MINERA ALAMOS INC.

Condensed Interim Consolidated Financial Statements

March 31, 2017 and 2016

(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.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	March 31, 2017	December 31, 2016
Assets			
Current Assets			
Cash and cash equivalents		$ 483,856	$ 607,096
Marketable securities		30,039	30,031
Prepaid expenses and deposits		46,593	65,989
Taxes receivable		142,020	233,514
		702,508	936,630
Property and equipment	*7.*	517,891	810,844
		$ 1,220,399	$ 1,747,474
Liabilities			
Currents Liabilities			
Accounts payable and accrued liabilities	*6.&15.*	$ 910,932	$ 1,083,841
		910,932	1,083,841
Long term liabilities	*6.*	1,156,970	1,107,414
		2,067,902	2,191,255
Shareholders Equity			
Share capital	*8.*	36,829,377	36,525,360
Contributed surplus		3,428,063	3,428,063
Options reserve	*10.*	1,116,650	1,116,650
Warrants reserve	*8. & 9.*	3,107,184	3,191,537
Deficit		(45,328,777)	(44,705,391)
		(847,502)	(443,781)
		$ 1,220,399	$ 1,747,474

Basis of Presentation and Going Concern (note 2)

Subsequent Events (note 16)

Approved by the Board:

Signed*: "Bruce Durham"* — Director

Signed: *"Borys Chabursky"* — Director

See accompanying notes to the condensed interim consolidated financial statements

Minera Alamos Inc.

Condensed interim Consolidated Statements of Loss and Comprehensive

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	For the trhee months ended March 31, 2017	2016
Expenses			
Depreciation and amortization	7.	**$ 1,454**	$ 1,402
Exploration and evaluation	6.	**295,410**	112,147
Insurance		**7,724**	7,399
Interest expense		**-**	167
Investor relations		**31,648**	13,730
Office and administration		**54,462**	44,242
Professional fees		**46,654**	21,683
Salaries and compensation	15.	**179,536**	56,941
Transfer agent and regulatory fees		**6,726**	7,449
Travel		**16,574**	26,355
		(640,188)	(291,515)
Foreign exchange loss		**(8,609)**	(13,445)
Interest (income)		**(8,193)**	(743)
Net loss and comprehensive loss for the period		**$ (623,386)**	$ (277,327)
Net loss per share:			
Basic loss per share	11.	**$ (0.01)**	$ (0.01)

See accompanying notes to the condensed interim consolidated financial statements

Minera Alamos Inc.

Condensed Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)
(Unaudited)

	Note	Share capital: Number of shares	Share capital: Amount	Warrants reserve	Contributed surplus	Options reserve	Deficit	Total equity
Balance, January 1, 2016		**42,544,248**	**$ 33,946,987**	**$ 1,725,538**	**$ 3,428,063**	**$ 338,000**	**$ (38,905,528)**	**533,060**
Issued on private placements		-	-	-	-	-	-	-
Warrants issued on private placements		-	-	-	-	-	-	-
Share issue costs		-	(4,950)	-	-	-	-	(4,950)
Broker options		-	-	-	-	-	-	-
Shares for debt, net of costs		-	-	-	-	-	-	-
Expiration of options and warrants		-	-	-	-	-	-	-
Early settlement of debt		-	-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-	-
Options issued		-	-	-	-	-	-	-
Warrants exercised		-	-	-	-	-	-	-
Net loss for the period		-	-	-	-	-	(277,327)	(277,327)
Balance, March 31, 2016		**42,544,248**	**$ 33,942,037**	**$ 1,725,538**	**$ 3,428,063**	**$ 338,000**	**$ (39,182,855)**	**$ 250,783**
Balance , January 1, 2017		**86,794,248**	**$ 36,525,360**	**$ 3,191,537**	**$ 3,428,063**	**$ 1,116,650**	**$ (44,705,391)**	**(443,781)**
Issued on private placement		-	-	-	-	-	-	-
Warrants issued on private placements		-	-	-	-	-	-	-
Share issue cost		-	-	-	-	-	-	-
Broker warrants issued		-	-	-	-	-	-	-
Shares for debt, net of costs		-	-	-	-	-	-	-
Expiration of options and warrants		-	-	-	-	-	-	-
Early settlement of debt		-	-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-	-
Options issued		-	-	-	-	-	-	-
Warrants exercised	*8.&9.*	1,626,710	304,017	(84,352)	-	-	-	219,665
Net loss for the period		-	-	-	-	-	(623,386)	(623,386)
Balance, March 31, 2017		**88,420,958**	**$ 36,829,377**	**$ 3,107,185**	**$ 3,428,063**	**$ 1,116,650**	**$ (45,328,777)**	**$ (847,502)**

