

OPERATIONAL UPDATE

Santana Ramp-Up Progressing Well

OUR TAKE: The ramp-up of heap-leach operations at Santana continues to move along, and Minera Alamos is targeting steady state production in Q1/22. Contract mining operations are now around 100,000 tonnes per month, and a total of 7,330 ounces have been placed on the leach pad. Results so far confirm expected leach recovery rates (now approaching 70%) and low reagent consumption, as forecast from the test heap leach operation prior to start-up.

KEY HIGHLIGHTS

- ◆ **Rapid Gold Extraction Kinetics at Santana** – This morning, Minera Alamos provided an update on their ongoing ramp-up at the Company's 100% owned Santana Gold Mine in Sonora, Mexico. Mining operations continue to progress and approximately 100,000 tonnes of mineralized material per month was stacked on the pad in the months of October and November, on track towards a target of 150,000 tonnes of ore per month (note we model ~142,000 tonnes-per-month in 2022). Up until the end of November, 7,330 ounces have been placed on the leach pad, with the majority placed between September and November. Cumulative gold recovery from mineralization under leach for more than 30 days is approaching 70%, and on track to hit targeted recovery rates of ~75% over time. The total area of stacked mineralization under active leaching is now above 50% and reagent consumptions remain low (<0.2 kg/t NaCN and <2kg/t lime), in-line with expectations. The operation is on track for steady state performance in early Q1/22. In late November, a second delivery of gold in concentrate, containing 1,200 ounces, was shipped to the third party gold extraction plant in Idaho, in addition to the ~400 ounces of gold contained in the doré poured from the first shipment of carbon sent off site ([Nov 4, 2021 Flash](#)). Mining is currently in the Nicho Norte pit, and this pit is now large enough to deliver more ore tonnes per month. Mining in the larger Nicho Main pit will likely start in early 2022 and these two ore sources will provide design ore tonnages to the pad. For 2022, we model 33,000 ounces of production from Santana assuming 1.7 million tonnes per year of leachable ore to the pads.
- ◆ **Optimization Efforts Ongoing** – The mine only started placing ore on the pad in July and since then ore production rates have continued to increase. Minera Alamos is now looking at several mine optimization opportunities including; 1) test work to evaluate overall gold recoveries and rock particle sizes, 2) short term planning aimed at starting mining activities at the Nicho Main Zone to compliment ore currently being mined from the Nicho Norte starter pit, 3) Optimization of mineral crushing circuit parameters to maximize utilization of crushing equipment on site, 4) Blast pattern modifications to obtain optimal rock fragmentation, and 5) Completion of a new lab to reduce turnaround times on assays that are currently being sent off-site to third party facilities.
- ◆ **A Healthy Cash Balance** – With over ~\$12 million in cash as of September 30, 2021, Minera Alamos is well funded to move Santana to commercial production and a maiden resource estimate is also expected to be released in early 2022. Minera Alamos also owns 590,000 shares of Prime Mining (PRYM-V, \$4.15, Not Rated), which has a value today of ~\$2.5 million. At the recently acquired Cerro do Oro project, the EIA is expected to be submitted in Q1/22, once all surface rights are acquired, with an ~six-month approval process expected, followed by 8-10 months for construction. A resource update for Cerro de Oro is also expected in 2022 and we model a half year of production in 2023.

RECOMMENDED ACTION

We recommend accumulating shares at current levels

- ◆ **Reiterate our Buy Rating and \$1.05 Target.** Minera Alamos is on its way to commercial production at the Santana project within the next month or so. With three development projects in the pipeline, the Company could be producing over 120,000 oz of gold in the next five years.

KEY STATISTICS AND METRICS

52-Week High/Low	\$0.75/\$0.48
YTD Performance	(24%)
Dividend Yield	n/a
Shares O/S (millions)	446
Market Capitalization, \$M	\$232
Cash, \$M	\$13
Debt, \$M	\$0
Enterprise Value \$M	\$217
Daily Volume (3 mos.)	612,220
Currency	C\$ unless noted

HAYWOOD ESTIMATES (USD)

	2021E	2022E	2023E
Gold Price (US\$/oz)	\$1,800	\$1,850	\$1,900
Revenue (\$M)	\$13	\$75	\$123
EBITDA (\$M)	\$2	\$37	\$64
CFO (\$M)	\$1	\$32	\$52
CFPS (\$)	\$0.00	\$0.07	\$0.11

VALUATION

Our \$1.05 target is based on a fully financed, after-tax basis considering a 0.85x multiple to our corporate net asset value NAV_{5%} of \$1.18 per share.

