

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

1. **Name and Address of Company**

Argo Gold Inc. (the “**Company**”)  
365 Bay Street, Suite 400  
Toronto, Ontario M5H 2V1

2. **Date of Material Change**

May 26, 2017

3. **News Release**

A press release disclosing the material change was released on May 26, 2017 through the facilities of Newsfile Corp.

4. **Summary of Material Change**

On May 26, 2017, the Company closed the final tranche of its previously announced non-brokered private placement (the “**Offering**”) by issuing 950,000 units (“**Units**”) at a price of \$0.20 per Unit for gross proceeds of \$190,000 and 280,000 flow through shares (“**Flow Through Shares**”) at a price of \$0.25 per Flow Through Share for aggregate gross proceeds of \$70,000. Each Unit is comprised of one common share (“**Common Share**”) and one-half of one Common Share purchase warrant (“**Warrant**”). Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of \$0.30 for twenty-four (24) months from the closing of the Offering.

To date the Company has raised an aggregate of \$650,000 through the issuance of Units and Flow-Through Shares pursuant to the Offering. In connection with the Offering the Company has paid finder’s fees of \$19,600 cash and issued an aggregate of 89,250 warrants (“**Broker Warrants**”). Each Broker Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.30 per Common Share for a period of twenty-four (24) months from the date of issuance. All securities issued in connection with the Offering are subject to a four month statutory hold period.

The material change is fully described in the Company’s press release which is attached as Schedule “A” and is incorporated herein.

5. **Full Description of Material Change**

A full description of the material change is contained under Item 4.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”).

(a) **a description of the transaction and its material terms:**

In connection with the Offering an aggregate of 400,000 Units was acquired by insiders of the Company.

**(b) the purpose and business reasons for the transaction:**

The proceeds of the Offering will be used for working capital purposes.

**(c) the anticipated effect of the transaction on the issuer's business and affairs:**

The completion of the Offering will provide the Company with funds to be used for working capital purposes.

**(d) a description of:**

**(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

Judy Baker, a director and officer of the Company, subscribed for an aggregate of 200,000 Units in the Offering.

Alex Falconer, a director and officer of the Company, subscribed for an aggregate of 100,000 Units in the Offering.

Falconer & Associates Inc., a company controlled by Alex Falconer, subscribed for an aggregate of 100,000 Units in the Offering.

**(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

Following completion of the Offering, Judy Baker will own an aggregate of 3,956,250 Common Shares, representing approximately 13.99% of the issued and outstanding Common Shares. In addition, Ms. Baker holds Warrants to purchase an aggregate of 200,000 Common Shares of the Company and 150,000 options of the Company exercisable into Common Shares. Assuming exercise of her convertible securities, Ms. Baker would hold an aggregate of 4,306,250 Common Shares or approximately 15.04% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

Following completion of the Offering, Alex Falconer will own or control, directly and indirectly, an aggregate of 1,086,754 Common Shares, representing approximately 3.84% of the issued and outstanding Common Shares. In addition, Mr. Falconer holds Warrants to purchase an aggregate of 100,000 Common Shares of the Company and 150,000 options of the Company exercisable into Common Shares. Assuming exercise of convertible securities, Mr. Falconer would own or control, directly and indirectly, an aggregate of 1,336,754 Common Shares or approximately 4.68% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed in accordance with the *Business Corporations Act* (Ontario) approving the Offering. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than the subscription agreements to purchase the Units pursuant to the Offering, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Offering constituted a related party transaction within the meaning of MI 61-101 as insiders of the Company subscribed for an aggregate of 400,000 Units in the Offering. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by the insider does not

exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

7. **Omitted Information**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

For further information, contact Judy Baker, President of the Company at (416) 786-7860.

9. **Date of Report.**

This report is dated at Toronto, this 2<sup>nd</sup> day of June, 2017.

## SCHEDULE “A”

### ARGO GOLD INC.

365 Bay Street, Suite 400  
Toronto, Ontario M5H 2V1

#### FOR IMMEDIATE RELEASE

#### Argo Gold Closes Final Tranche of Private Placement of Units and Flow-Through Shares

**Toronto, CANADA, May 26, 2017** – Argo Gold Inc. (“Argo Gold” or the “Company”) (CSE: ARQ) is pleased to announce that it has closed the final tranche of its previously announced non-brokered private placement through the issuance of 950,000 units (“Units”) at a price of \$0.20 per Unit for gross proceeds of \$190,000 and 280,000 flow through shares (“Flow Through Shares”) at a price of \$0.25 per Flow Through Share for aggregate gross proceeds of \$70,000. Each Unit is comprised of one common share (a “Common Share”) of the Company and one-half of one common share purchase warrant (each whole warrant, a “Warrant”) with each Warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.30 for a period of twenty-four (24) months from the date of closing.

To date the Company has raised an aggregate of \$650,000 through the issuance of Units and Flow-Through Shares pursuant to the offering. In connection with the offering the Company has paid finder’s fees of \$19,600 cash and issued an aggregate of 89,250 warrants (“Broker Warrants”). Each Broker Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.30 per Common Share for a period of twenty-four (24) months from the date of issuance. All securities issued in connection with the offering are subject to a four month statutory hold period.

The net proceeds raised from the Unit offering will be used for general corporate purposes. The gross proceeds raised from the Flow-Through Share offering will be used for Canadian Exploration Expenses, and will qualify as “flow-through mining expenditures”, as defined in the *Income Tax Act* (Canada).

The final tranche of the offering constituted a related party transaction within the meaning of Multilateral Instrument 61-101 (“MI 61-101”) as insiders of the Company subscribed for an aggregate of 400,000 Units. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

The Company also wishes to correct an error in the press release of May 11, 2017 which announced that the Company paid a finder’s fee equal to \$2,450 and issued an aggregate of 12,250 broker warrants in connection with the second tranche of the offering when in fact the Company paid finder’s fees totaling \$5,950 and issued an aggregate of 29,750 broker warrants pursuant to the second tranche.

#### About Argo Gold Inc.

Argo Gold is listed on the Canadian Securities Exchange under the ticker ARQ. Argo Gold is focused on gold exploration projects central and northwestern Ontario. All of Argo Gold’s projects are 100% owned and have indications of economic viability. Argo Gold’s website is [www.argogold.ca](http://www.argogold.ca).

For more information please contact:

Judy Baker

President

(416) 786-7860

[judybakertoronto@gmail.com](mailto:judybakertoronto@gmail.com)

**NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**

***Forward-looking Information Cautionary Statement***

*Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which filings are available at [www.sedar.com](http://www.sedar.com).*