MINERA ALAMOS INC.

Condensed Interim Consolidated Financial Statements

March 31, 2019 and 2018

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Minera Alamos Inc. ("Minera Alamos" or the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Minera Alamos Inc.

Consolidated Statements of Financial Position

***(*Expressed in Canadian dollars)**

	Notes	March 31, 2019	March 31, 2018
		$	$
Assets			
Current assets			
Cash and cash equivalents		**5,035,919**	1,181,201
Restricted cash	7	**30,148**	30,148
Accounts receivable	17	**239,437**	367,298
Prepaid and other		**60,993**	149,802
Taxes receivable		**990,689**	1,048,150
		6,357,186	2,776,599
Equipment	9	**635,553**	642,676
		6,992,739	3,419,275
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	17	**1,500,742**	1,560,338
Current portion of long-term loan	8	**536,008**	545,680
Senior secured loan	10	**1,891,380**	1,833,880
		3,928,130	3,939,898
Long-term loan	8	**244,738**	244,638
Provisions	8	**48,400**	48,400
		4,221,268	4,232,936
Shareholders' Equity			
Share capital	11	**69,872,477**	65,369,627
Contributed surplus		**3,711,913**	3,711,913
Options reserve	13	**2,648,300**	2,648,300
Warrants reserve	11 & 12	**4,217,902**	4,044,022
Deficit		**(77,679,121)**	(76,587,523)
		2,771,471	(813,661)
		6,992,739	3,419,275

Basis of Presentation and Going Concern (note 2)
Commitments and Contingencies (note 14)
Subsequent Event (note 19)

Approved by the Board:

Signed*: "Bruce Durham"* — Director

Signed: "Darren Koningen" — Director

Please see accompanying notes to the consolidated financial statements

Minera Alamos Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	For the three months ended March 31, 2019	2018
		$	$
Expenses			
Depreciation and amortization	9	**7,122**	3,387
Exploration and evaluation, net of recoveries	8	**500,536**	394,872
Insurance		**15,207**	7,074
Interest expense		**57,500**	-
Investor relations		**53,385**	29,367
Office and administration		**118,869**	102,673
Professional fees		**60,707**	260,832
Salaries and compensation		**221,067**	305,354
Transfer agent regulatory fees		**9,900**	16,380
Travel		**61,889**	48,849
		1,106,182	1,168,788
Other Items			
Foreign exchange loss (gain)		**(13,256)**	315,066
Other income		**(1,328)**	-
		(14,584)	315,066
Net loss and comprehensive loss for the period		**1,091,598**	(1,483,854)
Net loss per share:			
Basic and diluted		**(0.00)**	(0.01)
Weighted average number of common shares outstanding:			
Basic and diluted		**317,601,095**	150,216,758

Please see accompanying notes to the consolidated financial statements

Minera Alamos Inc
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

		Share Capital						
	Note	Number of Shares #	Amount $	Warrants reserve $	Contributed surplus $	Options reserve $	Deficit $	Total equity $
Balance, January 1, 2018		**149,294,208**	**44,738,147**	**3,402,337**	**3,711,913**	**1,610,300**	**(50,967,724)**	**2,494,973**
Warrants exercised	11b(v),12	1,187,060	181,192	(52,286)	-	-	-	128,906
Net loss for the period		-	-	-	-	-	(1,483,854)	(1,483,854)
Balance, March 31, 2018		**150,481,268**	**44,919,339**	**3,350,051**	**3,711,913**	**1,610,300**	**(52,451,578)**	**1,140,025**
Balance, January 1, 2019		**300,951,929**	**65,369,627**	**4,044,022**	**3,711,913**	**2,648,300**	**(76,587,523)**	**(813,661)**
Private placement		49,947,500	4,994,750	-	-	-	-	4,994,750
Share issue costs		-	(491,900)	173,880	-	-	-	(318.020)
Net loss for the period		-	-	-	-	-	(1,091,598)	(1,091,598)
Balance, March 31, 2019		**350,899,429**	**69,872,477**	**4,217,902**	**3,711,913**	**2,648,300**	**(77,679,121)**	**2,771,471**

