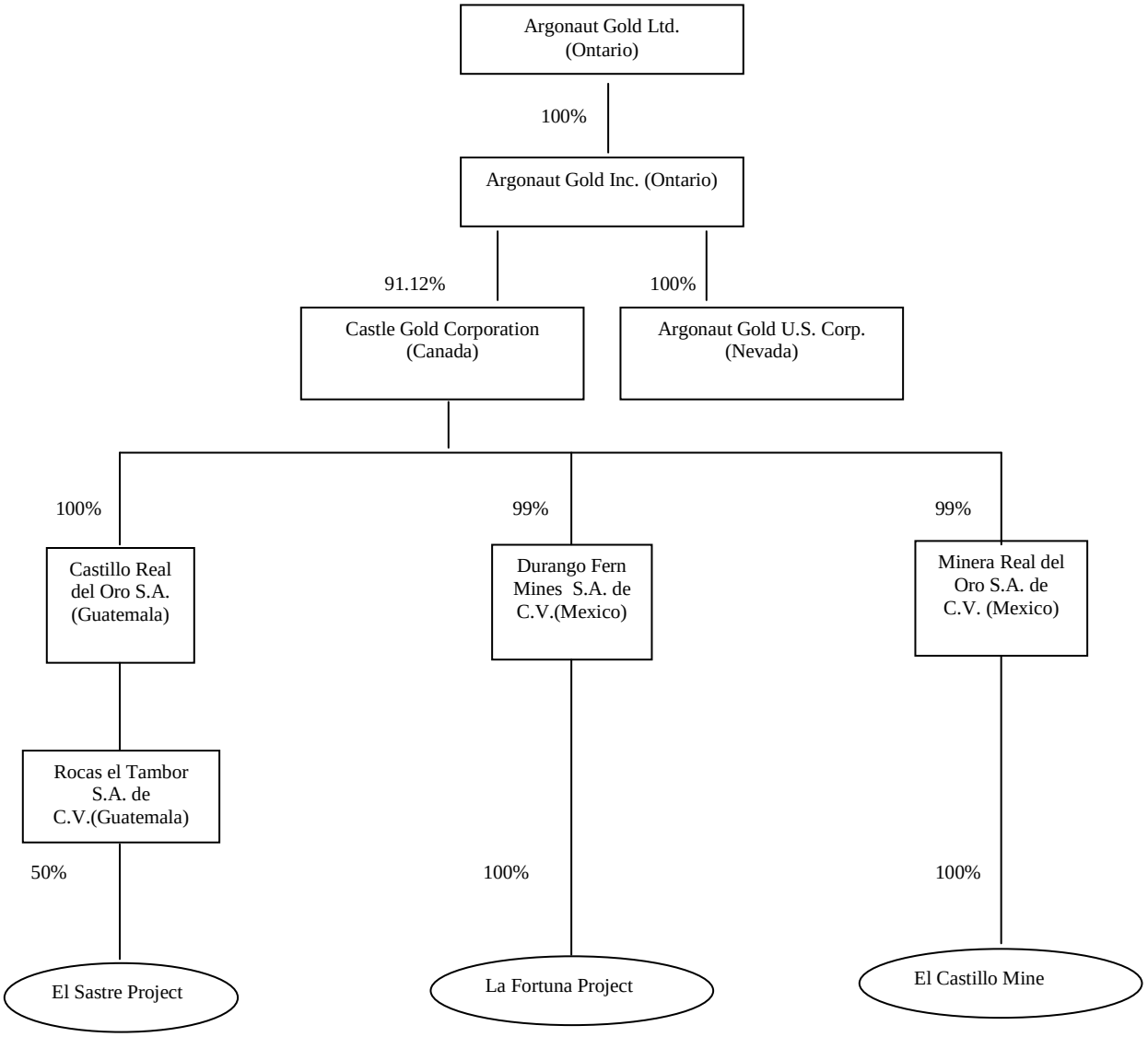
CORPORATION PROFILE AND CORPORATE STRUCTURE

Argonaut Gold Ltd. ("Argonaut" or the "Corporation") is a corporation existing under the *Business Corporations Act* (Ontario) (the "OBCA"). The Corporate office of the Corporation is 1 First Canadian Place 100 King Street West, Toronto, ON, Canada, M5X 1B2.

The Corporation was incorporated under the name "Intuitivo Capital Corporation" ("Intuitivo") under the OBCA on April 3, 2007. Effective June 27, 2007, the articles of Corporation were amended to remove the restriction on the transfer of the common shares of the Corporation. Effective December 30, 2009, the articles of the Corporation were further amended to change the name of the Corporation from "Intuitivo Capital Corporation" to "Argonaut Gold Ltd." and to consolidate each of the issued and outstanding common shares of the Corporation by changing every 30 issued and outstanding common shares into one consolidated common share of the Corporation (each a "Common Share"). On December 17, 2009, the Corporation incorporated a subsidiary, 1813214 Ontario Inc. ("Subco"), under the OBCA for the purposes of amalgamating the subsidiary with a private company existing under Ontario law, Argonaut Gold Inc. ("AGI"). AGI and Subco amalgamated by way of articles of amalgamation under the name "Argonaut Gold Inc." on December 30, 2009.

As at December 31, 2009, the corporate structure of Argonaut Gold Ltd. was as follows:

Figure 1:



Notes:
1. The remaining 1% of the interest in the Mexican subsidiaries is held by a Mexican national as required under Mexican law.
2. The Corporation acquired the remaining 8.88% of the issued and outstanding common shares of Castle Gold by way of a compulsory acquisition on February 18, 2010.

GENERAL DEVELOPMENT OF THE BUSINESS

Argonaut is engaged in the business of gold production and related activities including the exploration and acquisition of gold-bearing properties, development and processing. The Corporation's material properties are the production-stage El Castillo project (the "El Castillo Project") and the exploration-stage La Fortuna project (the "La Fortuna Project") located in the State of Durango, Mexico.

THREE YEAR HISTORY

Argonaut Gold Ltd. was incorporated under the name Intuitivo Capital Corporation and began on April 3, 2007 as a capital pool company ("Capital Pool Company") pursuant to *Policy 2.4 – Capital Pool Companies* ("Policy 2.4") of the TSX-V Corporate Financial Manual. As a Capital Pool Company, the Corporation's only expenditures were for costs to maintain a public company in good standing and to identify and evaluate potential business ventures or properties.

The Corporation completed its initial public offering of common shares on September 18, 2007 pursuant to a prospectus dated August 31, 2007 issuing 5,000,000 common shares of the Corporation at a price of $0.10 per share for gross proceeds of $500,000. In connection with this offering, Intuitivo granted to the agent for the offering a non-transferable option to purchase 500,000 of common shares of the Corporation at $0.10 per share, which has subsequently expired. The Corporation also granted options to its directors and officers to purchase an aggregate of 750,000 common shares of the Corporation pursuant to the stock option plan of the Corporation that was in effect at that time. These options were exercisable at a price of $0.10 per common share of the Corporation until September 18, 2012. The common shares of the Corporation were listed for trading on the TSX-V on September 20, 2007 under the symbol ITU.P.

On July 2, 2008, the Corporation announced that it had entered into a definitive agreement with View 22 Technology Inc., operating as SceneCaster ("SceneCaster"), a leading provider of 3D Web commerce and media solutions, to pursue a proposed business combination (the "SceneCaster Transaction") expected to constitute Intuitivo's "Qualifying Transaction" (as defined in Policy 2.4). The definitive agreement, as amended, permitted either party to terminate the agreement on written notice in the event that the transaction had not been completed by November 30, 2008. The transaction was not completed by the deadline date and the definitive agreement was terminated on February 2, 2009.

On June 24, 2009, the Corporation received a requested six-month extension to March 22, 2010 of the deadline date for the completion of its Qualifying Transaction. The extension was granted pursuant to temporary relief measures introduced by the TSX-V to address the difficult market conditions facing junior issuers as a result of the economic downturn.

Qualifying Transaction

On November 24, 2009, the Corporation and AGI entered into the qualifying transaction agreement (the "Qualifying Transaction Agreement") providing for a three-way amalgamation (the "Amalgamation") whereby AGI would amalgamate with Subco and the shareholders of AGI would receive Common Shares on the basis of one Common Share for each share of AGI.

Prior to the completion of the Qualifying Transaction, the Corporation effected a consolidation of its outstanding common shares and options on the basis of one Common Share or option of the Corporation for every 30 pre-consolidated common shares or options, respectively, (the "Consolidation") and changed its name from Intuitivo Capital Corporation to "Argonaut Gold Ltd." The Consolidation and the name change, among other matters, were approved by the shareholders of the Corporation at an annual and special meeting of the shareholders held on December 23, 2009.

As required pursuant to the conditions of the Qualifying Transaction Agreement, on December 30, 2009, AGI acquired approximately 91.12% of the common shares of Castle Gold Corporation ("Castle Gold") on a fully diluted basis, a production and exploration stage gold company with properties in Mexico, by way of all cash take-over bid (the "Castle Gold Acquisition"). On February 18, 2010 AGI acquired the remaining shares of Castle Gold and delisted Castle Gold from TSX Venture exchange.

The Qualifying Transaction of the Corporation was completed on December 30, 2009 by way of the Amalgamation. In connection with the completion of the Qualifying Transaction, the Common Shares were de-listed from the TSX-V and listed on the Toronto Stock Exchange ("TSX") effective as of 5:01 p.m. (Toronto time) on December 30, 2009 under the symbol "AR". The Warrants (as hereinafter defined) were listed on the TSX on January 22, 2010 under the symbol "AR.WT".

Castle Gold

Castle Gold was incorporated federally on August 28, 2007 in the province of Ontario pursuant to an amalgamation agreement between Morgain Minerals Inc. ("Morgain") and Aurogin Resources Ltd. ("Aurogin") dated July 18, 2007. Upon completion of the amalgamation, Castle Gold acquired all of the assets and liabilities of Morgain and Aurogin respectively.

DESCRIPTION OF THE BUSINESS OF THE CORPORATION

El Castillo Project

Unless stated otherwise, the information in this section is based on the NI 43-101 compliant technical report entitled "Technical Report on the El Castillo Gold Project, Durango, Mexico" with an effective date of July 31, 2008 and was prepared by Daniel C. Leroux, B.Sc., P.Geo, Gordon Watts, P.Eng., W.D. Roy, M.A.Sc., P.Eng. (independent "Qualified Persons", as defined in NI 43-101) of A.C.A. Howe International Limited ("Howe") (the "El Castillo Technical Report"). The El Castillo Technical Report has been re-addressed to the Corporation. The information in the section below is based on the El Castillo Technical Report effective as of July 31, 2008 and was reviewed by, and included with the consent of, Howe, the authors of the El Castillo Technical Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the El Castillo Technical Report which is available for review on SEDAR at www.sedar.com. The El Castillo Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

Property Description and Location

Castle Gold, through its predecessor Morgain, acquired the concessions comprising the El Castillo Project (the "Property", for the purposes of this section) in 2002. The Property is located in the State of Durango, Mexico approximately 100 km north of the city of Durango. The Property consists of four contiguous mining concessions totaling approximately 216.05 hectares ("Ha"). Castle Gold owns all four of these concessions outright. There is a 2.0% net smelter return royalty on one of the concessions but that concession is located to the east of the known mineralized area and is not presently known to contain mineralization. Castle Gold also controls 835 Ha of surface rights in the area of the Property which is substantially larger than the area covered by Castle Gold's mineral rights.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Property is good with total driving time from city of Durango varying between 1.5 and 2.0 hours depending on traffic. The driving distance to the Property is 117 kilometers ("km") with the first 111 km of road paved and the final six km consisting of maintained gravel.

