



Condensed Interim Consolidated Financial Statements

March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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)**

		March 31, 2024	December 31, 2023
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		11,844,502	13,754,272
Restricted cash		31,635	31,635
Accounts receivable	14	713,572	399,607
Leach pad ore inventory	6	5,591,948	5,869,856
Work-in-process inventory	6	833,223	1,354,516
Supplies inventory	6	302,651	296,066
Prepaid and other		2,754,565	3,116,497
Taxes receivable		1,303,506	3,144,405
Total current assets		23,375,602	27,966,854
Taxes receivable		1,427,812	1,371,276
Mineral properties and property, plant, and equipment	7, 8	23,161,720	22,282,025
Total assets		47,965,134	51,620,155
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	2,729,366	4,637,505
Current portion of lease payable	9	92,535	90,086
Deferred revenue	6	1,319,880	2,419,290
Current portion of debt	10	985,153	851,873
Total current liabilities		5,126,934	7,998,754
Long term debt	10	5,264,952	5,129,973
Lease payable	9	174,692	198,960
Provision for asset retirement obligation	13	644,553	603,738
Total liabilities		11,211,131	13,931,425
Shareholders' equity			
Share capital	11	105,151,540	105,151,540
Contributed surplus		3,809,073	3,809,073
Options reserve	12	3,755,970	3,508,667
Cumulative translation adjustment		(6,358,513)	(4,648,123)
Deficit		(69,604,067)	(70,132,427)
Total shareholders' equity		36,754,003	37,688,730
Total liabilities and shareholders' equity		47,965,134	51,620,155

Basis of Presentation and Going Concern (note 2)

Commitments and contingencies (note 16)

Subsequent Event (note 18)

Approved by the Board:

Signed: "Bruce Durham"

Signed: "Darren Koningen"

Director

Director

Please see accompanying notes to the financial statements

Minera Alamos Inc.

Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

(Expressed in Canadian dollars)

(Unaudited)

		For the three months ended	
		March 31,	
		2024	2023
		\$	\$
	Notes		
Revenues	4c	2,460,378	6,784,379
Cost of sales:			
Mining, processing, royalties		2,517,303	3,891,694
Depletion		39,589	63,137
		2,556,892	3,954,831
Income from mine operations		(96,514)	2,829,548
Expenses			
Depreciation		36,685	32,256
Accretion	13,10	378,236	12,123
Exploration and evaluation	7	1,136,044	511,679
Insurance		21,655	22,680
Interest on lease liability		5,565	7,188
Investor relations		103,328	82,583
Office and administration		163,665	185,573
Professional fees		284,135	231,136
Salaries and compensation	17	421,510	376,586
Share-based compensation	12, 17	247,303	364,838
Transfer agent regulatory fees		32,258	38,229
Travel		70,121	35,155
		2,900,505	1,900,026
(Loss) income before the undernoted		(2,997,020)	929,522
Other Items			
Foreign exchange gain		(3,483,137)	(514,099)
Other income		(42,243)	(42,263)
		(3,525,380)	(556,362)
Net income for the period		528,360	1,485,884
Foreign currency translation		(1,710,390)	455,490
Net (loss) income and comprehensive (loss) income for the period		(1,182,030)	1,941,375
Net Income per share:			
Basic		0.001	0.003
Diluted		0.001	0.003
Weighted average number of common shares outstanding:			
Basic		462,883,853	461,883,853
Diluted		466,154,481	467,036,544

