

ARGONAUT GOLD LTD.
Compensation & Governance Committee Charter

The Board of Directors (the "Board") of Argonaut Gold Ltd. (the "Corporation") shall establish a Compensation & Governance Committee (the "Committee") comprised of not fewer than three members of the Board, all of whom shall be independent Board members and at least one of whom shall be a resident Canadian. The membership qualifications, authority, responsibility and specific duties of the Committee are set forth herein.

PURPOSE

The purpose of the Committee is to approve on behalf of the Board certain compensation-related and governance matters as delegated by the Board and included in the roles and responsibilities of the Committee outlined below. The Committee does not have decision-making authority except in the circumstances described herein, but rather is expected to convey its findings and recommendations to the Board of Directors for consideration and decision by the Board of Directors.

MEMBERSHIP QUALIFICATIONS

In order to be eligible to serve on the Committee, a Board member shall have no material relationship with the Corporation, be independent and unrelated. To be considered independent, a director must meet the criteria for independence or unrelated (a) under the requirements of the Canadian Securities Administrators and (b) as established by the Board.

Members of the Committee shall be appointed by resolution of the Board and shall serve at the pleasure of the Board. Any member of the Committee may be removed at any time, with or without cause, by a resolution passed by the Board. Any vacancy in the Committee, occurring for any cause, shall be filled by a resolution of the Board.

The Board shall designate by resolution one member of the Committee as its chairperson. The chairperson may be removed at any time, with or without cause, by resolution of the Board.

A majority of the members of the Committee, at least one of whom must be a resident Canadian, shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. In the case of an equality of votes the chairperson of the meeting in addition to his or her original vote shall be entitled to a second or casting vote.

The Committee may form and delegate, in its discretion, all or a portion of its duties and responsibilities to a subcommittee of the Committee.

COMMITTEE MEETINGS

Subject to the by-laws of the Corporation and any resolution of the Board, the Committee shall meet at a time and place determined by the chairperson of the Committee. A resolution in

writing, signed by all of the Committee members shall be as valid as if it had been passed at a meeting of the Committee.

Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A Committee member participating in such a meeting by such means is deemed to be present at that meeting.

The Committee shall follow the rules of procedure set forth in the by-laws of the Corporation or of the Board established by it from time to time to govern its activities.

DUTIES AND RESPONSIBILITY

The role, duties and responsibility of the Committee shall be to:

- a. review and make recommendations to the Board with respect to the overall compensation strategy and policies for directors, officers and employees of the Corporation;
- b. review and make recommendations to the independent members of the Board with respect to the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and recommend to the independent members of the Board the compensation level of the Chief Executive Officer based on this evaluation;
- c. review and make recommendations to the independent members of the Board with respect to the compensation of the Chairman of the Board;
- d. review and approve the annual compensation of all other senior executive officers of the Corporation, as recommended by the Chief Executive Officer;
- e. review and make recommendations to the Board, as appropriate, in connection with the Corporation's succession plan with respect to the Chief Executive Officer and other senior executive officers;
- f. oversee and approve awards under the Corporation's Long Term Incentive Plan;
- g. make recommendations to the Board with respect to the Corporation's incentive compensation and equity-based plans that are subject to Board approval;
- h. review and approve the annual disclosure relate to executive compensation contained in the Management Information Circular of the Corporation;
- i. review and assess the Corporation's corporate governance policies and practices and conduct an annual review of the Corporation's Corporate Governance Guidelines;
- j. review and assess the independence of each of the directors;
- k. evaluate the function of the Board, its committees (include this Committee) and individual directors on an annual basis;

- l. review and approve the annual disclosure of the Corporation's corporate governance practices in compliance with the requirements of the Canadian Securities Administrators;
- m. review candidates for election as directors and annually recommend nominees to the Board for approval by the Board and election by the shareholders;
- n. recommend to the Board nominees to fill vacancies on the Board;
- o. make recommendations to the Board from time to time as to changes in the size of the Board;
- p. make recommendations to the Board as to the composition of the committees of the Board (include this Committee);
- q. review the Corporation's orientation and education program with respect to new directors;
- r. report regularly to the Board;
- s. review and assess its mandate and recommend any proposed changes to the Board on an annual basis; and
- t. evaluate the function of the Committee on an annual basis.

COMMITTEE REPORTS

The Committee shall produce and provide to the Board (a) any reports or other disclosures required to be prepared by the Corporation in relation to the Committee or its activities pursuant to applicable laws or stock exchange requirements in Canada for inclusion in the Corporation's public disclosure documents, (b) an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter and shall recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee which shall be conducted in such manner as the Committee deems appropriate and (c) a report concerning the business conducted and decisions made at each Committee meeting shall be made to the Board following each meeting of the Committee. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make a report.

SELECTION OF THE CHAIRMAN

The Chairman of the Board is nominated by the Compensation & Governance Committee and elected by a majority of the Directors on an annual basis. The roles of Chairman and of the President & CEO are separated between two individuals, thus maintaining a formal separation between the Board and management.

RESOURCES AND AUTHORITY OF THE COMMITTEE

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special legal counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management.

Timing of Compensation activity of the Committee

First Quarter

- (a) Review the past year's performance results against criteria set for that year and approve bonus awards according to the performance results.
- (b) Review the recommendations of the Chief Executive Officer ("CEO") for variable compensation to be paid to the other Officers of the Corporation and such other employees as may be identified to the Committee by the Board of Directors (collectively the "Designated Employees"). Approve appropriate compensation.
- (c) Evaluate the performance of the CEO in respect to approved goals and criteria for the preceding year and recommend to the Board of Directors the amount of variable compensation to be paid to the CEO.
- (d) Review and recommend for Board approval Management's draft report on executive compensation required to be disclosed in the Corporation's information circular.
- (e) Develop with the CEO and Chairman of the Board, the CEO's performance goals and criteria.
- (f) Review the coming year's performance goals and criteria set by the CEO for the designated Employees. Approve appropriate performance goals.

Third Quarter

- (g) Review and recommend for Board approval any annual stock incentives.
- (h) Review the Corporation's competitiveness and appropriateness of the Corporation's overall compensation policies and processes, including stock option and stock purchase plans. The Committee is authorized to exercise the powers conferred on the Committee by the 2010 Share Incentive Plan, as amended from time to time.

Fourth Quarter

- (i) Review performance evaluation of all Officers of the Corporation.
- (j) Provide CEO with performance evaluation.
- (k) Review and recommend for Board approval overall changes to the Corporation's salary ranges. Recommend for Board approval the salary and incentive grant levels of the CEO and the Designated Employees for the ensuing year.