



MANAGEMENT'S DISCUSSION & ANALYSIS
THREE MONTH PERIOD ENDED
MARCH 31, 2023

The following discussion and analysis is management's assessment of the results and financial condition of Minera Alamos Inc. ("**Minera Alamos**" or the "**Company**") for the three months ended March 31, 2023 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021 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 May 30, 2023.

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 junior mining and exploration company 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 acquired – 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 Minera Mirlos, S. de R.L. de C.V.

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. The project is currently in development and it is awaiting a construction decision, if deemed appropriate by management.

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, 2018. 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.

In September 2020, the Company finalized definitive option agreements through its subsidiary Minera Mirlos S. De R.L. DE C.V. and arm's length parties to acquire 100% of the Cerro de Oro project comprising the Zacatecas I and Zacatecas II concessions near Concepcion del Oro, Zacatecas, Mexico. The acquisition of the two core claims in the district that contain a significant gold prospect increase the Company's total claim holdings in the Concepcion del Oro district to approximately 6,500 ha in size. The agreements convey 100% ownership to the Company with no underlying royalties subject to the Company meeting a schedule of payments.

The Company's primary focus is the advancement of its Santana gold mine in Sonora, Mexico located about two and a half hours drive northeast of the City of Obregon. A pre-commercial bulk sample was mined and processed in 2018 and early 2019 followed by a construction decision in Q1 2020. Despite some initial delays caused by the COVID 19 pandemic, construction activities were largely complete by the end of Q2 2021. During the second half of 2021, mining activities were initiated to open up the Nicho Norte starter pit. Gold leaching operations were commissioned at the end of August 2021 utilizing a test area of mineralized material stacked on the leach pad.

During the first quarter period ended March 31, 2023 and the year ended December 31, 2022, mining and gold recovery operations are ongoing as the Company proceeds through a standard ramp-up of operations.

Upon review of 2022 operations, in the Company's judgement based on internal metrics of the operation, it was determined that commercial production thresholds were met. The Company expects to review the operating performance on a year by year basis to determine if such thresholds are maintained over the life of operation since there is no lender to make a formal declaration to, on the Santana project. The Company is confident that such thresholds will continue to be met on an annualized basis for 2023 and beyond.

First Quarter Operational Highlights

- Total gold ounces recovered as of March 31, 2023 was 13,534 ounces from the Santana Project with inventory on the pad of 5,689 ounces as at March 31, 2023.
- Sales revenues from 2,675 ounces of gold sold in the first quarter of 2023 totalled \$6,784,379.
- Cash and Cash Equivalents totalled \$10,200,029 and the Company had positive working capital position of \$19,890,807. This includes cash received from sales completed from Q1 production where the related revenues have been treated as deferred in the financial statements and will be accounted in the Q2 Financial Statements.
- The Company's executed US\$3 million unsecured working capital facility for the Santana gold project with Ocean Partners USA Inc. currently has not been drawn upon.
- In April 2023, the Company completed the documentation necessary to formally proceed with the Cerro de Oro permitting process. The management of the remainder of the permit process will now be handled by the Company's permitting consultants. Concurrent with the permitting, the Company is planning additional drilling and metallurgical work that will inform the final operational plan for the proposed mine.

2023 Operational Outlook

- Following the 2022 end-of-year shutdown that allowed for a full review of 2022 operational data amongst the operations team and the mining contractor, the Company sold 1,295 ounces of gold in Q1 2023 during a period of extended waste mining and development activities at the Santana project (see operation update news release dated January 31st, 2023). While awaiting pending permit amendment approvals for the next phase of pad expansion, the Company is anticipating a return to increased mining, stacking and leaching activities utilizing the existing pad capacity at Santana. In due course, the planned pad expansion will allow efficient loading of the existing pad alongside the expanded pad area. Updated operational plans

have identified approximately 4000 ounces of gold from the Nicho Norte pit which are available for short term mining activities in the coming quarter ahead of the planned expansion of mining operations to focus more on the larger Nicho main zone mineralization. Exploration drilling of the Benjamin Hill, Benjamin West and the Zata zones is currently ongoing, the results of which will allow for the longer term site planning at Santana.