Please see accompanying notes to the financial statements

Minera Alamos Inc.
Condensed Interim Consolidated Statement of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Share capital		Contributed surplus	Options reserve	Cummulative translation reserve	Deficit	Total equity
		Number of shares	Amount					
Balance, December 31, 2022		461,883,853	\$ 104,863,540	\$ 3,769,713	\$ 2,944,704	\$ (1,094,566)	(67,276,875)	43,206,516
Share-based compensation	12	-	-	-	364,838	-	-	364,838
Net income for the year		-	-	-	-	455,490	1,485,884	1,941,374
Balance, March 31, 2023		461,883,853	\$ 104,863,540	\$ 3,769,713	\$ 3,309,542	\$ (639,076)	(65,790,991)	\$ 45,512,728
Balance, December 31, 2023		462,883,853	\$ 105,151,540	\$ 3,809,073	\$ 3,508,667	\$ (4,648,123)	(70,132,427)	37,688,730
Share-based compensation	12	-	-	-	247,303	-	-	247,303
Net loss for the year		-	-	-	-	(1,710,390)	528,360	(1,182,030)
Balance, March 31, 2024		462,883,853	\$ 105,151,540	\$ 3,809,073	\$ 3,755,970	\$ (6,358,513)	(69,604,067)	\$ 36,754,003

Please see accompanying notes to the financial statements

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

		For the three months ended March 31,	
		2024	2023
		\$	\$
Cash flows from operating activities			
	Notes		
		528,360	1,485,884
Net (loss) income for the period			
Adjustments to reconcile net loss to net cash flows:			
Non-cash adjustments:			
Depreciation	8	36,685	32,256
Depletion		39,589	63,137
Accretion		378,236	12,123
Interest on lease liability		5,565	7,188
Share-based compensation		247,303	364,838
Unrealized foreign exchange gain		(2,310,836)	465,258
		(1,075,098)	2,430,684
Changes in non-cash operating adjustments:			
Accounts receivable		(313,964)	(26,927)
Prepaid expenses		361,932	(439,188)
Inventory		792,616	1,315,861
Taxes receivable		1,784,362	(991,588)
Accounts payable and accrued liabilities		(1,908,139)	(2,075,987)
Deferred revenue		(1,099,410)	(3,058,410)
		(1,457,701)	(2,840,555)
Net cash (used in) from operating activities			
Cash flows from investing activities			
Acquisition of property plant and equipment	8	-	(85,936)
Restricted cash		-	76
		-	(85,860)
Net cash (used in) investing activities			
Cash flows from financing activities			
Lease payments	9	(27,384)	(27,384)
		(27,384)	(27,384)
Net cash from financing activities			
Effect of changes in foreign exchange		(424,685)	
Net increase in cash and cash equivalents		(1,909,770)	(2,953,799)
Cash and cash equivalents, beginning of period		13,754,272	13,153,828
Cash and cash equivalents, end of period		11,844,502	10,200,029

Please see accompanying notes to the financial statements

1. GENERAL INFORMATION

Minera Alamos Inc. (the “Company”) is a junior mining and exploration company engaged directly and indirectly through its subsidiaries in the acquisition, exploration, development and operation of mineral properties located in Mexico. These consolidated financial statements include the accounts of the Company, its Mexican subsidiaries Minera Alamos de Sonora S.A. de C.V., Molibdeno Los Verdes S.A. de C.V., Cobre 4H S.A. de C.V., Minera Mirlos, S. de R.L. de C.V., and Corex Global S de RL de SV. The Company’s head office is located at 55 York Street East, Suite 402, Toronto, Ontario, Canada, M5J 1R7.

2. BASIS OF PRESENTATION AND GOING CONCERN

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current development and 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 condensed interim 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.

There is no guarantee that the Company won’t incur further losses going forward as the Company pursues its ramp up of operations and exploration activities on its other properties. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim 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, 2023.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 30, 2024, the date the Board of Directors approved these condensed interim consolidated financial statements.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

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) Revenue Recognition

The Company earns revenue primarily from the sale of gold. Other metals, such as silver, produced as part of the extraction process are considered to be by-products arising from the production of gold. Revenue relating to the sale of metals is recognized when control of the metal is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for the metal. On transfer of control, economic benefits associated with the transaction will flow to the Company as payment is received on the date of or within a few days of transfer of control.

