ARGO GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

General

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Argo Gold Inc. ("**Argo Gold**", or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2019 and 2018. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2019 and 2018, together with the notes thereto ("the **financial statements**"). Results are reported in Canadian dollars, unless otherwise noted.

The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). Please refer to Note 4 of the annual audited financial statements as at and for the years ended December 31, 2019 and 2018 for disclosure of the Company's significant accounting policies.

The audit committee of the Company has reviewed this MD&A and the financial statements for the year ended December 31, 2019 and the Company's Board of Directors approved these documents prior to their release.

This MD&A is dated April 29, 2020 and is current to that date.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com, on the Canadian Securities Exchange ("**CSE**") website at www.thecse.com or on Argo Gold's website at www.argogold.ca.

Caution Regarding Forward Looking Information

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Qualified Person

Technical information contained in this MD&A has been prepared by or under the supervision of Bill Kerr, P. Geo., Lead Exploration Geologist for Argo Gold, who is a "Qualified Person" for the purpose of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**"). He has verified the data comprising such technical information, including sampling, analytical and test data underlying the information or opinions contained herein.

Overview

Argo Gold is a development stage company incorporated under the laws of Ontario on December 9, 1995. The Company is listed on; the Canadian Stock Exchange ("CSE") under the symbol **ARQ**, the OTC under **ARBTF**, and on the FSE under **P3U**. The address of the Company's corporate office and principal place of business is 350 Bay Street, Suite 700 Toronto, Ontario, M5H 2S6.

Description of the Business

Argo Gold is a Canadian mineral exploration and development company, focused on gold exploration projects in central and northwestern Ontario. All of Argo Gold's projects are 100% owned and have indications of potentially economic mineralization. Argo Gold's flagship project is the Uchi Gold Project, which covers 22 square kilometres of widespread mineralization and multiple mineralized trends. High grade gold intercepts from the winter 2019 drilling program include 132 grams per tonne gold ("g/t Au") over 1.8 metres at the Woco Vein. Historic drilling by St. Jude Resources in 1993 includes; 139 g/t Au over 2.1 metres, 65 g/t Au over 1.83 metres, and 62 g/t Au over 3.6 metres.

Developments during 2019 and up to April 29, 2020

Exploration and Evaluation Activities – Uchi Gold Project

The Company entered 2019, well financed, having completed both hard dollar and flow-through financings in December 2018, consisting of the issuance of 1,725,555 units at $0.18 for gross proceeds of $310,600 and 3,986,500 flow-through shares at $0.22 per flow-through share for gross proceeds of $877,030, which funded the exploration activities discussed below.

On February 11, 2019, the Company announced that it had staked two additional blocks of claims contiguous with the Uchi Gold Project. The first block consisted of 11 claims, covering the North and Western parts of the HST "Break" and which contain the extension of the Raingold showing on the Argo Gold mineral patents. The second block consisted of 8 claims which cover the Eastern extent of the Uchi mine area geology and a portion of the Uchi Lake Deformation Zone. These new claims are directly west and south of the four, past producing Uchi gold mines. This new staking increased the land position associated with the Uchi Gold Project to 2,176 hectares.

On February 15, 2019, the Company began a 2,500 metre, helicopter supported, 15-hole, diamond drilling program at the Uchi Gold Project. The drilling program targeted known high-grade gold mineralization at the Woco Vein and the Northgate Zone and the southern extension of the Uchi Break – which hosts 4 past-producing gold mines. In total, Argo Gold spent approximately $514,000 on the drilling program.

The winter drilling program intersected 132 g/t Au over 1.8 metres at the Woco Vein. At the Woco Vein it appears that the highest grade gold is contained within the greatest width of vein material.

At the Northgate Zone, located 2 kilometres southwest of the Woco Vein, Argo Gold intersected 34.4 g/t Au over 0.5 metres and extended the Northgate Zone strike length by 50 metres to the east-northeast where 3.06 g/t Au over 1.5 metres was intersected at a depth of 10.37 metres.

During July and August 2019, the Company completed a detailed biogeochemical sampling survey on the Uchi Gold project. The program was designed to expand a geochemical "case history" orientation survey carried out in May 2019, to a property wide basis. The May 2019 work successfully responded to the Woco vein mineralization and potential southern strike extension. The July and August 2019 work sampled the Uchi Gold "Corridor" along a 5 kilometre length and over a 1.5 kilometre width, with over 950 field samples collected. The results of this program were assayed, reviewed and released in late October 2019. As a result of this program, Argo Gold identified 22 anomalous zones, along the entire strike length of the survey and across the width of the survey area. Multiple anomalies were identified proximal to and surrounding the high-grade Woco Vein.

During August 2019, Argo Gold started initial field work at the Raingold area of the Uchi Gold Project. The Raingold area is located on a parallel mineralized structure – the HST Zone - located west of the main mineralized corridor where the biogeochem program was carried out. The HST Zone is a fractured/sheared gold-bearing zone associated with a lean iron formation that extends for several kilometres and follows a lithologic horizon between rhyolite and greenstones. At the north end of the HST Zone, the Grassett Mine was developed in the late 1930's with 5 levels. In the Summer of 2019, Argo Gold completed geological mapping and sampling work at Raingold where 20 pits up to 2 square metres were identified over a strike length of 700 metres. Anomalous gold was assayed over 600 metres of strike length with one continuous chip of five samples returning 14.5 g/t Au across 2.6 metres.

Argo Gold is working on the integration of new and old geological and geophysical data into a 3D litho-structural model with a focus on the structural and geologic controls on the widespread gold mineralization at the Uchi Gold Project. Argo Gold has strengthened it geological team and is planning a thorough program in the Summer of 2020 which will include re-logging drill core and in field structural and geological mapping (assisted by mechanical stripping and washing) with a focus on understanding the geological and structural controls on the gold mineralization at the Uchi Gold Project. A follow-on drilling program is planned.

Argo Gold also has 3 gold projects peripheral to Wesdome Gold Mines Ltd.'s operations in Wawa, Ontario. Drill targeting has also begun at the Abbie Lake Gold Project where results from historic drilling includes 4.5 feet of 0.45 oz/ton Au and 3 feet of 0.34 oz/ton Au.

