



MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED DECEMBER 31, 2018

The following discussion and analysis is management's assessment of the results and financial condition of Minera Alamos Inc. ("**Minera Alamos**" or the "**Company**") and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and 2017 and the notes thereto, that have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The Company's most recent filings are available on the SEDAR website. The date of this management's discussion and analysis is April 29, 2019.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

BUSINESS OF MINERA ALAMOS

Minera Alamos is a base and precious metals enterprise currently dedicated to acquiring, exploring and developing mining projects in Mexico.

The Company was incorporated pursuant to the laws of the Province of Ontario in January, 1934. Through various actions at the end of the 1990's up to 2006, the Company reorganized itself and amalgamated various subsidiaries to establish its current form. Subsequently, four subsidiaries were formed – Minera Alamos de Sonora S.A. de C.V.; Molibdeno Los Verdes S.A. de C.V.; Cobre 4H S.A. de C.V.; and Virgin Metals USA, Inc. On May 7, 2014, the Company changed its name from Virgin Metals Inc. to Minera Alamos Inc. as approved by the shareholders on April 16, 2014.

On May 4, 2016, the Company announced the completion of the acquisition of 100% of the mineral claims known as the "La Fortuna" gold project located in the State of Durango, Mexico from Argonaut Gold Inc. and its wholly owned subsidiary Durango Fern Mines, S.A. de C.V. The project is currently in development and it is expected that a construction decision, if deemed appropriate by management, can be made early in 2019.

On October 23, 2017, the Company entered into an option agreement to acquire the Guadalupe de los Reyes Project (GDR) from Vista Gold Corp. GDR is a large perspective land package with over 15,000 hectares of contiguous land holdings surrounding the historic Guadalupe de los Reyes mine.

On April 13, 2018, the Company acquired Corex Gold Corporation ("Corex") as approved by Corex shareholders pursuant to a special meeting held on April 4, 2017. Under the terms of the Agreement, each Corex shareholder received 0.95 common shares of Minera Alamos Inc. in exchange for each Corex

share held. The business combination was completed by way of share exchange pursuant to a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) resulting in Corex becoming a wholly owned subsidiary of Minera Alamos Inc. Pursuant to the transaction, the Company issued 150,470,661 common shares valued at \$0.14 to the former shareholders of Corex. In connection with this transaction, the Company also issued 22,985,725 warrants valued at \$689,886 and issued 6,935,000 share purchase options valued at \$798,000 in exchange for the cancelation of Corex warrants and options outstanding.

Corex is engaged in the acquisition and exploration of precious metal properties located in Mexico. To date, the Company has not earned significant revenues and is considered to be in the test mining stage. The Company's primary focus is the exploration and development of its Santana Project in Sonora, Mexico. The Santana property is located about two and a half hours drive northeast of the City of Obregon, accessible via blacktop road. Obregon has regular air service nonstop to Hermosillo and Guadalajara. The project is 100% owned and is approximately 8,500 ha. A pre-commercial bulk sample was mined and processing is ongoing it is expected that a construction decision, if deemed appropriate by management, can be made in H2 2019.

SELECTED QUARTERLY INFORMATION

The following selected information is derived from the audited year end consolidated financial statements and the unaudited quarterly consolidated financial statements:

	Quarter Ended December 30, 2018 \$	Quarter Ended September 30, 2018 \$	Quarter Ended June 30, 2018 \$	Quarter Ended March 30, 2018 \$
Net (loss) gain (000's)	(1,417)	(1,400)	⁽¹⁾ (21,319)	(1,484)
Basic (loss) gain per share	(0.01)	(0.00)	(0.08)	(0.01)
Total assets (000's)	3,419	2,891	4,852	3,521
Total liabilities (000's)	4,233	2,516	3,104	2,381
Shareholders' Equity (000's)	(814)	375	1,749	1,140

1. Includes \$20,01,249 the fair value assigned to the Corex exploration and evaluation asset that was expensed upon the acquisition of Corex in accordance with the Company's accounting policies.

	Quarter Ended December 31, 2017 \$	Quarter Ended September 30, 2017 \$	Quarter Ended June 30, 2017 \$	Quarter Ended March 31, 2017 \$
Net (loss) gain (000's)	(3,498)	(1,338)	(803)	(623)
Basic (loss) gain per share	(0.02)	(0.01)	(0.01)	(0.01)
Total assets (000's)	4,852	7,613	8,440	1,220
Total liabilities (000's)	2,357	2,369	2,075	2,068
Shareholders' Equity (000's)	2,495	5,244	6,365	(848)

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2018, the Company had working capital deficit of \$1,163,299 in comparison to December 31, 2017, working capital of \$2,881,148. The December 31, 2018, cash and cash equivalents balance of \$1,181,201 will be used for the exploration and development of the Company's mineral properties and for general corporate purposes. All cash balances are maintained in interest bearing accounts at the Company's bank in Canada.