When considering whether the Company has satisfied its performance obligation, it considers performance indicators of the transfer of control, which include, but are not limited to, whether the Company has a present right to payment; the customer has legal title to the metal; the Company has transferred physical possession of the metal to the customer; and the customer has the significant risks and rewards of ownership of the metal.

c) Inventory

The Company predominantly produces gold. The recovery of gold from the ore is achieved through a heap leach process. Costs are added to leach pad inventory based on current mining costs, including applicable overhead, depletion, and depreciation relating to mining operations. Costs are removed from leach pad inventory as ounces are recovered, based on the average cost per ounce of recoverable gold stacked and are carried as work-in-process inventory as the recovered gold undergoes the final stages of refinement. The costs of extracting the gold from the ore on the leach pads and refining the recovered gold are included in work-in-process inventory.

The value of all production inventories includes direct production costs and attributable overhead incurred to bring the materials to their current point in the processing cycle. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market prices, less estimated future production costs to convert inventories into saleable form. If carrying value exceeds net realizable value, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused the write-down no longer exists.

Quantities of gold ore are assessed primarily through surveys and assays. Certain estimates, including expected metal recoveries, are calculated using available industry, engineering, and scientific data, and are periodically reassessed, taking into account technical analysis and historical performance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property, Plant, and Equipment

Property, Plant, and Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of property, plant, or 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 the consolidated statement of income (loss) and comprehensive income (loss).

Where an item of property, plant, and equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, are capitalized. The Company provides for depreciation of its equipment at the following annual rates:

Mineral property and project costs estimate	- Units of production based on mineral resource
Mining equipment	- 5 to 10 years straight line basis
Office equipment	- 20% to 45% declining balance and 10 years straight line basis
Vehicles	- 30% declining balance and 4 years straight line basis
Leasehold improvements	- Lesser of 5 years or lease term, straight line basis
Right-of-use assets	- Lesser of expected useful life or the lease term (including expected renewal periods), straight line basis

e) Mineral properties and exploration and evaluation costs

The Company expenses all costs relating to the acquisition of, exploration for, and development of mineral properties in the exploration stage. 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.

f) Foreign currencies

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.

Transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statements of income (loss) and comprehensive income (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Foreign currencies (Continued)

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the end of the financial reporting period;
- Income, expenses, and cash flows are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange.

On January 1, 2022, commensurate with the significant increase in the Company's extraction operations, the Company re-evaluated the functional currency of its Mexican subsidiaries and determined that a change in their functional currency from Canadian dollars to Mexican pesos was appropriate. Accordingly, the Company recorded a translation adjustment on January 1, 2022, to reflect the impact of translating the Company's Mexican assets and liabilities into Canadian Dollars (the presentation currency) at the opening spot rate for the year.

g) Deferred Stripping

In open pit mining operations, overburden and other waste materials must be removed to access mineralized material from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. During the development of a mine (or, in some instances, a pit; see below), before production commences, stripping costs related to a component of a mineralized deposit are capitalized as part of the cost of construction of the mine (or pit) and are subsequently amortized over the life of the mine (or pit) on a units of production basis.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, initial stripping costs are accounted for separately by reference to the mineralized material from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping (i.e. overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping (see below).

It is the Company's judgment as to whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Deferred Stripping (Continued)

The following factors would point towards the initial stripping costs for the individual pits being accounted for separately:

- If mining of the second and subsequent pits is conducted consecutively following that of the first pit, rather than concurrently;
- If separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset;
- If the pits are operated as separate units in terms of mine planning and the sequencing of overburden removal and mineralized material mining, rather than as an integrated unit;
- If expenditures for additional infrastructure to support the second and subsequent pits are relatively large; and
- If the pits extract mineralized material from separate and distinct mineralized material deposits, rather than from a single mineralized material deposit.

If the designs of the second and subsequent pits are significantly influenced by opportunities to optimize output from several pits combined, including the co-treatment or blending of the output from the pits, then this would point to treatment as an integrated operation for the purposes of accounting for initial stripping costs. The relative importance of each of the above factors is considered in each case.