The El Castillo Project is situated in a zone that is classified as semi-dry and receives an annual rain-fall of 550.5 millimeters ("mm"). The climate is temperate with an average annual temperature of 18° C and maximum temperatures of 35° C and minimum temperatures of 2° C. The region averages 17 frost events per year beginning in October and extending to April.

The area is characterized by large alluvial terraces dissected by small streams resulted in up to 300 meters ("m") of relief in the area. The elevation of the area containing the bulk of the known mineralization ranges is from 1,720 m to 1,800 m above mean sea level. The vegetation consists of small trees, bushes and cacti.

Castle Gold controls a large area of surface rights which is adequate for the development of mining facilities. Power and water are available in the area. Castle Gold reports that a 400 kilo volt-ampere ("kVA") power line is present in the city of Coneto Comonfort approximately 16 km from the project site and there is a limited supply of water available from a reservoir located 2.5 km from the project site. The remainder of the required water comes from wells drilled in nearby valleys. Argonaut believes that there is a sufficient amount of water to complete the expansion plans for the El Castillo Mine.

The village of Atotonilco is located about 6 km from the Property and has a small supply of unskilled labour. The town of San Juan del Rio is located approximately 15 km from the Property and has a slightly larger supply of unskilled labour as well as a limited supply of housing. Some basic supplies are available in San Juan del Rio while most supplies and some contractors for construction and mining are available in Durango.

History

The El Castillo Project was an original discovery that resulted from a regional exploration program initiated by Battle Mountain Gold Company ("Battle Mountain") in 1995 to explore for sub-one gram gold per tonne bulk tonnage targets. Stream sediment geochemical surveys conducted by Battle Mountain outlined a significant gold geochemical anomaly in the El Castillo area which led to a successful program of drilling that resulted in delineation of the El Castillo gold resource.

Battle Mountain completed a resource and reserve estimate, scoping study and preliminary mine plan that indicated the potential for a viable mining operation with similarities to Hecla Mining Company's La Choya deposit in northern Mexico.

Battle Mountain was taken over by Newmont Mining Corporation in 2000, who completed a modest program of site reclamation and turned the El Castillo Project back to the Government of Mexico.

Geology

The Property lies within the Altiplano Subprovince of the Sierra Madre Occidental, a regionally extensive Eocene to Miocene volcanic field which extends southeast from the U.S-Mexico border into Central Mexico. The Sierra Madre Occidental is recognized as a gold-copper metallogenic province with potential for porphyry copper-gold mineralization and epithermal gold mineralization related to areas of Tertiary volcanic and subvolcanic intrusive activity.

The Property is underlain by massic to prophyritic andesitic rocks of the Tertiary Lower Series Volcanics. These rocks have been intruded by dacite porphyry sills and dikes. The Lower Volcanics are unconformably overlain by felsic ignimbrites of the Upper Series Volcanics and Quarternary to recent rhyolite, conglomerate and alluvium.

The rocks of the Lower Volcanic Series strike in a northwesterly direction and dip 40 to 75 degrees to the northeast in the immediate vicinity of the El Castillo Project.

An orthogonal set of faults has been mapped on the Property; a northwest striking set related to the regional horst and graben basin and range structures and northeast striking set. Complex offsetting relationships between the two fault sets suggest that they are contemporaneous.

Exploration

In 2006, Castle Gold collected 413 rock chip samples on the Property. Castle Gold used these rock chip samples to identify additional targets outside the main area as well as to understand controls on mineralization within the known area of mineralization.

Castle Gold established an on-site sample preparation and laboratory facility in 2006 where all the rock chip samples were analyzed for gold. The results from this laboratory were intended for internal use only as a tool for short term mine planning purposes.

There has been limited exploration work (21 holes in 2009) carried out by Castle Gold in the El Castillo permit area since 2006.

Mineralization

Gold mineralization on the Property is hosted by thinly-bedded volcaniclastic rocks of the Lower Volcanic Series and adjacent dacitic sills or dikes. The mineralized zones have locally been oxidized to depths greater than 200 m below surface but an average depth is more in the order of 150 m. Mineralization occurs in a series of northwestern-trending lenses up to 150 m in length and 40 m in width. The northwest trend probably reflects individual mineralized volcaniclastic units. The trend of northeast mineralized bodies suggest a possible northeast-trending structural control such as a structure through which the mineralizing fluids gained access to the permissive host rocks.

Mineralization in thinly-bedded volcaniclastic rocks is disseminated and occurs with earthy red hematite or in narrow fractures with earth red hematite. Quartz is rare although quartz veinlets are present locally.

Due to extensive oxidation, primary hydrothermal alteration is difficult to characterize. Silicification is rare. Although some of the chalcedonic silica may have formed by replacement of volcaniclastic units. Argillic alteration is widespread but may

be related to supergene processes. Strong potassic alteration in the form of biotite and potassium feldspar in fractures with some secondary copper minerals within the intermediate intrusive rocks may suggest a porphyry copper environment at depth.

Toward the center of the mineralized area, just below the alluvial cover, is an area with abundant chalcedonic silica. This silica occurs as veins and irregular masses and is occasionally mineralized, although it is more likely that mineralization will occur in the immediate, argillized wallrocks. Chalcedonic silica ranges in colour from white through ochre and red to black and occasionally is cut by narrow brecciated intervals ranging in width from a few millimeters to a few cm. In at least one location dark gray to black chalcedonic silica is intimately associated with chrysocolla.

Drilling

Battle Mountain

Battle Mountain completed 207 reverse circulation ("RC") drill-holes and six diamond drill-holes ("DDH"). According to the El Castillo Technical Report, little documentation from the Battle Mountain drilling survived, so the authors were not able to report on the drilling and sample collecting protocols used. Battle Mountain also twinned six RC holes with DDH to confirm geological information and assay results.

Castle Gold

Castle Gold performed limited drilling on the Property. In 2003, Castle Gold, through its predecessor Morgain, completed six DDH totaling 820.0 m. The drilling was performed by Layne S.A. de C.V. of Mexico. A CH 1500 truck mounted diamond drill rig was used to carry out the drill program. The diamond drill core diameter used was PQ3 (8.3 cm). The program was supervised by Howe. The DDH program was designed to test and verify the continuity, shape, thickness and dip or gold mineralization encounted by Battle Mountain by twinning six previous RC drill-holes. In addition, all six twin holes were drilled to obtain large diameter core for geotechnical data, communition testing and other metallurgical extraction test work. All six twin DDH were drilled at an azimuth of 180° (grid orientation) and at an inclination of -60°.

All of the collar locations for the RC and DDH holes were initially planned on cross-sections and plan maps. The collars were located by measuring the grid coordinate from the existing Battle Mountain RC hole to be twinned with a metric tape measure. Castle Gold did not survey drill collars. As such, the collar coordinates for the PQ3 drillholes are based on the manual measurements taken from the Castle Gold geologist. Neither Castle Gold nor Layne conducted down-hole surveys. All holes were plotted using the original inclination of the hole.

Castle Gold's hole twinning drill program was intended to compare and confirm the geological information, assay results, location and width of the gold mineralized intervals obtained in the Battle Mountain RC drilling program by duplicating Battle Mountain's sample and analytical procedures.

Howe concluded that a comparison of the results between the twin pairs indicated:

(a) that strict adherence to sampling based on lithological contacts during the Castle Gold DDH drill program indicated that gold mineralization is associated with thinly to thickly interbedded volcaniclastic units and/or dacite sills and dikes; dependent on the location of the mineralized interval at depth as well as to the degree of oxidation and /or silicification of the volcaniclastic/dacite unit and associated sulfide content;

(b) the continuous gold distribution zones that occur in four of the Battle Mountain RC drillholes in comparison to the shorter, individually separated >0.50 g/t Au grade intervals that occur in the twin DDH's can be attributed to the RC drilling process. These issues in RC sampling are explained by the fact that the mineralized RC samples are regular in sample length and that the RC sampling transecting lithological contacts whereas core drill samples are generally chosen to conform to lithological boundaries. This practice results in the mixing of units of varying grade resulting in smoothing of the distribution of gold values. Thus, RC sample homogeneity, in terms of lithological variation (and ultimately a grade distribution variability) is more difficult to achieve because of the larger sample length and size; and

(c) that the Battle Mountain RC hole lithological and assay database can be used for developing the mineralization model and domain boundaries for revised resource/reserve estimation on the Property. Newly acquired information such as the interbedded nature and extent of argillic alteration and/or silicification of the volcaniclastic units and the degree of hematitic ± limonitic oxidation at depth was described by Howe and is known to be associated with the gold mineralization. At El Castillo, the presence and quantity of sulfides (primarily oxidized pyrite) were concluded by Howe to be the two main geological features which define the limits of the gold mineralization; thus special attention to the percentage of oxidized sulfide content can greatly help in constraining the domain boundaries.

At the request of Castle Gold, Analytical Solutions Ltd. of Toronto, Ontario ("Analytical Solutions") carried out a statistical review of all 12 twin hole assay comparison data generated by both Battle Mountain and Castle Gold's individual hole twinning drill programs.

Analytical Solutions statistical review of both datasets was completed as described below:

(a) data verification of both the Battle Mountain RC and DDH twin assay data and the Battle Mountain RC and Castle Gold DDH assay data;

(b) compilation of both data sets in order to create various cumulative frequency plots and moving average plots for comparing and examining the distribution of gold, copper and silver values for drillhole pairs; and

(c) statistical analysis (Percent Relative Difference plot) regarding the reproducibility of assays between the Battle Mountain DDH gold assays versus gold assay results from metallurgical testwork conducted by Kappes, Cassiday and Associates ("KCA") of Reno, Nevada.

Based on the review of the 12 pairs of twinned RC and DDH holes, Analytical Solutions concluded that there is no systematic bias between the assays derived from both drilling methods. In some cases, the RC assays appear to be elevated relative to the DDH samples while in other cases the reverse is true.

According to the Analytical Solutions report, there is a possibility that the grade of the material being sampled does affect whether the RC and DDH results show good correspondence. In several cases it appears that the DDH samples return higher gold assays than RC samples for samples with grades over 2.0 g/t Au. Analytical Solutions indicated that a possible explanation is that the samples with higher grades contain a proportion of gold in a different mineralogical form (i.e.: particulate gold shape and/or size) than other samples and it is not recovered as well in the RC drilling method as with the DDH method.

Analytical Solutions recommended that an evaluation of the differences obtained in the assay results between the RC and DDH drilling methods with respect to the inherent variability of the gold distribution be completed. Based on the results of the KCA metallurgical testing, the assays from two different halves DDH core from Battle Mountain, assays only agree within ± 25% for 11 out of 29 samples so it is not unexpected that assays from RC and DDH show similar variability.