Please see accompanying notes to the consolidated financial statements

Minera Alamos Inc

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	For the three months ended March 31, 2019 $	2018 $
Cash flows from operating activities			
Net loss for the period		**(1,091,598)**	(1,483,854)
Adjustments to reconcile net loss to net cash flows:			
Non-cash adjustments:			
Depreciation		**7,122**	3,387
Accretion – long-term liabilities	8	**6,805**	61,237
Interest Expense		**57,500**	-
Foreign exchange on long-term debt		**(16,376)**	-
		(1,036,547)	(1,419,230)
Changes in non-cash operating adjustments:			
Accounts receivable		**127,861**	130
Prepaid expenses		**88,809**	(16,167)
Taxes receivable		**57,461**	(90,969)
Accounts payable and accrued liabilities		**(59,596)**	(37,430)
Net cash flows used in operating activities		**(822,012)**	(1,563,666)
Cash flows from investing activities			
Restricted cash	7	**-**	-
Net cash flows used in investing activities		**-**	-
Cash flows from financing activities			
Issuance of common shares, net	11	**4,994,750**	-
Share issue costs	11	**(318,020)**	-
Exercise of warrants	11	**-**	128,906
Net cash flows from financing activities		**4,676,730**	128,906
Net Increase (decrease) in cash and cash equivalents		**3,854,718**	(1,434,760)
Cash and cash equivalents, beginning of period		**1,181,201**	3,892,135
Cash and cash equivalents, end of the period		**5,035,919**	2,457,375

Please see accompanying notes to the consolidated financial statements

1. GENERAL INFORMATION

Minera Alamos Inc. (the "Company") is a junior mining exploration company engaged directly and indirectly through its subsidiaries in the acquisition, exploration and development of mineral properties located in Mexico.

These consolidated financial statements include the accounts of the Company, its Mexican subsidiaries Minera Alamos de Sonora S.A. de C.V., Molibdeno Los Verdes S.A. de C.V., Cobre 4H S.A. de C.V., Corex Gold Corporation and Corex Global S de RL de SV. The Company's head office is located at 55 York Street East, Suite 402, Toronto, Ontario, Canada, M5J 1R7.

2. BASIS OF PRESENTATION AND GOING CONCERN

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. This is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise financing, the achievement of profitable operations or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue to do so is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. There are no assurances that the Company will be successful in achieving these goals.

The Company's operations during the quarter ended March 31, 2019, resulted in a net loss of $1,106,182 as compared to a loss of $1,168,788, in the comparable quarter. At March 31, 2019, the Company had working capital of $2,429,056 in comparison to December 31, 2018, working capital deficit of $1,163,299. The improvement in working capital is due to the Company closing 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") (Note 18).

As at March 31, 2019, the Company had not yet achieved profitable operations and expects to incur further losses, which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

3. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018. Subject to certain transition elections disclosed below, the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect.

The policies applied in these consolidated financial statements are presented in Note 4 and are based on IFRS issued and outstanding as of May 30, 2019, the date the Board of Directors approved these consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

These consolidated financial statements are presented in Canadian dollars and are prepared on the historical cost basis, modified by the measurement at fair value of certain financial instruments.

(b) 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 the modified retrospective method 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 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 (see Note 14) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Share-based payment

The Company's share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as salary and compensation expense with a corresponding increase in equity. The fair value of the option grant is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in common shares.

(d) Deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous year.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the consumption of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Equipment

Equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in consolidated statement of loss and comprehensive loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, are capitalized.

The Company provides for depreciation of its equipment at the following annual rates:

Mining equipment	- 5 to 10 years straight line basis
Office equipment	- 20% to 45% declining balance
Leasehold improvements	- Lesser of 5 years or lease term, straight line basis
Vehicles	- 30% declining balance

(f) Mineral properties and exploration and evaluation costs

The Company expenses all costs relating to the acquisition of, exploration for, and development of mineral properties and it credits all revenues received against the exploration expenditures. Such costs include, but are not limited to, geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of loss and comprehensive loss.