In order for production phase stripping costs to qualify for capitalization as a stripping activity asset, three criteria must be met:

- It must be probable that there will be an economic benefit in a future accounting period because the stripping activity has improved access to the mineralized material deposit;
- It must be possible to identify the “component” of the mineralized material deposit for which access has been improved; and
- It must be possible to reliably measure the costs that relate to the stripping activity.

A “component” is a specific section of the mineralized material deposit that is made more accessible by the stripping activity. It will typically be a subset of the larger mineralized material deposit that is distinguished by a separate useful economic life (for example, a pushback).

Production phase stripping can give rise to two benefits: the extraction of mineralized material in the current period and improved access to mineralized material which will be extracted in future periods. When the cost of stripping which has a future benefit is not distinguishable from the cost of producing current inventories, the stripping cost is allocated to each of these activities based on a relevant production measure using a life-of-component strip ratio. The ratio divides the tonnage of waste mined for the component for the period either by the quantity of mineralized material mined for the component or by the quantity of minerals contained in the mineralized material mined for the component. In some operations, the quantity of mineralized material is a more appropriate basis for allocating costs, particularly where there are significant by-products. Stripping costs for the component are deferred to the extent that the current period ratio exceeds the life of component ratio. The stripping activity asset is depreciated on a units of production basis based on expected production of either mineralized material or minerals contained in the mineral deposit over the life of the component unless another method is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Deferred Stripping (Continued)

The life-of-component ratios are based on the mineral resources of the mine and the annual mine plan; they are a function of the mine design and, therefore, changes to that design will generally result in changes to the ratios. Changes in other technical or economic parameters that impact the mineral resources may also have an impact on the life-of-component ratios even if they do not affect the mine design. Changes to the ratios are accounted for prospectively.

It may be the case that subsequent phases of stripping will access additional mineralized material and that these subsequent phases are only possible after the first phase has taken place. Where applicable, the Company considers this on a mine-by-mine basis. Generally, the only mineralized material attributed to the stripping activity asset for the purposes of calculating a life-of-component ratio, and for the purposes of amortization, is the mineralized material to be extracted from the originally identified component.

As at March 31, 2024, the Company has recorded deferred stripping costs of \$Nil (December 31, 2023 - \$206,000).

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these unaudited condensed interim consolidated financial statements requires management to make estimates and judgments 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 unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited 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.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2023.

6. DEFERRED REVENUE AND INVENTORIES

In late March 2024, the Company received \$1,319,880 (December 2023 - \$2,419,290) in exchange for the sale of gold which had been extracted from the Santana gold mine leach pad and was undergoing further refinement. The gross proceeds are recorded as deferred revenue until the gold has been recovered through the stripping and refinement process and then delivered, in full, to the customer. The carrying value of the respective inventory was \$833,223 (December 2023 - \$1,354,516) which is included in work-in-process inventory.

Minera Alamos Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three month period ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

6. DEFERRED REVENUE AND INVENTORIES (Continued)

IAS 2 requires allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The following is a breakdown of items in inventory:

Inventory	March 31, 2024 \$	December 31, 2023 \$
Leach pad mineralized material	5,591,948	5,869,856
Work-in-process	833,223	1,354,516
Supplies	302,651	296,066
Total	6,727,822	7,520,438

Inventory that was expensed in the three month period ended March 31, 2024 totaled to \$1,392,558 (2023 - \$2,909,586).

7. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENSE

	For the three months ended March 31,	
	2024 \$	2023 \$
Santana, Mexico ⁽ⁱ⁾	520,448	-
Cerro de Oro, Mexico	361,565	294,453
La Fortuna, Mexico	116,531	99,388
Los Verdes, Mexico	134,750	117,838
Other	2,750	
Total	1,136,044	511,679

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

Santana project, State of Sonora, Mexico

The Santana Property consists of certain mining claims located approximately east-southeast of Hermosillo, Sonora, Mexico. Additionally, the Company holds a 100% interest in certain contiguous mining concessions referred to as Santa Lucia and Hilda 35 Fraccion 1, located in Sonora State, Mexico. The Hilda 35 Fraccion 1 is also subject to a 1% net smelter return royalty ("NSR").