See accompanying notes to the condensed interim consolidated financial statements

Minera Alamos Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Note	For the three months ended March 31, 2017	2016
Cash flows from operating activities			
Net loss for the period		$ (623,386)	$ (277,327)
Adjustments to reconcile net loss to net cash flows:			
Non-cash adjustments:			
Depreciation		1,454	1,402
		(621,932)	(275,925)
Changes in non-cash operating adjustments:			
Marketable securities		8	-
Prepaid expenses		19,388	3,420
Taxes receivable		91,487	(4,561)
Accounts payable and accrued liabilities		(123,360)	70,932
Net cash flows from (used in) operating activities		**(634,409)**	**(206,134)**
Cash flows from investing activities			
Disposal of property and equipment	*7.*	291,504	-
Net cash flows from (used in) investing activities		**291,504**	**-**
Cash flows from financing activities			
Issuance of common shares, net	*9.*	219,665	(4,950)
Net cash flows from financing activities		**219,665**	**(4,950)**
Net increase (decrease) in cash and cash equivalents		(123,240)	(211,084)
Cash and cash equivalents, beginning of period		607,096	847,398
Cash and cash equivalents, end of period		$ 483,856	$ 636,314

See accompanying notes to the condensed interim 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 condensed interim 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., and Cobre 4H S.A. de C.V.; and its US subsidiary Virgin Metals USA, Inc. 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.

As at March 31, 2017, 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, 2016. 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 condensed interim consolidated financial statements are presented in Note 4 and are based on IFRS issued and outstanding as of May 26, 2017 the date the Board of Directors approved these condensed interim consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These condensed interim 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

(i) IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and revised October 2010, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management is currently assessing the impact of this standard on the consolidated financial statements.

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

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Deferred taxes

The Company uses the asset and liability method of accounting for income taxes, under which deferred income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in income tax rates or laws is recognized as part of the provision for income taxes in the period the changes are considered substantively enacted.

Deferred income tax assets attributable to these differences, if any, are recognized to the extent that the realization of such assets is probable.

(e) Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property and 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 property and 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 profit or loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, are capitalized.

The Company provides for depreciation of its property and 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 profit or 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 profit or 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 interim condensed 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 assets and liabilities

Investments are recognized and derecognized on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value. Financial assets held are marketable securities and cash and cash equivalents.

These are classified into the following specified categories: available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Marketable securities held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in other comprehensive income in the investments revaluation reserve with the exception of impairment losses, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in other comprehensive income. Amounts receivable, that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Accounts payable and accrued liabilities are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Impairment of financial assets:
Financial assets are assessed for indicators of impairment at each end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets and liabilities (Continued)

For all other financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. The Company does not have any derivative financial instruments. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2017 and December 31, 2016 only cash and cash equivalents and marketable securities are recorded at fair value (Level 1) on the statement of financial position.

(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 profit or 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 statement 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 condensed interim 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 condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim 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.

6. MINERAL PROPERTIES AND EXPLORATION EXPENSES

	Three months ended March 31,	
	2017	2016
Los Verdes, Mexico	$ 93,158	$ 89,094
La Fortuna, Mexico	$ 200,767	$ 23,053
Other	$ 1,485	$ -
	$ 295,410	$ 112,147

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.

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.

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. In February 2017 a payment of USD $250,000 was paid 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: CAD $1,156,970 and is included in long term liabilities. During the three month period ended March 31, 2017, the Company recognized accretion expense of $46,975 (2015 - $nil) within exploration and evaluation expense in relation to the payment obligations. The Vendor is also entitled to a 2.5% net smelter returns royalty, subject to a maximum amount of USD $4,500,000.

In August 2016, the Company announced that it had acquired more than 5,200 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 6,200 hectares.

During the period ended March 31, 2017, the Company entered into surface agreements with certain of the landowners in connection with the La Fortuna project. (See Note 12)

7. PROPERTY AND EQUIPMENT

Cost	Mining Equipment	Office Equipment	Leasehold improvements	Vehicles	Total
Balance at January 1, 2016	$ 23,058	$ 118,345	$ 27,827	$ 60,085	**$ 229,315**
Additions (disposals)	784,952	10,268	-	-	**795,220**
Balance at December 31, 2016	808,010	128,613	27,827	60,085	**1,024,535**
Additions (disposals)	(291,504)	-	-	-	**(291,504)**
Balance at March 31, 2017	$ 516,506	$ 128,613	$ 27,827	$ 60,085	**$ 733,031**