(h) Foreign currencies

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Financial assets

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (“IFRS 9”) to Replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 provides a revised model for recognition and measurement of financial instruments, and a single, forward looking “expected loss” impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning or after January 1, 2018, with early adoption permitted.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively, for financial instruments that were recognized at the date of application, which was January 1, 2018. The change did not impact the carrying value of any financial instruments on this date.

IFRS 9 includes requirement for recognition and measurement, impairment, de-recognition and general hedge accounting. Financial assets within the scope of IFRS 9 are classified in the following measurement categories: at fair value through profit or loss, (“FVTPL”) amortized cost, or fair value through other comprehensive income (“FVOCI”). The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at fair value through profit or loss (“FVTPL”)

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income (“FVOCI”). Gains or losses on these items are recognized in consolidated statement of loss and comprehensive loss.

The Company’s cash and cash equivalents and restricted cash are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the asset’s contractual cash flows represent "solely payments of principal and interest". Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other definitive evidence is received that a specific counterparty will default. The Company’s accounts and other receivables are classified as financial assets measured at amortized cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities measured at amortized cost, including borrowings, are measured at fair value, net of transaction cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis. The effective yield basis is a method of calculating the unamortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flow payments over the expected life of the financial liability to the net carrying amount on initial recognition. The Company's accounts payable and accrued liabilities, senior secured loan and long-term loan do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through consolidated statement of loss and comprehensive loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in consolidated statement of loss and comprehensive loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

De-recognition of financial liability

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of loss and comprehensive loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

The Company recognizes expected credit loss for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Classification

In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets and liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash	FVTPL	FVPTL
Restricted cash	FVTPL	FVTPL
Accounts receivable, excluding HST receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Senior secured loan	Other financial liabilities	Amortized cost
Long term loan	Other financial liabilities	Amortized cost

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is based on the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at time of acquisition. The Company does not hold any asset backed commercial paper.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Asset retirement obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against consolidated statement of loss and comprehensive loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

(l) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Provisions

A provision is recognized in the consolidated statements of financial position 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 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. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(n) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(o) Loss per share

Basic loss per common share is calculated by dividing the loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. Convertible instruments including stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration, and two geographical segments, Canada and Mexico.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions and judgments about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Income taxes

The measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretations and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax returns by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Asset retirement obligation

Asset retirement obligations has been created based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual rehabilitation costs ultimately depend on actual future settlement amount for rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimated useful life, depreciation and amortization

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

Determination of the fair value of warrants

Estimating fair value for warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility and expected life of warrants. The expected volatility is based on the average volatility of share prices of similar companies, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Determination of Stock-based compensation

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company has made estimates to the volatility, the probable life of the stock options granted and the time of exercise of those stock options. The expected volatility is based on the average volatility of share prices of similar companies, over the period of the expected life of the stock options. The expected life of the stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Business combinations

Business combinations are accounted for using the acquisition method of accounting, whereby identifiable assets acquired, and liabilities assumed are recorded at fair value as of the date of acquisition with the excess of the purchase price over such fair value recorded as goodwill. If a transaction does not meet the definition of a business combination as per IFRS standards, the transaction is recorded as an acquisition of an asset.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Impairment of long-lived assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flow expect to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset to which it belongs may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds its recoverable amount, being the higher of value in use or fair value, less costs to sell. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely to arise and whether activities have reached a stage where the technical feasibility and commercial viability of extracting the mineral resource is demonstrable.

6. BUSINESS COMBINATION

Acquisition of Corex Gold Corporation ("Corex")

The Company entered into a definitive arrangement agreement (The Arrangement) dated January 30, 2018, which was approved by Corex Gold Corporation ("Corex") shareholders pursuant to a special meeting held on April 4, 2018, and closed on April 13, 2018, to acquire Corex, a Mexican gold development company. Under the terms of the Arrangement, each Corex shareholder received 0.95 common shares of the Company, in exchange for each Corex share held. The Arrangement 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 the Company. Pursuant to the Arrangement, 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 cancellation of Corex warrants and options outstanding.