During the period ended March 31, 2024, the Company continued mining and development activities at Santana and performed exploration drilling on target areas.

7. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENSE (Continued)

Cerro de Oro, State of Sonora, Mexico

In September 2020 the Company finalized definitive option agreements through its subsidiary Minera Mirlos S. De R.L. DE C.V., and an arm’s length party (the “Vendor”) to acquire 100% of the Cerro de Oro project comprising the Zacatecas I and Zacatecas II concessions near Concepcion del Oro, Zacatecas, Mexico.

The agreements convey 100% irrevocable ownership to the Company with no underlying royalties subject to 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 ^(c)	Paid in 2021
400,000 cash ^(a) + 500,000 shares ^(d)	Paid in 2022
800,000 cash ^(a) + 500,000 shares ^(e)	Paid in 2023
1,000,000 cash ^(a) + 500,000 shares	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 TSX Venture Exchange (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 Exchange.

b) The Company paid USD\$400,000 (CAD\$531,600) 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 based on the trading price of the shares.

c) The Company paid USD\$300,000 (CAD\$394,832) and issued 500,000 shares on September 17, 2021. The fair value of these shares was \$285,000 based on the trading price of the shares.

d) The Company paid USD\$400,000 (CAD\$516,154) and issued 500,000 shares on August 4, 2022. The fair value of these shares was \$242,500 based on the trading price of the shares.

e) The Company paid USD\$800,000 (CAD\$1,053,568) and issued 500,000 shares on July 26, 2023. The fair value of these shares was \$170,000 based on the trading price of the shares.

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.

La Fortuna project, State of Durango, Mexico

The Company’s subsidiary Minera Alamos de Sonora S.A. de C.V., owns 100% of the mineral claims known as the “La Fortuna” gold project located in the State of Durango, Mexico.

Minera Alamos Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three month period ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

7. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENSE (Continued)

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. 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 to the north of the Los Verdes property and referred to as the North Deposit.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

8. MINERAL PROPERTIES AND PROPERTY PLANT AND EQUIPMENT

Cost	Mineral Properties		Property, Plant and Equipment			Total
	Santana Project (ii)	Mining Equipment	Office and Equipment	Vehicles	Right of Use Building (i)	
Balance at December 31, 2022	\$ 19,207,359	\$ 1,391,363	\$ 201,222	\$ 217,231	\$ 739,030	\$ 21,756,205
Additions (disposals)	200,500	115,998	-	40,139	-	356,637
Effect of changes in foreign exchange	2,279,387	82,075	4,988	11,611	-	2,378,061
Balance at December 31, 2023	21,687,246	1,589,436	206,210	268,981	739,030	24,490,903
Additions (disposals)	-	(13,563)	(26,104)	(44,410)	-	(84,077)
Effect of changes in foreign exchange	889,567	37,934	4,825	12,167	-	944,493
Balance at March 31, 2024	22,576,813	1,613,807	184,931	236,738	739,030	25,351,319
Accumulated depreciation						
Balance at December 31, 2022	959,448	105,927	171,957	131,349	392,021	1,760,702
Depreciation	-	80,255	15,611	45,124	88,600	229,590
Depletion	206,692	-	-	-	-	206,692
Effect of changes in foreign exchange	8,338	921	1,494	1,141	-	11,894
Balance at December 31, 2023	1,174,478	187,103	189,062	177,614	480,621	2,208,878
Depreciation	-	20,257	3,143	13,285	22,150	58,835
Disposals	-	(13,563)	(26,104)	(44,410)	-	(84,077)
Effect of changes in foreign exchange	4,052	646	652	613	-	5,963
Balance at March 31, 2024	1,178,530	194,443	166,753	147,102	502,771	2,189,599
Carrying amounts						
Balance at December 31, 2022	18,247,911	1,285,436	29,265	85,882	347,009	19,995,503
Balance at December 31, 2023	20,512,768	1,402,333	17,148	91,367	258,409	22,282,025
Balance at March 31, 2024	\$ 21,398,283	\$ 1,419,364	\$ 18,178	\$ 89,636	\$ 236,259	\$ 23,161,720

(i) Depreciation related to the right-of-use asset is included in office and administration expense.
(ii) Includes assets not ready for use.