Minera Alamos is trading at a P/NAV of 0.46x NAV, versus peers at 0.50x NAV.

Stacking and Leaching Activities at Santana Heap Leach Pad – note the excess pad availability for ore



Source: Minera Alamos

Nicho Norte Pit Development – benches getting larger, allowing more tonnes to be moved. Nicho Main is to the left of this image



Source: Minera Alamos



 <p>Minera Alamos Inc. (MAI-V, \$0.52) Rating (Risk): BUY (Very High) Target Price Metric: 0.85x NAV</p>	Target Price, C\$	\$1.05	Shares O/S, millions	446.2
	Return, %	102%	Shares F/D, millions	460.3
	52-Week High / Low, C\$	\$0.75 / \$0.48	Market Capitalization, US\$M	\$181.5
	Daily Volume (3-month avg)	612,220	Company CEO	Darren Koningen
			Company Web Site	mineraalamos.com

	US\$M	US\$ / O/S Share	CSM	C\$ / O/S Share
Market Capitalization	\$181.5	\$0.41	\$232.0	\$0.52
Current Cash	\$10.5	\$0.02	\$13.4	\$0.03
F/D Cash Adds	\$1.7	\$0.00	\$2.2	\$0.00
Working Capital	\$11.5	\$0.03	\$14.7	\$0.03
Long-term Debt	\$0.0	\$0.00	\$0.0	\$0.00
Book Value	\$25.6	\$0.06	\$32.8	\$0.07
Enterprise Value (EV)	\$170.0	\$0.38	\$217.3	\$0.49

EV = Market Capitalization - Working Capital + Long-term Debt
 Spot C\$/US\$ FX Rate: 1.278

	Number	Price	Amount	Expiry
Warrants	0.7M	\$0.63	US\$0.4M	June 2021 - Oct 2021
Options	28.5M	\$0.32	US\$7.5M	Aug 2021 - June 2026

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)

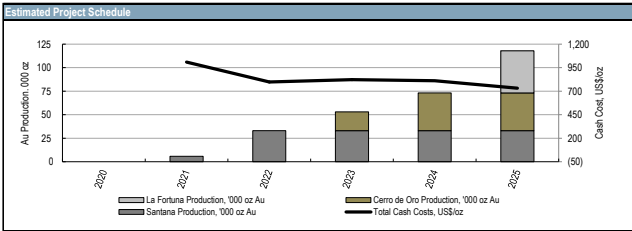
Assumed Debt Raise of US\$10M in late 2020 at an interest rate of 10%

	O/S (millions)	O/S (%)
Osisko Development	76.1	17.1%
Aegis Financial	19.0	4.2%
Invesco	12.7	2.8%
Management	23.2	5.2%

