



MANAGEMENT INFORMATION CIRCULAR

For the Special Meeting of Shareholders

To be held at 10:00 am on Thursday, February 20, 2020

January 10, 2020

# MANAGEMENT INFORMATION CIRCULAR

## GENERAL PROXY INFORMATION

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF MINERA ALAMOS INC. (THE “COMPANY”) OF PROXIES TO BE USED AT THE SPECIAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD ON THURSDAY, FEBRUARY 20, 2020 AT SUITE 402, 55 YORK STREET, TORONTO, ONTARIO, M5J 1R7, AT 10:00 A.M. (TORONTO TIME), AND AT ANY ADJOURNMENT OR POSTPONEMENT THEREOF (THE “MEETING”) FOR THE PURPOSES SET OUT HEREIN AND IN THE NOTICE OF MEETING.**

The Company has elected to utilize the notice-and-access system under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Ongoing Requirements for Issuers and Insiders* of the Canadian Securities Administrators (the “**Notice and Access System**”) for delivery of the management proxy circular (the “**Management Information Circular**”) to each of the shareholders of the Company whose proxy is solicited for the Meeting. Notwithstanding the use of the Notice and Access System, the Company has delivered paper copies of the notice of meeting (including in which the notice regarding the Company’s election to use the Notice and Access System which directs the Shareholders to the website on which this Management Information Circular is posted) (the “**Notice**”) and a form of proxy (the “**Proxy**”) to its shareholders eligible to attend the Meeting. Detailed information relating to the Notice and Access System is contained below under the heading “Notice and Access” and Shareholders are encouraged to read the information contained therein for an explanation of their rights.

In this Management Information Circular, “**Common Shares**” means common shares of the Company. “**Shareholder**” means Registered Shareholders and Non-Registered Shareholders. “**Registered Shareholders**” means shareholders of the Company who hold Common Shares in their own names and whose names appear on the register of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means shareholders of the Company who do not hold Common Shares in their own names.

## SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally or by telephone by the directors, officers and employees of the Company who will not receive any additional compensation for such services. The cost of solicitation by management will be borne by the Company.

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the Proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in the Proxy or by completing another proper form of proxy and, in either case, delivering the completed Proxy to the Company’s transfer agent, AST Trust Company (Canada) (“**AST**”), PO Box 721, Agincourt, ON M1S 0A1, by fax (1-866-781-3111) or by email at [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) not later than 10:00 a.m. (EST) on Tuesday February 18, 2020, being 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) preceding the date of the Meeting or any adjournment

or postponement thereof, or delivered to the chairman on the day of the Meeting or any adjournment or postponement thereof. A Proxy must be signed in writing or, subject to the means of electronic signature permitting a reliable determination that the document was created or communicated by or on behalf of the Registered Shareholder or the attorney, as the case may be, by electronic signature by the Registered Shareholder or an attorney who is authorized by a document that is signed in writing or by electronic signature or, if the Registered Shareholder is a body corporate, by an officer or attorney of the body corporate duly authorized.

**Each Registered Shareholder is entitled to appoint a person to represent such shareholder at the Meeting, who need not be one of the persons named in the Proxy.**

**A Proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the Registered Shareholder or by his or her attorney authorized in writing, and deposited either at the offices of AST or the principal office of the Company at 55 York Street, Suite 402, Toronto, Ontario, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the Proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or adjournment or postponement thereof, or in any other manner permitted by law.**

A Registered Shareholder attending the Meeting has the right to vote in person and if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment or postponement thereof.

#### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented by such Proxy in accordance with instructions of the Registered Shareholder on any ballot that may be called for. If the Registered Shareholder specifies a choice on the Proxy with respect to any matter that may be acted upon, the Common Shares represented by such Proxy will be voted in accordance with the choice so specified. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE ITEMS SET OUT IN THE NOTICE CALLING THE MEETING AND AS STATED ELSEWHERE IN THIS MANAGEMENT INFORMATION CIRCULAR.**

The Proxy also confers discretionary authority upon the persons named therein with respect to any amendments or variations to the matter identified in the notice of meeting, and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his or her judgment may determine. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT PRESENTLY KNOWN TO MANAGEMENT OF THE COMPANY SHOULD PROPERLY COME BEFORE THE MEETING, THE PERSONS NAMED IN THE PROXY WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGEMENT OF THE PERSONS NAMED IN THE PROXY.** As of the date of this Management Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to herein.