On March 4, 2019, the Company improved working capital by completing a non-brokered private placement offering of 49,947,500 common shares of the Company at a price of \$0.10 per Common Share for aggregate gross proceeds of \$4,994,750. In connection with the Offering, the Company paid cash finder's fees of \$280,200 and issued 2,898,000 finder's warrants (the "Finder's Warrants").

The Company's net cash flows used in operations, after the inclusion of changes to non-cash operating accounts were \$3,700,139 and \$5,054,508 for the years ended December 31, 2018, and 2017, respectively.

The Company's cash from financing activities was \$1,513,386 for the year ended December 31, 2018, as of the result of the exercise of 1,187,060 warrants at an average exercise price of \$0.10, transaction costs of acquiring Corex of \$610,416 and the issuance of \$2,000,000 senior secured loan.

Under the terms of a Loan Agreement dated December 10, 2018, the lender, Osisko Gold Royalties Inc. (Osisko) has provided the Company with a \$2 million (the "Principal Amount") loan. The loan has a maturity date of 18 months from the date of issue and interest is payable on the Principal Amount at a rate per annum that is equal to LIBOR plus 8.5%, compounded monthly. Accrued interest shall be payable at maturity. As at December 31, 2018 the loan balance includes deferred financing fees of \$179,353 and accrued interest of \$13,233. At the lender's election, the Principal Amount may be converted into a 1% NSR on the La Fortuna gold project. In addition, at the sole discretion of the lender, the maturity date of the loan could be advanced earlier than 18 months subject to providing 60 days' notice to the Company while the loan is outstanding. The loan is secured by substantially all of the assets of the Company. The Company has also issued 200,000 common share purchase warrants (the "Warrants") to the lender. Each Warrant entitles Osisko to acquire one common share at a price of \$0.30 during the term of loan.

Two private placements were completed in the preceding year as follows:

- (i) On May 30, 2017, the company completed a private placement for gross proceeds of \$3,306,750.00. The Company issued 22,045,000 common shares at a price of \$0.15 per share. In connection with the closing of the private placement, the Company paid agent fees consisting of \$261,603 in cash and 1,543,150 compensation warrants. Each compensation warrant entitles the holder to purchase one common share of the Company at \$0.15 per common share on or before May 30, 2019. The warrants were valued at \$154,315 using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 94% risk free rate of return 2.0% and an expected life of two years.

- (ii) On June 29, 2017, the Company completed a private placement for gross proceeds of \$5,400,000.00. The Company issued 36,000,000.00 common shares at a price of \$0.15 per share. In connection with the closing of the private placement, the Company paid broker fees and expenses of \$533,862 in cash and 2,520,000 compensation warrants. Each compensation warrant entitles the holder to purchase one common share of the Company at \$0.15 on or before June 29, 2019. The warrants were valued at \$277,200 using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 91% risk free rate of return 2.0% and an expected life of two years.

The Company's cash used in investing activities was \$524,181 for the year ended December 31, 2018, reflecting the purchase of equipment and the payment of the La Fortuna purchase obligations due during the year.

The activities of the Company, which are primarily the acquisition, exploration and development of mineral properties, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants as well as the issuance of debt. In light of current market conditions, the Company continues to explore various alternate methods to continue the advancement of its projects. There is no assurance that equity capital will be available to the Company in the required amounts, with acceptable terms or at the time required. Please refer to the "Risk Factors" section below.

RESULTS OF OPERATIONS

The Company's operations during the year ended December 31, 2018, produced a net loss of \$25,619,799 as compared to a loss of \$6,262,333, in the comparable year. The significant increase in the loss this year is the result of the fair value assigned to the Santana Project, the Corex exploration and evaluation asset of \$20,001,249 that was expensed upon the acquisition of Corex in accordance with the Company's accounting policies. The Company's primary operational activity continues to be the exploration and development of the Company's major projects.

The expenditures and levels of activity relating to the Company's projects (rounded to the nearest thousand) are described in greater detail below followed by a brief discussion of significant line items in expenses.