Financings

On December 31, 2019, the Company completed a non-brokered private placement offering through the issuance of 1,190,100 flow-through common shares at a price of $0.12 per flow-through share, for gross proceeds of $142,812. In connection with the financing, the Company paid cash finders' fees of $9,156. The proceeds will be spent on qualifying Canadian exploration expenditures during 2020.

On February 5, 2020, the Company completed a non-brokered private placement with an entity beneficially owned by Eric Sprott, through the issuance of 11,200,000 units at a price of $0.09 per unit for gross proceeds of $1,008,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.12 for a period of thirty-six (36) months from the date of closing. Mr. Sprott currently owns 21.75% of Argo Gold on a non-diluted basis and 33.4% on a fully diluted basis.

Debt Settlements

On January 28, 2019, the Company settled indebtedness of $12,000 through the issuance of 80,000 common shares at a price of $0.15 per share.

On July 4, 2019, the Company settled indebtedness of $99,687 with a company in which a former director and officer is a principal, through the issuance of 996,868 common shares at a price of $0.10 per share.

On February 18, 2020, the Company settled aggregate indebtedness of $137,500 with six creditors through the issuance of an aggregate of 1,100,000 common shares at a price of $0.125 per share. $50,000 of this amount related to services provided in 2019 by an officer and an independent director of the Company. $87,500 was in respect of 2020 services of which $25,000 was exploration related and $62,500 was investor relations and marketing related.

Stock Options

Option Exercises

During 2019, options to purchase 600,050 common shares of the Company at a price of $0.10 per share, were exercised for gross proceeds of $60,050. See note 10(b) to the 2019 audited financial statements for the details of individual exercises.

Option Grants

On July 25, 2019, the Company granted options to purchase up to 2,000,000 common shares of the Company to directors, officers and consultants at an exercise price of $0.15 per share.

On December 2, 2019, the Company granted options to purchase up to 700,000 common shares of the Company to directors, an officer and consultants at an exercise price of $0.15 per share.

On February 13, 2020, the Company granted options to purchase up to 1,400,000 common shares of the Company to directors, officers and consultants at an exercise price of $0.15 per share.

On April 16, 2020, the Company granted options to purchase up to 400,000 common shares of the Company to consultants at an exercise price of $0.15 per share.

The options vested immediately and are exercisable for a period of 3 years in all of the option grants.

Option Expiries

On August 18, 2019, options to purchase up to 549,500 common shares of the Company at a price of $0.10 per share, granted August 19, 2016 expired unexercised.

On January 31, 2020, stock options to purchase up to 200,000 common shares of the Company at a price of $0.15 expired. These options were held by a former officer of the Company and expired in accordance with the terms of the Company's stock option plan.

On March 29, 2020, options to purchase up to 250,000 common shares of the Company at a price of $0.18 per share, granted March 30, 2017 expired unexercised.

Option Cancellations

On July 24, 2019, the Company cancelled options to purchase up to 749,000 common shares of Argo Gold. 650,000 of these were at an exercise price of $0.10 and due to expire on August 18, 2019. 99,000 of these were at an exercise price of $0.18, granted on October 12, 2018.

On December 31, 2019, the Company cancelled options to purchase up to 200,000 common shares of Argo Gold. These were at an exercise price of $0.15 and had been granted during 2019 to a director of the Company.

On February 17, 2020, the Company cancelled options to purchase up to 800,000 common shares of Argo Gold at an exercise price of $0.15 that were granted on July 25, 2019 to a former officer and director of the Company.

Warrants

No warrants were exercised in 2019 or in the period up to April 28, 2020.

In May 2019, warrants to purchase 1,319,850 shares at $0.30 per share, issued pursuant to a financing completed in May 2017, expired unexercised.

In December 2019, warrants to purchase 1,251,733 shares at $0.25 per share, issued pursuant to a financing completed in December 2018, expired unexercised.

On February 5, 2020, the Company issued 11,200,000 warrants at an exercise price of $0.12 for a period of three years, in connection with the financing completed with an entity beneficially owned by Eric Sprott. These are the only warrants outstanding as at April 28, 2020.

Sale of Investment

During 2019, the Company sold 485,000 common shares of Manitou Gold Inc. ("Manitou"), 360,000 at a price of $0.045 per share and 125,000 at a price of $0.055 per share, for net proceeds after commission of $22,310, leaving the Company with 3,375,000 of Manitou.

Corporate Developments

On January 3, 2019, Argo Gold announced the resignation of Ms. Judy Baker as President, Chief Executive Officer ("CEO") and director of the Company. Mr. Chris Irwin was appointed Interim President and CEO.

On May 15, 2019, the Company announced that Ms. Judy Baker had rejoined the Company as a consultant.

On July 4, 2019, Argo Gold announced the resignation of Mr. Chris Irwin as President, Chief Executive Officer ("CEO") and director of the Company and the resignations of Mr. Frederick Nielsen and Mr. Paul Olmsted as directors of the Company. Coincident with the resignations, the Company announced the appointment of Ms. Judy Baker as CEO and Mr. Peter Mah as President. Ms. Baker had formerly been President and CEO of Argo Gold from May 2015 to January 2019.

On November 6, 2019, the Company announced the addition of Mr. Bryan Wilson to the Company's board of directors.

On November 29, 2019, the Company announced the resignation of the Company's Chief Financial Officer ("CFO"), Mr. Kenney Storey and the appointment of Mr. Michael Farrant as the Company's new CFO. In addition, the Company retained the services of Mr. David McDonald as Controller.

On March 27, 2020, the Company announced the resignation of Mr. Peter Mah as President and director of the Company.

