VELOCITY TRADE CAPITAL

IIROC
CIPF MEMBER

September 28, 2020

Initiating coverage

MAI CN		Outperform
Price 09/25/2020	C$	0.69

Valuation	**C$**	**2.13**
12-month target	**C$**	**1.30**
12-month total return	**%**	**88%**
Martket cap	C$m	298
Martket cap	US$m	222
Shares OS	m	431

Investment fundamentals		2020E	2021E	2022E	2023E
EBITDA	$m	(9.3)	30.4	79.9	180.7
EV/EBITDA	x	NMF	7.0	2.7	1.2
Adj. earnings	$m	(10.8)	26.7	57.3	133.4
Adj. EPS	$/sh	(0.03)	0.06	0.13	0.31
P/E	x	NA	11.2	5.2	2.2
OCF	$m	(3.9)	32.6	63.2	136.3
CFPS	$/sh	(0.01)	0.08	0.15	0.32
P/CFPS	x	NA	9.1	4.7	2.2
DPS	C$/sh	0.00	0.00	0.00	0.00
Dividend yield	%	0.0%	0.0%	0.0%	0.0%

(all figures in CAD unless noted)

Source: Capital IQ, VTC Research, September 2020

In this report…

Minera Alamos

Deep value just starting to surface

NEED TO KNOW

- **MAI has three low risk, low capex gold projects in Mexico, with production at Santana coming in 1Q21, and the maiden resource at Cerro de Oro expected in coming weeks**
- **Strong potential for extended mine life and/or expansion across all three properties**
- **Compelling risk/reward and deep value at spot prices, with catalysts and cash flow coming**

Risk/reward compelling, with valuation upside and catalysts coming

- We are initiating coverage of Minera Alamos with an Outperform recommendation and a C$1.30 target. While the stock has doubled YTD (on the higher gold price and advancement of Santana), we think there's more upside over the next 12 months as the information gap closes on MAI's three projects, and production at Santana starts in early 2021.
- Deep value waiting to be unlocked. Our $NAV_{5\%}$ of C$2.13/sh (C$1.55/sh at spot gold) highlights the potential upside beyond our target (0.60x blended multiple) if MAI can successfully execute on Santana and demonstrate the potential at Cerro de Oro / La Fortuna.
- Near term catalysts are coming, with 1) production at Santana by early 2021, 2) a maiden resource at Cerro de Oro (end of October), and Santana (~mid-2021) and 3) ongoing exploration at Santana / Cerro de Oro, further proving out the projects. By the end of 2021, with cash flow from Santana, MAI could be well positioned to execute on development of the other two project in the portfolio – perfect timing to capitalize on higher gold prices (fig 8).

Low cost, low risk, near term production from Santana…

- We expect 25-30koz of production from Santana in 2021, growing to ~40koz in 2022. While no compliant resource has been published, test mining and drilling have demonstrated the potential of the heap leach project, which has a payback of ~6 months at spot on capex of only ~C$11m (fig 15).

…with a solid pipeline in Mexico to follow

- Up next are Cerro de Oro (page 13) and La Fortuna (page 16), both low capex, low risk projects that at spot gold could be fully funded by cash flow from Santana. **By 2023, if all three projects are built, MAI production could reach +125kozpa, with expansion and exploration potential at all three properties.**

Solid experience mitigates risk

- Management has significant experience in Mexico and with heap leach mining, including CEO Darren Koningen, COO Federico Alvarez, and VP Exploration Miguel Cardona, all of whom held key roles in building, operating and expanded the El Castillo mine in Durango as well as other projects in Mexico/Latin America. The company also has a strong financial partner in Osisko Gold Royalties (18% holder), which provided in part the financing for Santana.

Risk/reward compelling, with valuation upside and catalysts coming

- Even after the strong YTD outperformance vs. gold and producer/developer peers (fig 9), MAI's valuation trades at a discount that in our view does not yet fully reflect the start-up of production in 1Q21. Trading at ~0.4x our NAV estimate at spot, the re-rating potential is substantial given the discount to peers (fig 10), even before considering the longer term mine life extension, expansion and exploration potential at all three projects.
- Buy MAI ahead of the producer re-rating we expect into 2021, and the near-term growth catalysts.