Accumulated Depreciation	Mining Equipment	Office Equipment	Leasehold improvements	Vehicles	Total
Balance at Janaury 1, 2016	$ 16,868	$ 108,846	$ 27,827	$ 54,270	**$ 207,811**
Additions (disposals)	1,104	3,354	-	1,421	**5,879**
Balance at December 31, 2016	17,972	112,200	27,827	55,691	**213,690**
Additions	254	873	-	327	**1,454**
Balance March 31, 2017	$ 18,226	$ 113,073	$ 27,827	$ 56,018	**$ 215,144**

Carrying amounts					
Balance at January 1, 2016	$ 6,190	$ 9,499	$ -	$ 5,815	**21,504**
Balance at December 31, 2016	$ 790,038	$ 16,413	$ -	$ 4,394	**810,845**
Balance at March 31, 2017	**$ 498,280**	**$ 15,540**	**$ -**	**$ 4,067**	**517,887**

During the three month period ended March 31, 2017, the Company recorded the receipt of $291,504 reflecting the sale of a non-required part of a previously operational grinding/flotation facility to be utilized in the construction of the La Fortuna gold project.

8. SHARE CAPITAL AND OTHER EQUITY

(a) Authorized, issued and outstanding common shares

Authorized - unlimited number of common shares without par value
Issued and outstanding – 88,420,958 common shares at March 31, 2017 and 86,794,248 common shares at December 31, 2016.

(b) *Transactions*

(i) On June 8, 2015, the Company completed a brokered private placement of 32,000,000 units at a price of $0.10 per unit for total gross proceeds of $3,200,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of four years following the closing date of the private placement at a price of $0.10. The grant date fair value of $1,408,775 was assigned to 32,000,000 warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 180.45% risk free rate of return 1.02% and an expected life of four years.

8. SHARE CAPITAL AND OTHER EQUITY (Continued)

(b) Transactions (continued)

A finder's fee of $155,159 was paid to IBK Capital Corp. in connection with the private placement and 1,551,587 compensation warrants were issued. Each compensation warrant entitles its holder to purchase a unit consisting of one common share and one warrant in the capital of the Company at an exercise price of $0.10 per share for a period of four years after the closing date. The fair value of these warrants was $128,782 using the Black-Scholes valuation model using the following assumptions: expected dividend yield 0%, expected volatility 180.45%, risk free rate of return 1.02% and an expected life of four years.

All securities issued pursuant to the private placement were subject to a four month hold period.

(ii) On June 3, 2015, entered into an agreement to settle $120,000 in existing debt owing to an arm's length creditor through cash and the issuance of common shares. The Company agreed to issue 600,000 common shares at a deemed price of $0.10 per common share to settle $60,000 of indebtedness, with $60,000 settled in cash.

(iii) On June 29, 2015, the Company completed the first tranche of a brokered private placement issuing 1,350,000 units at a price of $0.10 per unit for total gross proceeds of $135,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of four years following the closing date of the private placement at a price of $0.10. The grant date fair value of $61,857 was assigned to 1,350,000 warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 180.92% risk free rate of return 0.81% and an expected life of four years.

(iv) On July 8, 2015, the Company closed the second tranche of it brokered private placement which was announced with the closing of the first tranche on June 30, 2015. On this second tranche, the Company issued 1,193,598 units (the "Units") of the Company at a price of $0.10 per Unit for gross proceeds of $119,360. Each Unit consisted of one common share and one common share purchase warrant, with each warrant exercisable at a price of $0.10 per share and exercisable for a period of up to four years from the date of the closing of the offering. The grant date fair value of $54,764 was assigned to 1,193,598 warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 180.92% risk free rate of return 0.81% and an expected life of four years.

(v) On July 24, 2015, the Company closed the third and final tranche of its brokered private placement. In the final tranche, Minera Alamos issued 950,000 additional Units at a price of $0.10 per Unit for gross proceeds of $95,000. The grant date fair value of $43,388 was assigned to 950,000 warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 180.92% risk free rate of return 0.81% and an expected life of four years.

The total aggregate gross proceeds raised over all three tranches was $349,360.

8. SHARE CAPITAL AND OTHER EQUITY (Continued)

(b) Transactions (continued)

A finder's fee of $27,949 was paid to IBK Capital Corp. in connection with the private placement and 279,488 compensation warrants were issued. Each compensation warrants entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.10 per share for a period of four years after the closing date. The fair value of these warrants was $27,972 using the Black-Scholes valuation model using the following assumptions: expected dividend yield 0%, expected volatility 180.41%, risk free rate of return 0.66% and an expected life of four years.