Overview of Financial Results

Three months and Year Ended December 31, 2019 vs. December 31, 2018

	Three Months Ended December 31,		Year Ended December 31,	
(Expressed in Canadian Dollars)	**2019**	2018	**2019**	2018
Expenses				
Exploration and evaluation	**$ 118,436**	$ 48,867	**$ 853,736**	$ 228,680
Management fees	**35,500**	33,000	**94,000**	109,000
Business development	**18,810**	17,306	**37,260**	42,635
Professional fees	**13,828**	39,611	**56,529**	115,939
Consulting fees	**24,000**	3,625	**31,500**	73,017
Advertising and promotion	**5,315**	42,871	**31,245**	65,672
Investor relations	**26,245**	3,244	**60,042**	61,245
General and administrative	**29,402**	24,567	**62,969**	62,530
Listing and regulatory fees	**1,600**	5,284	**12,141**	8,192
Shareholder relations	**586**	5,610	**5,091**	19,145
Depreciation	**2,704**	637	**5,252**	2,961
Share-based compensation	**37,507**	19,804	**312,991**	56,327
Total expenses	**313,933**	244,426	**1,562,756**	845,343
Loss before the undernoted	**(313,933)**	(244,426)	**(1,562,756)**	(845,343)
Bank charges	**(122)**	(158)	**(398)**	(380)
Part X11.6 taxes	**-**	-	**-**	(227)
Interest income	**8**	2	**40**	2
Flow-through share premium recovery	**30,486**	-	**299,466**	-
Gain on disposal of properties	**-**	-	**-**	755,751
Realized loss on sale of investments	**-**	(12,600)	**(43,345)**	(12,600)
Unrealized gain (loss) on value of investments	**33,105**	(166,705)	**81,555**	(400,005)
Net loss for the period	**(250,456)**	(423,887)	**(1,225,438)**	(502,802)
Net loss and comprehensive loss for the period	**$ (250,456)**	$ (423,887)	**$(1,225,438)**	$(502,802)
Net loss per share				
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)

Three months ended December 31, 2019 vs. three months ended December 31, 2018

- Overall, the Company recorded a net loss and comprehensive loss of $250,456 or $0.01 per share for the quarter ended December 31, 2019 compared to a net loss and comprehensive loss of $423,887 or $0.01 per share for the quarter ended December 31, 2018.
- Expenses for the quarter ended December 31, 2019 vs. December 31, 2018 were $69,507 higher.
- Exploration and evaluation expenses were $69,569 higher in the 2019 quarter primarily due to the inclusion of $62,500 in consulting fees related to two members of the Company’s management who provided exploration and evaluation services in 2019. No management fees were included in exploration and evaluation expenditures in 2018.
- Professional fees were $25,783 lower in the fourth quarter of 2019 compared to 2018, primarily due to legal fees being $1,743 in the 2019 quarter compared to $27,079 in the 2018 quarter.
- Consulting fees were $20,375 higher in the 2019 quarter, compared to the 2018 quarter, as a result of $17,000 in fees billed by an independent director and $7,000 in fees billed by a search firm in connection with the hiring of the Company’s new President.

- Advertising and promotion was $37,556 lower in the 2019 quarter. The 2018 quarter included marketing related expenses incurred by management in 2018 that were not incurred in 2019.
- Investor relations was $23,011 higher in the 2019 quarter, as a result of consulting fees paid to individuals involved in capital markets services.
- Share-based compensation recorded during the 2019 quarter was $37,507, which included $60,620 associated with a December 2019 grant of stock options, net of a $23,113 reversal for the cancellation of options granted in 2019. The 2019 expense related to stock options granted in October 2018.
- The Company raised $877,030 in flow-through funds in December 2018 vs. $nil flow-through funds in 2017. As a result, the Company had a flow-through share premium recovery in 2019 associated with the expenditure of these funds. During the quarter ended December 31, 2019, this recovery was $30,486 compared to $nil in the quarter ended December 31, 2018.
- During the quarter ended December 31, 2019, the Company did not sell any of its investments. During the quarter ended December 31, 2018, the Company sold 140,000 shares of Manitou Gold Inc., resulting in a realized loss of $12,600.
- The change in market value of investments resulted in a gain of $33,105 during the quarter ended December 31, 2019 compared to a loss of $166,705 during the quarter ended December 31, 2018. The 2019 quarterly gain was primarily the result of an increase in the share price of Manitou Gold Inc. from $0.035 per share at September 30, 2019 to $0.045 per share at December 31, 2019. The 2018 quarterly loss was primarily the result of a decrease in the share price of Manitou Gold Inc. from $0.08 per share at September 30, 2018 to $0.035 per share at December 31, 2018.

Year ended December 31, 2019 vs. year ended December 31, 2018

- Overall, the Company recorded a net loss and comprehensive loss of $1,225,438 or $0.03 per share for the year ended December 31, 2019 compared to a net loss and comprehensive loss of $502,802 or $0.02 per share for the year ended December 31, 2018.
- Expenses for the year ended December 31, 2019 vs. September 30, 2018 were $717,413 higher.
- Exploration and evaluation expenditures were $625,056 higher in 2019, primarily related to $513,850 spent on a winter drilling program at the Uchi Gold Project in the first quarter of 2019 and $119,103 spent on a biogeochemical survey at the Uchi Gold Project during the summer of 2019.
- Professional fees were $59,410 lower in 2019, primarily due to a significant reduction in legal fees during 2019 compared to 2018.
- Consulting fees were $41,517 lower in 2019. This was the result of not incurring the fees associated with an advisor that had been used by the Company in 2018, but was not used in 2019.
- Advertising and promotion was $34,427 lower in 2019 as a result of a reduction in marketing costs during the year compared with 2018.
- Share-based compensation was $312,991 in the year ended December 31, 2019 compared to $56,327 for the year ended December 31, 2018. The 2019 expense related to two option grants where a total of 2,900,000 options were granted compared to two option grants in 2018, where a total of 599,000 options were granted.
- The Company raised $877,030 in flow-through funds in December 2018 vs. $nil flow-through funds in 2017. As a result, the Company had a flow-through share premium recovery of $299,466 in 2019 associated with the expenditure of these funds compared to $nil during the year ended December 31, 2018.
- The Company did not dispose of any properties in 2019. The gain on disposal of properties of $755,751 during the year ended December, 2018, resulted from the sale of the Company's Rockstar Gold Project to Manitou Gold Inc. at the end of Q1 2018 for $200,000 in cash and 4.0 million common shares of Manitou.

