

CONSTRUCTION UPDATE

Progressing Towards First Gold at Santana

OUR TAKE: Construction of the Santana gold project is about three months behind schedule due to COVID-19 but is moving along towards first gold pour in early Q2/21. Minera Alamos has sufficient cash on hand (~\$20 million plus 1.8 million PRYM shares) to complete construction at Santana and a maiden resource is expected by mid-year.

KEY HIGHLIGHTS

- ◆ **Santana Construction Moving Along** – This morning, Minera Alamos provided an update on construction activities at its Santana Gold project located in Sonora, Mexico. Major civil work is now coming to an end and the focus is on piping for solution handling systems for in the leach process. The plant, remaining buildings and storage facilities will begin their final construction and installation phases over the next few months and plant assembly is expected to be completed in late February. The mining team is finalizing start-up optimization plans for the Nicho and Nicho Norte open pits and pre-stripping is expected to start in late March.
- ◆ **Highlights of recent work include:**
 - Leach solution ponds are fully lined and ready for operation,
 - Plant foundations have been completed and all previously fabricated plant structures (carbon columns) are on-site with final installation on-going,
 - Civil work for the heap leach pad area is complete and installation of the pad liner has commenced,
 - Foundations for the warehouse and fuel storage areas are complete,
 - The recently acquired crushing system is in transit to Minera’s facilities in Obregon, Mexico.
- ◆ **Well-Funded to Complete Santana Construction** – With ~\$20 million in cash, Mineral is well funded to complete construction of Santana. Drilling at Santana is on-going, and a maiden resource estimate is expected to be released around mid-year. At the recently acquired Cerro do Oro project, Minera is working on a surface rights agreement with the municipality and the EIA is expected to be submitted in April (~6-month process for approval). A resource update for Cerro de Oro is anticipated by year-end 2021.

RECOMMENDED ACTION

We recommend accumulating shares at current levels

- ◆ **Reiterate our Buy Rating and \$1.15 Target.** Minera Alamos on its way to first production in early Q2/21 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)	438
Market Capitalization, \$M	\$259
Cash, \$M	\$13
Debt, \$M	\$2
Enterprise Value \$M	\$241
Daily Volume (3 mos.)	304,220
Currency	C\$ unless noted

HAYWOOD ESTIMATES (USD)

	2020E	2021E	2022E
Gold Price (US\$/oz)	\$1,772	\$1,950	\$1,900
Revenue (\$M)	\$0	\$62	\$81
EBITDA (\$M)	(\$5)	\$31	\$41
CFO (\$M)	(\$6)	\$29	\$27
CFPS (\$)	(\$0.01)	\$0.07	\$0.06

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_{5%} of \$1.25 per share.

Minera Alamos is trading at a P/NAV of 0.64x NAV, versus peers at 0.56x NAV.

Lined Solution Ponds with Plant Location in Background



Source: Minera Alamos

Panoramic Site – Plant Foundations Adjacent to Solution Ponds



Source: Minera Alamos



<p>Minera Alamos Inc. (MAI-V, \$0.59) Rating (Risk): BUY (Very High) Target Price Metric: 0.9x NAV</p>	<p>Target Price, C\$ \$1.15</p> <p>Return, % 95% 52-Week High / Low, C\$ \$0.78 / \$0.16 Daily Volume (3-month avg) 304,220</p>	<p>Shares O/S, millions 438.2 Shares F/D, millions 462.4 Market Capitalization, US\$M \$203.5 Company CEO Darren Koningen Company Web Site mineraalamos.com</p>
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Balance Sheet and Capitalization				
	US\$M	US\$ / O/S Share	C\$M	C\$ / O/S Share
Market Capitalization	\$203.5	\$0.46	\$258.6	\$0.59
Current Cash	\$10.4	\$0.02	\$13.2	\$0.03
F/D Cash Adds	\$1.7	\$0.00	\$2.1	\$0.00
Working Capital	\$15.7	\$0.04	\$19.9	\$0.05
Long-term Debt	(\$1.6)	(\$0.00)	(\$2.0)	(\$0.00)
Book Value	\$0.3	\$0.00	\$0.4	\$0.00
Enterprise Value (EV)	\$189.3	\$0.43	\$240.6	\$0.55

EV = Market Capitalization + Working Capital + Long-term Debt
Spot C\$/US\$ FX Rate: 1.271

Share Capital Dilution				
	Number	Price	Amount	Expiry
Warrants	2.8M	\$0.11	US\$0.2M	June 2020 - March 2021
Options	26.0M	\$0.15	US\$3.0M	June 2020 - Oct. 2023