The transaction does not constitute a business combination as Corex does not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction is accounted for as an acquisition of assets.

Given the mineral properties obtained were still in the exploration and evaluation stage, it was not possible to measure the fair value. Therefore the acquisition has been measured using the fair value of the consideration transferred. The excess of the consideration transferred over the fair value of the net assets has been allocated to the exploration and evaluation assets.

6. BUSINESS COMBINATION (Continued)

Purchase Price	Quantity	Amount
Common shares issued	150,470,661	$21,065,893
Stock-options	6,935,000	798,000
Warrants	22,985,725	689,886
Total Purchase Price		$22,553,779

Net Assets Acquired	
Cash	$2,638,381
Receivables, prepaids and other	877,280
Equipment	18,230
Exploration and evaluation assets	20,001,249
Accounts payable	(907,961)
Note Payable	(25,000)
Provisions	(48,400)
	$22,553,779

The Company's accounting policy is to expense all costs relating to the acquisition of, exploration for and development of mineral properties. As such the exploration and evaluation assets, noted in the table above, were expensed upon acquisition.

7. RESTRICTED CASH EQUIVALENTS

As at March 31, 2019, the Company held GICs in the aggregate amount of $30,148 (December 31, 2018 - $30,148) as security for its corporate credit cards.

8. MINERAL PROPERTIES AND EXPLORATION EXPENSE

	For the three months ended March 31,	
	2019	2018
	$	$
Santana Mexico[(i)]	5,020	-
La Fortuna, Mexico	141,882	234,756
Guadalupe de los Reyes, Mexico	213,371	62,520
Los Verdes, Mexico	98,722	94,585
Other	41,550	3,011
Total	500,535	394,872

(i) Included in the amount is $82,335 representing proceeds from the sale of gold samples from the property .

Santana project, State of Sonora, Mexico

The Santana Property consists of 8 mining claims and covers approximately 7,300 hectares and is 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, located in Sonora State, Mexico, 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 USD $1,000,000 within the three years following the conclusion of the feasibility study with positive results.

The Company fulfils its site restoration obligations as required. Management will continue to assess its site restoration obligations as future exploration activity is undertaken. At March 31, 2019, the estimated costs for exploration and evaluation rehabilitation were $48,400. Discounted present value was not calculated due to the expected short-term nature of the obligation.

La Fortuna project, State of Durango, Mexico

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., consisting of 4 claims totaling 994 hectares.

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.

8. MINERAL PROPERTIES AND EXPLORATION EXPENSE (Continued)

La Fortuna project, State of Durango, Mexico (Continued)

Pursuant to the terms of the purchase agreement, the Company paid the vendor USD $750,000 on closing and has recognized the fair value of the remaining purchase obligation of USD $1,250,000 due within a 24-month period. During the prior year payments of USD $400,000 were made, and the remaining USD $1,000,000 will be paid upon the announcement of a construction decision. The net present value of these remaining payments, discounted at an effective interest rate of 15%, is recognized as follows: $536,008 (December 31, 2018 – $545,680) is the current portion of the purchase obligation, $244,738 (2017 – $244,638) is included in long-term liabilities and $6,805 (March 31, 2018 - $61,237) was recognized as an accretion expense. The Vendor is also entitled to a 2.5% net smelter returns royalty (“NSR”), subject to a maximum amount of USD $4,500,000.

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 the Company.
- *Additional Rights*: The Subscriber has (i) the right to participate in half of any buybacks of existing La Fortuna royalties, and (ii) the right to acquire a 2.0% NSR on any property acquired within a 250-km radius of La Fortuna.