- During the year ended December 31, 2019, the Company sold 485,000 shares of Manitou Gold Inc. (2018 – 140,000), resulting in a realized loss of $43,345 (2018 - $12,600).
- The change in market value of investments resulted in a gain of $81,555 during the year ended December 31, 2019 compared to a loss of $400,005 during the year ended December 31, 2018. The 2019 gain was primarily the result of an increase in the share price of Manitou Gold Inc. from $0.035 per share at December 31, 2018 to $0.045 per share at December 31, 2019 and the transfer of $43,345 of losses into the realized category. The 2018 loss was primarily the result of a decrease in the share price of Manitou Gold Inc. from $0.135 per share at March 21, 2018, the time of the Rockstar property sale and the receipt of the shares to $0.035 per share at December 31, 2018.

Selected Quarterly Financial Information

The following table is a summary of selected financial information for the Company for the eight most recently completed financial quarters. It has been derived from the unaudited condensed interim financial statements of the Company. The information has been prepared by management in accordance with IFRS and is expressed in Canadian dollars. The 2018 amounts have been restated to reflect the Company's change in accounting policy to expense exploration and evaluation expenditures, rather than capitalizing them as was done previously. As a result, assets will be lower and loss will be greater than previously reported.

	Annual	Q4	Q3	Q2	Q1
	Dec. 2019 (audited)	Dec. 2019 (unaudited)	Sept. 2019 (unaudited)	June 2019 (unaudited)	March 2019 (unaudited)
Revenue	$ -	$ -	$ -	$ -	$ -
Loss and comprehensive loss	($1,225,438)	($250,456)	($478,872)	($121,038)	$(375,072)
Loss per share – basic and diluted	($0.03)	($0.01)	($0.01)	$0.00	($0.01)
Assets	$1,127,662	$1,127,662	$1,047,553	$1,285,646	$1,439,417
	Annual	Q4	Q3	Q2	Q1
	Dec. 2018 (audited)	Dec. 2018 (unaudited)	Sept. 2018 (unaudited)	June 2018 (unaudited)	March 2018 (unaudited)
Revenue	$ -	$ -	$ -	$ -	$ -
(Loss) income and comprehensive (loss) income	($502,802)	($423,887)	($25,440)	$231,998	($285,473)
(Loss) income per share – basic and diluted	($0.02)	($0.01)	$0.00	$0.01	($0.01)
Assets	$2,042,116	$2,042,116	$1,747,810	$1,742,073	$1,435,765

Liquidity and Capital Resources

The Company's cash increased by $36,734 during the three month period ended December 31, 2019, compared to an increase of $222,671 during the three month period ended December 31, 2018. The Company's cash decreased $127,128 during the year ended December 31, 2019 compared to an increase of $198,801 during the year ended December 31, 2018. As at December 31, 2019, the ending cash balance was $123,585 compared to $250,713 as at December 31, 2018.

Working Capital

As at December 31, 2019, the Company had a working capital surplus of $48,795 compared to a surplus of $949,182 as at December 31, 2018. The non-cash flow-through share premium liability amount has been excluded from current liabilities in the calculation of working capital. $132,012 of flow-through funds, collected prior to December 31, 2019, must be spent on Canadian qualifying exploration expenditures during 2020.

A summary of the Company's cash position and changes in cash for the three-month periods and years ended December 31, 2019 and December 31, 2018 are provided below:

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	**2019**	2018
Cash used in operating activities – gross	**$ (273,836)**	$ (224,141)	**$ (1,232,871)**	$ (786,660)
Changes in non-cash operating working capital	**187,478**	124,986	**96,808**	432,386
Cash used in operating activities – net	**(86,358)**	(99,155)	**(1,136,063)**	(354,274)
Cash (used in) provided by investing activities	**(645)**	6,120	**22,310**	201,613
Cash provided by financing activities	**123,737**	315,706	**986,625**	351,462
Increase (decrease) in cash	**36,734**	222,671	**(127,128)**	198,801
Cash, beginning of period	**86,851**	28,042	**250,713**	51,912
Cash, end of period	**$ 123,585**	$ 250,713	**$ 123,585**	$ 250,713

Three months ended December 31, 2019 vs. three months ended December 31, 2018

Operating Activities

Cash flow used in operating activities before changes in non-cash working capital during the three months ended December 31, 2019 was $273,836 compared to $224,141 for the three months ended December 31, 2018. This relates to higher comparative expenses during the 2019 quarter, primarily due to fees billed by the Company's CEO of $35,00 (2018 - $15,000) and its President of $45,000 (2018 - $nil). The Company hired a President, separate from the CEO role at the beginning of July 2019.

Investing Activities

During the three months ended December 31, 2019, cash flow used in investing activities was $645 compared to $6,120 provided by investing activities for the three months ended December 31, 2018. The 2019 amount was an adjustment to investment sales earlier in 2019. No investments were sold in the fourth quarter of 2019, compared to the sale of 140,000 shares of Manitou Gold Inc. in the fourth quarter of 2018.

Financing Activities

During the three months ended December 31, 2019, cash flow provided by financing activities was $123,737 compared to $315,706 for the three months ended December 31, 2018. On December 31, 2019, the Company completed a flow-through financing for gross proceeds of $142,812. $10,800 of this amount was collected subsequent to December 31, 2019 and the Company incurred $8,275 of share issue costs. During the fourth quarter of 2018, the Company completed aggregate financings for gross proceeds of $1,187,630, of which $802,838 was collected subsequent to December 31, 2018. The Company incurred $80,970 of share issue costs on the financings. In addition, 100,000 stock options were exercised for proceeds of $10,000, with proceeds from warrant exercises totaling $1,884.