In February of 2006, Castle Gold completed 57-hole shallow reverse-circulation drillholes for a total of 3,001 m. The holes were intended to in-fill the Battle Mountain drilling grid so that drillhole spacing averaged approximately 25 m. Drillholes were oriented 180° and inclined at -60°. Holes averaged 50 m in depth.

Samples were collected every 1.5 m and split on site. A total of 1,932 samples were collected. Half of the sample was sent to Castle Gold's sample storage facility in San Juan del Rio and the other half was sent to Castle Gold's on-site laboratory for analysis. Samples from the drill cuttings were preserved in a plastic chips and logged by Castle Gold geologists.

In 2004 and 2005 Castle Gold completed 535 air-track holes in the main mineralized area. The holes range in depth from 5.5 m to 35.5 m and average 21.4 m in depth. Sample intervals range from 0.5 m to 3.0 m. Samples were analyzed at Castle Gold's on-site laboratory. Due to questions about the reliability of Castle Gold's on-site laboratory, none of the sample results were reported by Howe in the 2006 El Castillo Technical Report.

Sampling Method and Approach

Battle Mountain

There is no information available detailing Battle Mountain's approach to sampling. Drill logs from Battle Mountain's drilling are available in Castle Gold's office in San Juan del Rio. These logs contain hole-specific sampling information such as sample interval and recovery as well as geologic information relating to lithology, alteration and mineralization. Howe did not review these logs in detail.

Castle Gold

Upon the completion of the geological and geotechnical logging of a diamond drill core, sections of drill core to be sampled were identified, partly on the basis of the geological and assay results from RC drillholes located along the same cross-section. Once the sections to be sampled were identified, the sample interval was measured and marked on the right-hand side of the sampling line (i.e.; a line drawn perpendicular to bedding when and if present) and the pertinent information recorded on a "core sampling sheet". The core was sampled according to lithological boundaries and/or degree of oxidation. The maximum sample interval did not exceed 1.50 m in length. However, where sample intervals did exceed 1.50 m, it was usually where core loss exceeded 50%. Thus the collected sample would represent core material found within a specific drill run.

Coarse blanks were inserted into the sample stream at 10.0 m (where samples were argillic/soft) and/or 20.0 m intervals respectively. These samples were appropriately marked on the sample sheets.

Once sample intervals were marked on the drill core, core was cut using a "wet" circular core diamond saw with a 14 inch diameter diamond blade. Once the core was cut, a geologist collected the sample, placed it inside a plastic sample bag, included a sample number ticket and then stapled closed the sample bag with a stapler.

Castle Gold typically collected chip-channel, or panel, samples. The area to be sampled is marked on the outcrop and the number is clearly marked near the sample location for future reference. Individual sample lengths seldom exceed two meters. Samples are sealed in sample bags and numbered using the area name followed by a sequential sample number.

There is no information concerning the sample collection procedure employed by Castle Gold during the reverse-circulation or air-track drilling program.

Sample Preparation, Analysis and Security

Core Samples

During Castle Gold's diamond drilling program the sample preparation and analytical work was carried by ALS-Chemex in Hermosillo, Mexico and Vancouver, Canada respectively. ALS-Chemex was instructed by Castle Gold to duplicate the sample preparation and analytical procedures performed on the Battle Mountain RC drill samples (i.e. sample crush, pulverize 1,000g to 85% < 75 µm in a ring mill and analyzed by fire assay 30 g aliquot).

A total of 438 samples (including blanks) were shipped in one sample submission batch to ALS-Chemex in Hermosillo Mexico. All of the samples were crushed to 70% -2mm and 1,000 g was then collected, pulverized to 85% < 75µm in a ring mill. The pulverized sample was then split using a riffle splitter. After each sample was crushed and pulverized, both the jaw crusher and ring mill were then "washed" with a blank quartz wash in order to avoid sample contamination.

Each sample was analyzed for gold using a 30 g fire assay with an AAS finish as well as for mercury (Hg) and 34 element aqua regia ICP-AES. The ALS-Chemex 30 g fire assay/AAS method (Au-AA23) has a lower detection limit of 0.005 g/t Au.

ALS-Chemex routinely ran random check assays in the sample batch. However, when the lab was notified of possible samples containing high values of gold for the core samples, ALS-Chemex carried out a fire assay/AAS method (with repeat assays in places) as well as fire assay/gravimetric analysis for samples > 5.00 g/t Au. ALS-Chemex has also provided Castle Gold with its internal QA/QC data during the analysis period.

ALS-Chemex laboratories in North America are registered to ISO 9001:2000 for the "provision of assay and geochemical analytical services" by QMI Quality Registrars. In addition to ISO 9001:2000 registration, ALS-Chemex's Vancouver laboratory has received ISO 17025 accreditation from the Standards Council of Canada under CAN-P-1579 "Guidelines for Accreditation of Mineral Analysis Testing Laboratories". CAN-P-1579 is the Amplification and Interpretation of CAN-P-4D "General Requirements for the Accreditation of Calibration and Testing Laboratories" (Standards Council of Canada ISO/IEC 17025).

Castle Gold's On-Site Laboratory Analysis

All samples from Castle Gold's 2006 drilling programs were analyzed at a sample preparation and laboratory facility established by Castle Gold on-site. Samples were analyzed using a hot cyanide leach followed by atomic adsorption. Check fire assay results by third-party independent laboratories were inconsistent with the hot cyanide leach results and due to questions about the accuracy and precision of the on-site laboratory, the hot cyanide leach results have not been disclosed in the El Castillo Technical Report.

Castle Gold has established a reliable on-site hot cyanide leach laboratory with proper procedures, protocols, and a quality assurance and quality control program ("QA/QC").

Data Verification

A QA/QC program covering the database management and sampling programs of Castle Gold's hole twinning diamond drill program was administered and monitored on a number of levels throughout the programs.

A strict adherence to the data management procedures and geological administrative framework facilitated Castle Gold and Howe's internal due diligence program. The aims of the review procedures of data collection, input, and ultimately data validation, seek to illustrate the quality of data handling achieved on the project. Where potential errors were identified in the database, Howe staff reviewed the erroneous data, verified the hardcopy records (i.e.; sample tag booklets, digital data files, etc.) and made the amendments if the data was incorrect.

An analytical QA/QC program was not implemented by Castle Gold during this program since no local or commercial standard reference materials were available. However, Howe used blank material and initiated a particle size analysis study for monitoring ALS-Chemex's sample preparation protocols.

Samples collected during Castle Gold's twin diamond drill program were submitted to the following laboratory:

(a) ALS-Chemex Laboratories, Hermosillo, Mexico (sample preparation); and

(b) ALS-Chemex Laboratories, Vancouver, British Columbia (sample analysis).

ALS-Chemex employs a procedure of internal submission of standards and blanks as well as carrying out repeat assays on approximately 10% of the client submitted samples. ALS-Chemex provides an electronic QA/QC file with the results of their internal blanks and standards analyses. ALS-Chemex's internal QA/QC was reviewed by Castle Gold and Howe staff upon reception in order to compare ALS-Chemex's results to Castle Gold's QA/QC blanks.

Howe has not carried out an audit of the ALS-Chemex sample preparation laboratory in Hermosillo.

Castle Gold's hole twinning diamond drill QA/QC program consisted of the following stages/steps:

(a) data acquisition and validation; and

(b) sampling Quality Assurance and Quality Control.

Sampling Quality Assurance and Quality Control

As previously mentioned, ALS-Chemex provides gold fire assays with either Atomic Absorption Spectroscopy ("AAS") or gravimetric finish. Routine gold assays are by 30 g fire assays and the repeat analyses have been carried out on pulps stored

from the initial analyses. Two repeat assays were carried out by ALS-Chemex from Castle Gold's twin diamond drill program. The original and subsequent gold assays show acceptable repeatability for gold data.

A total of 27 blank samples consisting of a buff colored brick material were inserted into the twin drill hole sample stream during sample collection. The blank sample material served as a measure for Castle Gold's and Howe to monitor for possible sample contamination at ALS-Chemex's sample preparation facility. Two coarse-grained clay-rich brick samples were submitted to ALS-Chemex for assay in order to determine if the material was suitable as blank material. Gold values for both samples were below the detection limit for gold (<0.005 g/t Au).

Resource Estimate

The following table sets out the remaining mineral resource estimate for the El Castillo Project as of October 2007. Revised mineral resources in the Measured + Indicated categories as of October 2007 totaled 94 million tonnes with an average gold grade of 0.39g/tonne (1.18 million ounces). Inferred Resources as of October 2007 totaled 4.5 million tonnes with an average gold grade of 0.38g/tonne (55,000 ounces). A cut-off grade of 0.15g/tonne Au was used to determine which blocks were to be included in the mineral resource. The 0.15 g/tonne Au cut-off was deemed to have economic potential for the purposes of open pit economic modeling. This cut-off was the same as the 0.15 g/tonne Au constraining interpretation cut-off in that it considers the possible overall operational cut-off grade. The 0.15 g/t Au cut-off was used to indicate which mineralization had the expectation of being economically viable at the internal operational cut-off.

Castillo Remaining Mineral Resource Estimate as of October 2007

	Measured			**Indicated**			**Meas + Ind**			**Inferred**		
Cut-off Grade (g/t)	Tonnes Above Cut-off	Avg Grade (g/t)	Ounces	Tonnes Above Cut-off	Avg Grade (g/t)	Ounces	Tonnes Above Cut-off	Avg Grade (g/t)	Ounces	Tonnes Above Cut-off	Avg Grade (g/t)	Ounces
0.00	*102,000,000*	*0.31*	*1,011,840*	*97,000,000*	*0.13*	*403,520*	*199,000,000*	*0.22*	*1,415,360*	*18,000,000*	*0.13*	*74,880*
0.05	*93,000,000*	*0.33*	*982,080*	*67,000,000*	*0.18*	*385,920*	*160,000,000*	*0.27*	*1,368,000*	*10,000,000*	*0.23*	*73,600*
0.10	*80,000,000*	*0.37*	*947,200*	*45,000,000*	*0.23*	*331,200*	*125,000,000*	*0.32*	*1,278,400*	*6,200,000*	*0.31*	*61,504*
0.15	**65,400,000**	**0.43**	**899,904**	**28,900,000**	**0.30**	**277,440**	**94,300,000**	**0.39**	**1,177,344**	**4,500,000**	**0.38**	**54,720**
0.20	52,300,000	0.50	836,800	18,300,000	0.37	216,672	70,600,000	0.46	1,053,472	3,100,000	0.48	47,616
0.25	41,900,000	0.57	764,256	11,800,000	0.45	169,920	53,700,000	0.54	934,176	2,300,000	0.58	42,688
0.30	33,600,000	0.64	688,128	8,400,000	0.53	142,464	42,000,000	0.62	830,592	1,900,000	0.63	38,304
0.35	27,100,000	0.71	615,712	6,100,000	0.61	119,072	33,200,000	0.69	734,784	1,800,000	0.65	37,440
0.40	22,200,000	0.79	561,216	4,700,000	0.68	102,272	26,900,000	0.77	663,488	1,500,000	0.71	34,080
0.45	18,300,000	0.87	509,472	3,900,000	0.74	92,352	22,200,000	0.85	601,824	1,300,000	0.74	30,784
0.50	15,200,000	0.95	462,080	3,200,000	0.79	80,896	18,400,000	0.92	542,976	1,000,000	0.83	26,560
0.60	11,000,000	1.11	390,720	2,300,000	0.89	65,504	13,300,000	1.07	456,224	840,000	0.88	23,654
0.70	8,180,000	1.26	329,818	1,650,000	0.98	51,744	9,830,000	1.21	381,562	640,000	0.95	19,456
0.80	6,270,000	1.42	284,909	1,150,000	1.09	40,112	7,420,000	1.37	325,021	580,000	0.97	18,003
0.90	4,980,000	1.56	248,602	630,000	1.29	26,006	5,610,000	1.53	274,608	560,000	0.98	17,562
1.00	4,040,000	1.71	221,069	490,000	1.39	21,795	4,530,000	1.67	242,864	220,000	1.07	7,533

* Blocks under 0.15 g/tonne are not considered to be "Resources" and are included for information purposes only.