- Presently, the Company is working with multiple potential lending parties to secure a funding package for the Cerro de Oro mine construction which could be drawn down upon receipt of the necessary construction permits.

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 March 31, 2023 \$	Quarter Ended December 31, 2022 \$	Quarter Ended September 30, 2022 \$	Quarter Ended June 30, 2022 \$
Net income (loss) (000's)	1,486	(1,228)	3,040	2,730
Basic income (loss) per share	0.003	(0.003)	0.007	0.006
Total assets (000's)	50,487	53,283	49,942	41,981
Total liabilities (000's)	4,975	10,076	4,808	4,759
Shareholders' Equity (000's)	45,513	43,207	45,134	37,222

	Quarter Ended March 31, 2022 \$	Quarter Ended December 31, 2021 ⁽¹⁾ \$	Quarter Ended September 30, 2021 \$	Quarter Ended June 30, 2021 \$
Net income (loss) (000's)	1,067	(1,439)	1,158	1,318
Basic and diluted income (loss) per share	0.002	(0.003)	0.002	0.003
Total assets (000's)	38,575	36,721	34,991	35,151
Total liabilities (000's)	4,506	4,048	2,220	1,274
Shareholders' Equity (000's)	34,151	32,253	32,772	33,877

1. Restated for adoption of Amendment to IAS 16

SELECTED ANNUAL INFORMATION

The following is a summary of selected audited financial information for the fiscal years of:

	December 31, 2022	December 31, 2021¹	December 31, 2020
Net income (loss) (000's)	5,609	(1,753)	6,103
Basic and diluted income (loss) per share	0.012	(0.004)	0.01
Total assets (000's)	53,283	36,721	33,359
Total liabilities (000's)	10,076	4,468	1,476
Shareholders' Equity (000's)	43,207	32,253	31,883

1. Restated for adoption of Amendment to IAS 16

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2023, the Company had working capital of \$19,890,807 in comparison to December 31, 2022, of \$18,284,236. The March 31, 2023, cash and cash equivalents balance of \$10,200,029 will be used for the continued development of the Company's Santana gold project, the exploration and development of the Cerro de Oro gold project and the Company's other mineral properties and for general corporate purposes.

The Company's net cash flows (used in) after the inclusion of changes to non-cash operating accounts were (\$2,840,555) and (\$682,278) for the periods ended March 31, 2023 and 2022, respectively.

The Company's cash (used in) financing activities was (\$27,384) for the three month period ended March 31, 2023.

The Company's investing activities for the three month period ended March 31, 2023 was (\$85,936), a result of an increase in the investment in the Company's Santana project.

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, the exercise of stock options and warrants, as well as the issuance of debt and cash flow generated from the recovery of gold ounces. 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 three month period ended March 31, 2023, resulted in a net income before comprehensive income of \$1,485,884 compared to net income of \$1,067,853, in the comparable prior year period. The increase in the net income as compared to the prior year period is primarily a result of an increase in the recovery of gold ounces from the Santana project during the current year as compared to the prior year period. The Company's primary operational activity continues to be the advancement of mining activities at the Company's Santana gold mine with continued exploration and development of the Company's other major projects. The expenditures and levels of activity relating to the Company's are described in greater detail below followed by a brief discussion of significant line items in expenses.

Revenue, cost of sales and depletion –The Company recognized revenues of \$6,784,379 on sales of 2,675 ounces of gold for the three month period ended March 31, 2023.

The cost of sales, from the Santana project reflect the direct costs of production, processing, royalties and the recording of depletion on the sale of 2,675 ounces of gold sold for the three month period ended March 31, 2023.