(vi) On April 18, 2016, the Company completed the first tranche of a private placement issuing 15,200,000 units (the "Units") for gross proceeds of $1,520,000. The Company issued each Unit at a price of $0.10 per Unit, with each Unit consisting of one common share in the capital of the Company and one-half (1/2) of a common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.15 per share for a period of 36 months form the date of issuance.

In connection with the first tranche, the Company paid IBK Capital Corp. the agent of the Company and agent's fee consisting of $90,100 in cash and issued 896,000 non-transferable agent's compensation warrants. Each compensation warrant entitles its holder to purchase one Unit at an exercise price of $0.10 per unit for a period of 36 months after the date of issuance.

The grant date fair value of $504,494 was assigned to 7,600,000 warrants and 896,000 compensation warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 181.36% risk free rate of return 0.60% and an expected life of three years.

(vii) On May 4, 2016, the Company closed the second tranche of its private placement.. On this second tranche, the Company issued 5,000,000 units (the "Units") for gross proceeds of $500,000 which was held in escrow pending satisfaction of certain escrow conditions, which were satisfied following the acquisition of La Fortuna Gold Project, located in Durango, Mexico, from Argonaut Gold Inc. The Company issued each Unit at a price of $0.10 per Unit, with each Unit consisting of one common share in the capital of the Company and one-half (1/2) of a common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.15 per share for a period of 36 months from the date of issuance.

In connection with this second tranche, the Company paid IBK Capital Corp. the agent of the Company and agent's fee consisting of $40,000 in cash and issued 400,000 non-transferable agent's compensation warrants. Each compensation warrant entitles its holder to purchase one Unit at an exercise price of $0.10 per unit for a period of 36 months after the date of issuance.

The grant date fair value of $167,976 was assigned to 2,500,000 warrants and 400,000 compensation warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 181.36% risk free rate of return 0.60% and an expected life of three years.

8. SHARE CAPITAL AND OTHER EQUITY (Continued)

(b) Transactions (continued)

(viii) On May 13, 2016, the Company closed the final tranche of the private placement, issuing 19,800,000 common shares units (the "Units") at a price of $0.10 per Unit with each unit consisting of one common share in the capital of the Company and one-half (1/2) of a common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.15 per share for a period of 36 months form the date of issuance. An Agent's fee was paid in connection of this final tranche of private placement to IBK Capital Corp., consisting of $143,800 in cash and issued 1,438,000 non-transferable agent's compensation warrant. Each compensation warrant entitles its holder to purchase one Unit of the Company at an exercise price of $0.10 per unit for a period of 36 months after the date of issuance.

The grant date fair value of $669,836 was assigned to 9,900,000 warrants and 1,438,000 compensation warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 181.88% risk free rate of return 0.59% and an expected life of three years.

(ix) On June 3, 2016, the Company announced the closing of a non-brokered private placement for gross proceeds of $400,000. The Company issued 4,000,000 common shares units ("Units") at a price of $0.10 per Unit with each unit consisting of one common share in the capital of the Company and one-half (1/2) of a common share purchase warrant. Each warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.15 per share for a period of 36 months form the date of issuance. In connection with the closing of the private placement, the company paid IBK Capital Corp., Canaccord Genuity Corp. and Haywood Securities Inc. finder's commission consisting of $32,000 in cash and issued 320,000 non-transferable compensation warrant. Each compensation warrant entitles its holder to purchase one Unit of the Company at an exercise price of $0.10 per unit for a period of 36 months after the date of issuance.

The grant date fair value of $135,109 was assigned to 2,000,000 warrants and 320,000 compensation warrants issued using the Black-Scholes valuation model using the following assumption: expected dividend yield 0%, expected volatility 181.94% risk free rate of return 0.58% and an expected life of three years.

(x) During the year ended December 31, 2016, 250,000 purchase warrants to acquire common shares at $0.10 per share were exercised.

(xi) During the three months ended March 31, 2017, 1,560,960 purchase warrants to acquire common shares at $0.14 per share were exercised.