Notes:

- Base case is 0.15g/tonne Au;
- Metal price used US$625/oz Au;
- Assumed metal recovery based on previous metallurgical studies is 68%
- Not all tonnage will be recovered in mining, nor will all metal be recovered in milling and processing

Reserve Estimate

Following the completion of the revised resource estimation, Howe completed a revised mineral reserve estimate for the El Castillo gold deposit as of date of El Castillo Technical Report.

The overall procedure that was used to revise the mineral reserve estimate follows that used previously in the preceding technical report on the El Castillo prepared by Howe in 2006. Material changes included the use of revised estimated gold price and unit costs in the open pit mine planning process and revision of the project's capital and operating costs. The gold price was based primarily on the previous three years gold price, while the operating costs were based on Castle Gold's operating experience as of the date of the El Castillo Technical Report. Most of the capital costs to increase the production

rate to five million tonnes of ore per year were forecasted to be borne by outside contractors with minimal capital costs absorbed by the Company.

Mineral reserves only include resources with economic viability and therefore only include measured and indicated resources. Inferred resources are not included in mineral reserves because they do not have demonstrated economic viability. The revised mineral reserves were as of the date indicated in the technical report and extraction of minerals has subsequently occurred.

This study only addressed the excavation of the revised measured and indicated mineral resources. In accordance with NI 43-101, inferred resources were included as waste when they occurred within the open pit limits. The Howe 2008 geological block model was used for the pit optimization process with the Lerchs-Grossman optimization function within Microlynx mine planning software was used to determine the optimum pit shells for the following cost, revenue and mining parameters.

Proven and probable mineral reserves at the base case of US$625 (US$ per troy ounce) gold price totaled 46.8 million tonnes with an average gold grade of 0.50g/tonne Au (750,000 ounces). Inferred mineral resources occurring within the optimum pit outline totaled 100,000 tonnes with an average gold grade of 0.32g/tonne Au (1,000 ounces). This material would have to be mined and would be processed if the block grade was above the operating cut-off grade. However, this material was not considered to be a mineral reserve.

Mineral reserves for this study were reported using a 0.15g/tonne Au operating cut-off grade. During the pit design process when one is determining whether a block will be mined and processed, an operational cut-off grade is used.

This is the grade at which revenue exceeds mining and processing costs. For the base case, US$625 gold price scenario, the operational cut-off grade was 0.22 grams Au per tonne.

Once the pit limit has been decided, it follows that everything within the pit must be mined. Mining costs are sunk and the decision shifts to whether a mined block will be sent to the mill or to the waste pile. The processing cut-off grade is the grade at which revenue exceeds only the processing costs. For the base case, US$625 gold price scenario, the processing cut-off grade was 0.15 grams per tonne.

Blocks within the optimum pit with grades less than 0.15g/tonne Au would have to be mined, but would be considered as waste.

The following tables are the undiluted reserves results of the pit optimization based on various gold prices from US$550, US$625 and US$700 per ounce compiled by Howe as of the date of the El Castillo Technical Report. While Howe selected $625 as the “best estimate” long term gold price at the time of the preparation of the El Castillo Technical Report, it was considered necessary to follow industry practice and produce pits US$75 above and below the base price to make sure that there were no impediments to lower or higher production pits should the forecast price scenario change.

Undiluted Reserves at $550 per Ounce Gold

Overburden Tonnes	12,100,000
Oxide Below 0.15 g/tonne*	11,100,000
Subtotal, Waste Rock	23,200,000

In-Pit Proven and Probable Reserves				In-Pit Inferred Resources			
Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces	Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces
0.15	40,000,000	0.53	680,000	0.15	35,000	0.32	400

Undiluted Reserves at $625 per Ounce Gold

Overburden Tonnes	14,900,000
Oxide Below 0.15 g/tonne*	13,300,000
Subtotal, Waste Rock	28,200,000

In-Pit Proven and Probable Reserves				In-Pit Inferred Resources			
Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces	Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces
0.15	46,800,000	0.50	752,000	0.15	101,000	0.32	1,000

Undiluted Reserves at $700 per Ounce Gold

Overburden Tonnes	23,700,000
Oxide Below 0.15 g/tonne*	19,600,000
Subtotal, Waste Rock	43,300,000

In-Pit Proven and Probable Reserves				In-Pit Inferred Resources			
Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces	Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Grade (g/tonne)	Ounces
0.15	58,400,000	0.46	870,000	0.15	131,000	0.30	1,300

* This material must be mined but does not meet the processing cut-off.

Several metallurgical tests on mineralized oxidized material from the Property have been completed, both by Castle Gold and by independent groups between 2004 and 2006. The tests were designed to determine the leaching characteristics of the oxidized material and consisted of:

(a) bottle roll leach tests in 2004 and later column leach tests in 2006 by Kappes, Cassiday and Associates ("KCA"); and

(b) 2 onsite bulk heap leach tests conducted by Castle Gold in 2005, followed by a residual analysis of the heaps conducted by Metcon Research ("Metcon") in 2006.

The data from the various tests have been reviewed and vetted by D. Koningen, P.Eng, acting in the capacity of Castle Gold's internal Qualified Person in matters of process engineering and metallurgy. As of the date of the El Castillo Technical Report, Castle Gold was in the process of completing additional column and bottle roll tests designed to optimize leach performance and these tests were pending.

From the metallurgical testing completed to date the following conclusions are made:

1. Ultimate gold recoveries from ROM ore material placed directly on the leach pad (no crushing) are in the 50-55% range;

2. Crushing of material to <¾" should be capable of producing gold recoveries of 68-72% across a range of head grades;

3. Reducing the ore size on the leach pad to <¾" will require crushing of approximately 23-40% of the ROM material;

4. Cyanide consumptions for a heap leach production situation appear to be less than 0.2 kg/t of ore;

5. Optimal lime consumptions during leaching will require additional column and bottle roll testwork. From the available data it would appear that conservative additions of 4-5 kg/t are more than sufficient;

6. Antiscalant was successfully added during the "test heaps" at a range of 0.03-0.05 kg/t. However, optimal addition rates will be less than these values;

7. Leachable copper from the ore appears to be minimal and unlikely to cause significant processing issues; and

8. Silver recovery is low.

In addition, the results from both the column and bulk heap leach test work indicate that the leaching kinetics for the Castillo project ore are rapid with the majority of the gold (+75% of total leachable gold) from the ROM ore being leached in approximately 25 days.

Mining Operation

The El Castillo Mine is currently in production. The mine plans and mining schedule for the El Castillo Project were developed for an US$625 gold price per ounce scenario. A bias was introduced into the optimization process that outlined incremental pits within the US$625 gold price pit that could be mined at higher average grades. This resulted in higher grades being mined during the early years to repay capital costs, with progressively lower grades being mined in later years. The overall mine life based at a US$625/oz gold price is eleven years from the date of the El Castillo Technical Report.

As at the date of the El Castillo Technical Report, Castle Gold held two environmental permits, entitled "Resolution on Environmental Impact" and "Change of Land Use" permit. The Resolution on Environmental Impact allowed for a 24 month period to complete a necessary preparatory construction work and 10 years for operations and maintenance. The permit can be renewed as long as the holder fulfills all the necessary requirements under Mexican law. Under the current Resolution, Castle Gold is permitted to construct an open pit to a depth of 70 m and an initial area of 25 Ha and a 8,000 ton per month production rate, which may be increased by five Ha per year to a maximum of 54.5 Ha. Under the Resolution, the leach pad may have capacity of 10 million tons across an area of 33 Ha. This area may be increased by 8 Ha per year. As of the filing of the permits in 2010 El Castillo has no limits on the mining concessions controlled by Minera Real de Oro S.A.

The Change of Land Use permit has a term of 15 years. The application for the permit required a payment to provide "environmental compensation for the change of land use". The required payment was made in 2007. An additional permit was filed and paid in March of 2010 establishing a new term of 12 years from the filing date.

As a requirement of the Change of Land Use permit, Castle Gold has also submitted a reclamation plan to the proper Mexican authority. In the Technical Report the estimated cost of the reclamation plan activities is 160,000 Mexican Pesos. Management estimates the full reclamation cost to be significantly higher than those previously presented and has reflected it in the Company's annual financial statements. In 2010, the Company will engage a study to examine the reclamation activities and costs.

The El Castillo Project will be subject to Mexican taxes including the federal corporate tax at a rate of 28% per year and adjusted for the effects of inflation on certain items, a value added tax (15% on any supply of goods and services including imports), a state tax (1.375% in the State of Durango), a mining land tax during the period of exploitation of approximately

US$10 per Ha in year 1 and increasing approximately 10% per year thereafter, payroll taxes and a 10% profit sharing tax to be paid to its employees (which Castle Gold is not required to pay as it operates the mine indirectly through the use of separate service company). All rates were calculated as at the date of the El Castillo Technical Report and are subject to change.

Due to the nature of the mineralization as previously described, El Castillo may be characterized as a low strip ratio, open pit, heap leach operation. The open pit design incorporates an overall pit slope of 45 degrees, a main ramp with an 8% grade, and a road allowance of 20 m, and bench height of 6 m. Mining operations utilize contractor operations for drill and blast operations and for loading and truck haul of ore to the crusher and leach pads. Due to the bulk nature of the ore mineralization, front-end-loaders are the primary loading tool and compliment a mix of 30 tonne over highway trucks and Caterpilar 40 tonne articulated haul trucks. Drill and blast operations benefit from very good drill penetration rates and fragmentation of broken ore. Once drilling and blasting is completed, the ore, previously classified from the blast-hole samples, is hauled to either the crushing circuit or directly to the heap leach pads depending on the grade of the ore. During 2009 3.7 million tonnes of ore were mined and 5.1 million tonnes of waste were mined. Of the ore tonnes mined, 1.0 million tonnes were processed through the crushing circuit and 2.7 million tonnes were directly dumped on the leach pads. During 2009, the company had 5 leach pads in operation. The leach pads are staged in 5 meter lifts and have a maximum height of 30 meters. Additional leach pads are under construction to meet future production demands.