Year ended December 31, 2019 vs. year ended December 31, 2018

Operating Activities

Cash flow used in operating activities before changes in non-cash working capital during the year ended December 31, 2019 was $1,232,871 compared to $786,660 for the year ended December 31, 2018, which is $446,211 higher than 2018. The higher 2019 amount relates primarily to higher exploration and evaluation expenditures ($625,056), net of lower professional fees ($59,410 lower), advertising and promotion costs ($41,517 lower) and investor relations fees and expenses ($34,427 lower). See explanations in "Overview of Financial Results" for explanations of the differences.

Investing Activities

During the year ended December 31, 2019, cash flow provided by investing activities was $22,310 compared to $201,613 for the year ended December 31, 2018. During 2019, the Company sold 485,000 shares of Manitou Gold Inc. for net proceeds of $22,310. There were no property dispositions in 2019 and no purchases of office or computer equipment in 2019. During 2018, the Company sold the Rockstar Gold Project to Manitou Gold Inc., which included a cash payment to the Company of $200,000 and the issuance to the Company of 4,000,000 shares of Manitou. In December 2018, the Company sold 140,000 shares of Manitou for net proceeds of $6,120. The Company also purchased computer equipment for $4,507 during 2018.

Financing Activities

During the year ended December 31, 2019, cash flow provided by financing activities was $986,625 compared to $351,462 for the year ended December 31, 2018. The 2019 amount includes the receipt of $802,838 in January 2019 of subscriptions receivable relating to the financing that was done in late December 2018. In addition, $60,050 was received during 2019 from the exercise of 650,000 stock options and an exercise price of $0.10 per share. In December 2019, the Company also completed a flow-through financing for gross proceeds of $142,812, although $10,800 was received subsequent to December 31, 2019. The Company recorded share issue costs of $8,275 for the year. No warrants were exercised in 2019. The 2018 amount of $351,462 relates to the financing completed in December 2018 of $1,187,630, net of the $802,838 collected after December 31, 2018 and net of $80,970 of share issue costs. In addition, during 2018, 376,198 warrants were exercised for proceeds of $37,640 and 100,00 stock options were exercised at $0.10 each for proceeds of $10,000.

Liquidity Outlook

The Company had a cash balance of $123,585 at December 31, 2019, an increase of $36,734 from the balance at September 30, 2019 and a decrease of $127,128 from the balance at December 31, 2018. $10,800 from the December 31, 2019 flow-through financing was collected subsequent to December 31, 2019. However, including this amount, the Company had an obligation to spend $142,812 on Canadian qualifying exploration expenditures during 2020, which exceeded the Company's cash balance at December 31, 2019.

At December 31, 2019, the Company held 3,375,000 shares of Manitou Gold Inc., valued at $151,875 and 35,000 shares of RT Minerals Corp. valued at $1,050. Future sales of these investments remain a possibility, however, in order to remain a going concern, the Company required additional capital.

As such, on February 5, 2020, the Company completed a unit financing with an entity beneficially owned by Mr. Eric Sprott, through the issuance of 11,200,000 units at $0.09 per unit for gross proceeds of $1,008,000. Each unit was comprised of one common share and one common share purchase warrant, entitling the holder to purchase an additional common share at a price of $0.12 per share for a period of 3 years. Following completion of the financing, Mr. Sprott beneficially owned 22% of the outstanding common shares of Argo Gold on a non-diluted basis.

Proceeds from this financing will be used to advance the Company's properties, including its flagship Uchi Gold Project and for general working capital purposes. In general, completion of all of the Company's ongoing and future exploration and development initiatives and its ability to continue as a going concern are subject to successfully raising additional funding (see "Risks and Uncertainties").

Related Party Transactions and Key Management Compensation

Related Party Transactions

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

On February 5, 2018, the Company settled indebtedness of $15,000, through the issuance of 75,000 common shares at a price of $0.20 per share, to a company controlled by a director in common with the Company (see Note 10(b)(i)) to the 2019 audited financial statements).

On February 11, 2019, options to purchase 200,000 common shares of the Company at a price of $0.10 per share, were exercised by an officer of the Company for gross proceeds of $20,000.

On July 4, 2019, the President and Chief Executive Officer of the Company, along with two of the Company's independent directors, resigned their respective positions. Also, effective that date, the Company announced the hiring of a new President and the return of the former President and CEO as the new CEO.

On July 4, 2019, the Company settled indebtedness of $99,687, with a company in which a former director and officer is a principal, through the issuance of 996,868 common shares at a price of $0.10 per share (see Note 10(b)(xiv) to the 2019 audited financial statements).

On July 25, 2019, the Company granted stock options to purchase up to an aggregate of 1,350,000 common shares of the Company at a price of $0.15 per share to directors and officers of the Company (see Note 10(c) to the 2019 audited financial statements).

On December 2, 2019, the Company granted stock options to purchase up to an aggregate of 450,000 common shares of the Company at a price of $0.15 per share to directors and an officer of the Company.

On December 31, 2019, the Company cancelled stock options to purchase up to an aggregate of 200,000 common shares of the Company at a price of $0.15 per share, held by a director of the Company.

For related party transactions subsequent to December 31, 2019, see "Subsequent Events" below.

As at December 31, 2019, $156,972 (December 31, 2018 - $186,333) included in accounts payable and accrued liabilities was owing to related parties. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Key management of Argo Gold includes the Chief Executive Officer, the President, the Chief Financial Officer and the former CEO until his resignation on July 4, 2019 and the former CFO until November 1, 2019.

	Three months ended December 31,		**Year ended December 31,**	
	2019	2018	**2019**	2018
Management fees – paid to CEO	**$ 17,500**	$ 15,000	**$ 25,000**	$ 60,000
Exploration and evaluation fees – paid to CEO (1)	**17,500**	-	**35,000**	-
Management fees – paid for CFO services	**18,000**	18,000	**69,000**	49,000
Exploration and evaluation fees – paid to President (1)	**37,500**	-	**83,071**	-
Consulting fees – paid to a director	**17,000**	-	**23,000**	-
Total fees paid to management	**107,500**	33,000	**235,071**	109,000
Share-based payments	**34,640**	-	**184,904**	16,391
	$ 142,140	$ 33,000	**$ 419,975**	$ 125,391

	Three months ended December 31,		**Year ended December 31,**	
	2019	2018	**2019**	2018
Legal fees charged by a former officer/director for legal and corporate secretarial services	**$ -**	$ 3,299	**$ 22,026**	$ 49,577

(1) Amount included in "Uchi – Consulting fees" in exploration and evaluation expenditures.