Recent Financings				
April 3, 2020 - \$5M for 3% NSR on Santana Project				
Jan. 13, 2020 - \$6M private placement to OR-T (30M shares at \$0.20/share)				
March 4, 2019 - \$5.0M private placement - 49.95M common shares at \$0.10				
June 29 - 2017 - \$5.4M private placement - 36.0M common shares at \$0.15				
May 30 - 2017 - \$3.3M private placement to Osisko Gold - 22.0M common shares at \$0.15				
June 6, 2016 - \$0.4M private placement (4M units at \$0.10; 1 unit = 1 share + 0.5 share purchase warrant)				

Future Financings				
Assumed Debt Raise of US\$10M in late 2020 at an interest rate of 10%				

Major Shareholders		
	O/S (millions)	O/S (%)
Osisko Gold Royalties	81.1	18.5%
Donald Smith & Co.	41.0	9.4%
Aegis Financial Management	20.2	4.6%
	26.7	6.1%

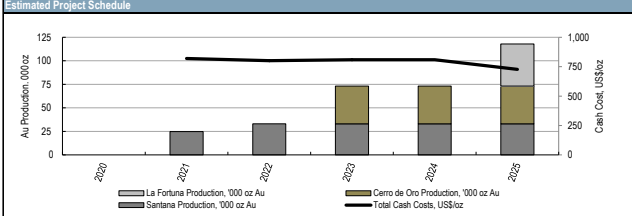
Corporate NAV Summary and Sensitivity							
Forecast Gold Price, US\$/oz	Base Case	\$1,000	\$1,300	\$1,500	\$1,800	\$1,850	Spot
C\$/US\$ FX Rate	1.28	1.28	1.28	1.28	1.28	1.28	1.254
Corporate Adjustments, US\$M	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)
Santana After-Tax Project NAV _{5%} , US\$M	\$162	\$31	\$78	\$109	\$157	\$165	\$165
Cerro de Oro After-Tax Project NAV _{5%} , US\$M	\$123	\$9	\$52	\$80	\$123	\$130	\$130
La Fortuna After-Tax Project NAV _{5%} , US\$M	\$204	\$71	\$119	\$151	\$198	\$207	\$207
Additional Exploration Credit, US\$M	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Corporate NAV, US\$M	\$469	\$91	\$230	\$321	\$458	\$483	\$483
Corporate Adjustments, C\$ / F/D share	(\$0.09)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)
Santana After-Tax Project NAV _{5%} , C\$ / F/D share	\$0.44	\$0.10	\$0.20	\$0.30	\$0.43	\$0.45	\$0.45
Cerro de Oro After-Tax Project NAV _{5%} , C\$ / F/D share	\$0.34	\$0.05	\$0.15	\$0.22	\$0.34	\$0.35	\$0.35
La Fortuna After-Tax Project NAV _{5%} , C\$ / F/D share	\$0.56	\$0.20	\$0.35	\$0.41	\$0.54	\$0.55	\$0.55
Additional Exploration Credit, C\$ / F/D share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Corporate NAV, C\$ / F/D share	\$1.25	\$0.30	\$0.65	\$0.88	\$1.25	\$1.30	\$1.30
Current Price / Corporate NAV	0.5x	2.0x	0.9x	0.7x	0.5x	0.5x	0.5x
Target Price / Corporate NAV	0.9x	3.8x	1.8x	1.3x	0.9x	0.9x	0.9x
Implied Target Price, @ 0.9x NAV	\$1.15	\$0.27	\$0.59	\$0.79	\$1.12	\$1.21	\$1.21
Implied Target Price, @ 1.0x NAV	\$1.25	\$0.30	\$0.65	\$0.88	\$1.25	\$1.30	\$1.30

Base case gold price assumption of US\$1,950/oz in 2021, US\$1,900 in 2022 and US\$1,800/oz thereafter.
Fully Financed Fully Diluted Shares, millions: 466.4
2021E C\$/US\$ FX Rate: 1.280