The crushing consists of a two-stage crushing circuit which reduces the ore size of the material to a size of <¾". Approximately 30% of the mined ore is processed through the crushing circuit. The other approximately 70% is dumped directly on the leach pads. Once the ore is crushed, it is loaded into a haul truck and transported to the leach pads. The technical report references the metallurgical test work which showed the following results for each type of material: gold recoveries from run of mine ("ROM") ore material placed directly on the leach pad without crushing are in the 50-55% range; crushing of material to <¾" is capable of producing gold recoveries of 68-72% across a range of head grades. 75% of the ultimate recoverable gold for both ROM and crushed ore is leached in approximately 25 days. The total leach cycle is approximately 90 days.

Once the ore is placed on the leach pads, cyanide solution is applied using a drip line irrigation system. Gold containing solution percolates from the heap leach and pass to collection pipes that direct the flow to open channels that direct the solution to the pregnant pond. Gold containing solution is pumped from the pregnant solution pond to a solution feed box. The solution feed box discharge flows to a series of carbon columns in the adsorption circuit. Solution flows by gravity from column to column where the gold is absorbed onto the carbon. The non-gold barring solution flows by gravity to a barren sump and finally to the barren pond. The loaded carbon is collected and prepared for shipping and is stored in a secured area for eventual stripping at an off-site facility.

As of December 31, 2010 there were 81 employees and 220 contractors (mining, crushing and security) on site.

Exploration and Development Activities

The present exploration program for 2010 includes a 16,000 meter drill program. The drilling will focus on two areas, (1) infill drilling inside the known pit shell to tighten the drill spacing and convert some of the previously unclassified areas into resources and (2) targets immediately adjacent to the pit to the east and south to identify additional resources that previously had limited drilling. Future exploration programs will focus on continuing to identify and extend the current resource base towards the south of the current pit as the mineralization trends in this direction.

La Fortuna Project

Unless stated otherwise, the information in the section below is based on the NI 43-101 compliant technical report entitled "La Fortuna, Durango, Mexico, Technical Report" prepared by Toren K. Olson, P.Geol. (an independent "Qualified Person" as defined in NI 43-101) (the "La Fortuna Technical Report") is effective as of October 21, 2008 and was reviewed by, and included with the consent of Toren Olson the author of the La Fortuna Technical Report. The La Fortuna Report has been re-addressed to Argonaut in connection with the completion of the Qualifying Transaction. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the La Fortuna Technical Report which is available for review on SEDAR at www.sedar.com. The La Fortuna Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

Property Description and Location

The La Fortuna Gold Project includes the San Fernando claim which is comprised of 6 hectares and includes the La Fortuna mine together with the surrounding Ampliacion La Fortuna, Ampliacion La Fortuna I-V and Guadalupe Concessions, totaling 10,468 hectares (the "Property", for the purposes of this section). These concessions are subject to a 1% net smelter return royalty on all production payable to Alamos Gold Inc. The Property is located in the northwestern corner of the State of Durango, Mexico at Lat. 25°19'N and Long. 107°52'W, It is about 70 km northeast of the city of Culiacan, Sinaloa, which has a population of 1 million. Culiacan lies 270 km northwest of Mazatlan, a major port and tourist city and 200 km southeast of Los Mochis, another major port city.

Accessibility, Climate, Local Resources and Physiography

The La Fortuna Project is accessible by road from Culiacan, a driving distance of approximately 100 km. The quality of the road is quite variable. At present the road is paved for 10 km, past the town of El Tepuche. The next 40 km is graveled, graded and of reasonable width, with gentle gradients as the foothills of the Sierra Madre Occidental are approached. The final 40 km is rough with frequent sections cut into the steeply inclined bedrock resulting in the road being steep and narrow with occasional sections barely the width of a pick-up truck. Construction is currently underway to improve and pave a two lane highway from El Tepuche up past the La Fortuna Project. The scheduled completion date of this work is unknown.

Direct flights link Culiacan, Mazalan and Los Mochis to Los Angeles and Mexico City. The Property lies about 7 km north of the Humaya River. The river is fordable during the dry season, which extends from January to June.

There are a number of small settlements within a ten km radius of the Property. Elevations at the La Fortuna Project range from 600 m to 850 m above sea level. Dry thorn forest is the principal vegetation. Power is available at a major hydro-electric facility located 50 km to the southwest. Currently there is no power line at the La Fortuna Project.

The weather is typical of northwestern Mexico with hot summers, moderate to warm, dry winters and monsoon season usually starting in July/August and ending around the first of October. Surface access is possible throughout the year but can be a problem during the monsoon season. Year round water is available from the Humaya River from the mines as well as from the surface run-off during the wet season. A small spring about one km east of the mine supplies some local drinking water via a high line cable suspended hose.

History

Initial development of the La Fortuna deposit followed the 1884 discovery of the gold-bearing oxidized outcrop. Between 1886 and 1892 a 200 TPD gravity mill was built near the site to process the ore which was selectively mined underground. Reportedly, about 200,000 tonnes of material, grading 20 g/t was mined and processed during this period. In 1987 an 80 TPD flotation mill was installed in order to process the sulfide ore, operating intermittently until 1990. Reportedly, 20,000 tonnes were mined from underground and processed.

Geology

The regional geology in the area of the La Fortuna Mine and its vicinity consists mainly of Upper Cretaceous plutonic rocks of granodiorite to quartz monzonite composition overlain by Lower Tertiary rhyolites and andesites. These rocks are intruded by dykes of andesitic to basaltic composition. The dominant structural features in the region are north-south as illustrated in part by the Sierra Madre Occidental main fault escarpment.

The Lower Tertiary andesitic volcanic series hosts several epithermal precious and base metal deposits, such as the mines at Topia approximately 40 km east of the La Fortuna area. The Upper Cretaceous intrusive rocks host epigenetic native silver veins, such as those of Batopilas (near Guadalupe), approximately 60 km to the north, plus fracture controlled and disseminated precious metal and copper deposits.

Mapping indicates that the La Fortuna Mine is underlain by plutonic rocks of granodiorite and quartz monzonite composition. Both rocks are medium to coarse grained. Petrograpic studies indicate the quartz monzonite is prophyritic in texture with phenocrysts of k-feldspar. The ferromagnesian minerals consist of hornblende and biotite. The rocks are intruded by Late Tertiary basaltic and andesitic dykes trending N10°W and 65°W, an easterly dipping set is present in the mine workings as well. The plutonic rocks are intensely brecciated in places.

Exploration

The La Fortuna Project underground workings consist of 8 levels separated by 20 to 30 m intervals. Five are accessible by adits and 3 by an internal shaft. The mine workings, drifts and crosscuts, reach a maximum lateral extent on the #2 level with up to 300 m north-south and 120 m east-west being present.

Between 1991 and 1996 San Fernando Mining carried out an extensive exploration program with particular emphasis on the La Fortuna Mine. The program included detailed mapping and sampling of underground workings and the drilling in the immediate La Fortuna Mine area of 121 DDH with an aggregate of 18,900 m drilled. Alamos Minerals (now Alamos Gold) purchased the concessions from San Fernando Mining in 1996. During their tenure, Alamos conducted various metallurgical test works and commissioned the 1997 Davies report. They planned on conducting a 20,000 ton bulk mining and heap leach test however due to technical difficulties and the falling gold price the test was abandoned prior to completion. The property was subsequently sold to Morgain Minerals in 2006.

Mineralization

Mineralization appears to be related to separate bands of tourmalinized quartz monzonite breccia flanking a central less altered quartz monzonite body. The latter appears to be 60 m wide dipping steeply to the west and striking slightly west of north. It forms a resistant backbone ridge prominent in the mine area. The gold-silver-copper mineralization in the La Fortuna mine occurs as disseminations, stockwork veinlets and fracture fillings. It is noteworthy that the degree of mineralization and thus the grade of the ore is dependent on the intensity of the fracturing. The known mineralized body is slab-like in form, from 20 to 40 m thick and dipping to the west at about 30°. The known aerial extent of the deposit is approximately 200 m in a north-south direction and 150 m east-west.

Drilling

Previous owners drilled 121 DDH at the Property for a total filled length of approximately 18,900 m. Core size was NQ and sample length is nominally 2 m. A small percentage of the drill holes were surveyed down the hole. Generally these surveys only showed minor deflection of a few degrees.

As recommended in the March 2007 La Fortuna Technical Report, a twin hole drilling program was completed in early 2008. A total of 6 twin holes were drilled, comprising 515 m, to verify previous drilling at the La Fortuna Project. The results from these 6 twin holes compare very well with the previous drilling. Within the 6 twin holes 180.6 m of ore intercepts were compared with corresponding intercepts in the original holes. The original holes had 181.8 m of ore intercepts resulting in 0.7% less meterage in the twin holes. When the gold grade is compared, the twin holes averaged 3.58 g/t compared to 3.29 g/t in the original holes. This represents an increase of 8.8%. This is a very good comparison considering the abundance of free gold ("nugget effect") present in the La Fortuna deposit.

Following the conclusion of the recent twin hole drilling program a resource block model was generated using the previous drilling results. This model produced a measured and indicated resource of 4,824,000 tonnes at 1.986 g/t gold (308,000 contained ounces) at a 0.50 g/t cutoff grade.

Sampling Method and Approach

The original Consejo de Recurso Minerales ("CRM") underground samples were moil cut wall channels taken at chest height and were 2 m in length and weighed up to 5 kg.

The 2008 twin hole core drilling program procedures were evaluated prior to the start of drilling by Toren Olson Consulting. Toren Olson Consulting observed the in-field sampling and chain of custody procedures during its visit. Castle Gold's Manager of Exploration had overall responsibility for the drill program. The drill core was sampled for the whole length of the drill hole. The sample lengths were determined by geology and had a maximum length of 2 m. Prior to removing the core from the core box, all core was photographed for future reference. The core was split in half using a diamond core saw under the direction of the project geologist. The remaining half of the core was retained for future reference.

Sample Preparation, Analyses and Security

CRM used government run laboratories in Nogales and Hermosillo.

The San Fernando drill hole samples were analysed by Bondar Clegg and SGS Laboratories in Canada. The samples were analysed for gold using a 30g fire assay and were also generally analysed for silver and copper.

Samples collected during Castle Gold's twin diamond drill program were submitted to ALS-Chemex Laboratories, Hermosillo, Mexico for sample analysis, where the samples were crushed, split and pulverized and ALS-Chemex Laboratories, Vancouver, British Columbia, where the samples were analysed for gold using a 30g fire assay with AA measurement. Further analysis using aqua regia digestion followed by 35 element ICP analysis was also completed on each sample to determine quantities of secondary metals.

ALS-Chemex employs a procedure of internal submission standards and blanks as well as carrying out repeat assays on a portion of the client submitted samples. ALS Chemex's QA/QC was reviewed by Castle Gold staff upon reception in order to compare ALS Chemex's results to Castle Gold's QA/QC blanks.

Data Verification

Core from the original drill programs no longer exists, so the assaying has not been checked. All drill logs and associated assay sheets have been checked and entered into an electronic database. During the original drilling program a check assay program was carried out.

For drill holes LF1 to LF77B only a very small number, 31, of gold check assays were completed. The average value of the original data is 1.215 g/t versus 1.197 g/t for the check assays, a difference of 1.5%. There is an overall general agreement between the two labs both with considerable scatter on individual samples, due in large part to a high nugget effect. The correlation co-efficient is 0.93.