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Please refer to the last page of this report for important disclosures and analyst certification.

Investment Case

Outperform recommendation, C$1.30 target

- **We are initiating coverage of Minera Alamos with an Outperform recommendation and C$1.30 target**, based on our forecasts for the Santana (in construction, heap leach), Cerro de Oro (exploration, heap leach) and La Fortuna (PEA, conventional crush and grind) projects
- With production coming early in 2021 (from Santana) and two other low-cost projects in the pipeline, we see strong potential for MAI to evolve into a multi-asset producer in Mexico, with +125kozpa of production (assuming expansion and further exploration success).
- **Our target** is based on the sum of parts of our $NPV_{5\%}$ estimates for the three projects using the VTC price deck (fig 8), discounted to reflect the stage of development and risk in line with average peer multiples (see fig 10). We anticipate incorporating P/CFPS multiples into our target calculation when Santana is producing and generating cashflow, potentially as soon as 1Q21.

Catalysts coming soon, and longer-term upside is not reflected in the stock

- Despite the outperformance vs. peers (fig 9), we see substantial further upside on: **1) producer re-rating** as mining starts up at Santana in 1Q21 ramps up over 2021; **2) ongoing exploration** aimed at increasing mine life/production potential at all three projects; and **3) the next build**, likely Cerro de Oro in our view (with a maiden resource expected by the end of October 2020).
  - **Santana gold production in early 2021 (page 9).** Despite modest pandemic impacts, we expect mining operations and stacking to start at Santana by 1Q21, with production of ~25koz in FY21 growing to ~40koz in 2022. The ~C$10-12m capex is fully funded, and the low cost, low risk heap leach project could pay for itself within 8 months at spot gold prices, while generating enough cash in 2021 to fund ongoing exploration (with an initial resource expected mid-2021, following phase 3 drilling) and potential expansion studies. Even as a base case starter operation, with no longer term upside, the cash generated could go a long way towards funding development of the rest of the pipeline.
  - **Cerro de Oro acquisition adds another low cost, low risk option (page 13)…** Initial engineering studies are underway, and a resource statement is expected in late October, based on historic drilling of +8,000m. The Santana model could be replicated at Cerro de Oro, with a rapid development timeline and estimated capital costs of ~C$15m for another heap leach operation. We see strong potential for Cerro de Oro to slot in ahead of La Fortuna on the project pipeline, potentially in production in 2H22, funded from cash flow generation from Santana.
  - **…while La Fortuna is almost shovel-ready, providing flexibility in the portfolio (page 16).** La Fortuna is the most advanced of the three projects in the portfolio, with a PEA and resource estimate completed in 2018. Nonetheless, further exploration and optimization could benefit the project, and increase mine life beyond 5 years, even as MAI brings the two heap leaches into production. Despite the higher price tag (yet still modest US$27m), and a more complex flowsheet, the returns on La Fortuna at spot prices are very solid, and the project presents management with options and flexibility.
  - **Upside remains at all three projects from accelerated exploration (and potential expansion).** Between further near pit and property-wide exploration success, potential for lowering cut off grades and eliminating stripping, we see a high degree of potential upside beyond our base case scenarios for all three projects.
  - **Potential for a +125kozpa production run rate within 3 years.** With combined capex of ~C$65m and a staged approach to development (With Santana generating cash flow in 2021), we see strong potential for MAI to bring all three projects into production by late 2023, with gold production of +125kozpa possible (assuming expansion at Santana). At those levels, at spot prices, MAI could be generating FCF of +C$150m/year, positioning the company well to continue to grow and add to the portfolio.