9. WARRANTS

A summary of changes in warrants during the three months ended March 31, 2017 and the year ended December 31, 2016 are presented below:

	March 31, 2017			December 31, 2016		
	Number of Warrants	Weighted Exercise Price	Fair Value	Number of Warrants	Weighted Exercise Price	Fair Value
Outstanding - beginning of period	62,128,643	$ 0.1197	$ 3,191,537	37,324,643	$ 0.1000	$ 1,725,538
Granted	-	$ -	$ -	25,054,000	$ 0.1500	$ 1,477,416
Exercised	(1,560,960)	$ 0.1400	$ (84,352)	(250,000)	$ 0.1000	$ (11,417)
Expired	-	$ -	$ -	-	$ -	$ -
Outstanding - end of period	60,567,683	$ 0.1162	$ 3,107,185	62,128,643	$ 0.1197	$ 3,191,537

Warrants outstanding as at March 31, 2017:

Number of Warrants	Fair Value	Weighted Exercise Price	Expiry Date
5,586,800	$ 269,208	$ 0.1000	May 2019
28,842,457	$ 1,317,822	$ 0.1000	June 2019
2,165,056	$ 104,014	$ 0.1000	July 2019
7,600,000	$ 418,479	$ 0.1500	April 2019
896,000	$ 86,016	$ 0.1000	April 2019
11,385,120	$ 608,555	$ 0.1500	May 2019
1,772,250	$ 167,981	$ 0.1000	May 2019
2,000,000	$ 104,389	$ 0.1500	June 2019
320,000	$ 30,721	$ 0.1000	June 2019
60,567,683	$ 3,107,185	$ 0.1162	

10. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has a stock option plan (the "Plan") available to its employees, officers, directors and consultants which has been approved by the shareholders on August 20, 2015. 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.

Options granted in 2015 vested immediately and expire five years from the date of issue.

The fair value of each option is accounted for in the condensed interim consolidated statement of loss and comprehensive loss, over the vesting period of the options, and the related credit is included in the contributed surplus. During the three month period ended March 31, 2017 and 2016, the Company recorded share-based payment expense of $Nil.

A summary of the status of the Plan as at March 31, 2017 and as at December 31, 2016, and changes during the period ended on those dates is presented below:

As at March 31, 2017, the following options were outstanding:

	March 31, 2017		December 31, 2016	
	Number of Options	**Average Exercise Price**	**Number of Stock Options**	**Average Exercise Price**
Outstanding - beginning of perio	7,600,000	$ 0.16	3,250,000	$ 0.11
Granted	-	$ -	4,350,000	$ 0.19
Expired / Forfeited	-	$ -	-	$ -
Outstanding - end of period	7,600,000	$ 0.16	7,600,000	$ 0.16

Stock options outstanding as at March 31, 2017

Date of Grant	Number of Options	Number Exercisable	Exercise Price	Expiry Date
June 18, 2015	3,250,000	3,250,000	$ 0.11	June 18, 2020
July 21, 2016	4,350,000	4,350,000	$ 0.19	July 21, 2021

11. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of ordinary shares in issue during the period:

	For the three months ended March 31,	
	2017	2016
Net loss attributable to common shareholders	**$ (623,386)**	$ (277,327)
Weighted average number of ordinary shares in issue	**86,919,560**	42,544,248
Basic loss per share	**$ (0.01)**	$ (0.01)

(b) Diluted

Diluted earnings (loss) per share has not been presented as the impact of convertible instruments would be anti-dilutive.

12. COMMITMENTS AND CONTINGENCIES

Leases

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

2017 - $145,293
2018 - $123,053
2019 - $108,920
2020 - $109,103
2021 - $ 56,703

13. 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 by 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, which taxes are included in amounts receivable.

The Company does not hold any asset backed commercial paper.

13. FINANCIAL RISK MANAGEMENT (Continued)

(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 favorable. 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.

As of March 31, 2017, the Company had a cash and cash equivalents balance of $483,856 and other current assets of $218,652 (December 31, 2016 - $607,096 and $329,534 respectively) to settle current accounts payable, accrued liabilities and other current liabilities of $910,932 (December 31, 2016 - $1,083,841).

(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.

(iii) Interest rate risk

The Company has cash balances and no 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.

(d) Fair values

Marketable securities are carried at fair value. For accounts payable with a remaining life of less than one year, the book value amounts are equivalent to their fair values.

14. 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, 2017.

15. 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 months ended March 31, 2017 and 2016 was as follows:

	2017	2016
Aggregate compensation	$ 127,160	$ 38,400

Included in accrued liabilities at March 31, 2017 payable to key management of the Company is $473,000 in relation to outstanding compensation (March 31, 2016 $4,520).

There is a share-based compensation to key management accumulated at the end of years 2016 and 2015, for a total of $447,500 and $286,000 respectively.

16. SUBSEQUENT EVENTS

On April 21, 2017, 24,000 warrants to acquire common shares were exercised at a price of $0.10 per share.

On April 25, 2017, 8,000 warrants to acquire common shares were exercised at a price of $0.10 per share.