8. MINERAL PROPERTIES AND EXPLORATION EXPENSE (Continued)

Guadalupe de los Reyes (GDR), State of Sinaloa, Mexico

On October 23, 2017, the Company entered into an option agreement to acquire Minera Gold Stake S.A DE C.V. ("MGS"), a subsidiary of Vista Gold Corp. ("Vista"), which holds 100% interest in mineral rights collectively referred to as the Guadalupe de los Reyes Project. Pursuant to the terms of the Agreement, the Company will earn a 100% interest in the project by paying Vista a total of USD $6.0 million in staged payments as follows: USD $ 1.5 million on closing (CAD $1,967,304 paid in 2017), USD $1.5 million on each of the 12 and 24 month anniversary dates in order to maintain the option and a final purchase price of USD $1.5 million on or before the earlier of (i) an announcement of a construction decision by the Company, or (ii) the 48 month anniversary of the Agreement. Subsequent to an amending agreement dated October 24, 2018, the 12 month anniversary payment date was extended from October 23, 2018 to April 23, 2019.

As compensation for the extension Vista received a cash payment of USD $150,000 and interest of 1.5% per month from January 23 to April 23 on the USD $1,500,000 anniversary payment. On April 23, 2019, the Company made the payment of USD $1,500,000 and the accrued interest of USD $67,500.

Production from any open pit (heap leach) mining operations at the Project (the "Open Pit Royalty") will be subject to a minimum 1% NSR payable to Vista which could increase up to 2% if gold prices exceed USD $1,600 per ounce. This royalty is capped at USD $2.0 million.

Vista also retains the right to acquire a 49% non-carried interest in the development of underground gold resources should the Company decide at a later date to pursue potential zones of deep mineralization (excludes all open pit accessible mineralization). Where Vista chooses not to participate in the development of any underground resource or where they participate but are eventually diluted below a 10% interest Vista will retain a NSR on mineral production from such underground production (the "Underground NSR") at the same rate as the Open Pit Royalty. The Underground NSR is not capped.

Los Verdes project, State of Sonora, Mexico

The Company holds a 100% interest in a mining property known as Los Verdes, a molybdenum-copper property located in the State of Sonora, Mexico. Included in the Los Verdes project is the Bacanora claim totaling 55 hectares acquired on January 31, 2007. Included in the consideration paid for the claim is a 2% Net Smelter Royalty on the gross amount sold, less specific costs, of all or a portion of the ores or concentrate derived from the property.

In April 2012, the Company acquired, at auction from the General Mines Direction of Mexico, a title to the Potreritos molybdenum-copper deposit concessions in Sonora, Mexico. The property is situated approximately 2 km to the north of the Los Verdes property and referred to as the North Deposit. The Company is currently considering strategic alternatives for this project based on current industry/market expectations and a resizing of the planned operation.

9. EQUIPMENT

Cost	**Mining Equipment $**	**Office Equipment $**	**Leasehold Improvements $**	**Vehicles $**	**Total $**
Balance at January 1, 2018	525,485	141,201	27,827	77,944	**772,457**
Additions (disposals)	86,943	8,429	-	26,208	**121,580**
Balance at December 31, 2018	612,428	149,630	27,827	104,152	**894,037**
Additions (disposals)	-	-	-	-	**-**
Balance at March 31, 2018	612,428	149,630	27,827	104,152	**894,037**
Accumulated depreciation					
Balance at January 1, 2018	19,662	117,441	27,827	58,877	**223,807**
Additions	10,136	8,940	-	8,478	**27,554**
Balance at December 31, 2018	29,798	126,381	27,827	67,355	**251,361**
Additions	2,730	1,244	-	3,149	**7,123**
Balance at March 31, 2019	32,528	127,625	27,827	70,504	**258,484**
Carrying amounts					
Balance at December 31, 2018	582,630	23,249	-	36,797	642,676
Balance at March 31, 2019	**579,900**	**22,005**	**-**	**33,648**	**635,553**

10. SECURED SENIOR LOAN

Under the terms of a Loan Agreement dated December 10, 2018, Osisko Gold Royalties Ltd. ("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 March 31, 2019, the loan balance includes deferred financing fees of $179,353 of which $7,147 were recognized in the current period, 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 (see note 11(b)iii).

11. SHARE CAPITAL AND OTHER EQUITY

(a) Authorized, issued and outstanding common shares

Authorized - unlimited number of common shares without par value
Issued and outstanding – 350,899,429 at March 31, 2019, and 300,951,929 at December 31, 2018.