Expenses	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
	\$	\$	\$	\$
Exploration and evaluation	785,000	2,155,000	22,813,000 ⁽¹⁾	3,385,000
Insurance	14,000	6,000	31,000	27,000
Investor relations	72,000	34,000	158,000	172,000
Office and administration	90,000	68,000	458,000	332,000
Professional fees	134,000	72,000	663,000	290,000
Salaries and compensation	183,000	721,000	950,000	1,393,000

Stock based compensation	240,000	-	240,000	120,000
Transfer agent & Regulatory fees	5,000	5,000	53,000	25,000
Travel	12,000	36,000	144,000	89,000

- (1) The amount includes \$20,001,249 the fair value assigned to the Santana Project, the Corex exploration and evaluation asset that was expensed upon the acquisition of Corex in accordance with the Company's accounting policies.

Exploration and evaluation – During the year the Company acquired Corex and the exploration and evaluation asset in Corex had a fair value of approximately \$19.9 million was expensed on completion of the transaction. The remaining expenditures in the year reflect the ongoing costs related to the maintenance of the properties located in Mexico as well as the development activities over the past year.

Investor relations – There was no material change in these expenses during the year ended December 31, 2018. The general level of investor relation initiatives remains unchanged as compared to the previous years. These expenses include attendance at various trade shows and conference in Canada the USA and Europe.

Office and administration – These expenses increased during the year ended December 31, 2018, compared to last year, largely due to the acquisition of Corex and the development activities at the Santana and La Fortuna project in Mexico, including opening an office in Mexico and the related costs there on.

Professional fees – Professional fees for the year ended December 31, 2018, reflect additional legal work incurred to acquire Corex.

Salaries and compensation – The salaries and compensation expenditures for the year ended December 31, 2018, has increased due to the addition of the Company's full time President who was not in the comparative yearly results. Also additional staff was hired in the year in Mexico to manage the ongoing development activities at Santana and La Fortuna.

Transfer agent and regulatory fees – This expense has increased slightly on a one time basis as a result of the fees incurred to acquire of Corex.

Travel – The travel expenses for the year ended December 31, 2018 have decreased approximately \$55,000. Travel in the year was incurred to monitor the activities at Santana, La Fortuna and GDR projects in Mexico, travel to Vancouver and Mexico to perform due diligence with respect to the Corex acquisition and additional travel to evaluate prospective projects in Mexico.

EXPLORATION AND DEVELOPMENT ACTIVITIES AND EXPENDITURES

	2018	2017
	\$	\$
Santana, Mexico ⁽ⁱ⁾	20,062,515	-
La Fortuna, Mexico	2,339,567	1,039,851
Guadalupe de los Reyes, Mexico	214,347,	1,967,304
Los Verdes, Mexico	178,535	216,987
Other	18,222	21,990
Total	<u>22,813,186</u>	<u>3,246,132</u>

1. Includes \$20,001,249 the fair value assigned to the Santana exploration and evaluation asset that was acquired upon the acquisition of Corex and expensed in accordance with the Company's accounting policies.

La Fortuna

On May 4, 2016, the Company announced the completion of the acquisition of 100% of the mineral claims known as the "La Fortuna" gold project located in the State of Durango, Mexico from Argonaut Gold Inc. and its wholly owned subsidiary Durango Fern Mines, S.A. de C.V. The La Fortuna Gold Project includes the historic La Fortuna mine together with the surrounding concessions, totaling 994 hectares. The property is located in the northwestern corner of the State of Durango, Mexico, about 70 kilometers northeast of the city of Culiacan, Sinaloa.

In August 2016, the Company announced that it had acquired more than 5,400 hectares in additional mineral concessions surrounding the La Fortuna gold project. The new claims were acquired directly from the federal mining authorities in Mexico (Dirección General de Minas) with no payments to any other third parties, increasing the Company's total land package to over 6,400 hectares.

In 2018 the Company announced the results of an independent Preliminary Economic Assessment ("PEA"). The PEA was prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") by CSA Global Geosciences Canada Ltd (CSA Global) of Toronto, Canada. (Note to reader: Unless stated all currency references are in US dollars). Please see the Company's news release dated August 16, 2018 as filed on SEDAR for completed details.