#### **VOTING BY NON-REGISTERED SHAREHOLDERS**

Only Registered Shareholders of the Company or persons appointed as proxyholders are permitted to vote at the Meeting if a ballot is conducted. However, in many cases, Common Shares of the Company beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Shareholder deals in respect of

Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Inc.) of which the Intermediary is a participant. The Company is not required to, and does not intend to, deliver the meeting materials directly to its Non-Registered Shareholders. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company has distributed copies of the Notice, the Proxy and the voting instructions form (as defined below; together with Notice and Proxy, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the meeting materials to Non-Registered Shareholders. Notwithstanding the foregoing, the Company is not required to, and does not intend to, pay for an Intermediary to deliver meeting materials to Non-Registered Shareholders who objected to their Intermediary disclosing their ownership information (“**Objecting Beneficial Shareholders**”). As a result, the Objecting Beneficial Shareholders of the Company will not receive the meeting materials unless their Intermediary assumes the cost of delivery.

Non-Registered Shareholders receiving the meeting materials will be given, in substitution for the Proxy, a request for voting instructions (the “**voting instructions form**”) which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should so indicate in the place provided for that purpose in the voting instructions form. A Non-Registered Shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the Common Shares of such Non-Registered Shareholder are held and following the instructions of the Intermediary respecting the revocation of proxies.

In any event, Non-Registered Shareholders should carefully follow the instructions of their Intermediary set out in the voting instructions form.

### **NOTICE AND ACCESS**

The Company has elected to utilize the Notice and Access System for delivery of the Management Information Circular to each of the shareholders of the Company whose proxy is solicited for the Meeting.

Under the Notice and Access System, instead of delivering a paper copy of the Management Information Circular, the Company is permitted to provide its Shareholders with a notice directing them to a website where they can access an electronic copy of the Management Information Circular online and vote their shares using their preferred method either through email or via paper return. The Company anticipates that the Notice and Access System can directly benefit the Company through a substantial reduction in both postage and printing costs, and also promote environmental sustainability by reducing the large volume of paper documents generated by printing proxy related materials.

In spite of the use of the Notice and Access System, the Company has delivered paper copies of the Notice and the Proxy to its Shareholders eligible to attend the Meeting.

#### **Website Where the Circular is Posted**

Shareholders of the Company can access the Management Information Circular for the Meeting on the following website: [www.meetingdocuments.com/ASTCA/MAI](http://www.meetingdocuments.com/ASTCA/MAI) or by accessing the Company’s filings on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Requesting Paper Copies of the Circular**

Shareholders of the Company may also request paper copies of the Management Information Circular to be delivered to them by mail at no cost to them by calling the following toll-free number: 1-888-433-6443 or by emailing to [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com). In order for the requesting Shareholder to receive the paper copy in advance of the deadline for submission of voting instructions and the date of the Meeting, the request must be made prior to 4:30 pm (EST) on February 10, 2020. Shareholders of the Company may continue to request a paper copy of the Management Information Circular within one year from the date the Management Information Circular is filed on SEDAR. In the case of a request received prior to the date of the Meeting, a paper copy of the Management Information Circular so requested will be sent free of charge by the Company to the requesting shareholder at the address specified in the request, by first class mail, courier or the equivalent within 3 business days after receiving the request; in the case of a request received on or after the date of the Meeting, and within one year of the Management Information Circular being filed, a paper copy of the Management Information Circular will be sent free of charge by the Company to the requesting Shareholder within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent.

### **REQUIRED SHAREHOLDER APPROVALS**

Unless otherwise noted under “PARTICULARS OF MATTERS TO BE ACTED UPON”, all resolutions which the Shareholders will be asked to pass must be approved by a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

### **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

The authorized capital of the Company consists of an unlimited number of Common Shares without nominal or par value. As of the Record Date, the Company has issued and outstanding 376,339,353 Common Shares.