(b) Transactions

(i) On April 13, 2018, the Company acquired Corex. Under the terms of the Arrangement, each Corex shareholder received 0.95 common shares of the Company in exchange for each Corex share held. The Arrangement was completed by way of share exchange pursuant to a statutory plan of arrangement resulting in Corex becoming a wholly owned subsidiary of the Company. 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. Share issue costs of $615,605 were incurred in connection with this transaction.

(ii) On December 7, 2018, the Company issued 200,000 warrants to a Lender (see Note 10). Each warrant entitles the holder to purchase one common share of the Company at $0.30 on or before June 7, 2020. The warrants were valued at $4,000 using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 92% risk free rate of return 2.0% and an expected life of 1.5 years.

11. SHARE CAPITAL AND OTHER EQUITY (Continued)

(b) Transactions (Continued)

(iii) On March 4, 2019, the Company closed 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"). Each Finder's Warrants is exercisable into one Common Share at $0.10 for a period of two years following the closing of the Offering. The Finders Warrants were valued at $173,880 using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 93%, risk free rate of return 2.0% and an expected life of two years. All securities issued under the Offering are subject to a four month hold period from the closing date under applicable Canadian securities laws.

(iv) During the period ended March 31, 2019, Nil (December 31, 2018, 1,187,060) purchase warrants to acquire common shares at $0.10 and $0.15 per share were exercised.

12. WARRANTS

A summary of warrant activity during the period ended March 31, 2019, and the year ended December 31, 2018, is as follows:

	March 31, 2018		**December 31, 2018**	
	Number of Warrants #	**Average Exercise Price $**	**Number of Warrants #**	**Average Exercise Price $**
Outstanding, beginning of period	83,746,748	0.15	61,748,083	0.13
Granted	2,898,000	0.10	23,185,725	0.21
Exercised	-	-	(1,187,060)	0.10
Expired	-	-	-	-
Outstanding, end of period	86,644,748	0.15	83,746,748	0.15

12. WARRANTS (Continued)

At March 31, 2019, the following warrants were outstanding and available to be exercised:

Number #	Exercise Price $	Expiration	Fair Value $
892,000	0.10	April 2019	85,632
7,450,000	0.15	April 2019	410,220
4,086,800	0.10	May 2019	196,928
10,660,120	0.15	May 2019	569,090
1,803,500	0.10	May 2019	171,725
1,965,000	0.15	May 2019	102,562
1,543,150	0.15	May 2019	154,315
15,926,750	0.21	May 2019	478,202
27,255,397	0.10	June 2019	1,247,633
320,000	0.10	June 2019	30,720
2,520,000	0.15	June 2019	277,200
7,058,975	0.21	June 2019	211,769
2,065,056	0.10	July 2019	104,026
200,000	0.30	June 2020	4,000
2,898,000	0.10	March 2021	173,880
86,644,748	0.15		4,217,902

13. SHARE - BASED PAYMENTS –STOCK OPTION PLAN

The Company has a stock option plan (the "Plan") available to its employees, officers, directors and consultants which has been approved as amended by the shareholders on July 12, 2018. The number of common shares is limited to 10% of the Company’s issued and outstanding shares.

The exercise price of options granted in accordance with the plan must not be lower than the closing price for such shares as quoted on the Toronto Stock Exchange ("TSX") on the last business day prior to the date of the grant. The period for exercising an option shall not extend beyond a period of ten years following the date the option is granted. The total number of options held by insiders of the Company must not exceed 10% of the total number of shares issued and outstanding, unless approved by a majority of disinterested shareholders votes cast at a shareholders meeting.

The fair value of each option is accounted for in the consolidated statements of loss and comprehensive loss and the related credit is included in options reserve. Options granted vest immediately and expire five years from the date of issue.

During the period ended March 31, 2019, the Company issued Nil (December 31, 2018-3,000,000) options.