PEA Summary

	US\$	CDN\$
Pre-Tax NPV (7.5%)	\$103,800,000	\$134,800,000
Pre-Tax IRR	122%	122%
After-Tax NPV (7.5%)	\$69,800,000	\$90,600,000
After-Tax IRR	93%	93%
Pre-Tax Payback Period	9 months	
After-Tax Payback Period	11 months	
Average Annual Production	43,000 oz Gold, 220,000 oz Silver, 1,000 t Copper (50koz GEO ¹)	

Preproduction Capital	\$26,900,000	\$34,900,000
LOM Average AISC ²	\$440/oz	\$571/oz
Mine Life	5 years	
Mill Throughput (avg. tpd)	1,100	
Mill Grade & Recovery	3.68 g/t Au (90% recovery)	
Gold Price	\$1,250/oz	
Silver Price	\$16/oz	
Copper Price	\$5,725/tonne	
FX Rate (CDN\$/US\$)	0.77	

Notes:

1. GEO – Gold Equivalent Ounces
2. “AISC per ounce” is a non-GAAP financial performance measures with no standardized definition under IFRS; additional reference info at bottom of release
3. Base case prices for gold, silver and copper were assessed at values approximately 2%-7% below the three-year trailing average prices for each of the metals and below the majority of the publicly available forward looking estimates available as of July 2018

PEA Cautionary Note:

Readers are cautioned that the PEA is preliminary in nature and there is no certainty that the PEA results will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Additional work is needed to upgrade these mineral resources to mineral reserves.

Capital & Operating Cost Estimates

Initial and Sustaining Capital Costs (CAPEX)

Area	Initial (\$000)	Sustaining (\$000)	Total (\$000)
Mining (contractor mobilizations)	\$1,000		\$1,000
Site Development/Infrastructure	\$3,500		\$3,500
Mineral Processing	\$15,000	\$7,100	\$22,100
Tailings Management	\$2,000		\$2,000
Closure		\$3,000	\$3,000
Salvage Value		(\$3,000)	(\$3,000)
Contingencies (incl. owner’s costs)	\$5,400		\$5,400
TOTAL PROJECT	\$26,900	\$7,100	\$34,000

*Note: Start-up working capital to be provided by concentrate purchasers on credit revolver basis.

Operating Costs (OPEX)

Area	\$/tonne Mineralized Material ^{*2}	\$/unit	
Open Pit Mining	\$11.80	\$2.15	per tonne mined
Processing	\$15.95	\$22.89	per tonne milled
Stockpile/Ore Sorting ^{*1}	\$1.73	\$4.00	per tonne sorted
G&A	\$3.86	\$5.54	per tonne milled
All-In OPEX	\$33.34		

Notes:

1. "Ore Sorting" as used in the context of Table 4 is a commercial term referring to sensor-based rock sorting technology and is not related to project resources/reserves. Ore sorting equipment is implemented in Year 3 for upgrading of mid-grade stockpiles
2. "Mineralized Material" represents mined material in excess of 0.8 g/t Au cut-off (includes direct milling material + stockpiled material to be upgraded via ore sorting prior to milling)

Mineral Resources

This PEA is based on a new mineral resource estimate prepared for the La Fortuna project by Scott Zelligan, P.Geo., as part of the current report. The mineral resource estimate is based on the results from 125 core drill holes completed to date on the project. Wireframes were prepared using the drill hole information combined with geological interpretations of the deposit and validated through observations and sampling of accessible historical underground openings. Further details related to the current mineral resource estimate are presented in a later section. The table below outlines the total base case Mineral Resources, including those that were not included as part of the PEA mine plan.

Mineral Resource Estimates (1.0 g/t Au cutoff grade)

Resource Category	Au (g/t) Cut-off	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Au oz	Ag oz	Cu t
Measured	1.0	1,755,400	2.96	17.5	0.23	167,100	987,800	4,000
	1.5	1,309,700	3.55	19.5	0.25			
	2.0	1,012,100	4.09	21.0	0.28			
	2.5	795,300	4.59	22.4	0.30			
	3.0	639,400	5.04	23.5	0.32			
Indicated	1.0	1,714,300	2.59	15.5	0.21	142,800	854,400	3,600
	1.5	1,241,400	3.11	17.5	0.24			
	2.0	886,400	3.65	19.2	0.27			
	2.5	626,600	4.24	21.0	0.30			
	3.0	458,500	4.80	22.2	0.32			
Measured + Indicated	1.0	3,469,700	2.78	16.5	0.22	309,800	1,842,200	7,600
	1.5	2,551,100	3.34	18.5	0.24			
	2.0	1,898,500	3.88	20.2	0.27			
	2.5	1,421,900	4.44	21.8	0.30			
	3.0	1,097,900	4.94	23.0	0.32			
Inferred	1.0	156,300	1.72	8.5	0.09	8,600	42,700	100
	1.5	78,612	2.21	9.2	0.10			
	2.0	38,059	2.73	11.1	0.12			
	2.5	18,169	3.28	13.1	0.14			
	3.0	7,589	4.04	15.6	0.18			

Notes:

1. The effective date for this mineral resource estimate for La Fortuna project is July 13, 2018. All material tonnes and metal values are undiluted.
2. Mineral Resources are calculated assuming a cut-off grade of 1.0 g/t Au, which is considered reasonable and consistent for this type of deposit with open pit mining methods.

3. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues.
4. The mineral resources presented here were estimated using a block model with a parent block size of 5 m by 5 m by 5 m sub-blocked to a minimum block size of 0.6 m by 0.6 m by 0.6 m using ID3 methods for grade estimation as this method best represented the grade distribution in the sample data.
5. Due to the geometry of the deposit and the nature of the grade distribution, the estimation was divided between the upper and lower portions of the mineralized volume with search parameters optimized for each portion.
6. Individual composite assays were capped at the following values according to histogram/probability and decile analyses – 30 g/t gold, 60 g/t silver, 1% copper
7. A density of 2.65 t/m³ was chosen for the tonnage estimate. Data available from dry bulk density studies indicated an average density of 2.72 t/m³ for mineralized material, while the quartz monzonite material had an average density of 2.61 t/m³. The value of 2.65 was chosen by averaging the two then rounding down to the nearest 0.05 interval to be conservative
8. The mineral resources presented here were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10, 2014.
9. The mineral resource estimate was prepared by Scott Zelligan, B.Sc., P.Geo., and independent resource geologist of Coldwater, Ontario.
10. Gold price is US\$1,250/ounce, silver price is US\$16/ounce, and copper price is US\$5,725/tonne.
11. The number of metric tonnes is rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects.

An initial review of the most recent exploration data from the La Fortuna gold project confirms potential for growth beyond the project's current Measured and Indicated Mineral Resources. Three distinct zones of mineralization were identified along parallel structures that correspond to the primary regional faulting in this region of Mexico (NW-SE). In addition to the Fortuna Main Zone (and extensions) where the Company's current resource is located, these also include the Ramada Zone and the PN Zone. All three areas contain numerous historical mine workings and have been sampled and mapped at surface. Defining the continuity of the mineralization throughout these extended zones will be the focus of the Company's upcoming exploration activities.

In June 2016, the Company announced that it has acquired the assets of a previously operational grinding/flotation facility to be utilized in the project design for the La Fortuna gold project. This acquisition of core plant assets provides an opportunity to significantly reduce the capital requirements for the construction of a processing facility at the La Fortuna project should a construction decision be warranted.

During 2017 discussions were completed with the local landowners and residents to acquire surface rights for the project so that permit applications could be made.

Two permit applications were submitted and are currently under review for the La Fortuna project. They consist of the Environmental Impact Statement (Manifestacion de Impacto Ambiental) and an Environmental Risk Study (Estudio de Riesgo Ambiental).

In May 2017, additional rights and options were granted on La Fortuna in connection with a private placement. The Subscriber and the Company entered into an investment agreement (the “Investment Agreement”) which provides for the following:

- *Royalty Option:* The Subscriber will be granted an option to purchase up to a 4.0% NSR in the La Fortuna Property for total consideration of \$9 million.
- *Royalty/Stream Right:* As long as the Subscriber holds common shares equal to at least 10% of the issued and outstanding common shares of the Company, on a non-diluted basis, the Subscriber will have a participation right on any and all royalties, streams, or similar interests granted on properties belonging to Minera Alamos.

Santana

The Company holds a 100% interest through its newly acquired subsidiary, Corex Gold Corporation 8 mining claims and covering approximately 7,300 hectares located approximately 200 kilometres east-southeast of Hermosillo, Sonora, Mexico. Additionally, the Company holds a 100% interest in two contiguous mining concessions that cover approximately 350 hectares, referred to as Santa Lucia and Hilda 35 Fraccion 1, also part of the Santana Project. Pursuant to two property option agreements dated December 11, 2007, and amending agreement dated January 20, 2012, between the Company and private vendors. The Hilda 35 Fraccion 1 is also subject to a 2% net smelter return royalty (“NSR”). Each 1% NSR can be purchased for US\$1,000,000 within the three years following the conclusion of the feasibility study with positive results, in two contiguous mining concessions referred to as Santa Lucia and Hilda 35 Fraccion 1, located in Sonora State, Mexico, pursuant to two property option agreements dated December 11, 2007, and amending agreement dated January 20, 2012, between Corex and private vendors.

The Santana Property is located approximately 200 kilometres east-southeast of Hermosillo, Sonora, Mexico. Access to the project is via paved highway.