The reporting of cost of sales is a result of the adoption of the Amendment to the International Accounting Standard (“IAS16”) as of January 1, 2022. See Note 4(b) of the financial statements.

Expenses	Three months ended March 31, 2023	Three months ended March 31, 2022
Expenses:		
Exploration and evaluation	512,000	326,000
Insurance	23,00	20,000
Investor Relations	82,000	57,000
Office and administration	186,000	164,000
Professional fees	231,000	117,000
Salaries and compensation	376,000	279,000
Share-based compensation	365,000	295,000
Transfer agent & Regulatory fees	38,000	41,000
Travel	35,000	49,000

Exploration and evaluation – The expenditures during the three month period reflect the acquisition, ongoing exploration and holding costs related to the exploration and maintenance of the Company’s properties located in Mexico.

Investor relations – Investor relations expenses during the three month period ended March 31, 2023, reflect participation during the period at in-person trade shows and conferences .

Office and administration – Office and administration expenses are reflecting the Company’s growth as a gold mine developer with the commencement of its first gold mine.

Professional fees – Professional fees expenses are reflecting the Company’s growth as a gold mine developer with the commencement of its first gold mine.

Salaries and compensation – Salaries and compensation increased for the three month period ended March 31, 2023 as compared to the prior year period reflecting the Company’s continued growth associated with its gold mine development activities.

Share based compensation – The Company has recorded stock based compensation expense for the three month period ended March 31, 2023, related to the grant of stock options issued in March 2021 and the grant of stock options issued on February 2023. This expense reflects the fair value of the options based on the terms of vesting associated with achieving certain production targets.

Travel – Travel expenses for the three month period ended March 31, 2023 were \$35,000 a decrease from \$49,000 in the comparative prior year period.

EXPLORATION AND DEVELOPMENT ACTIVITIES AND EXPENDITURES

	For the three months ended March 31,	
	2023	2022
	\$	\$
Santana, Mexico ⁽ⁱ⁾	-	-
Cerro de Oro, Mexico	294,453	137,386
La Fortuna, Mexico	99,388	72,956
Los Verdes, Mexico	-117,838	93,922
Other	-	21,673
Total	511,679	325,937

(i) All development costs incurred related to the project are capitalized.

Santana

The Company holds a 100% interest in 9 mining claims covering approximately 3,100 hectares located approximately 200 kilometres east-southeast of Hermosillo, Sonora, Mexico accessible via paved highway.

In Q4 of 2019 the Company received the MIA (Manifestacion de Impacto Ambiental or “Environmental Impact Statement”) permit approval from the Federal Agency (Secretaria de Medio Ambiente y Recursos Naturales – SEMARNAT), for the development of the Company’s Santana gold project (“Santana”) in Sonora, Mexico. The Santana MIA-ETJ applications were structured to provide the Company with significant flexibility to further optimize the development approach for the project and the ability to expand the project operations organically once resources are increased. The documents cover the following activities:

- Approximately 73 hectares approved for mining use in the MIA which includes the required areas for initial development of the Nicho and Nicho Norte gold deposits as well as the related gold extraction and recovery facilities.
- The MIA remains in good standing for a period of 33 years which covers the potential construction, operations and closure stages for the project.
- The scope of the Operating Permit includes the two initial open pit mines, waste dump areas, crushing, heap leach pad, leach solution ponds, gold recovery facilities and all related infrastructure.

The Company’s Phase 3 exploration program at the main Nicho deposit was completed at the end of December 2022. The drilling focus for the project will switch to other targets and mineralized pipes on the property in early 2023.

In 2020, the Company completed the sale of a perpetual 3% net smelter royalty on the Santana property for a gross cash payment of \$5,000,000.

During Q4 2021, the Company made an initial delivery of dore containing approximately 401 ounces of gold from the first shipment of carbon (*see Company News Release dated November 4, 2021*). The Company scaled back mining activities during the year end holiday period in order to work internally and with the mining contractor to analyze new information and focus on how better to optimize the back half of the ramp-up (*see Company News Release dated February 10, 2022*).