13. SHARE - BASED PAYMENTS – STOCK OPTION PLAN (Continued)

At March 31, 2019, the following options were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
June 18, 2015	2,500,000	$0.11	June 18, 2020	1.22	$0.10
November 2, 2015	3,277,500	$0.05	November 2, 2020	1.59	$0.11
February 3, 2016	142,500	$0.05	February 3, 2021	1.85	$0.11
July 20, 2016	3,200,000	$0.19	July 20,2021	2.31	$0.18
May 19,2017	3,325,000	$0.13	May 19, 2022	3.14	$0.12
June 28, 2017	750,000	$0.17	June 28, 2022	3.25	$0.15
October 26, 2017	190,000	$0.13	October 26,2022	3.58	$0.12
December 7, 2017	4,750,000	$0.17	December 7, 2022	3.69	$0.14
October 24, 2018	3,000,000	$0.15	October 24, 2023	4.57	$0.08
	21,135,000				$0.14

A summary of stock option activity during the period ended March 31, 2019, and December 31, 2018 is as follows:

	March 31, 2019		December 31, 2018	
	Number of Stock Options #	Average Exercise Price $	Number of Stock Options #	Average Exercise Price $
Outstanding beginning of period	21,135,000		11,200,000	0.16
Granted	-	-	9,935,000	0.09
Expired / Forfeited	-	-	-	-
Outstanding end of period	21,135,000	.14	21,135,000	0.14

14. COMMITMENTS AND CONTINGENCIES

Legal Matters

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Company accrues for adverse outcomes as they become probable and estimable.

Leases

Minimum payments due under operating leases in respect of office space are set out below:

2019 - $81,690
2020 - $109,103
2021 - $100,848

15. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

(a) Credit risk management

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing to the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks, sales tax recoverable from the federal government of Canada and value added tax recoverable from the government of Mexico, where taxes are included in amounts receivable (Note 8).

The Company does not hold any asset backed commercial paper. The maximum credit risk exposure of the financial assets is their carrying value.

(b) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable of the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interest. The Company intends on fulfilling its obligations.

15. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

As of March 31, 2019, the Company had a cash and cash equivalents balance of $5,035,919 and other current assets of $1,321,267 (December 31, 2018 - $1,181,201 and $1,595,398 respectively) to settle current accounts payable, accrued liabilities of $3,928,130 (December 31, 2017 - $3,939,898).

The following table details the Company’s anticipated repayment schedule for its financial liabilities as at March 31, 2019:

	Contractual cash flows	**Less than 1 year**	**1 -3 years**	**4 – 5 years**	**After 5 years**
	$	**$**	**$**	**$**	**$**
Accounts payable	1,500,742	1,500,742	-	-	-
Senior secured loan	2,070,733	-	2,070,733	-	-
Long term loan	780,746	536,008	244,738	-	-
	4,352,221	**2,036,750**	**2,315,471**	**-**	**-**

(c) Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

(i) Price risk
The Company is exposed to price risk with respect to commodity prices. Price risk is remote since the Company is not a producing entity.

(ii) Interest rate risk
The Company has cash balances and interest-bearing debt. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company. The fair value of cash and cash equivalents, cash restricted for purchase of mineral property, advances receivable, accounts payable and accrued liabilities approximate carrying value due to the relatively short-term maturities of these instruments.

15. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Foreign exchange 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 March 31, 2019, the Company has net monetary liabilities denominated in Mexican Pesos of approximately MXD $ 9,300,000 (December 31, 2018 –MXD $8,900,000) 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 MXd $930,000 (December 31, 2018 – MXD $810,000) based on the balance of these amounts held in Mexican Pesos as at March 31, 2019.

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 loss of $5,000. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

(d) Fair values

Financial assets include cash and cash equivalents, restricted cash, and accounts receivable. Financial liabilities include accounts payable and accrued liabilities, senior secured loan, and long-term loan. The carrying value of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities is considered representative of their respective fair values due the to the short-term period to maturity. The carrying value of the senior secured loan and long-term loan approximates their fair value as the interest rates are consistent with the current rates offered for loans with similar terms.

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follow:

- Level 1 – valuation based on quotes prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents and restricted cash are classified as Level 1.