To date more than 30,000 meters of drilling has been completed on the project. A new drilling program has commenced at Santana (*see news release dated May 3rd, 2018*) following the receipt of successful community approvals associated with combining Minera Alamos’ Los Verdes contiguous on strike claim into the Santana plan of development. Updates to this 20-hole, 3000 m, program will be provided in due course.

For the past 18 months the Santana project has been undergoing continuous bulk heap-leach testing activities. An initial phase utilized coarse crushing (<3”) with a second phase involving fine crushing (<1/2” to 5/8”) and agglomeration prior to leaching. While the use of fine crushing appeared to improve the gold leach kinetics, ultimate gold recoveries for both phases were relatively consistent (~0.65 g/t Au extracted) over the range of crush sizes that were tested. In total, approximately 35,000 tonnes of mineralized material has now been placed on the test leach pads and the results of the bulk test work fully support the on-going development of the project with a goal towards commercial scale operation.

To December 31, 2018 the test mining program has produced approximately 1,030 oz of gold and 203 oz of Silver. During the year sales of approximately 775 oz of gold and 176 oz of Silver with a net sales value of approximately US \$994,000 were sold. As this is a test mining program all revenue from the sales of gold and silver produced has been credited to exploration and evaluation expenditures.

The environmental studies required to amend the scope of the existing Santana gold project test mining permits have been submitted for approvals to the relevant Mexican mining regulatory agency (SEMARNAT). Acceptance of the permit expansion will provide the Company with the flexibility to transform the operations from bulk mining test work site to a commercial scale gold mine once a production decision is made.

Bulk test mining operations at the Santana project are currently governed by a temporary environment/change of land use permit (MIA-ETJ) that was issued by SEMARNAT in 2016. The current permits cover changes made to a limited area of the project site which was consistent with the scope of the test activities. Included as part of the recently submitted environmental expansion studies are early stage designs for commercial-scale production. The Company has received all necessary formal sign-offs from the local community (Ejido) to proceed with the proposed changes.

Guadalupe de los Reyes (GDR)

In November 2017, The Company entered into an option agreement to acquire the GDR project. GDR is a gold-silver project located in the Sierra Madre Range in Sinaloa, Mexico and approximately 3 hours from the Company's base of operations in Culiacan. It is one of the most significant historic gold producers in this region of Mexico and contains a near surface gold resource consisting of 380,100 Indicated ounces (6.8 MM tonnes @ 1.73 g/t Au) with an additional 155,200 Inferred ounces (3.2 MM tonnes @ 1.49 g/t Au)*, in addition to significant exploration potential from previously identified mineralized structures that remain undrilled. The project consists of over 15,000 hectares of contiguous land holdings surrounding the historic Guadalupe de los Reyes mine. GDR is a large regional system of epithermal mineralized structures with at least eight zones of mineralization mapped and sampled at surface, with only four having been partially drilled.

Guadalupe de los Reyes Resources

Resource Classification	Metric Tonnes	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold (oz)	Contained Silver (oz)
Indicated	6,843,000	1.73	28.71	380,100	6,315,300
Inferred	3,200,000	1.49	34.87	155,200	3,639,000

Notes:

1. Mineral Resources are summarized as reported in the NI 43-101 Technical Report titled "Preliminary Economic Assessment of Guadalupe de los Reyes Gold Silver Project" by Tetra Tech and dated April 16, 2018
2. To the best of knowledge, information and belief of Minera Alamos, there is no new material scientific or technical information that would make the disclosure of the mineral resources in the Report inaccurate or misleading.
3. Mineral Resources were calculated based on a cut-off grade of 0.5 g/t Au.
4. No Measured Resources of Mineral Reserves of any category were identified.
5. Mineral Resources are not Mineral Reserves and by definition do not demonstrate economic viability. There is no certainty that all or any part of the Mineral resources will be converted into Mineral Reserves.

Los Verdes

The Los Verdes property is located in the community of Santa Ana, municipality of Yecora, in the state of Sonora, Mexico. It is situated approximately 200 kilometres east-southeast of Hermosillo, the capital of Sonora and 190 kilometres northeast of Ciudad Obregon.