As of the year ended December 31, 2021, the Santana project remained in the development stage. During the first quarter of 2022, the Company adopted Amendments to IAS 16, Property, Plant & Equipment, Proceeds Before Intended Use. The Company adopted the accounting policy retrospectively with respect to applicable transactions occurring on or after the earliest period presented herein, being January 1, 2021. With the adoption of the amended standard, pre-commercial production sales of gold and silver produced and sold, and related costs while bringing a mine into a condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards to the extent those sales occurred on or after January 1, 2021. The Company then restated the results to reflect the sales of \$897,910 on 401 ounces of recovered gold and recognized costs associated with production, processing, depletion and royalties against cost of sales.

Total gold ounces recovered in the 2022 and the first quarter of 2023 was 13,534 ounces from the Santana Project with inventory on the pad of 5,689 ounces as at March 31, 2023.

Following the 2022 end-of-year shutdown that allowed for a full review of 2022 operational data between the operations team and the mining contractor, the Company sold 1,295 ounces of gold in the first quarter ended March 31, 2023 during a period of extended waste mining and development activities at the Santana project (*see operation update news release dated January 31st, 2023*). While awaiting pending permit amendment approvals for the next phase of pad expansion, the Company is anticipating an increase in mining, stacking and leaching activities in Q2 relative to Q1 utilizing the existing pad capacity at Santana. In due course, the planned pad expansion will allow efficient loading of the existing pad alongside the expanded pad area. Updated operational plans have identified approximately 4000 ounces of gold from the Nicho Norte pit which are available for short term mining activities in the coming quarter ahead of the planned expansion of mining operations to focus more on the larger Nicho main zone mineralization.

In February 2023, exploration drilling of the Benjamin Hill, Benjamin West and the Zata zones is currently ongoing, the results of which will allow for the longer term site planning at Santana.

To date, the Company has sold 13,534 ounces of recovered gold from Santana.

Cerro de Oro

In September 2020, the Company finalized definitive option agreements with Minera Mirlos S. De R.L. DE C.V., and an arm's length party to acquire 100% of the Cerro de Oro project comprising the Zacatecas I and Zacatecas II concessions near Concepcion de Oro, Zacatecas, Mexico. The acquisition of the two core claims in the district that contain a significant gold prospect increase the Company's total claim holdings in the Concepcion del Oro district to approximately 6,500 ha in size.

The agreements convey 100% ownership to the Company with no underlying royalties subject to the Company meeting a schedule of payments. Failure by the Company to make any of the cash payments or share issuances would result in the property being returned to the vendors with no residual interest being retained by the Company. The payment schedule is as follows:

Amount (USD)	Installment Due Date
400,000 cash + 2,000,000 shares ^(b)	Paid on Closing
300,000 cash ^(a) + 500,000 shares ^(b)	Paid in 2021
400,000 cash ^(a) + 500,000 shares ^(b)	Paid in 2022
800,000 cash ^(a) + 500,000 shares ^(b)	36 months from Closing
1,000,000 cash ^(a) + 500,000 shares ^(b)	48 months from Closing

a) Installment payments will be in the form of cash. Alternately, should both parties agree, a portion or the entire cash amount can be replaced with the issuance of an equivalent dollar value of shares. Shares, if issued, will be priced at the prior days closing on the Exchange, ending on the Installment Date listed in the table above and in accordance with the rules and requirements of securities laws and the TSX Venture Exchange.

b) The Company paid \$400,000 USD on signing of this agreement and the Company issued 2,000,000 shares on September 17, 2020. The fair value of these shares was \$1,440,000.

c) During the year ended December 31, 2021, the Company paid \$300,000 USD and issued 500,000 shares. The fair value of these shares was \$285,000.

d) During the twelve months ended December 31, 2022, the Company paid \$400,000 USD and issued 500,000 shares. The fair value of these shares was \$242,500.