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9. LEASE PAYABLE

	March 31, 2024	December 31, 2023
Maturity Analysis – contractual undiscounted cash flows	\$	\$
Less than one year	110,268	109,536
Remaining life	186,220	214,336
Total undiscounted lease liabilities	296,488	323,872
Effect of discounting	(29,261)	(34,826)
Present value of lease payments	267,227	289,046
Less current portion	(92,535)	(90,086)
Long-term lease liabilities	174,692	198,960

The following table summarizes the lease activity:

	March 31, 2024	December 31, 2023
	\$	\$
Balance, beginning of period	289,046	371,966
Accretion	5,565	26,616
Lease payments	(27,384)	(109,536)
Balance, end of period	267,227	289,046

10. DEBT

On October 30, 2023, the Company executed the documentation on a funding package for the Cerro de Oro project with Auramet International Inc. and Auramet Capital Partners LP (“Auramet”). The funding package is comprised of a loan facility for up to USD\$15,000,000 and a USD\$10,000,000 royalty for a 2.75% Net Smelter Royalty (“NSR”). Upon the execution of the documentation the Company completed a drawdown of an initial USD\$5,000,000 under the loan facility. As per the funding facility, the Company may deliver a drawdown notice to Auramet for the remaining USD\$10,000,000 under the loan facility upon the satisfactory completion of certain conditions which have not been met as of March 31, 2024.

If the Company does not meet the closing conditions or should not elect to deliver a drawdown notice for the remaining USD\$10,000,000 under the loan facility by the earlier of i) October 30, 2024 and; ii) the date that is 31 days after all the closing conditions have been satisfied, the outstanding balance of the USD\$5,000,000 initial drawdown shall mature and be payable in equal installments over the subsequent 10 month period and all obligations of Auramet to advance any part of the remaining USD\$10,000,000 will immediately be cancelled and terminated. The outstanding principal amount drawn under the loan facility accrues interest and is payable monthly at a rate of 15% per annum calculated in arrears. As at March 31, 2024, the estimated maturity date was October 30, 2024.

The closing and funding under the royalty facility is conditional upon the same conditions under the loan facility and is also conditional upon the actual drawdown of the remaining amount under the loan facility and if this does not occur, any obligations under the royalty facility will also terminate. As at March 31, 2024, the closing conditions of the loan and royalty agreements have not occurred.

10. DEBT (Continued)

On October 30, 2023, the Company recorded receipt of USD\$5,000,000 (CAD\$6,928,000) and recorded transactions costs of CAD\$703,266. As at March 31, 2024, the balance of the debt is CAD\$6,250,105.

	CAD \$
Total proceeds	6,928,000
Cost of issuance	(703,266)
Net proceeds	6,224,734
Accretion	(362,371)
Effect of foreign exchange	387,742
Balance as at March 31, 2024	6,250,105
Current portion of debt	985,153
Long term portion of debt	5,264,952

11. SHARE CAPITAL

(a) Authorized, issued and outstanding common shares

Authorized – unlimited number of common shares without par value.

Issued and outstanding – 462,883,853 at March 31, 2024 and December 31, 2023.

(b) Transactions

(i) On July 15, 2022, the Company issued 7,950,000 common shares of the Company at a price of \$0.55 per common share for gross proceeds of \$4,372,500.

(ii) On August 4, 2022, the Company issued 500,000 common shares in relation to the Cerro de Oro Project acquisition agreement. The fair value of the shares issued was \$242,500 (see note 7).

(iii) On July 26, 2023, the Company issued 500,000 common shares in relation to the Cerro de Oro Project acquisition agreement. The fair value of the shares issued was \$170,000 (see note 7).