	2019A	2020A	2021E	2022E	2023E	2024E
Forecast Gold Price, US\$/oz	\$1,393	\$1,772	\$1,800	\$1,850	\$1,900	\$1,900
C\$/US\$ FX Rate	1.330	1.340	1.250	1.220	1.220	1.220
Shares O/S, millions	446.2	450.0	459.6	460.1	460.6	460.6
Revenue, CSM	\$0.0	\$0.0	\$13.0	\$74.7	\$123.1	\$169.5
Operating Cost, CSM	\$0.0	(\$2.0)	(\$7.7)	(\$34.5)	(\$55.6)	(\$74.7)
Corporate G&A, CSM	(\$3.3)	(\$3.3)	(\$3.3)	(\$3.3)	(\$3.3)	(\$3.3)
EBITDA, CSM	(\$3.3)	(\$5.3)	\$2.1	\$36.9	\$64.2	\$91.5
EV / EBITDA	-	-	105.5x	5.9x	3.4x	2.4x
DD&A, CSM	\$0.0	\$0.0	(\$0.3)	(\$1.6)	(\$4.4)	(\$7.7)
Earnings, CSM	(\$4.1)	(\$6.3)	(\$0.8)	\$28.5	\$45.9	\$66.9
EPS, C\$	-	(\$0.01)	(\$0.00)	\$0.06	\$0.10	\$0.15
Current Price / EPS	-	-	-	8.4x	5.2x	3.6x
Target Price / EPS	-	-	-	16.9x	10.5x	7.2x
Cash Flow Before W/C Changes, CSM	(\$5.8)	(\$5.5)	\$1.1	\$31.8	\$51.9	\$76.2
CFPS, C\$	-	(\$0.01)	\$0.00	\$0.07	\$0.11	\$0.17
Current Price / CFPS	-	-	-	220.6x	7.5x	4.6x
Target Price / CFPS	-	-	-	445.5x	15.2x	9.3x
CAPEX and Capitalized Stripping, CSM	(\$0.6)	(\$14.3)	(\$0.9)	(\$31.4)	(\$4.5)	(\$41.1)
Free Cash Flow before Financing, CSM	(\$6.3)	(\$19.9)	\$0.2	\$0.4	\$47.4	\$35.1
Proceeds from Equity Financing, CSM	\$4.6	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0
Proceeds from Debt Financing, CSM	\$0.0	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0
Debt Repayment + Interest, CSM	\$0.0	(\$0.3)	(\$1.0)	(\$1.0)	(\$10.0)	\$0.0
Change in Cash and Equivalents, CSM	\$0.6	\$2.5	\$0.4	\$1.5	\$37.4	\$35.1
Change in Cash and Equivalents per Share, C\$	\$0.00	\$0.01	\$0.00	\$0.00	\$0.08	\$0.08

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

	2020	2021	2022	2023	2024	2025	LOM
Santana (100% owned, open pit)							
Tonnes Leached, millions	-	0.3	1.7	1.7	1.7	1.7	15.6
Tonnes Leached, tpd	-	4,700	4,700	4,700	4,700	4,700	4,700
Gold Grade, g/t	-	0.80	0.80	0.80	0.80	0.80	0.80
Gold Recovery, %	-	75%	75%	75%	75%	75%	75%
Gold Production (100%), ounces 000's	-	5	33	33	33	33	300
Total Cash Cost, US\$/oz	-	\$1,010	\$800	\$800	\$800	\$800	\$785
AISC, US\$/oz	-	\$1,050	\$820	\$825	\$825	\$825	\$805
Initial Capital, US\$M	\$10	-	-	-	-	-	\$10
Sustaining Capital, US\$M	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$9.1
Cerro de Oro (100% owned, open pit)							
Tonnes Milled, millions	-	-	-	2,075	4,150	4,150	14,525
Tonnes Milled, tpd	-	-	-	11,370	11,370	11,370	11,370
Gold Grade, g/t	-	-	-	0.40	0.40	0.40	0.40
Gold Recovery, %	-	-	-	75%	75%	75%	75%
Gold Production (100%), ounces 000's	-	-	-	20	40	40	260
Total Cash Cost, US\$/oz	-	-	-	\$855	\$820	\$820	\$825
AISC, US\$/oz	-	-	-	\$1,005	\$895	\$895	\$890
Initial Capital, US\$M	-	-	\$25	-	-	-	\$25
Sustaining Capital, US\$M	-	-	\$3	\$3	\$3	\$3	\$18
La Fortuna (100% owned, open pit)							
Tonnes Milled, millions	-	-	-	-	-	0.4	3.5
Tonnes Milled, tpd	-	-	-	-	-	1,100	1,100
Gold Grade, g/t	-	-	-	-	-	3.86	3.41
Gold Recovery, %	-	-	-	-	-	90%	90%
Gold Production (100%), ounces 000's	-	-	-	-	-	45	345
Total Cash Cost, US\$/oz	-	-	-	-	-	\$600	\$605
AISC, US\$/oz	-	-	-	-	-	\$635	\$640
Initial Capital, US\$M	-	-	-	-	\$30	-	\$30
Sustaining Capital, US\$M	-	-	-	-	-	\$1.5	\$12.0
Gold Production (100%), ounces 000's	-	5	33	53	73	118	917
Total Cash Cost, US\$/oz	-	\$1,010	\$800	\$825	\$810	\$730	\$485
AISC, US\$/oz	-	\$1,695	\$920	\$955	\$905	\$805	\$919