In addition to the earn-in commitments in the table above, a final bonus payment of \$1,000,000 USD will be payable to the Vendor upon the production of 50,000 ounces of gold from the Cerro de Oro project.

On October 3, 2022, the Company announced the results of an independent Preliminary Economic Assessment. The PEA was prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") by Scott Zelligan, P. Geo., Lawrence Segerstrom, M.Sc., CPG, Peimeng Ling, P.Eng., Alex Duggan, P.Eng. and Toren Olsen, PG. (Note to reader: Unless stated all currency references are in US dollars). Please see the Company's news release dated October 3, 2022. (Note to reader: Unless stated all currency references are in US dollars).

PEA Summary

	Life-of-Mine
Gold Price ¹	\$1,600/oz
Mine Life	8.2 years
Total Mineralization Processed	59.3 M
Total Waste Mined	17.9 M
Strip Ratio	0.30
Average Annual Tonnes Processed ²	7,300,000
Average Daily Tonnes Processed ²	20 ktpd
Heap Leach Gold Grade ³	0.37 g/t
Gold Recovery	68%

Average Annual Production (oz) ²	58,400
Total Gold Recovered	476,610
Preproduction Capital	\$28,080,000
Sustaining Capital	\$14,700,000
LOM Average AISC ⁴	\$873/oz
After-Tax NPV (5%)	\$150,500,000
After-Tax IRR	111%
After-Tax Payback Period	11 months
Exchange Rate (MXN/USD)	20
After-Tax NPV (10%)	\$115,500,000

Notes:

1. Base case price for gold was assessed using long term consensus pricing factoring in a modest discount against the average of available bank and brokerage firm estimates.
2. Life of Mine Averages exclude partial production in year 9.
3. LOM average combined grade of run-of-mine ("ROM") and crushed material sent to leach pads.
4. "AISC per ounce" is a non-GAAP financial performance measures with no standardized definition under IFRS; additional reference info at bottom of release.

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 (\$US)	Sustaining (\$US)	Total (\$US)
Preproduction technical work and engineering (geo tech drilling, etc.)	1,500,000	1,500,000	3,000,000
Infrastructure and Misc. Construction (excluding crushing)	3,000,000		3,000,000
Process Plant	3,400,000		3,400,000
Pad construction	7,000,000	13,200,000	20,200,000
Pond construction	2,700,000		2,700,000
Crushing and Stacking Refurbishment	2,000,000		2,000,000
Substation, Misc. Power	2,000,000		2,000,000
Contingency (30%)	6,480,000		6,480,000
Total Project	28,080,000	14,700,000	42,780,000

Operating Costs (OPEX)

Area	US\$/tonne Mineralized Material ¹	US\$/tonne mined ²
Open Pit Mining ³	2.90	2.23
Crushing ⁴	0.52	0.40
Processing	2.29	1.76
G&A	0.32	0.25
Contingency ⁵	0.63	0.48
All-In OPEX	6.66	5.13

Notes:

1. "Mineralized Material" represents mined material estimated to generate positive cash flows.
2. "Mined" means total tonnes mined (mineralized plus waste).
3. Open pit mining cost is \$2.00/t for waste and \$2.30/t for mineralization. A cost of \$0.30/t mineralization has been included in the base case mining cost for mineralization to account for a longer haulage route to the leach pads than to the waste dumps.
4. Crushing costs are calculated per tonne of mineralized material to leach pad (or mined) assuming 30% of mineralized material is crushed (crushing unit cost is estimated at \$1.74/t of crusher feed material).
5. Contingency is applied to OPEX excluding mine contractor rates which are current.