12. SHARE-BASED PAYMENTS – STOCK OPTION PLAN

The Company has a stock option plan (the “Plan”) available to its employees, officers, directors and consultants which has been approved as amended by the shareholders on December 14, 2023. The number of common shares is limited to 10% of the Company’s issued and outstanding shares.

During the period ended March 31, 2024, the Company issued Nil stock options to acquire common shares (December 31, 2023 – 9,150,000).

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

At March 31, 2024, the following options were outstanding:

Grant Date	Number of Stock Options	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value	Number Exercisable Stock Options
July 30, 2019	7,500,000	\$0.16	July 30, 2024	0.33	\$0.09	7,650,000
July 14, 2020	700,000	\$0.54	July 14, 2025	1.29	\$0.38	700,000
August 10, 2020	600,000	\$0.67	August 10, 2025	1.36	\$0.47	600,000
March 18, 2021*	7,250,000	\$0.72	March 18, 2026	1.92	\$0.49	-
July 26, 2021*	500,000	\$0.72	July 26, 2026	2.33	\$0.50	-
February 23, 2023**	2,250,000	\$0.51	February 23, 2028	3.90	\$0.18	1,125,000
February 23, 2023**	6,900,000	\$0.45	February 23, 2028	3.90	\$0.19	3,450,000
	25,700,000	\$0.46				13,375,000

* The stock options are subject to vesting terms of one quarter of granted stock options to each 50,000 ounces of production and will be recognized as exercisable when conditions have been met.

** The stock options are subject to vesting term of one half of granted stock options on the first anniversary date of grant and one half of granted stock options on the second anniversary date of grant.

A summary of stock option activity during the period ended March 31, 2024 and the year ended December 31, 2023, is as follows:

	March 31, 2024		December 31, 2023	
	Number of Stock Options	Average Exercise Price	Number of Stock Options	Average Exercise Price
	#	\$	#	\$
Outstanding beginning of period	25,700,000	0.46	17,542,000	0.44
Granted	-	-	9,150,000	0.46
Expired	-	-	(492,000)	(0.15)
Exercised	-	-	(500,000)	(0.15)
Outstanding end of period	25,700,000	0.46	25,700,000	0.46

13. PROVISION FOR ASSET RETIREMENT OBLIGATION

The decommissioning liability is estimated based on the timing of costs to be incurred in future years. The Company made the following changes to its decommissioning liability:

	\$
Opening January 1, 2023	603,738
Change in Estimate	-
Closing December 31, 2023	603,738
Accretion	15,865
Change in foreign exchange	24,950
Closing March 31, 2024	644,553

13. PROVISION FOR ASSET RETIREMENT OBLIGATION (Continued)

The provision for site reclamation and closure consists of mine closure costs, reclamation and retirement obligations for mine facilities and infrastructure.

The present value of the Santana Project future rehabilitation liability was estimated at \$644,553 as at March 31, 2024 (December 31, 2023 – \$603,738).

As at March 31, 2024, estimates include inflation rate of 9.2% and a discount rate of 11.5% (December 31, 2023 – 9.2% and 11.5%, respectively).

14. FINANCIAL RISK MANAGEMENT

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

a) Credit risk management

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

The maximum credit risk exposure of the financial assets is their carrying value.

b) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be 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 to 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, 2024, the Company had a cash and cash equivalents balance of \$11,844,502 and other current assets of \$11,531,100 (December 31, 2023 – \$13,754,272 and \$14,212,582 respectively) to settle current accounts payable and accrued liabilities of \$2,729,366 (December 31, 2023 – \$4,637,505).

14. FINANCIAL RISK MANAGEMENT (Continued)

The following table details the Company's anticipated repayment schedule for its financial liabilities as at March 31, 2024:

	Contractual cash flows \$	Less than 1 year \$	1 -3 years \$	4 -5 years \$	After 5 years \$
Accounts payable and accrued liabilities	2,729,366	2,729,366	-	-	-
Lease payable	267,227	92,535	174,692	-	-
Debt	6,250,105	985,153	5,264,952	-	-
	9,246,698	3,807,054	5,439,644	-	-

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.