Subsequent Events

Financing

On February 5, 2020, the Company completed a non-brokered private placement through the issuance of 11,200,000 units at a price of $0.09 per unit for gross proceeds of $1,008,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at an exercise price of $0.12 for a period of thirty-six (36) months from the date of closing. No finders' fee was paid on the financing. The fair value of the warrants issued was estimated to be $438,100 based on their black-scholes value.

Debt Settlement

On February 18, 2020, the Company settled aggregate indebtedness of $137,500 with six creditors through the issuance of 1,100,000 common shares at a price of $0.125 per share. Included within the debt settlement was $50,000 owing to an officer and a director of the Company.

Stock Options

Stock Option Grants

On February 13, 2020, the Company granted options to purchase up to 1,400,000 common shares of the Company to directors, officers and consultants at a price of $0.15 per share. The options vested immediately and are exercisable for a period of 3 years. Of the options granted, 800,000 were granted to a directors and officers of the Company. The Company recorded $139,020 of share-based compensation expense, being the entire fair value of the grant.

On April 16, 2020, the Company granted options to purchase up to 400,000 common shares of the Company to consultants at a price of $0.15 per share. The options vested immediately and are exercisable for a period of 3 years. The Company recorded $30,680 of share-based compensation expense, being the entire fair value of the grant.

Stock Option Expiries and Cancellations

On January 31, 2020, stock options to purchase up to 200,000 common shares of the Company at a price of $0.15 expired. These options were held by a former officer of the Company and expired in accordance with the terms of the Company's stock option plan. Grant date fair value of $25,044 was transferred from stock option reserve to deficit.

On February 17, 2020, the Company cancelled stock options to purchase up to 800,000 common shares of the Company at a price of $0.15. These options were held by a former officer and director of the Company. Grant date fair value of $100,176 was transferred from stock option reserve to deficit.

On March 29, 2020, stock options to purchase up to 250,000 common shares of the Company at a price of $0.18 expired. These options were held by consultants to the Company. Grant date fair value of $40,701 was transferred from stock option reserve to deficit.

Other

Subsequent to December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Outstanding Capital and Share Data

Argo Gold's authorized capital stock consists of an unlimited number of common shares without par value. As at April 29, 2020 there were 51,497,349 common shares issued and outstanding.

As at April 28, 2020, the Company also had the following items issued and outstanding:

- 4,300,000 common share purchase options with a weighted average exercise price of $0.15 expiring at various dates from June 28, 2020 to April 15, 2023.
- 11,200,000 common share purchase warrants at an exercise price of $0.12, expiring February 5, 2023.

For further detailed information on share capital, see Note 10 to the annual audited financial statements for the years ended December 31, 2019 and 2018.

Off-Balance Sheet Arrangements

As at December 31, 2019, the Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

In the normal course of business, the Company evaluates property acquisition and sale transactions and, in some cases, makes proposals to acquire or sell such properties. These proposals, which are usually subject to Board and sometimes regulatory and shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction.

As of April 29, 2020, there are no material property acquisitions or possible transactions that the Company is examining.

Financial Instruments

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2020 budget is planned to be funded from flow-through funds raised on December 31, 2019 and with funds raised in the financing completed on February 5, 2020. There is no certainty of the Company's ability to complete additional financings.

As at December 31, 2019 the Company held cash and subscriptions receivable of $134,385 (December 31, 2018 - $1,053,551) to settle current liabilities of $268,958 (December 31, 2018 - $277,773), exclusive of non-cash flow-through share premium liability. As at December 31, 2019, the Company is committed to spending $142,812 (December 31, 2018 - $877,030) on eligible CEE, which exceeds the cash on hand at year end. On February 5, 2020, the Company raised hard dollar gross proceeds of $1,008,000 through the issuance of 11,200,000 units at $0.09 per unit.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank. The subscription receivable was received subsequent to December 31, 2019.

The Company's financial assets and liabilities as at December 31, 2019 and 2018 were as follows:

	Amortized Cost	FVPL	Total
December 31, 2018			
Financial assets			
Cash	$ 250,713	$ -	$ 250,713
Subscriptions receivable	$ 802,838	$ -	$ 802,838
Investments	$ -	$ 137,025	$ 137,025
Financial liabilities			
Accounts payable and accrued liabilities	$ 277,773	$ -	$ 277,773
December 31, 2019			
Financial assets			
Cash	$ 123,585	$ -	$ 123,585
Subscription receivable	$ 10,800	$ -	$ 10,800
Investments	$ -	$ 152,925	$ 152,925
Financial liabilities			
Accounts payable and accrued liabilities	$ 268,958	$ -	$ 268,958

At December 31, 2019 and 2018, there were no significant concentrations of credit risk for receivables. The carrying amounts reflected above represent the Company's maximum exposure to credit risk for such receivables.

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

Going Concern

The audited financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses and current working capital levels, the application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations or in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These factors may cast significant doubt on the entity's ability to continue as a going concern. The audited financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

Critical Accounting Policies and the Use of Estimates

The Company's significant accounting policies are described in Note 4 to the audited financial statements for the year ended December 31, 2019. The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from those estimates. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability and expense being reported:

Changes in Accounting Policies

During the year ended December 31, 2019, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred, provides more reliable and relevant financial information. The cost of acquiring prospective properties and exploration rights with cash and share payments are still capitalized, while all other acquisition related costs, such as staking costs, are expensed along with all exploration and evaluation costs, until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts.

In addition, during the year ended December 31, 2019, the Company changed its accounting policy with respect to recording the fair value of stock options and warrants in shareholders' equity. The Company now recognizes the corresponding equity increase associated with share-based payments related to stock options, in stock option reserve and the fair value of the warrant component of unit private placements or warrants issued as share issue costs, in warrant reserve. Previously, the Company recorded these amounts in contributed surplus. For those stock options and warrants that are cancelled or expire unexercised after vesting, the recorded value is transferred to deficit. Previously, this value was left in contributed surplus.