	Tonnes (000's)	Au Grade (g/t)	Gold (Moz)	EV/oz (US\$/oz)	Mine Life (years)
Model Mineable (100%)	46,021	0.8	1.2	\$144	9.0
Model Recoverable (100%)	-	-	0.9	\$188	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	-	-
Cerro de Oro Inferred Resource (100%)	48	0.4	0.63	-	-
Santana Inferred Resource (100%)	-	-	-	-	-
Total Reserve and Resource (100%)	3,674	8.0	0.95	\$179	-
Attributable Reserve	-	-	-	-	-
Attributable Reserve and Resource	3,674	8.0	0.95	\$179	-

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
- 2:1 Strip Ratio, LOM grade 0.80 g/t, gold recovery 75%, Initial Capex US\$10M
Cerro de Oro
- 7 year mine life at 11,370 tpd, 40,000 oz Au per year at TCC US\$820/oz and AISC US\$885/oz
- 1:1 Strip Ratio, LOM grade 0.40 g/t, gold recovery 75%, Initial Capex US\$15M
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
- 7:1 Strip Ratio, LOM grade 3.30 g/t, gold recovery 75%, Initial Capex US\$30M

Company	Price C\$	NAV C\$/share	P/NAV	2022 CFPS US\$	2023 CFPS US\$	2022 EV/CFPS	2023 EV/CFPS
Aris Gold Corporation	\$1.33	\$4.03	0.26x	\$0.09	\$0.36	6.0x	1.5x
Callibre Mining Corp.	\$1.26	\$1.81	0.54x	\$0.33	\$0.32	2.2x	2.3x
Cerrado Gold Inc.	\$1.59	\$4.55	0.33x	\$0.21	\$0.25	-	-
Dundee Precious Metals Inc.	\$7.68	\$9.61	0.63x	\$1.53	\$1.52	2.6x	2.7x
Karora Resources Inc.	\$3.96	\$5.17	0.60x	\$0.58	\$0.65	5.0x	4.4x
McEwen Mining Inc.	\$1.20	\$1.94	0.48x	\$0.15	-	6.3x	-
Pure Gold Mining Inc.	\$0.74	\$1.27	0.45x	\$0.12	\$0.19	6.4x	4.2x
Superior Gold Inc.	\$0.69	\$1.23	0.44x	\$0.26	\$0.35	1.8x	1.4x
Wesdome Gold Mines Ltd.	\$1.10	\$8.69	0.99x	\$1.24	\$1.21	6.7x	6.9x
Peer Group Average			0.53x			4.6x	3.3x
Peer Group Average (excluding high/low)			0.50x			4.8x	3.0x
Minera Alamos Inc.	\$0.52	\$0.89	0.46x	\$0.05	\$0.07	7.0x	5.7x

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Source: CapitalIQ, Haywood Securities



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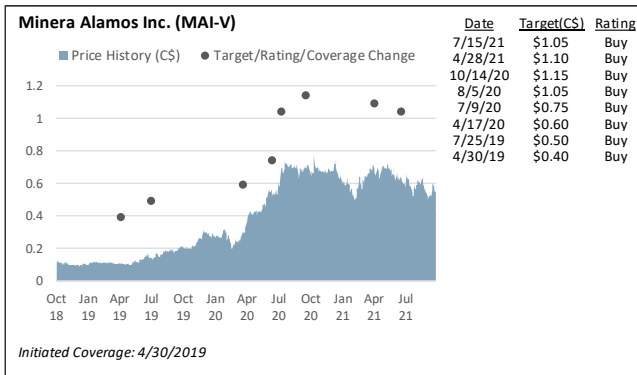
Ticker	Company	1	2	3	4	5	6	7	8	9
TSX:CXB	Calibre Mining Corp.	X		X						
TSXV:CERT	Cerrado Gold Inc.				X					
TSX:KRR	Karora Resources Inc.	X		X						
TSXV:MAI	Minera Alamos Inc.			X						
TSXV:PGM	Pure Gold Mining Inc.			X	X					
TSXV:SGI	Superior Gold Inc.									
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	%	#	IB Clients (TTM)
Buy	81.6%	80	90.6%
Hold	6.1%	6	6.3%
Sell	0.0%	0	0.0%
Tender	2.0%	2	0.0%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	10.2%	10	3.1%



Price Chart, Rating and Target Price History (as of December 7, 2021)



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

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