Mineral Resources

As part of the PEA an updated Cerro de Oro project Mineral Resource Estimate was completed (NI 43-101 compliant) to reflect a higher gold price of US\$1700/oz, which is more reflective of the three-year trailing average price. Table 1 shows the Inferred Mineral Resource estimate for the Cerro de Oro Project. (Noteto reader: unless stated all currency, references are in US dollars in this section).

Table 1 – Cerro de Oro Project, Estimate of Mineral Resources

Resource Category	Material Type	Cut-off Au (g/t)	Tonnes (t)	Au (g/t)	Au (oz)
Inferred	Oxide	0.15	67,000,000	0.37	790,000

Notes:

- The effective date for this mineral resource estimate is September 28, 2022. All material tonnes and metal values are undiluted.
- The mineral resource estimate was prepared under the supervision of Scott Zelligan, P.Geo, an independent consulting geologist.
- A gold price of \$1,700/oz was used in the calculation of the Mineral Resources.
- The limits of the Resource constraining pit shell assumed a mining cut-off based on a total operating cost (mining, milling, and G&A) of \$8.80/tonne stacked, a metallurgical recovery of 70%, and a constant open pit slope angle of 45 degrees. Inferred resources are too speculative geologically to have economic considerations applied to them.
- The gold cut-off grade applied to oxide mineralized material is 0.15 g/t Au.
- Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
- These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability.
- The Mineral Resource estimate follows CIM Definition Standards.
- Results are presented in-situ. Ounce (troy) = metric tonnes x grade / 31.103. Calculations used metric units (metres, tonnes, g/t). Rounding followed the recommendations as per NI-43-101.

- The number of tonnes has been rounded to the nearest million.
- The QPs of this Report are not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing, or other relevant issues that could materially affect the Mineral Resource estimate other than those disclosed in this NI 43-101 compliant Technical Report.

The Cerro de Oro Project is a porphyry gold system with associated skarn halos and disseminated and veinlet-controlled gold mineralization characterized by the development of magnetite and quartz veins (A and B veins). These veins developed during an early potassic alteration phase and were later overprinted by silica and sericite (phyllitic overprinting) within the inter-mineral porphyritic intrusive phases that form part of a larger intrusive complex.

The inaugural resource estimate incorporates a total of 84 reverse circulation (RC) drill holes (7,112 metres) and twelve diamond drill holes (3,786 metres) including 50 RC holes (4,272 metres) drilled by Minera Mexico Pacific S.A. de C.V in 2017 and 2018 and 34 RC holes (2,840 metres) drilled by Noranda. All of the diamond drill holes were completed by Noranda from 1996 through 1998. Drilling to date has focused on the oxide zone with the majority of oxide holes drilled to depths of 60m to 160m. The diamond drill holes were drilled to depths of 80m to 645m to identify mineralization at depth.

During the twelve months ended December 31, 2022, the Company concluded negotiations and completed the agreements for the primary surface rights necessary for development of its Cerro De Oro gold project in northern Zacatecas, Mexico. The agreements allow the Company to complete the remaining activities required for the submission of the mine development permit application for the project. *(See Release dated June 21, 2022 and August 25, 2022).*

In April 2023, the Company completed the documentation necessary to formally proceed with the Cerro de Oro permitting process. The management of the remainder of the permit process will now be handled by the Company's permitting consultants. Concurrent with the permitting, the Company is planning additional drilling and metallurgical work that will inform the final operational plan for the proposed mine.

Presently, the Company is working with multiple potential lending parties to secure a funding package for the Cerro de Oro mine construction which could be drawn down upon receipt of the necessary construction permits.

La Fortuna

On May 4, 2016, the Company announced the completion of the acquisition, by its subsidiary Minera Alamos de Sonora S.A. de C.V., of 100% of the mineral claims known as the “La Fortuna” gold project located in the State of Durango, Mexico from Argonaut Gold Inc. The La Fortuna Gold Project includes the historic La Fortuna mine together with the surrounding concessions, totalling 994 hectares. The property is located in the northwestern corner of the State of Durango, Mexico, about 70 kilometres 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 . 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 complete 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

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 the table above 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. Wire frames 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 cut-off 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			

Resource Category	Au (g/t) Cut-off	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Au oz	Ag oz	Cu t
	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 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.