For drill holes LF78 to LF119 the picture is not as clear. The original assay work was done by SGS Laboratories. Several hundred check assays were performed on gold by Bondar Clegg using rejects. A total of 192 samples were represented in three categories, the original sampling program, the first check on the rejects and the second check on pulps. The checks based on rejects were about 9% lower than the originals while the checks based on pulps were about 4% lower. However, in both cases there is considerable scatter due in part to a high nugget effect.

Metallurgical testing

Phase 1 of the 1995 metallurgical test work program was directed towards "conventional" processing with fine grinding followed by an evaluation of gravity concentration, froth flotation and cyanidation. Gravity concentration produced gold recoveries ranging from 67 to 84%. Although flotation gold recoveries of up to 96-98% were achieved, cyanidation of the concentrate yielded poor results. Whole ore cyanidation recoveries were notably good, ranging from 84 - 97%. Colorado Minerals Research Institute's (CMRI) conclusion was that direct cyanidation of whole ore without an intermediate concentration step gave the highest recovery of gold and silver compared to all other flowsheet options investigated. Gold and silver extractions of 97% and 41% respectively were established at a grind of 100 mesh (149 microns). However, at that time it was determined that there was insufficient ore to support a milling scenario thus further work was commissioned to investigate heap leaching as an alternative. Metallurgical test work was carried out by CMRI and METCON to test the applicability of heap leaching using core samples which represented average grade indicated by the core drilling program. CMRI's conclusions showed that with a ½" crush size gold recovery was 64% with a 147 day leach and a cyanide consumption of 1.29 kilograms per ton. METCON's test work confirmed the gold recovery rate.

Exploration and Development

The Fortuna property is a land package that contains 10,468 hectares. While there is historical drilling and mining, little exploration has been done outside the area of the historical workings. No drilling program is planned for 2010 as the company will focus its exploration efforts on El Castillo. However, the next step at La Fortuna will be to map the property, identify targets and plan a drilling program to explore those targets.

RISK FACTORS

An investment in Argonaut should be considered highly speculative due to the nature of Argonaut's business and operations. In addition to the other information in this AIF, an investor should carefully consider each of, and the cumulative effect of, the following factors.

Title to Properties

Argonaut believes that it presently holds all necessary licenses and permits required to carry on with activities in relation to the El Castillo and La Fortuna Projects which it is currently conducting under applicable laws and regulations and that it is presently complying in all material respects with the terms of such licenses and permits. Title reviews have been performed with respect to the El Castillo and La Fortuna Projects. Although title reviews are often done according to industry standards prior to the purchase of a mining property, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Corporation which could result in a reduction of the revenue received by the Corporation. Third parties may have valid claims underlying portions of the interest in the El Castillo or La Fortuna Projects, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

The mining concessions may be terminated in certain circumstances. Under the laws of the jurisdictions where the Corporation's operations, development projects and prospects are located, mineral resources belong to the state and governmental concessions are required to explore for, exploit, and extract, mineral reserves. The concessions held by the Corporation in respect of its operations and development projects may be terminated under certain circumstances, including where minimum production levels are not achieved by the Corporation (or a corresponding penalty is not paid), if certain fees are not paid or if environmental and safety standards are not met. Termination of any one or more of the Corporation's mining, exploration or other concessions could have a material adverse effect on the Corporation's financial condition or results of operations.

Operational Risks

In addition, mining operations generally involve a high degree of risk. Argonaut's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Current Global Financial Conditions

Current global financial conditions have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both the rapid decline in value of sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future on terms favourable to it, if at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses as well as lead to an increase in liquidity risk. Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they become due. The Corporation will manage this risk through regular monitoring of its cash flow requirements to support ongoing operations and expansionary plans. The Corporation will ensure that there are sufficient committed loan facilities to meet its business. If such increased levels of volatility and market turmoil continue, the operations of the Corporation could be adversely impacted and the price of the Common Shares may be adversely affected.

Financing Requirements

The exploration, development and continued operations of the Corporation's properties, including continuing exploration and development projects at the La Fortuna Project in Mexico, the construction and commencement of mining facilities and operations and continued operations at the El Castillo Project in Mexico, may require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of a property interest. When such additional capital is required, the Corporation plans to pursue sources of such capital through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Corporation and might involve substantial dilution to existing shareholders. Argonaut may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means and failure to raise capital when needed would have a material adverse effect on the Corporation's business, financial condition and results of operations. If the Corporation does succeed in raising additional capital, future financings are likely to be dilutive to shareholders, as additional Common Shares or other equity will most likely be issued to investors in future financing transactions. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. The Corporation may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold industry in particular), Argonaut's status as a new enterprise with a limited history, the location of the Corporation's gold properties in Mexico and price of gold on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management. Further, if gold price on the commodities markets decreases, then revenues will likely decrease, and such decreased revenues may increase the requirements for capital. Some of the contractual arrangements governing the Corporation's exploration activity may require commitment to certain capital expenditures, and the Corporation may lose contract rights if it does not have the required capital to fulfill these commitments. If the amount of capital raised from financing activities, together with cash flow from operations, is not sufficient to satisfy capital needs (even to the extent that operations are reduced), the Corporation may be required to cease operations.

Insurance and Uninsured Risks

Argonaut's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Argonaut's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Argonaut will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards that may not be insured against or that the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Corporation's business, financial condition and results of operations.

Government environmental approvals and permits are currently, or may in the future be, required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including the Corporation, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Construction and Start-up of New Mines

The success of construction projects and the start up of new mines by the Corporation is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), an ADR plant, the conveyors to move the ore, mining equipment and other operational elements that have to be factored in. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Corporation will be successful; that the Corporation will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Corporation will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's business, financial condition and results of operations.

Increase in Production Costs

Changes in the Corporation's production costs could have a major impact on its profitability. Its main production expenses are contractor costs, materials, personnel costs and energy. Changes in costs of the Corporation's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, a change in commodity prices, increased costs (including oil, steel and diesel) and scarcity of labour, and could result in changes in profitability or reserve estimates. Many of these factors may be beyond the Corporation's control.

The Corporation relies on third party suppliers for a number of raw materials. Any material increase in the cost of raw materials, or the inability by the Corporation to source third party suppliers for the supply of its raw materials, could have a material adverse effect on the Corporation's results of operations or financial condition.

Competition for Exploration, Development and Operation Rights

The mining industry is intensely competitive in all of its phases and Argonaut competes with many companies possessing greater financial and technical resources than Argonaut. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in Argonaut being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Argonaut's prospects for mineral exploration and success in the future.

Recent increases in gold prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, or at all, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

To extend the lives of its mines and projects, ensure the continued operation of the business and realize its growth strategy, it is essential that the Corporation continues to realize its existing identified reserves, convert resources into reserves, develop its resource base through the realization of identified mineralized potential, and/or undertake successful exploration or acquire new resources.

The figures for Mineral Reserves and Mineral Resources are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves could be mined or processed profitably. Actual reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its reserve estimates from time to time or may render the Corporation's reserves uneconomic to exploit. Reserve data are not indicative of future results of operations. If Argonaut's actual Mineral Reserves and Resources are less than current estimates or if Argonaut fails to develop its resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected. Evaluation of reserves and resources occurs from time to time and they may change depending on further geological interpretation, drilling results and metal prices. The category of inferred resource is often the least reliable resource category and is subject to the most variability. The Corporation will regularly evaluate its resources and reserves and will determine the merits of increasing the reliability of its overall resources.

Uncertainty of Exploration and Development

Exploration and development projects are uncertain and consequently, it is possible that actual cash operating costs and economic returns will differ significantly from those estimated for a project prior to production. Because mines have limited lives based on Proven and Probable Mineral Reserves, the Corporation will be required to continually replace and expand its Mineral Reserves as its mines continue to produce gold. The life-of-mine estimates may not be correct. The Corporation's ability to maintain or increase its annual production of gold in the future will be dependent in significant part on its ability to identify and acquire additional commercially viable mineral properties, bring new mines into production and to expand

Mineral Reserves at existing mines. Mineral Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. There can be no assurance that the Corporation will successfully acquire additional mineral rights. While discovery of additional ore bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs of the Corporation will result in profitable commercial mining operations. The profitability of the Corporation's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and receipt of adequate financing. They typically require a number of years and significant expenditures during the development phase before production is possible. The economic feasibility of development projects is based on many factors such as: estimation of reserves; anticipated metallurgical recoveries; environmental considerations and permitting; future gold prices; and anticipated capital and operating costs.

Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tonnage of ore to be mined and processed; unanticipated adverse geotechnical conditions; incorrect data on which engineering assumptions are made; costs of constructing and operating a mine in a specific environment; availability and costs of processing and refining facilities; availability of economic sources of power; adequacy of water supply; adequate access to the site, including competing land uses (such as agriculture); unanticipated transportation costs; government regulations (including regulations regarding prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands); title claims, including aboriginal land claims; fluctuations in prices of precious metals; and accidents, labour actions and force majeure events. Anticipated capital and operating costs, production and economic returns, and other estimates contained in feasibility studies, if prepared, may differ significantly from the Corporation's actual capital and operating costs. In addition, delays to construction schedules may negatively impact the net present value and internal rates of return of the Corporation's mining properties as set forth in the applicable feasibility studies. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Corporation towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

The future development of the Corporation's properties that are found to be economically feasible, including the operation and development of the El Castillo and La Fortuna Project, respectively, will require the expansion and improvement of existing mining operations, as well as the construction and operation of additional mines, processing plants and related infrastructure. As a result, the Corporation is subject to all of the risks associated with establishing and expanding mining operations and business enterprises including: the timing and cost, which will be considerable, of the construction of additional mining and processing facilities; the availability and costs of skilled labour, power, water, transportation and mining equipment; the availability and cost of appropriate smelting and/or refining arrangements; the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; and the availability of funds to finance construction and development activities. The costs, timing and complexities of mine construction and development are increased by the remote location of some of the Corporation's mining properties. It is not unusual in new mining operations to experience unexpected problems and delays during the construction and development of a mine. In addition, delays in the commencement or expansion of mineral production often occur and, once commenced or expanded, the production of a mine may not meet expectations or estimates set forth in feasibility or other studies. Accordingly, there are no assurances that the Corporation will successfully develop and expand mining operations or profitably produce precious metals at its properties, including the El Castillo Project and La Fortuna Project.

The Corporation May Not Achieve its Production Estimates

The Corporation prepares estimates of future gold production for its operating mine. The Corporation cannot give any assurance that it will achieve its production estimates. The failure of the Corporation to achieve its production estimates could have a material and adverse affect on any or all of its future cash flows, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions, physical characteristics

of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing.

The Corporation's actual production may vary from its estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property of the Corporation or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Corporation to cease production. It is not unusual in new mining operations to experience unexpected problems during the start-up phase. Depending on the price of gold or other minerals, the Corporation may determine that it is impractical to commence or, if commenced, to continue commercial production at a particular site.

Exchange Controls

Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends received from foreign subsidiaries. Exchange controls may prevent transferring funds abroad.

Commodity Price Volatility

The profitability of the Corporation's operations will be dependent upon the market price of mineral commodities. Mineral prices, including the price of gold, fluctuate widely and are affected by numerous factors beyond the control of the Corporation. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities, including the price of gold, has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Corporation's business, financial condition and results of operations.