The project is made up of 15 mining concessions totaling 7,038 hectares including the North Deposit property (2 mining concessions totaling 1,070 hectares previously referred to as Potreritos). As reported in the Company's 2012 PEA, the projects resource estimates are as follows:

	Tonnes	Cu%	Mo%	W%	Ag g/t
Measured	6,278,000	0.67	0.13	0.07	4.91
Indicated	1,427,000	0.51	0.10	0.05	4.02
Measured & indicated	7,705,000	0.64	0.12	0.07	4.74
Inferred	208,000	0.07	0.12	0.02	-
Historic (North Deposit)	1,103,000	0.52	0.12	-	-

In January 2016, the Company announced the completion of a resource estimate prepared for the 100% owned Los Verdes North Copper-Molybdenum deposit. The new estimate confirmed the presence of a second source of near surface copper/molybdenum/silver mineralization incremental to the Company's Los Verdes South Deposit.

The Company is currently considering strategic alternatives for this project based on current industry/market expectations and a resizing of the planned operation.

RELATED PARTY TRANSACTIONS

Detail of transactions between the Company and other related parties are disclosed below.

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

The remuneration of directors and key management of the Company for the period ended December 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Aggregate compensation	\$662,000	\$1,025,000
Share-based compensation	\$ -	\$336,000

Accounts payable and accrued liabilities payable to directors and key management of the Company at December 31, 2018, were \$567,926, (December 31, 2017- \$336,000) in relation to the compensation described above.

Included in accounts receivable as at December 31, 2018, is an amount of \$56,133 (2017 – Nil) due from key management of the Company

COMMITMENTS AND CONTINGENCIES

On May 4, 2016, the Company announced the completion of the acquisition of 100% of the mineral claims known as the “La Fortuna” gold project located in the State of Durango, Mexico from Argonaut Gold Inc. and its wholly owned subsidiary Durango Fern Mines, S.A. de C.V.

Pursuant to the terms of the purchase agreement, the Company paid the vendor USD\$750,000 on closing, USD\$250,000 in February 2017, and an additional USD \$1,000,000 will be paid upon the announcement of a construction decision. The Vendor is also entitled to a 2.5% net smelter returns royalty, subject to a maximum amount of USD \$4,500,000.

The Company is obligated under premises leases to pay rents as follows:

2019 - \$108,920
 2020 - \$109,103
 2021 - \$100,848

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Disclosure and use of critical accounting estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in earnings in the period in which they become known.

Readers should refer to Note 4 of the consolidated financial statements for the year ended December 31, 2018 and 2017, for our critical accounting policies and estimates.

Accounting standards and interpretations effective in future periods

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been

applied. Management notes that the operating leases will be accounted for on the statement of financial position on adoption of IFRS 16. Management is currently assessing the impact on the consolidated financial statements.

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If any entity concludes it is probably that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistent with the tax treatment used or planned to be used in its income tax filings. If any entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 will be effective for annual periods beginning on or after January 1, 2019. The Company does not expect IFRS 23 to have a material impact on its financial statements.

RISK FACTORS

Due to the nature of its business, the Company is subject to various financial, environmental and operational risks that should be carefully considered by readers. In addition to other information set forth elsewhere in the financial statements, readers should carefully review the following risk factors.

Future Capital Requirements Risk

The Company will require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favourable terms. If the Company issues new shares at any time to finance its operations or expansion plans, control of the Company may change and shareholders may suffer dilution of their investment. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Exploration, Development and Mining Risk

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company will for the short term rely upon consultants and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

The Company's projects are at the exploration and development stage. Two of the projects, Guadalupe de Los Reyes and Los Verdes, have defined resources determined by a Preliminary Economic Assessment to be potentially economic. A third project, La Fortuna, has defined resources as determined by a technical report detailing the calculation of a resource estimate. Development of the Company's projects would follow only if additional favorable results, regulatory approval and financing are obtained.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. 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 and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and others. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company carefully evaluates the political and economic environment in considering any properties for acquisition and continued advancement of projects it holds, and its current strategy is to pursue projects in the mining friendly environment of Mexico. There can be no assurance that additional significant restrictions will not be placed on the Company's projects and any other properties the Company may acquire, or its operations.

Environmental Risk

The Company's projects are in remote areas of Mexico where mining has been carried out in the past and where it is currently being pursued. Its projects will be undertaken with the aim to achieve and maintain International Finance Corporation ("IFC") Performance Standards, as they relate to environmental responsibilities, as well as to follow all applicable standards in Mexico. The Company has undertaken baseline environmental studies to define the status of the environment at its most advanced property and to identify mitigation measures appropriate for its operations. The Company realizes that there is a risk that an environmental condition may exist that could delay or prevent the project from advancing or producing, but no such factor has arisen in the Company's investigations to date. The Company has an Environmental Policy that commits it to operating in an environmentally responsible manner, ensuring compliance by the Company and its employees with all applicable environmental regulations and commitments.

