



# Minera Alamos Inc.

(MAI-V)  
SECTOR: Mining

STOCK PRICE	\$0.68
RATING	<b>BUY</b>
TARGET PRICE	\$1.15
RISK	Very High

## LA FORTUNA PERMITTING

### Federal Permits Received

**OUR TAKE:** Receipt of the outstanding federal permits for the La Fortuna project is a good step forward, however we believe that Cerro de Oro will be the next project to be in production after Santana due to its lower initial capital cost and simpler heap leach processing.

#### KEY HIGHLIGHTS

- ◆ **La Fortuna Receives Environmental Impact Statement** – This morning, Minera Alamos announced that it is in receipt of the complete MIA/ETJ (Manifestacion de Impacto Ambiental/Estudio Tecnico Justificativo) approval documentation from the Federal Agency (SEMARNAT), for the Company's La Fortuna gold project in Durango, Mexico. With both the change of land use notification and the MIA/ETJ, Minera now has all key federal approvals necessary to start construction. We model production from Minera's Santana project starting next year, followed by the newly acquired Cerro de Oro starting in 2023 and finally La Fortuna coming online in 2025.
- ◆ **Plenty of Flexibility** – The MIA/ETJ are good for 52 years and structured to allow flexibility to expand and optimize the project in the future. Allowances were made to include additional stages not required for the current start-up plan, and permits allow for expansion up to 2,000 tpd in order to accommodate potential new sources of mineralization. We model throughput of 1,100 tpd starting in 2025.
- ◆ **Santana Crushing System to be Shipped Soon** – Minera is currently in the process of finalizing preparations in Arizona to ship the crushing, screening, and agglomeration system that was purchased earlier this year. Final inspections are planned for the end of the month prior to shipment and initial operations at Santana will utilize contractor portable crushing equipment until optimal crushing strategies are better understood. The system is flexible with multiple stages that can be easily rearranged to suit whatever arrangement is optimal for different future ore sources from the project boundaries.

#### RECOMMENDED ACTION

*We recommend accumulating shares at current levels*

- ◆ **Reiterate our Buy Rating and \$1.15 Target.** Minera Alamos is targeting first production in Q1/21 from its Santana project. With three development projects in the pipeline, the Company could be producing over 120,000 oz of gold in the next 5 years.

#### KEY STATISTICS AND METRICS

52-Week High/Low	\$0.78/\$0.16
YTD Performance	127%
Dividend Yield	n/a
Shares O/S (millions)	439
Market Capitalization, \$M	\$298
Cash, \$M	\$13
Debt, \$M	\$2
Enterprise Value \$M	\$280
Daily Volume (3 mos.)	375,850
Currency	C\$ unless noted

#### HAYWOOD ESTIMATES (USD)

	2020E	2021E	2022E
Gold Price (US\$/oz)	\$1,777	\$1,850	\$1,800
Revenue (\$M)	\$0	\$78	\$76
EBITDA (\$M)	(\$5)	\$39	\$37
CFO (\$M)	(\$5.5)	\$34.9	\$24.2
CFPS (\$)	(\$0.01)	\$0.08	\$0.05

#### VALUATION

**Our \$1.15 target** is based on a fully financed, after-tax basis considering a 0.9x multiple to our corporate net asset value NAV<sub>5%</sub> of \$1.20 per share.

**Minera Alamos** is trading at a P/NAV of 0.77x NAV, versus peers at 0.56x NAV.



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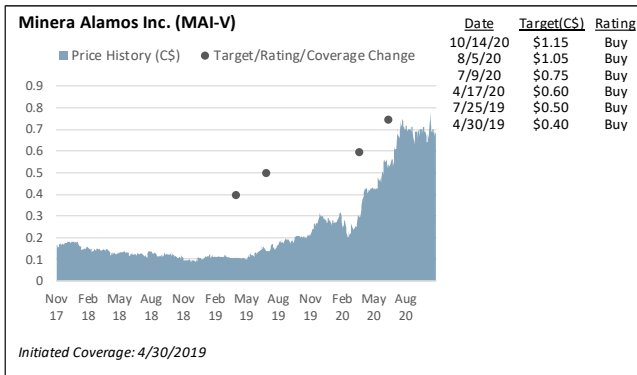
Ticker	Company	1	2	3	4	5	6	7	8
TSXV:BSR	Bluestone Resources Inc.	X		X	X				
TSX:LUG	Lundin Gold Inc.			X	X				
TSX:MAX	Midas Gold Corp.			X	X				
TSXV:MAI	Minera Alamos Inc.			X	X				
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	%	#	IB Clients (TTM)
<b>Buy</b>	75.2%	79	92.3%
<b>Hold</b>	4.8%	5	0.0%
<b>Sell</b>	0.0%	0	0.0%
<b>Tender</b>	0.0%	0	0.0%
<b>UR (Buy)</b>	1.0%	1	0.0%
<b>UR (Hold)</b>	0.0%	0	0.0%
<b>UR (Sell)</b>	0.0%	0	0.0%
<b>Dropped (TTM)</b>	19.0%	20	7.7%



Price Chart, Rating and Target Price History (as of November 24, 2020)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review  
 Source: Capital IQ and Haywood Securities

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