Furthermore, reserve calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Corporation's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Corporation's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Write-downs and Impairments

Mining interests are the most significant assets of the Corporation and represent capitalized expenditures related to the development of mining properties and related plant and equipment and the value assigned to exploration potential on acquisition. The costs associated with mining properties are separately allocated to exploration potential, reserves and resources and include acquired interests in production, development and exploration-stage properties representing the fair value at the time they were acquired. The values of such mineral properties are primarily driven by the nature and amount of material interests believed to be contained or potentially contained, in properties to which they relate.

The Corporation will review and evaluate its mining interests for impairment at least annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable, which becomes more of a risk in the global economic conditions that exist currently. An impairment is considered to exist if the total estimated future undiscounted cash flows are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources. Differences between management's assumptions and market conditions could have a material effect in the future on the Corporation's financial position and results of operation.

In addition, with a weaker global economy, there is a larger risk surrounding inventory levels. The assumptions used in the valuation of work-in process inventories by the Corporation include estimates of gold contained in the ore stacked on leach pads, assumptions of the amount of gold stacked that is expected to be recovered from the leach pads, assumptions of the amount, if any, of by-products that will be crushed for concentrate, assumptions of the amount of gold and by-products in these mill circuits and an assumption of the gold and by-products price expected to be realized when the gold and by-products is recovered. If these estimates or assumptions prove to be inaccurate, the Corporation could be required to write-down the recorded value of its work-in-process inventories, which would reduce the Corporation's earnings and working capital.

Acquisitions and Integration

The Corporation's business plan focuses on international exploration and production opportunities, currently in Mexico, and later in other parts of the world. In the event that the Corporation does not succeed in negotiating additional property acquisitions, future prospects in the long-term will likely be substantially limited, and the Corporation's financial condition and results of operations may deteriorate.

Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Corporation has committed to complete the transaction and established the purchase price or exchange ratio; a material orebody may prove to be below expectations; the Corporation may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Corporation's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Corporation chooses to raise debt capital to finance any such acquisition, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisition with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Governmental Regulation of the Mining Industry

The mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Corporation believes that the current exploration and operational activities at the El Castillo and La Fortuna Projects are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Corporation's properties. Amendments to current laws and regulations governing the operations and activities of the Corporation or more stringent implementation thereof could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Local Legal, Political and Economic Factors

The Corporation's operations will be conducted in foreign jurisdictions, including Mexico and, as such, the Corporation's operations will be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Political instability could result in new governments or the adoption of new policies, laws or regulations that might assume a substantially more hostile attitude toward foreign investment, including the imposition of additional taxes. In an extreme case, such a change could result in the termination of contract rights and expropriation of foreign-owned assets. Any changes in gold or investment regulations and policies or a shift in political attitudes in Mexico or other countries in which the Corporation intends to operate will be beyond the Corporation's control and may significantly hamper the ability to expand operations or operate the business at a profit. Examples of such changes are changes in laws in the jurisdictions in which the Corporation will operate into which it will expand that have the effect of favouring local enterprises, and changes in political views regarding the exploration, development and operation of mineral properties and economic pressures that may make it more difficult to negotiate agreements on favourable terms, obtain required licenses and permits, comply with regulations or effectively adapt to adverse economic changes, such as increased taxes, higher costs, inflationary pressure and currency fluctuations.

Local Legal and Regulatory Systems

The Corporation intends to conduct exploration, development and production activities in Mexico and possibly other countries outside of Canada or the United States that may have different or less developed legal systems than in Canada or the United States, which may result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain, (ii) a higher degree of discretion on the part of governmental authorities, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, and (v) relative inexperience of the judiciary and courts in such matters. Other risks may include decisions of local governments leading to restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses, permits and agreements for business. These licenses, permits and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Property right transfers, joint ventures, licenses, license applications or other legal arrangements pursuant to which the Corporation will operate may be adversely affected by the actions of government authorities and the effectiveness of and enforcement of rights under such arrangements in these jurisdictions may be impaired. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Corporation's operations or profitability.

Operations in Mexico

The Corporation's Mexican property interests and operations are subject to the political risks and uncertainties associated with investment in a foreign country.

The Corporation's property interests located in Mexico are subject to Mexican federal and state laws and regulations. As a result the Corporation's mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The present attitude of the governments of Mexico and of the State of Durango, where the El Castillo Mine and La Fortuna Project are located, to foreign investment and mining appears to be favourable; however, investors

should assess the political risks of investing in a foreign country. Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Corporation. In addition, the enforcement by the Corporation of its legal rights to exploit its properties may not be recognized by the government of Mexico or by its court system. These risks may limit or disrupt the Corporation's operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

Labour and Employment Matters

While the Corporation has good relations with its employees, production at its mining operations is dependant upon the efforts of the Corporation's employees. In addition, relations between the Corporation and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Corporation carries on business. Changes in such legislation or in the relationship between the Corporation and its employees may have a material adverse effect on the Corporation's business, results of operations and financial condition.

Foreign Subsidiaries

The Corporation is a holding company that conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent Corporation and such entities, or among such entities, could restrict the Corporation's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Corporation's valuation and stock price.

Attracting and Retaining Talented Personnel

The Corporation's success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of management and other personnel in conducting the business of the Corporation. The Corporation has a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Corporation's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. The Corporation may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction. The Corporation's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Corporation, which may not be able to find replacement personnel with comparable skills. The Corporation has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Corporation is unable to attract and retain key personnel, business may be adversely affected. The Corporation faces intense competition for qualified personnel, and there can be no assurance that the Corporation will be able to attract and retain such personnel.

In addition, the Corporation anticipates that, as it expands its existing production and brings additional properties into production, and as the Corporation acquires additional mineral rights, the Corporation will experience significant growth in its operations. The Corporation expects this growth to create new positions and responsibilities for management personnel and to increase demands on its operating and financial systems, as well as to require the hiring of a significant number of additional operations personnel. There can be no assurance that the Corporation will successfully meet these demands and effectively attract and retain additional qualified personnel to manage its anticipated growth and hire enough additional operations personnel. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Corporation's business, financial condition or results of operations.

Possible Conflicts of Interest of Directors and Officers of the Corporation

Certain of the directors and officers of the Corporation will also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Corporation expects that any decision made by any of such directors and

officers involving the Corporation will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders, but there can be no assurance in this regard.

Permitting Risk

The Corporation's operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development or operations on any of its properties, the Corporation must receive permits from appropriate governmental authorities. There can be no assurance that the Corporation will continue to hold all permits necessary to develop or continue operating at any particular property.

Foreign Currency Exchange Rate Fluctuation

Currency fluctuations may affect the Corporation's capital costs and the costs that the Corporation incurs at its operations. Gold is sold throughout the world based principally on a United States Dollar price, but a portion of the Corporation's operating expenses are incurred in, amongst others, Mexican pesos. The appreciation of foreign currencies, particularly the Mexican peso against the United States Dollar, would increase the costs of gold production at properties located in those jurisdictions, which could materially and adversely affect the Corporation's earnings and financial condition.

Lack of Hedging

The Corporation does not currently intend to enter into forward sales arrangements to reduce the risk of exposure to volatility in commodity prices. Accordingly, the Corporation's future operations are exposed to the impact of any significant decrease in commodity prices. If such prices decrease significantly at a time when the Corporation is producing, the Corporation would realize reduced revenues. While it is currently not the Corporation's current intention to enter into forward sales arrangements, the Corporation is not restricted from entering into forward sales arrangements at a future date.

Volatility of Market for Common Shares

The market price of the Common Shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Corporation's control, including: (i) dilution caused by issuance of additional Common Shares and other forms of equity securities, which the Corporation expects to make in connection with future capital financings to fund operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies, (ii) announcements of new acquisitions, reserve discoveries or other business initiatives by competitors, (iii) fluctuations in revenue from gold operations as new reserves come to market, (iv) changes in the market for gold and/or in the capital markets generally, (v) changes in the demand for gold; and (vi) changes in the social, political and/or legal climate in the regions in which the Corporation operates. In addition, the market price of the Common Shares could be subject to wide fluctuations in response to: (a) quarterly variations in revenues and operating expenses, (b) changes in the valuation of similarly situated companies, both in the gold industry and in other industries, (c) changes in analysts' estimates affecting the Corporation, competitors and/or the industry, (d) changes in the accounting methods used in or otherwise affecting the industry, (e) additions and departures of key personnel, (f) fluctuations in interest rates, exchange rates and the availability of capital in the capital markets, and (i) significant sales of the Corporation's common stock, including sales by future investors in future offerings which may be made to raise additional capital. These and other factors will be largely beyond the Corporation's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Common Shares and/or results of operations and financial condition.

Fluctuations in Operating Results can cause Share Price Decline

The Corporation's operating results will likely vary in the future primarily from fluctuations in revenues and operating expenses, including the ability to produce gold, expenses that are incurred, the price of gold in the commodities markets and other factors. If the results of operations do not meet the expectations of current or potential investors, the price of the Common Shares may decline.

Dilution Risk

In order to finance future operations and development efforts, the Corporation may raise funds through the issue of Common Shares or securities convertible into Common Shares. The constating documents of the Corporation will allow it to issue, among other things, an unlimited number of Common Shares for such consideration and on such terms and conditions as may be established by the directors of the Corporation, in many cases, without the approval of shareholders. The size of future issues of Common Shares or securities convertible into Common Shares or the effect, if any, that future issues and sales of the Common Shares will have on the price of the Common Shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Common Shares or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective shareholders of the Corporation.

Dividends

The Corporation does not intend to declare dividends for the foreseeable future, as the Corporation anticipates that any future earnings will be re-invested in the development and growth of the business. Therefore, investors will not receive any funds unless they sell their Common Shares, and shareholders may be unable to sell their shares on favourable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in Common Shares.

Risk Management

Gold exploration and development companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Corporation will strive to manage such risks to the extent possible and practical.

DIVIDENDS

There are no restrictions in Argonaut's constating documents that would restrict or prevent Argonaut from paying dividends**.** However, it is not contemplated that any dividends will be paid on the Common Shares in the immediate future as it is anticipated that all available funds will be reinvested in the Corporation to finance the growth of its business. Any decision to pay dividends on the common shares in the future will be made by the Board of Directors of Argonaut (the "Board") on the basis of the earnings, financial requirements and other conditions existing at such time.

CAPITAL STRUCTURE

Argonaut is authorized to issue an unlimited number of Common Shares. As of December 31, 2009 there were 55,750,000 Common Shares issued and outstanding. All Common Shares are fully paid and have no par value. Subsequent to year end 178,911 Common Shares were issued as compensation to the broker for the acquisition of Castle Gold and additional shares are pending issue as balance of payment. The Board has also approved for grant awards of aggregate of 577,428 restricted Common Shares and Options to certain directors and officers of Corporation pending the confirmation and ratification of the new share incentive plan of the Corporation (the "2010 Share Incentive Plan") by the shareholders of the Corporation.

As of December 31, 2009, there were 25,749,998 Common Share purchase warrants ("Warrants") and 25,000 options of the Corporation outstanding.

Common Shares

Each Common Share entitles the holder thereof to receive notice of any meetings of the shareholders of Argonaut and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all of the directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefore and, upon the liquidation, dissolution or winding up of Argonaut, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and liabilities. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

Each of the outstanding Warrants entitles the holder thereof to purchase one Common Share for an exercise price of $4.50 prior to December 29, 2012.