The financial statements for the year ended December 31, 2018 have been restated to reflect adjustments made as a result of these changes in accounting policy. The statement of loss and comprehensive loss and statement of cash flows for the year ended December 31, 2018 are only impacted by the change in accounting policy to expense exploration and evaluation expenditures.

Exploration and Evaluation Properties

Acquisition Costs

The costs of acquiring mineral property interests comprised of payments of cash and common shares, are capitalized as mineral property assets.

Exploration and Evaluation Expenditures

The costs of staking and all expenditures on exploration and evaluation activities are recorded as exploration and evaluation expenses until it has been established that a mineral property is commercially viable. Refer to Note 3 to the 2019 audited financial statements.

Development Assets

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Disposition or Abandonment of Mineral Properties

Proceeds received from the sale of any interest in a mineral property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition cost of the property is written off to operations.

Impairment

The application of the Company's accounting policy for acquisition costs related to mineral properties, requires judgement in determining whether there are future economic benefits, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of the carrying value is unlikely, the amount to be written off is expensed in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") at each reporting date to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the statement of operations for the period.

Share-Based Payments

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in stock option reserve, a component of equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Upon the exercise of stock options, consideration paid by the option holder together with the amount previously recognized in the stock option reserve account is recorded as an increase to share capital. For those options that are cancelled or expire after vesting, the recorded fair value is transferred from stock option reserve to deficit.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions, other than as consideration for mineral property assets, are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of the instruments are measured, as determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration for mineral property assets is based upon the trading price on the date of the agreement to issue shares as determined by the Board of Directors.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company’s common shares, warrants, stock options and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company’s option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to warrant reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve account is recorded as an increase to share capital. For those warrants that expire unexercised, the recorded fair value is transferred from warrant reserve to deficit.

<u>Financial Instruments</u>

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company measures its investments at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. Cash and subscriptions receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

IFRS 9 allows a simplified approach to impairment assessment, which requires the expected lifetime loss to be recognized at the time of initial recognition of the financial assets. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Fair Value Hierarchy

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Investments are classified as level 1.

<u>Flow-Through Shares</u>

Upon the issuance of flow-through shares, the Company records the initial proceeds to capital stock, net of tax liability, if any. The flow-through share premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow-through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs eligible Canadian Exploration Expenditures ("CEE") to meet flow-through requirements, a corresponding tax liability is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10(c) to the audited financial statements for the year ended December 31, 2019.

Title to exploration and evaluation property interests

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Capitalization of mineral property acquisition costs

Management has determined that capitalized acquisition costs have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including, but not limited to, the geologic and metallurgic information, operating management expertise and existing permits. See Note 8 for details of the Company's capitalized acquisition costs in respect of mineral properties.

Impairment of mineral properties

While assessing whether any indications of impairment exist for mineral properties, consideration is given to both external and internal sources of information. The Company considers changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral properties. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of expected economic performance of the properties. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties.

Commitments

As at December 31, 2019, the Company had a commitment to spend $142,812 (December 31, 2018 - $877,030) from amounts raised by flow-through financing on eligible Canadian exploration expenditures, by December 31, 2020.

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company has indemnified current and previous flow-through subscribers for any tax and other costs payable by them in the event the Company does not incurred the required exploration expenditures. No amounts have been recorded in the 2019 financial statements for potential liabilities relating to these indemnities as a triggering event has not taken place. Upon issuance of the flow-through shares in December 2019 in the amount of $142,812 (December 2018 - $877,030), the Company recorded a flow-through share premium liability of $5,951 (December 2018 - $299,466). As expenditures are incurred, the liability will be drawn down as income through the statement of loss. Through December 31, 2019, the Company has not incurred any eligible exploration expenditures related to the 2019 flow-through issuance. The Company must spend the $142,812 on qualifying exploration expenditures by December 31, 2020. During the year ended December 31, 2019, the Company recorded a flow-share premium recovery of $299,466 in the statement of loss.

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Risks and Uncertainties

Argo Gold's business of exploring and developing mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry, including the limited extent of the Company's assets, the Company's state of development and the degree of reliance upon the expertise of management. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information prepared by the Company before investing in the Company's common shares. The risks described below are not an exhaustive list. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business in the future. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In this event, investors may lose part or all of their investment.

The Company will require external financing or may need to enter into a strategic alliance to develop its mineral properties

The Company expects to incur net cash outlays until such time as the Uchi Gold Project or other properties enter into commercial production and generate sufficient revenues to fund its continuing operations, if at all. The development of mining operations will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, that rate at which operating losses are incurred, the acquisition of additional properties, and other factors, many of which are beyond the Company's control. The sources of financing the Company may use for these purposes include project or bank financing, or public or private offerings of equity or debt. Historically, the Company has raised funds principally through the sale of its securities. Additional equity financing may cause dilution of Argo Gold's existing shareholders. In addition, the unrestricted resale of outstanding shares from the exercise of dilutive securities may have a depressing effect on the market for the Company's common shares. While it is not the current intention of the Company, it may enter into a strategic alliance or sell certain of its assets, if necessary. There can be no assurance that financing will be available on acceptable terms, if at all.

The Company may be subject to risks relating to the global economy and may not be able to raise additional capital

Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede Argo Gold's access to capital or increase the cost of capital. The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Increased market volatility may impact the Company's operations which could adversely affect the price at which the Company is able to issue its securities and once the Company is publicly traded, the trading price of the Company's common shares.

The Company may be adversely affected by fluctuations in commodity prices

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in commodity prices. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, global economic events, including sovereign debt concerns, and their impact on the United States dollar and Euro as safe haven currencies relative to silver and gold as stores of value and the political and economic conditions of mineral producing countries throughout the world.