A heap leach heavy portfolio poised to capture the cycle

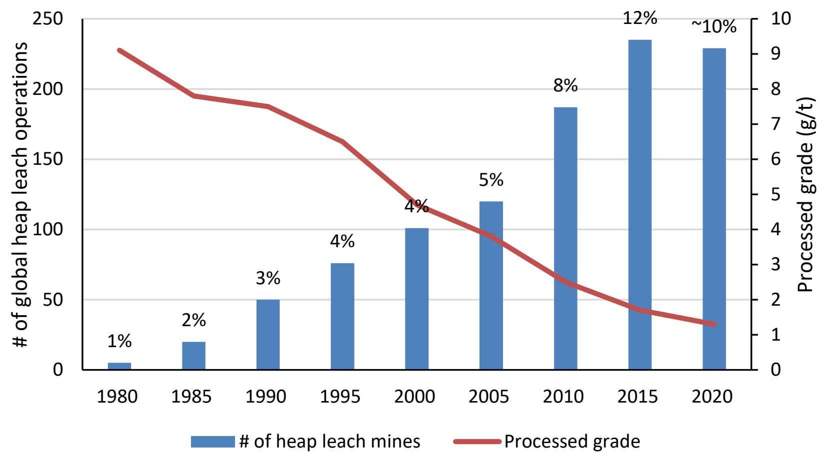
- With gold close to all time highs (and our forecast of still higher prices through 2025), MAI's portfolio of low cost, low risk, and high margin projects is well position to quickly ramp up into production, and generate significant levels of FCF even at spot (or lower, see sensitivities in figs 5 and 6).

Figure 1: Minera Alamos project locations in Mexico

Source: Company Reports, September 2020

- Heap leach operations (as with Santana and Cerro de Oro) benefit in general from:
  - Lower construction capex and faster build times, with simpler designs and lower cost expansion
  - No tailings storage, and fewer environmental risks
  - Lower energy and water requirements
  - Lower operating expense

Figure 2: Global heap leach operations in production since 1980, with share of global gold production, vs. average gold mine processed grade.



Source: VTC Research, Company Reports, Metals Focus, S&P Market Intelligence, Capital IQ, September 2020

- Over the last several decades, heap leaching increasingly been used to process lower-grade ore or waste, as overall discovery grades continue to trend down (fig 2), and new, large scale conventional mines are increasingly complex and expensive to permit and build. Since the early 1980's, the number of global heap leach operations has increased from ~10 to +230, with over 100 heap leach operations commissioned during the last gold cycle, which saw prices rise from ~$300/oz to over $1,900/oz from 2001-2012.
- Since 2013 and during the last 6-7 years of lower gold prices, data indicates that the growth in heap leaching stalled somewhat, as producers and investors focused increasingly on high grade, higher margin construction

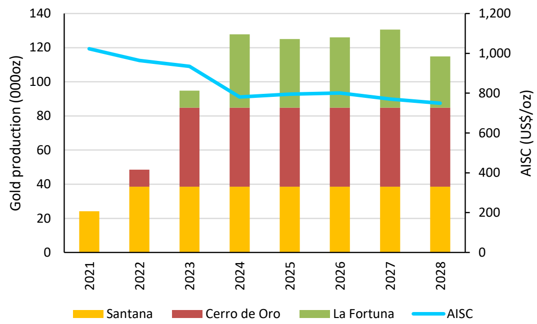
and production, with less investment and exploration, construction and/or expansion of lower grade deposits. Nonetheless, technology continues to improve, and several large-scale heap leach operations have been commissioned/expanded in the last several years.

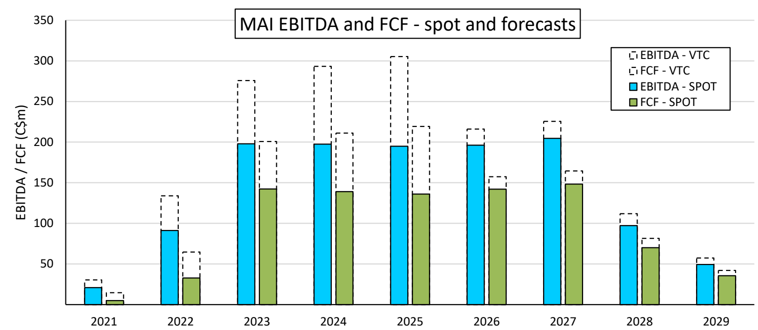
- In our view, the rise in the gold price in 2019/2020 puts heap leaching back front and centre, as the optimal way for producers to capture the cycle with relatively rapid permitting and construction timeframes, low capex builds, and healthy economics margins even for lower grade deposits (as evidenced by our forecasts and estimates for Santana and Cerro de Oro).
- While MAI has more work to do in order to prove out both heap leach projects in the portfolio, the coming news flow we expect, and the short timeline to first ~40kozpa (from Santana in 2022), and then potentially almost 100koz (from both Santana and Cerro de Oro in 2023), make Minera Alamos an ideal low risk / high potential upside emerging producer placed well to benefit from what we believe are still higher prices to come, with much longer and costlier development timelines for most comparable projects.