Options

25,000 of the outstanding options of the Corporation were granted to former directors and officers and agents of the Corporation (the "Intuitivo Options") and entitle the holders thereof to purchase a Common Share for the exercise price of $3.00 at any time prior to September 18, 2012. 1,500,000 options were granted to GMP Securities L.P. (the "Broker Options") on November 20, 2009 in connection with a private placement of subscription receipts of AGI. Each Broker Option entitles the holder thereof to purchase one Common Share at a price of $4.50 at any time prior to December 29, 2012. All of the above options of the Corporation are fully vested. Up to 577,428 options (the "2010 Options") were granted to certain officers and directors under the new share incentive plan of the Corporation approved by the Board of Directors on February 12, 2010. The issuance of the 2010 Options are subject to the approval of the 2010 Share Incentive Plan by the shareholders of the Corporation.

MARKET FOR SECURITIES

Price Range and Trading Volume of Common Shares and Warrants

The common shares and warrants of Argonaut are traded on the TSX under the symbols "AR" and "AR.WT", respectively. The following tables set out the market price ranges in Canadian dollars per common share and warrant of Argonaut and aggregate trading volumes on a monthly basis as reported by the TSX for the 12 month period prior to the date of this short form prospectus, respectively.

Common Shares

The pre-consolidated common shares of the Corporation commenced trading on the TSX-V on September 20, 2007 under the trading symbol "ITU.P". The Common Shares were de-listed from the TSX-V and listed on the TSX under the symbol "AR" on December 30, 2009. The following table sets forth the volume of trading and price ranges of the pre-consolidated common shares on the TSX-V for each month during the period from January 2009 to December 2009 and the Common Shares on the TSX during the period from December 31, 2009 to March 26, 2010. The pre-consolidated common shares of the Corporation were halted from trading on November 17, 2009 upon the announcement of the Qualifying Transaction. The Common Shares closed at $3.00 on March 26, 2010.

	High	Low	Volume
2009[1]	$	$	#
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	0.05	0.04	80,000
September	0.055	0.04	150,000
October	0.05	0.03	354,500
November[2]	0.03	0.03	15,500
December 1 – 30[2,3]	-	-	-
December 31, 2009 (trading on the TSX under "AR")	3.50	3.00	343,600
2010			
January	3.75	3.05	3,954,785
February	3.23	2.91	1,901,986
March 26	3.15	2.85	1,857,800

Note:

1. The pre-consolidated common shares of the Corporation were halted from trading from the announcement of the Scenecaster Transaction until August 2009.
2. The pre-consolidated common shares of the Corporation were halted from trading on November 17, 2009 on the first announcement of the Qualifying Transactions. The trading halt lasted until the delisting of the Common Shares on December 30, 2009.
3. The Common Shares were delisted from the TSX-V and listed on the TSX on December 30, 2009.

Price Range and Trading Volume of Warrants

The warrants of Argonaut commenced trading on the TSX on January 22, 2010. The following table sets forth the volume of trading and price ranges of the Warrants on the TSX. The warrants closed at $.66 on March 26, 2010.

The following table sets forth the volume of trading and price ranges of the Warrants on the TSX during the period from January 22, 2010 to March 26, 2010.

	High	Low	Volume
2010	$	$	#
January	1.00	0.70	1,165,100
February	0.75	0.60	189,500
March 26	0.70	0.60	175,000

Prior Sales

The Corporation has issued the following outstanding securities which are not listed or quoted on a market place during the most recently completed financial year:

Type of Security	Number Issued	Date Issued	Exercise Price
Options	1,500,000	December 29, 2009 (upon Amalgamation)	$4.50 until December 29, 2012

DIRECTORS AND OFFICERS

The following table sets forth for each of the directors and executive officers of the Corporation as at December 31, 2009 the person's name, municipality of residence, position with the Corporation, principal occupation during the last five years and, if a director, the date on which the person became a director. Each of the directors of the Corporation has been appointed to serve until the next annual meeting of the shareholders of the Corporation.

Name and Municipality of Residence	**Position**	**Principal Occupation**	**Since**
Peter C. Dougherty Reno, Nevada United States	President and Chief Executive Officer and Director	President and Chief Executive Officer of Argonaut; Vice-President Finance, CFO, and Corporate Secretary of Meridian Gold Inc.	December 30, 2009
Barry L. Dahl Reno, Nevada United States	Chief Financial Officer	Chief Financial Officer of Argonaut; Corporate Controller, Andean Resources Inc.; Corporate Controller and CFO, Hattinger Welding LLC; Director of External Reporting and Internal Controls, Meridian Gold Inc.	January 25, 2010
Curtis K. Turner Reno, Nevada United States	Corporate Development Officer	Corporate Development Officer of Argonaut; CFO of Argonaut; CFO of Cyanco ; Director of Finance of Yamana Gold Inc.; Corporate Controller for Meridian Gold Inc.; Controller El Penon Mine	December 30, 2009
Edgar A. Smith Reno, Nevada United States	Chief Operating Officer and Corporate Secretary	Chief Operating Officer and Corporate Secretary, Argonaut; Vice-President of Operations, Meridian Gold Inc.	December 30, 2009
Brian J. Kennedy Reno, Nevada United States	Director (Chair)	President & CEO, Chairman (and Vice-Chair) of Meridian Gold Inc.	December 30, 2009
Dale C. Peniuk Vancouver, British Columbia Canada	Director	Chartered Accountant; Formerly Assurance Partner, KPMG LLP	December 30, 2009
Christopher R. Lattanzi Toronto, Ontario Canada	Director	Mining Engineer, Consultant; President, Micon International Limited	December 30, 2009
James E. Kofman Toronto, Ontario Canada	Director	Managing Director and Head of Mergers and Acquisitions, UBS Securities Canada Inc.	January 13, 2010

As of the date of this AIF the Board's committees are the Corporate Governance and Compensation Committee and the Audit Committee. The Corporate Governance and Compensation Committee is comprised of Messrs Kofman, Lattanzi (Chair) and Peniuk. The audit committee is comprised of Messrs. Kennedy, Lattanzi and Peniuk (Chair).

As at December 31, 2009 the directors and officers of the Corporation as a group, beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 4,000,000 Common Shares representing approximately 7.2% of the then outstanding common shares.

Corporate Cease Trade Orders or Bankruptcies

None of the directors or executive officers of Argonaut is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company, that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as a director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the directors or executive officers of Argonaut or a shareholder holding a sufficient number of securities of Argonaut to affect materially the control of Argonaut: (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receive manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

The directors of the Corporation supervise the management of the business and affairs of the Corporation in accordance with the provisions of the OBCA. The directors and officers of the Corporation will in all cases be required by law to act honestly and in good faith with a view to the best interest of the Corporation.

To the knowledge of the Corporation, after reasonable inquiry, except as described herein, there are no existing or potential material conflicts of interest between the Corporation and any director or officer of the Corporation. Certain of the directors and officers of the Corporation serve as directors, officers or members of management or are otherwise insiders of other companies engaged in the business of mineral exploration or other related businesses, and therefore it is possible that a conflict may arise as a result of being a director, officer, member of management or insider of such other companies.

PROMOTERS

Other than as disclosed in this section, no person or company is a promoter of the Corporation, or has been within the two years immediately preceding the date of this AIF a promoter of the Corporation or a subsidiary of the Corporation, as applicable.

Mr. Pete Dougherty, Mr. Brian Kennedy and Mr. Edgar Smith may be considered to have been promoters of Argonaut Gold Inc. in that they took the initiative in founding the business of Argonaut Gold Inc. As of the date hereof, Mr. Dougherty holds or has direction or control over 1,445,896 Common Shares, Mr. Kennedy holds or has direction or control over 1,548,460 Common Shares and Mr. Smith holds 1,005,644 Common Shares. Except as set forth elsewhere in this AIF, no assets, services or other consideration has been received or are presently contemplated to be received by Messrs. Dougherty, Kennedy or Smith from the Corporation other than for consideration for their positions as Directors or Officers of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not, and during the last financial year of the Corporation, was not, a party to any legal proceeding. No property of the Corporation is, or during the last financial year of the Corporation was, the subject of any legal proceedings. To the knowledge of the Corporation, no such legal proceedings are contemplated. There have not been any penalties or sanctions imposed against the Corporation by, or settlement agreement entered into by the Corporation before, a court or a regulatory body, including any securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this AIF, no director, executive officer or insider of the Corporation, or any associate or affiliate of a director, executive officer or insider of the Corporation, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Corporation.

TRANSFER AGENT, REGISTRAR AND AUDITORS

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., located at 100 University Avenue, 9th floor, Toronto, ON, M5J 2Y1.

The warrant agent for the Warrants is Computershare Trust Company of Canada, located at 100 University Avenue, 9th floor, Toronto, ON, M5J 2Y1.

The auditors of Argonaut are PricewaterhouseCoopers LLP.

MATERIAL CONTRACTS

Material Contracts

The following material contracts have been entered into by Argonaut:

1. the Qualifying Transaction Agreement;

2. the amalgamation agreement dated December 30, 2009 between the Corporation, AGI and Subco;

3. the amended and restated warrant indenture dated December 30, 2009 among the Corporation Argonaut Gold Inc. and Computershare Trust Company of Canada in connection with the issuance of the Warrants;

4. the agreement for mining contractor services between Castle Gold and CAMSA in connection with the El Castillo Mine, dated April 1, 2009;

5. the surface rights agreements between Castle Gold and:

    (a) Ejido Atotonilco dated June 20, 2005;

    (b) Jose Gallegos Parra dated March 10, 2005;

    (c) Geronimo Gandara dated February 23, 2005; and

    (d) Otilio Monta Elido dated March 10, 2005.

6. the surface rights agreement dated January 8, 2007 in respect of the 20 Ha of the surface area of the La Fortuna Project; and

7. the loan agreement dated March 24, 2005, as amended September 15, 2005, October 31, 2006, April 30, 2007 and November 15, 2008 between Castle Gold and H. Morgan & Company.

INTEREST OF EXPERTS

The following persons and companies are names as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made by the Corporation under National Instrument 51-102 during, or relating to, the most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by the person, firm or company:

- Daniel C. Leroux, B.Sc., P.Geo, Gordon Watts, P.Eng., W.D. Roy, M.A.Sc., P.Eng. of A.C.A. Howe International Limited (“Howe”) as authors of the “Technical Report on the El Castillo Gold Project, Durango, Mexico”.

- Toren K. Olson, P.Geol. of Toren Olson Consulting author of the “La Fortuna, Durango, Mexico, Technical Report”.

To the knowledge of the Corporation, after reasonable enquiry, none of the foregoing persons, beneficially owns, directly or indirectly, or exercises control or direction over any securities of the Corporation representing more than one per cent of the outstanding Common Shares.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Further, information with respect to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the management information circular of the Corporation for its most recent annual meeting of shareholders (the “Information Circular”) that involved the election of directors. Additional financial information is provided in the comparative consolidated financial statements and the management's discussion and analysis of the Corporation for its most recently completed financial year. A copy of this Annual Information Form and the Information Circular may be obtained upon request from the Secretary of the Corporation.