Two permit applications were submitted and have been granted 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).

Los Verdes

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 totalling 55 hectares acquired on January 31, 2007. Included in the consideration paid for the Bacanora 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 2012, the Company acquired 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

RELATED PARTY TRANSACTIONS

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 three month period ended March 31, 2023 and 2022 was as follows:

	2022	2021
	\$	\$
Aggregate compensation	150,000	120,000
Stock-based compensation	207,965	150,008
	<u>357,965</u>	<u>270,008</u>

Included in accounts payable and accrued liabilities at March 31, 2023, payable to key management of the Company was \$30,000 (December 31, 2022 - \$135,600) in relation to outstanding compensation.

Included in accounts receivable as at March 31, 2023, is an amount of \$176,400 (December 31, 2022 – \$281,837) due from key management and directors of the Company.

COMMITMENTS AND CONTINGENCIES

	March 31, 2023	December 31, 2022
	\$	\$
Maturity Analysis – contractual undiscounted cash flows		
Less than one year	101,864	101,864
Remaining life	304,160	331,544
Total undiscounted lease liabilities	406,024	440,408
Effect of discounting	(54,254)	(61,442)
Present value of lease payments	351,770	371,966
Less current portion	(84,543)	(82,920)
Long-term lease liabilities	267,227	289,046

The following table summarizes the lease activity:

	March 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of year	371,966	440,744
Additions	-	-
Accretion	7,188	33,086
Lease payments	(27,384)	(101,864)
Balance, end of year	351,770	371,966

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, 2022 and 2021, for a summary of critical accounting policies and estimates.

Accounting standards and interpretations effective during the future periods

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in January 2020, to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after November 1, 2023.

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. The Santana project has entered into the development stage. The Los Verdes and La Fortuna projects have a defined resources determined by a Preliminary Economic Assessment to be potentially economic. Development of the Los Verdes and La Fortuna projects would follow only if additional favourable 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.

Market risk

Foreign exchange risk

The Company is subject to foreign exchange risk as the Company has certain assets and liabilities, and makes certain expenditures in US dollars. The Company is therefore subject to gains and losses due to fluctuations in

the US dollar relative to the Canadian dollar. The Company does not hedge its foreign exchange

As at March 31, 2023, the Company has monetary assets denominated in US dollars of approximately USD \$4,300,000 (December 31, 2022 – USD \$5,850,000). A 10% change in the value of the US dollar relative to the functional currency of the respective entity would result in a corresponding change in net income of approximately \$580,000 (December 31, 2022 – \$800,000).

Additionally, the Company has intercompany loans that do not form part of its net investment in foreign operations (see note 5). A 10% change between the Canadian dollar and the Mexican Peso would result in unrealized foreign exchange gains or losses of approximately \$5,200,000.

The functional and presentation currency of the Company is the Canadian dollar and the functional currency of the Company's Mexican subsidiaries is the Mexican Peso.

Price risk

The Company is exposed to price risk with respect to commodity prices as the Company earns revenue from the sale of gold at market prices.

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.

A 10% change in the price of gold during the three month period ended March 31, 2023 would have resulted in a change in the value of revenue recognized by approximately \$650,000 (December 31, 2022 – \$2,100,000).

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.

Although the Company may receive revenues from operations in the current year the Company may continue to incur losses unless 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.

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 May 30, 2023.

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 461,883,853 shares are issued and outstanding as of the date hereof.

Share Purchase Warrants:

As of the date hereof, there are no purchase warrants outstanding.

Stock Option Plan:

As of the date hereof, there are 26,692,000 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

"Janet O'Donnell"
Chief Financial Officer