

# Argonaut Gold – Feasibility Study

## Magino Project, Wawa, Ontario

JDS Energy & Mining Inc.

### OVERVIEW

The Magino Mine property is a past producing underground gold mine located 40 kilometres northeast of Wawa, Ontario and is 100% owned by Prodigy Gold Inc. (Prodigy), a wholly-owned subsidiary of Argonaut Gold Inc. (Argonaut). As of 9 January 2016, Prodigy's wholly owned (i.e., 100% Registered Ownership) land holdings forming the Magino property comprise 18 patented mining claims (mining and surface rights), 62 leased mining claims, and 17 unpatented mining claims with a combined area of 2,261 ha. Magino is being evaluated by Argonaut as an open-pit mining opportunity with the potential for deeper, higher grade gold production.

### SCOPE

JDS Energy & Mining Inc. (JDS) is completing a Feasibility Study (FS) for the Magino property. The FS builds off the 2016 Revised PFS. The key differences between the 2016 Revised PFS and the 2013 PFS is an increased processing rate of 30,000 tonnes per day (t/d) from 12,500 t/d and a significantly increased reserve due to obtaining better access to the known resource through a land swap agreement with Richmond Mines Inc. and additional resource drilling.

JDS improved the overall economics of the Project by increasing pit slopes to reduce strip ratio and increase the ounces mined, processing higher grade material in the first years of the mine life and stockpiling lower grade material for processing later in the mine life.

Economics highlights of the FS include an after tax NPV5% of US\$321M, internal rate of return of 19.5%, after tax payback in 3.8 years, pre-production capital costs of US\$292M and sustaining and closure costs of US\$84M.

**Project Value: \$2.7M**