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, 2024 would have resulted in a change in the value of revenue recognized by approximately \$185,000 (December 31, 2023 – \$940,000).

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 risk.

14. FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (Continued)

Sensitivity analysis

As at March 31, 2024, the Company has monetary assets denominated in US dollars of approximately USD \$4,000,000 (December 31, 2023 – USD\$6,800,000). 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 \$543,000 (December 31, 2023 – \$899,000). As at March 31, 2024, the Company has debt denominated in US dollars of approximately USD\$5,000,000 (December 31, 2023 - USD\$5,000,000). 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 \$679,000 (December 31, 2023 – \$661,000).

Additionally, the Company has inter-company 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 \$5,700,000.

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.

d) Fair values

Financial assets include cash and cash equivalents, restricted cash, and accounts receivable. Financial liabilities include accounts payable and accrued liabilities and debt. The carrying value of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities is considered representative of their respective fair values due to the short-term period to maturity.

IFRS 13, Fair value measurement ("IFRS 13") establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – valuation based on quotes prices in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

The Company does not have any financial instruments measured at amortized cost and that require classification within the fair value hierarchy as at March 31, 2024 and December 31, 2023.

15. CAPITAL RISK MANAGEMENT

The Company's objectives for managing capital are:

- a) 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 projects with potential for resources and provide returns for shareholders;
- b) to provide an adequate return to shareholders by increasing the value of underlying assets through exploration and development of economic resources; and
- c) to generate an adequate return to shareholders by constructing and operating economically viable mines.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements, other than those of the TSX Venture Exchange ("TSXV"), which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

16. COMMITMENTS AND CONTINGENCIES

On October 30, 2023, upon execution of the loan facility with Auramet, the Company entered into Master Purchase and Sale Agreement whereby the Company agreed to sell any precious metals from its Corex Global and Minera Mirlos to Auramet, on a spot, forward, in-process or prepayment basis for a 36 month period.

On October 30, 2023, upon execution of the loan facility with Auramet, the Company entered into a Call Option Agreement whereby the Company agreed to deliver to Auramet, at their option, a total of 15,000 ounces of gold over a 15 month period beginning in February 2025 with a strike price of USD\$2,175 per ounce.

The Company is party to agreements for key management of which the agreements contain clauses requiring additional payments of \$3,075,000 to be made upon the occurrence of certain events such as a change of control or termination. As a triggering event has not yet taken place, the contingent payment has not been reflected in these unaudited condensed interim consolidated financial statements.

During the year ended December 31, 2023, the Company's Mexican subsidiary Corex Global S de RL de SV received a notice for an imposed fine of 8,299,200 MXN (approximately CAD\$677,000 at March 31, 2024) from the Ministry of Labour and Social Welfare on the basis of incorrect terms for the relationship between its subcontractor. The Company believes this is a frivolous fine and has submitted the claim against the Federal Court of Administrative Justice to be resolved. As such, no amounts are accrued as finding is believed to be without merit.

17. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The remuneration of directors and key management of the Company for the periods ended March 31, is as follows:

	2024	2023
	\$	\$
Aggregate compensation	165,000	150,000
Stock-based compensation	142,491	207,965
	<u>307,491</u>	<u>357,965</u>

Included in accounts payable and accrued liabilities at March 31, 2024, payable to key management of the Company was \$464,000 (December 31, 2023 – \$475,000) in relation to outstanding compensation and expenses. These amounts are unsecured, non-interest bearing and due on demand.

Included in accounts receivable as at March 31, 2024, is an amount of \$153,000 (December 31, 2023– \$153,000) due from key management of the Company. These amounts are unsecured, non-interest bearing and due on demand.

18. SUBSEQUENT EVENT

Subsequent to March 31, 2024, 100,000 stock options to acquire common shares at a price of \$0.16 per share were exercised for total proceeds of \$16,000.