Foreign Operations Risk

Currently, the Company's exploration projects are in Mexico and the Company manages a number of risks related to operating in a foreign jurisdiction, including security of rights and title, repatriation of funds, availability of a skilled and dependable workforce, access to permits for operation, and stability of

the government. Management's assessment of these risks is low as title to minerals is provided in law and is administered fairly and predictably, surface rights are obtainable by negotiation as guided by law, permits are available in a time frame provided by law and regulation, there is a skilled and available workforce, and the government has been openly supportive of foreign investment in general and expansion in the mining industry. Changes to these conditions could have a materially adverse effect on the Company's business, financing opportunities, and results of operation.

Foreign Currency Risk

The Company is subject to foreign exchange risk as the Company has certain assets and liabilities, and makes certain expenditures, in Mexican Pesos and US dollars. The Company is therefore subject to gains and losses due to fluctuations in the Mexican Pesos and the US dollar relative to the Canadian dollar. The Company does not hedge its foreign exchange risk.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period.

As at December 31, 2018, the Company has net monetary liabilities denominated in Mexican Pesos of approximately MX\$ 8,900,000 (December 31, 2017 –MX \$318,000) A 10% change in the value of the Canadian dollar relative to the Mexican Pesos would result in a corresponding change in net income approximately MX \$810,000 (December 31, 2017 – MX \$32,000) based on the balance of these amounts held in Mexican Pesos as at December 31, 2018.

The Company has cash balances and a senior secured loan bearing interest at LIBOR plus 8.5%. A 10% change in LIBOR would result in a corresponding change in net income of \$5,000. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, Mexican pesos and US dollars, which consist primarily of expenses and deferred expenses. The Company's operations are in Canada and Mexico, and the Company does not engage in hedging activities as there is no material difference between the initial transaction amount and the settled transaction amount in respect of foreign currency transactions, since the time between the date of the initial encumbrance and the date the outlay is settled, is less than 90 days.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company maintains substantially all of its cash with major financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Uninsurable Risk

In the course of exploration, development and production of mineral properties, certain risks, and in particular, labour disputes, fires, flooding and unexpected or unusual geological operating conditions including rock bursts, cave-ins, pit slope failures and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons.

Future Profits/Losses and Production Revenues/Expenses Risk

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and, if warranted, commercial production of the Company's projects and any other properties the Company may acquire are added as needed.

The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, and the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company currently has commitments for operating leases that can be funded from working capital, and will manage its future commitments consistent with its financial position.

The Company may not receive revenues from operations in the current year, if at all. The Company expects to incur losses unless and until such time as the Company's projects and any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's projects and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of the properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Competition Risk

The international mining industry is highly competitive and the Company will compete with other mining companies, many of which have greater resources and experience. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and can produce economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Key Employees Risk

The Company depends on a number of key employees, the loss of any one of whom could have an adverse effect on the Company.

Fluctuating Mineral Prices Risk

Commodity prices are highly volatile and factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely in the past. Since the Company is not a producing entity, price risk only potentially impacts the valuation of the Company's projects and their carrying values in its financial statements, and the Company has not suffered impairment in any carrying values to this point in time.

Conflicts of Interest Risk

The Company's directors and officers may serve as directors or officers of other natural resource companies or companies providing services to the Company or they may have significant shareholdings in other resource companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Share Price Volatility Risk

The market price of the Company's shares is highly volatile and may be significantly affected by factors such as actual or anticipated fluctuations in the Company's operating results, announcements of technological innovations, changes in estimates or analysis by securities analysts, new exploration projects by the Company or its competitors, government regulatory action, general market conditions and other factors.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2018.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's excess cash reserves are held in an interest bearing Canadian bank account.

OUTSTANDING SHARE DATA

Common Shares:

The Company has authorized an unlimited number of common shares, with no par value, of which 350,928,100 shares are issued and outstanding as of the date hereof.

Share Purchase Warrants:

As of the date hereof, 78,274,078 share purchase warrants were outstanding.

Stock Option Plan:

As of the date hereof, there are 21,135,000 options outstanding under the Company's stock option plan for employees, directors, officers and consultants of the Company.

QUALIFIED PERSON

Mr. Darren Koningen, P. Eng., Minera Alamos Inc.'s CEO, is the Qualified Person responsible for technical content of this document. Mr. Koningen has supervised the preparation of, and approved the scientific and technical disclosures utilized herein.

"Darren Koningen"
Chief Executive Officer

"Chris Chadder"
Chief Financial Officer