Mineralized material calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's mineral property interests and increased amortization and reclamation and closure charges should a mine be developed. In addition to adversely affecting mineralized material estimates, declining precious metal prices can impact operations by requiring a reassessment of the commercial feasibility of 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 in development or may interrupt operations, if any, until the reassessment can be completed.

The Company has no proven or probable mineral reserves and may never discover sufficient mineral deposits to justify commercial production from any of its properties

The Company currently has no proven or probable mineral reserves on any of its properties and has not completed a preliminary economic assessment or feasibility study. It cannot be certain that minerals will be discovered in sufficient quantities and grade to justify commercial operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labour are risks involved in the conduct of exploration programs. The success of mineral exploration is determined in part by the availability of exploration permits, the identification of potential mineralization based on analysis, the quality of management and geological and technical expertise, and the availability of capital for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are; the particular attributes of the deposit, such as size, grade, metallurgical recovery and proximity to infrastructure, metal prices, which can be highly cyclical and extremely volatile, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. If the Company is unable to establish proven and probable mineral reserves in sufficient quantities to justify commercial operations, it will be unable to develop a mine and its financial condition and results of operations could be adversely affected.

The Company has no history of developing properties into production

The Company's property is not in commercial production, and the Company has not recorded any revenues from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The future development of any properties found to be economically feasible will require obtaining permits and financing and the construction and operation of mines, processing plants and related infrastructure. As a result, in the event the Company is successful in identifying mineralization on its properties sufficient to justify commercial operations, it will be subject to all of the risks associated with establishing new mining operations including: the timing and cost of the construction of mining and processing facilities; the availability and cost of skilled labour and mining equipment; the availability and cost of a suitable refining arrangement; the need to obtain necessary environmental and other governmental approvals and permits; and the timing of those approvals and permits; the availability of funds to finance the development and construction activities; the impact of any opposition to the developmental activities from non-governmental, environmental, local or other groups that may delay or prevent development; potential increases in construction or operating costs due to changes in the cost of supplies and materials and changes in foreign exchanges rates.

The Company's business activities are subject to environmental laws and regulations

The Company's operations are subject to federal and provincial laws and regulations regarding environmental matters. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Environmental laws and regulations change frequently, and are generally becoming more stringent. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the

Company's business and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production, when producing, or require abandonment or delays in development of the Company's mining properties.

Exploration, development and mining activities can be hazardous and involve a high degree of risk

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding, fires 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 legal liability. Milling operations, if any, are subject to various hazards, including without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

The Company has incurred a loss and anticipates that it will continue to incur losses for the foreseeable future

The Company incurred a net loss of $1,225,438 for the year ended December 31, 2019 and expects to continue to incur losses as it proceeds with exploration and development of its mineral properties. The Company's efforts to date have been focused on acquiring and exploring its mineral properties. These properties are in the exploration stage and do not have mineral reserves. The Company does not anticipate that it will earn any revenue from operations or other means unless and until one or more of its properties are placed into production, which is not expected to be for a number of years, if at all, or is sold to a third party.

Inadequate infrastructure may delay or prevent the Company's operations

Exploration, development and ultimately mining and processing activities depend to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its project and could result in higher costs. While the Company does not currently experience any limitations with respect to infrastructure concerns, there is no guarantee that this will always be the case.

The market price for the common shares of the Company may drop below the price at which such common shares were purchased and the Company's common shares may be subject to price and volume fluctuations in the future

General market conditions and other factors can cause the perceived market value for the Company's common shares to decline and cause future equity financings to be done at prices lower than previous financings. There is no guarantee that the Company will be successful in completing subsequent equity financings at prices higher than previous ones.

Securities markets experience considerable price and volume volatility, and the market prices of securities of many companies may be subject to wide fluctuations not necessarily related to the operating performance, underlying asset values, exploration success or prospects of such companies. The market price of a publicly traded stock, especially a junior resource issuer, may be affected by many variables including the market for junior resource stocks, the strength of the economy generally, commodity prices, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. There can be no assurances that such fluctuations will not affect the price of the Company's common shares and that the price of such common shares may decline below the purchase price paid for such common shares. From time to time, following periods of volatility in the market price of a company's securities, shareholders have often initiated class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

Litigation may adversely affect the Company

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve disputes favourably, it may have a material adverse impact on the Company.

The Company competes with larger, better-capitalized competitors in the mining industry

The mining industry is competitive in all of its phases. The Company faces competition from other mining companies in connection with the acquisition of properties producing, or capable of producing precious or other metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Argo Gold. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable, or at all.

The Company is dependent on key personnel

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

The Company's officers and directors may have potential conflicts of interest

Argo Gold's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of such company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

COVID-19 global pandemic

During this period affected by the COVID-19 global pandemic, all Company contractors are working remotely and practicing physical distancing as per the Ontario Ministry of Health COVID-19 guidance. At present the Company and its operations remain largely unaffected. However, should the social distancing requirements continue for a prolonged period of time or businesses ancillary to the junior mining industry become unavailable, the timing of executing the Company's future exploration and evaluation plans could become affected, including its ability to spend flow-through funds within the required timeframe.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors, which affect this information, except as required by law.

Management's Evaluation of Disclosure Controls

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2019 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at December 31, 2019.

Other MD&A Requirements

Additional Disclosure for Companies Without Significant Revenue

Additional disclosure concerning Argo Gold's exploration and evaluation expenditures, mineral property costs and general and administrative expenses is provided in the Company's audited annual financial statements and in Note 8 of the annual audited financial statements for the years ended December 31, 2019 and 2018 that are available on the Company's website at www.argogold.ca and on SEDAR at www.sedar.com.

Approval

The Board of Directors of Argo Gold approved the disclosure contained in this MD&A on April 29, 2020. A copy of this MD&A will be provided to anyone who requests it from the Company.

Additional Information

Officers and Directors:
Judy Baker, Chief Executive Officer and Director
Michael Farrant, Chief Financial Officer

Independent Directors
George Langdon, Director
Bryan Wilson, Director

Legal Counsel and Auditors
Peterson McVicar LLP, James McVicar
McGovern Hurley LLP, Auditors
TSX Trust, Transfer Agent

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect the results of prior periods.