Organic production growth starting in 2021…

- While the pandemic impacted timelines and planned activities at site, Santana is still on track to being in production and generating cash flow in 2Q21 (see fig 3). We expect a full year of production at ~40koz in 2022, with potential (not in our estimates) for ongoing exploration (see fig 15) to justify an expansion and/or mine life extension beyond the ~8 years we forecast (~300koz total recovered).
- After the release of the Cerro de Oro resource (expected by the end of October 2020), we expect management to begin the permitting process (~12 months) while executing on additional drilling and study of the property (including metallurgical studies). Construction could begin by YE21, with production possible by late 2022. We estimate ~45koz of production from the project in its first full year of production, expected in 2023.
- At La Fortuna, final permitting is almost complete, and the project is shovel ready however the timing of final permits is tied to a construction decision. We believe the acquisition of Cerro de Oro likely push back La Fortuna in the pipeline, giving management time to add to the 5-year (but still highly economic at spot prices) mine life, and optimize the project. For now we assume that construction could begin in late 2022 (once Cerro de Oro is in production), with initial production from La Fortuna possible in late 2023.
- Despite the three projects in the pipeline (with total production potentially reaching +130kozpa starting in 2024) , management is looking for more, targeting properties with similar characteristics – low capex, likely heap leach projects, with exploration upside on a large land package (with upside to a +1moz resource).

Figure 3: Potential gold production and costs assuming Cerro de Oro and La Fortuna come online in 2022 and 2023 respectively



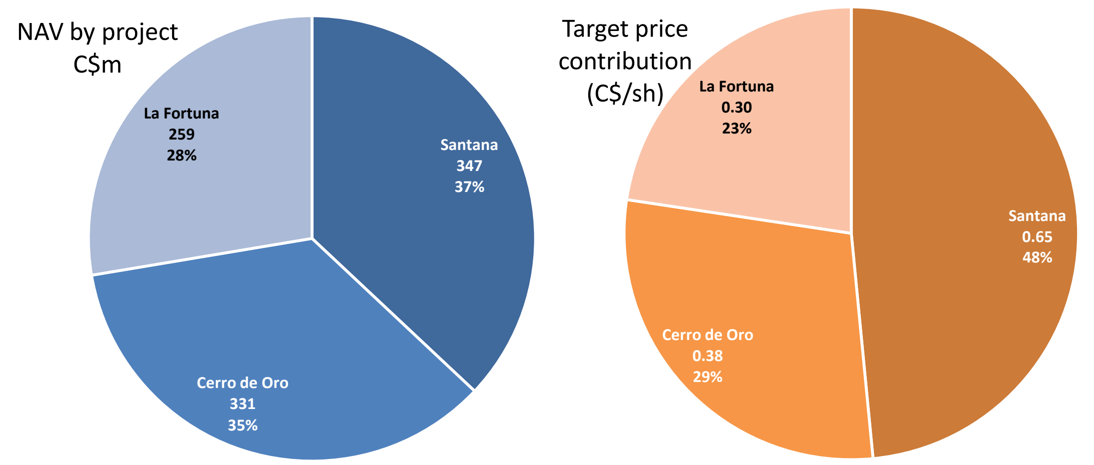


Source: VTC Research, Company Reports, Capital IQ, September 2020

Valuation and recommendation

- **Outperform rating, C$1.30 target price**. Our valuation for Minera Alamos is based on the sum of parts of the company's mining assets. **Our target** is based on the sum of parts of our $NPV_{5\%}$ estimates for the three projects using the VTC price deck, discounted to reflect the stage of development and risk in line with average peer multiples (see fig 10). We anticipate incorporating P/CFPS multiples into our target calculation when Santana is producing and generating cashflow, potentially as soon as 1Q21.