To the knowledge of the Company’s directors and executive officers, as at the date hereof, no person or company owns, or controls or directs, directly or indirectly, 10% or more of the Common Shares as of the Record Date, other than Osisko Gold Royalties Ltd. which directly or indirectly owns or controls 46,080,000 Common Shares, representing 12.25% and Donald Smith Value Fund L.P. which directly or indirectly owns or controls 38,400,000 Common Shares, representing 10.21% of the total issued and outstanding Common Shares of the Company as of the Record Date. Following the completion of the Offering (as defined herein), Osisko Gold Royalties Ltd. will directly or indirectly own or control 76,080,000 Common Shares, representing 18.71%<sup>1</sup> of the total issued and outstanding Common Shares of the Company and Donald Smith Value Fund L.P. will directly or indirectly own or control 9.44%<sup>1</sup> of the total issued and outstanding Common Shares of the Company.

In accordance with the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”), the Company has prepared a list of all persons who are Registered Shareholders as of January 6, 2020 (the “**Record Date**”) and the number of Common Shares registered in the name of each person on such date. Each Shareholder is entitled to one vote for each Common Share registered in such Shareholder’s name as it appears on the list except to the extent that such Shareholder has transferred any of his or her Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the date of the Meeting, that his or her name be included in the list. In such case the transferee is entitled to vote his or her Common Shares at the Meeting.

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<sup>1</sup> Based on 406,639,353 Common Shares outstanding following completion of the Offering (as defined herein).

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### APPROVAL OF ROYALTY TRANSACTIONS WITH OSISKO GOLD ROYALTIES LTD.

On December 6, 2019, the Company announced that it had agreed to terms for a \$14 million combined equity and royalty financing package with Osisko Gold Royalties Ltd. (“**Osisko**”), consisting of \$6 million in equity financing (the “**Offering**”) and up to \$8 million in royalty financing (collectively, the “**Transaction**”). The Transaction will provide the Company with financing to advance its plans to commence construction of the planned Santana gold mine in Sonora, Mexico (the “**Santana Project**”).

By virtue of Osisko being a Non-Arm’s Length party (as such term is defined in the TSX-V Corporate Finance Manual (the “**Manual**”) as a result of Osisko ownership of in excess of 10% of the Company’s issued share capital, the disposition of the royalty interests pursuant to the Royalty Transactions (defined below) is subject to receipt of the approval of the disinterested Shareholders of the Company pursuant to Policy 5.3 of the Manual. Accordingly, the 46,080,000 Common Shares owned by Osisko<sup>2</sup> will be excluded from voting and all other holders of Common Shares will be asked to vote on the Transaction (“**Disinterested Shareholder Approval**”).

The Transaction was considered and unanimously approved by the board of directors of the Company, who are all independent of Osisko.

The Transaction is also a “related party transaction” as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company is relying on exemptions from the formal valuation requirement under Section 5.5(b) and the minority approval requirement under Section 5.7(1)(a) of MI 61-101, respectively as neither the fair market value of the common shares under the Offering nor the royalty interests under the Royalty Transactions that may be received by Osisko nor the proceeds of the Transactions to be received by the Company exceed 25% of the Company’s market capitalization.

### *The Offering*

Pursuant to the Offering, the Company will issue an aggregate of 30,000,000 Common Shares to Osisko at a price of \$0.20 per Common Share for aggregate proceeds to the Company of \$6 million. All Common Shares issued under the Offering are subject to a four month hold period from the closing date under applicable Canadian securities laws. Completion of the Offering will result in Osisko’s equity interest in the Company increasing from 12.25% to 18.72%. It is anticipated that the Offering will close on or before January 20, 2020.

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<sup>2</sup> The 30,000,000 Common Shares acquired upon completion of the Offering will not be eligible to be voted at the Meeting as such Common Shares will have been acquired after the Record Date.