Financial Forecast (in CAD unless otherwise noted)						
	2019E	2020E	2021E	2022E	2023E	2024E
Forecast Gold Price, US\$/oz	\$1,393	\$1,772	\$1,950	\$1,900	\$1,800	\$1,800
C\$/US\$ FX Rate	1.330	1.340	1.280	1.280	1.280	1.280
Shares O/S, millions	438.2	442.1	451.6	452.1	452.6	452.6
Revenue, C\$M	\$0.0	\$0.0	\$62.0	\$80.5	\$76.3	\$76.3
Operating Cost, C\$M	\$0.0	(\$2.0)	(\$27.9)	(\$36.4)	(\$36.0)	(\$36.0)
Corporate G&A, C\$M	(\$3.3)	(\$3.3)	(\$3.3)	(\$3.3)	(\$3.3)	(\$3.3)
EBITDA, C\$M	(\$3.3)	(\$5.3)	\$30.8	\$40.8	\$37.0	\$37.0
EV / EBITDA	-	-	7.8x	5.9x	6.5x	6.5x
DD&A, C\$M	\$0.0	\$0.0	(\$1.8)	(\$1.7)	(\$1.8)	(\$2.0)
Earnings, C\$M	(\$4.1)	(\$6.3)	\$25.8	\$23.5	\$21.7	\$21.6
EPS, C\$	-	(\$0.01)	\$0.06	\$0.05	\$0.05	\$0.05
Current Price / EPS	-	-	10.1x	11.3x	12.3x	12.4x
Target Price / EPS	-	-	19.7x	22.1x	23.9x	24.1x
Cash Flow Before W/C Changes, C\$M	(\$5.8)	(\$5.5)	\$29.2	\$26.9	\$25.2	\$25.2
CFPS, C\$	-	(\$0.01)	\$0.07	\$0.06	\$0.06	\$0.06
Current Price / CFPS	-	-	8.9x	9.9x	10.6x	10.6x
Target Price / CFPS	-	-	17.4x	19.3x	20.6x	20.7x
CAPEX and Capitalized Stripping, C\$M	(\$0.6)	(\$14.3)	(\$0.9)	(\$0.9)	(\$0.9)	(\$39.3)
Free Cash Flow before Financing, C\$M	(\$6.3)	(\$19.9)	\$28.3	\$26.0	\$24.3	(\$14.1)
Proceeds from Equity Financing, C\$M	\$4.6	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0
Proceeds from Debt Financing, C\$M	\$0.0	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0
Debt Repayment + Interest, C\$M	\$0.0	(\$0.3)	(\$1.0)	(\$1.0)	(\$10.0)	\$0.0
Change in Cash and Equivalents, C\$M	\$0.6	\$2.5	\$28.6	\$27.1	\$14.3	(\$14.1)
Change in Cash and Equivalents per Share, C\$	\$0.00	\$0.01	\$0.06	\$0.06	\$0.03	(\$0.03)

CFPS sensitivity is based on a US\$50/oz change in forecast gold price.

Production Profile						
	2020	2021	2022	2023	2024	2025
Santana (100% owned, open pit)						
Tonnes Leached, millions	-	1.3	1.7	1.7	1.7	1.7
Tonnes Leached, tpd	-	4,700	4,700	4,700	4,700	4,700
Gold Grade, g/t	-	0.80	0.80	0.80	0.80	0.80
Gold Recovery, %	-	75%	75%	75%	75%	75%
Gold Production (100%), ounces 000's	-	25	35	35	35	35
Total Cash Cost, US\$/oz	-	\$820	\$800	\$795	\$795	\$795
AISC, US\$/oz	-	\$850	\$825	\$815	\$815	\$815
Initial Capital, US\$M	\$10	-	-	-	-	-
Sustaining Capital, US\$M	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7
Cerro de Oro (100% owned, open pit)						
Tonnes Milled, millions	-	-	-	4,150	4,150	4,150
Tonnes Milled, tpd	-	-	-	11,370	11,370	11,370
Gold Grade, g/t	-	-	-	0.40	0.40	0.40
Gold Recovery, %	-	-	-	75%	75%	75%
Gold Production (100%), ounces 000's	-	-	-	40	40	40
Total Cash Cost, US\$/oz	-	-	-	\$820	\$820	\$820
AISC, US\$/oz	-	-	-	\$895	\$895	\$895
Initial Capital, US\$M	-	-	\$15	-	-	-
Sustaining Capital, US\$M	-	-	\$3	\$3	\$3	\$3
La Fortuna (100% owned, open pit)						
Tonnes Milled, millions	-	-	-	-	-	0.4
Tonnes Milled, tpd	-	-	-	-	-	1,100
Gold Grade, g/t	-	-	-	-	-	3.86
Gold Recovery, %	-	-	-	-	-	90%
Gold Production (100%), ounces 000's	-	-	-	-	-	45
Total Cash Cost, US\$/oz	-	-	-	-	-	\$595
AISC, US\$/oz	-	-	-	-	-	\$625
Initial Capital, US\$M	-	-	-	-	\$30	\$30
Sustaining Capital, US\$M	-	-	-	-	-	\$1.5
Gold Production (100%), ounces 000's	-	25	35	75	75	120
Total Cash Cost, US\$/oz	-	\$820	\$800	\$810	\$725	\$405
AISC, US\$/oz	-	\$980	\$920	\$905	\$905	\$922