16. CAPITAL RISK MANAGEMENT

The Company's objectives for managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to add value to its projects, acquire additional potentials for resources and provide returns for shareholders;

- to provide an adequate return to shareholders by increasing the value of underlying assets through exploration and development of economic resources; and

- to generate an adequate return to shareholders by constructing and operating economically viable mineral deposits.

The Company considers its capital structure to consist of capital stock and contributed surplus. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company in order to support the acquisition, exploration, development and operation of mineral properties; in relation to the risk it faces; and in consideration of changes in economic conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to maintain or adjust the capital structure, the Company may issue new shares, undertake debt, sell its ownership or an interest in its assets or joint venture its projects.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There are no externally imposed capital requirements for the Company.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2019.

17. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties include the Board of Directors, close family members and enterprises which 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 periods ended March 31, 2019 and 2018 was as follows:

	2019	**2018**
	$	**$**
Aggregate compensation	114,000	225,000
Stock-based compensation	-	-

Included in accounts payable and accrued liabilities at March 31, 2019, payable to key management of the Company was $567,926 in relation to outstanding compensation (December 31, 2018 - $567,926).

Included in accounts receivable as at March 31, 2019, is an amount of $56,133 (December 31, 2018 – 56,133) due from key management of the Company.

18. SUBSEQUENT EVENTS

On April 22, 2019, the Company entered into a binding letter agreement with ePower Metals Inc. ("ePower") (the "LOI") that outlines the terms and conditions upon which the Company will assign its option rights to acquire the Guadalupe de los Reyes gold property ("Los Reyes") in exchange for approximately 19.8% of the outstanding ePower common shares (the "ePower Shares") and certain other rights related to the development of Los Reyes (the "Transaction").

Following the completion of the Transaction, Minera Alamos is projected to own 19.8% of the outstanding common shares of ePower (the "ePower Shares"). In addition, the Company will maintain the following rights:

- Should ePower fail to complete any of the remaining Los Reyes option payments all rights to acquire Los Reyes will revert to the Company.
- The Company Alamos will have the right to appoint one director to the board of directors of ePower for so long as Minera Alamos holds at least 5% of the outstanding ePower Shares; and
- The Company will be entitled to a right of first refusal in the event ePower should at any time seek to raise financing to develop Los Reyes by way of the sale or grant of a royalty or stream.

18. SUBSEQUENT EVENTS (Continued)

To acquire Minera Alamos' interest in Los Reyes, the following conditions must be satisfied by ePower:

- Make a cash payment of USD $1,500,000 to the Company for the cost of the option payment the Company made to Vista on April 23, 2019.
- Assume the Company' remaining option payments of US$3,000,000 in favour of Vista, as follows: - USD $1,500,000 due October 27th, 2019; and USD $1,500,000 on the earlier of October 27th, 2021 or a production decision. Issue to the Company 9,450,000 post-Consolidation (as defined below) ePower Shares and 3,350,000 common share purchase warrants entitling the Company to acquire further post-Consolidation ePower Shares at a price $0.50 per share for a period of twenty-four months.
- Enter into a governance agreement, providing for, among other things, Minera Alamos receiving the right to appoint one director to the board of ePower for so long as the Company holds at least 5% of ePower's outstanding common shares and the Company receiving the right to participate in future financings.

Completion of the Transaction is subject to a number of conditions, which include: ePower consolidating its common share capital on a two-for-one basis (the "Consolidation"); ePower completing a financing of at least CDN$6,000,000; The completion of satisfactory due diligence, and the negotiation of a definitive agreement in respect of the Transaction; Vista having approved the Transaction and the assignment of rights to ePower; and Receipt of any required regulatory approvals, including the approval of the TSX Venture Exchange (the "Exchange"). The Transaction cannot be completed until these conditions have been satisfied, and there can be no assurance that the Transaction will be completed in a timely fashion, or at all. In the event the Transaction is not completed for any reason other than (i) the Company not receiving consent from Vista Gold; or (ii) the Company refusing to enter into a definitive agreement, the Deposit will be released to Minera Alamos and form the basis of a private placement with the Lenders.