### *The Royalty Transactions*

In connection with the Transaction, the Company entered into a definitive agreement dated ●, 2020 (the “**Royalty Purchase Agreement**”) pursuant to which the Company agreed to sell to Osisko a perpetual 3% net smelter return royalty over the Santana Project (the “**Royalty**”) in exchange for a one-time cash payment to the Company of \$5 million.

In addition to the Royalty, the Royalty Purchase Agreement provides for an optional royalty financing facility (the “**Optional Royalty**”, and together with the Royalty, the “**Royalty Transactions**”) that will allow the Company to draw down up to an additional \$3 million in financing from Osisko, increasing funding flexibility, if necessary, during construction and start-up of the Santana Project. The Optional Royalty can be drawn down in three equal installments of \$1 million, at the Company’s sole discretion, at any time within 12 months of the closing of the Royalty Transactions, subject to compliance with certain conditions precedent. For each \$1 million of the Optional Royalty that the Company elects to draw down, the Company will grant to Osisko an additional net smelter return royalty (“**NSR**”) of two-thirds of one percent (2/3%) up to an aggregate of a 2% NSR over the Santana Project if the entire Optional Royalty is drawn by the Company. The Optional Royalty (or any part thereof) shall, once drawn, exist for a period of 36 months following drawdown and then automatically terminate. Once drawn, each tranche of the Optional Royalty will require a minimum delivery to Osisko of value equivalent to 220 ounces of gold for each 12-month period following the anniversary of its drawdown date.

### *Closing*

The Royalty Transactions, if the Company receives Disinterested Shareholder Approval and if all other conditions to closing and actions to be taken at closing set forth in the definitive agreements are met, completed or, where applicable, waived, is expected to close on such date as may be agreed upon between the Company and Osisko. Closing is conditional upon the Royalty Transactions receiving Disinterested Shareholder Approval and receipt of TSX Venture Exchange approval. Accordingly, disinterested Shareholders will be asked at the Meeting to consider and, if deemed advisable, authorize the resolution authorizing the Royalty Transactions (the “**Royalty Transactions Resolution**”) in substantially the form set out in Schedule “A” to this Management Information Circular.

**Unless a Proxy specifies that the Common Shares it represents are to be withheld from voting for the resolution authorizing the Royalty Transactions Resolution, the persons named in the Proxy intend to vote for such resolution.**

### **TRANSFER AGENT AND REGISTRAR**

The Company’s registrar and transfer agent is AST Trust Company (Canada) (formerly known as CST Trust Company).

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

An informed person is one who, generally speaking, is a director or executive officer or a 10% Shareholder. To the knowledge of management of the Company, other than Osisko no informed person or any associate or affiliate of any informed person has any interest in the Transaction.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company and the Transaction is filed on the System for Electronic Data Analysis and Retrieval (“**SEDAR**”) and can be accessed on the internet at [www.sedar.com](http://www.sedar.com).

Shareholders may request copies of the Royalty Purchase Agreement by mailing a request to Minera Alamos Inc. at 55 York Street, Suite 402, Toronto, Ontario, M5J 1R7.

**DIRECTORS' APPROVAL**

The contents and sending of this Management Information Circular have been approved by the directors of the Company.

DATED the 10<sup>th</sup> day of January, 2020.

*"Darren Koningen"*

Darren Koningen, Director and CEO



**SCHEDULE "A"**  
**RESOLUTION TO APPROVE THE ROYALTY TRANSACTIONS**

**BE IT RESOLVED** as resolution of Shareholders that:

1. the disposition to Osisko of a perpetual 3% net smelter return royalty over the Santana Project (the "Royalty") in exchange for a one-time cash payment to the Company of \$5 million and the potential disposition of up to a further 2% net smelter return royalty to Osisko over the Santana Project, such additional royalty being acquired in 2/3% tranches with each tranche having a term of three years from the acquisition date, for additional proceeds of up to \$3 million (the "Optional Royalty"), all as more fully described in the Company's management information circular dated January 10, 2020, be and is hereby authorized, approved and ratified; and
2. any director or officer is hereby authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in connection with the sale of the Royalty and Optional Royalty.