Gold Inventory - Model Mineable, Reserve, and Resource (100% owned)					
	Tonnes (000's)	Au Grade (g/t)	Gold (Moz)	EV/oz (US\$/oz)	Mine Life (years)
Model Mineable (100%)	19,046	1.3	0.8	\$242	-
Model Recoverable (100%)	-	-	0.7	\$263	9.0
Proven and Probable Reserve (100%)	-	-	-	-	-
La Fortuna Measured & Indicated Resource (100%)	3,470	2.8	0.31	-	-
Santana Measured & Indicated Resource (100%)	-	-	-	-	-
La Fortuna Inferred Resource (100%)	156	1.7	0.01	-	-
Santana Inferred Resource (100%)	-	-	-	-	-
Total Reserve and Resource (100%)	3,626	2.7	0.32	\$595	-
Attributable Reserve	-	-	-	-	-
Attributable Reserve and Resource	3,626	2.7	0.32	\$595	-

Haywood Model	
Santana	
-	9.0 year mine life at 4,700 tpd, 33,000 oz Au per year at TCC US\$775/oz and AISC US\$800/oz
-	LOM grade 0.80 g/t, gold recovery 75%, Initial Capex US\$10M
La Fortuna	
-	8.5 year mine life at 1,100 tpd, 40,000 oz Au per year at TCC US\$625/oz and AISC US\$660/oz
-	LOM grade 3.30 g/t, gold recovery 75%, Initial Capex US\$30M
Cerro de Oro	
-	7 year mine life at 11,370 tpd, 40,000 oz Au per year at TCC US\$730/oz and AISC US\$805/oz
-	LOM grade 3.30 g/t, gold recovery 75%, Initial Capex US\$30M

Peer Group Comparables								
	Price (\$)	NAV (US\$)	EV (US\$)	P/NAV	Gold Reserves (Moz)	Total Resources	Reserve EV/oz	Resource EV/oz
Minera Alamos Inc. (MAI-V)	\$0.58	\$0.91	\$186	0.64x	0.0	0.3	-	US\$552
Belo Sun Mining Corp (BSX-T)	\$1.11	\$1.11	\$362	0.79x	3.8	6.8	US\$95	US\$53
Bluestone Resources Inc. (BSR-V)	\$1.90	\$4.18	\$161	0.36x	0.0	1.3	-	US\$124
Lundin Gold Inc. (LUG-T)	\$10.07	\$9.31	\$2,434	0.85x	4.9	9.6	US\$497	US\$253
Midas Gold Corp. (MAX-T)	\$0.94	\$2.25	\$331	0.33x	0.0	4.6	-	US\$73
Nighthawk Gold Corp. (NHK-T)	\$1.19	\$3.56	\$39	0.26x	0.0	2.6	-	US\$15
Orzono Gold Corporation (ORE-T)	\$1.00	\$1.87	\$187	0.42x	1.0	11.2	US\$182	US\$17
Oria Mining Ltd. (OLA-T)	\$5.51	\$5.02	\$977	0.86x	1.6	11.0	US\$624	US\$89
Sabina Gold & Silver Corp. (SBB-T)	\$2.51	\$3.30	\$605	0.60x	2.5	7.2	US\$242	US\$84
Peer Group Average				0.56x			US\$328	US\$89
Peer Group Average (excluding high/low)				0.52x			US\$307	US\$73

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Source: CapitalIQ, Haywood Securities



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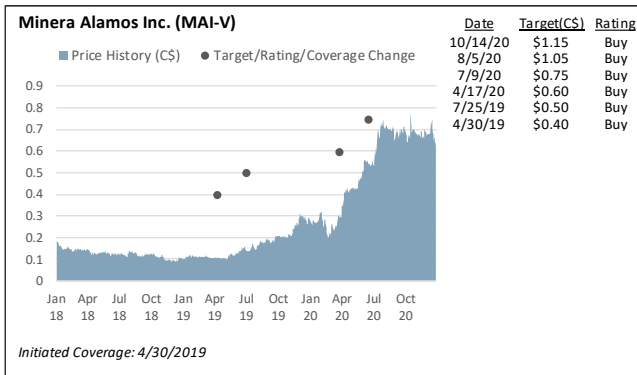
Ticker	Company	1	2	3	4	5	6	7	8
TSXV:BSR	Bluestone Resources Inc.	X		X	X				
TSX:LUG	Lundin Gold Inc.			X	X				
TSXV:MAI	Minera Alamos Inc.			X	X				
TSX:NHK	Nighthawk Gold Corp.			X		X			
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Distribution of Ratings (as of January 27, 2021)

	%	#	IB Clients (TTM)
Buy	73.8%	76	81.3%
Hold	5.8%	6	6.3%
Sell	1.0%	1	3.1%
Tender	1.0%	1	0.0%
UR (Buy)	1.0%	1	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	17.5%	18	9.4%



Price Chart, Rating and Target Price History (as of January 27, 2021)



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

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