Figure 4: NAV and target breakdown for Minera Alamos



Source: VTC Research, Company Reports, Capital IQ, September 2020

- **We value Santana at C$347m (C$0.80/sh) on our price deck (C$249m at spot)**, and apply a 0.8x NAV multiple to derive our target, inline with developer peers with near term production (in 2021, see fig 10). Proving out the deposit, both with operations starting early next year, and with a potential maiden resource incorporating other targets (figs 16 & 17) could lead to a re-rate towards junior producer multiples for the mine (~1.0x NAV).
- **We value Cerro de Oro at C$331m (C$0.77/sh) on our price deck (C$233m at spot)**, and apply a 0.5x NAV multiple to derive our target, inline with consensus developer/explorer peers. The release of a maiden resource by year end and a potential near term construction decision could lead us to reduce that discount, given the potential for a rapid build and cash flow by 2022 from the project, along with further exploration upside.
- **We value La Fortuna at C$259m (C$0.60/sh) on our price deck (C$207m at spot)**, and apply a 0.5x NAV multiple to derive our target, again inline with developer peers. Further clarity on management's plans for the project, including sequencing, and potential for more systemic exploration of the property could lead us to reduce the discount for La Fortuna, which, with a PEA released in 2018, is the most advanced of all three projects.

Figure 5: Gold and bear, base, and bull case valuation sensitivities

NAVPS C$sh	Santana-only			Santana/CdO			All three		
Gold price (US$/oz)	Bear	Base	Bull	Bear	Base	Bull	Bear	Base	Bull
1,500	0.21	0.40	0.52	0.40	0.79	0.99	0.55	**1.21**	1.44
1,750	0.29	0.49	0.61	0.62	0.99	1.18	1.13	**1.45**	1.71
Spot	0.37	0.56	0.70	0.74	1.11	1.43	1.25	**1.62**	1.94
2,250	0.51	0.75	0.90	1.02	1.32	1.68	1.64	**1.90**	2.30
VTC deck	**0.58**	**0.81**	**1.02**	**1.16**	**1.58**	**2.08**	**1.77**	**2.19**	**2.69**
2,500	0.63	0.85	1.05	1.25	1.65	2.15	1.85	**2.29**	2.82

Source: VTC Research, Company Reports, Capital IQ, September 2020

Figure 6: MAI estimates and valuation sensitivities to gold prices

		Spot		VT est.		Flat gold price (US$/oz) 1,250		1,500		1,750		2,000		2,250		2,500	
	Unit	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
Adj. EPS	C$/sh	0.04	0.09	**0.06**	**0.13**	0.00	0.03	0.02	0.06	0.04	0.09	0.06	0.12	0.08	0.15	0.10	0.18
CFPS	C$/sh	0.05	0.10	**0.08**	**0.15**	0.01	0.04	0.03	0.07	0.05	0.10	0.07	0.13	0.09	0.17	0.11	0.20
EBITDA	C$m	21	55	**30**	**80**	4	20	13	38	21	55	29	73	38	91	46	108
FCF	C$m	5	5	**15**	**24**	(12)	(21)	(3)	(8)	5	6	14	19	22	32	31	46
NAVPS$_{5\%}$	**C$/sh**	**1.55**		**2.13**		**0.57**		**1.00**		**1.43**		**1.86**		**2.29**		**2.72**	
Adj. P/E	x	17.5	7.8	**11.2**	**5.2**	NMF	24.4	33.6	11.7	17.2	7.7	11.6	5.7	8.7	4.6	7.0	3.8
P/CFPS	x	13.0	6.7	**9.1**	**4.7**	35.3	12.3	20.2	9.5	12.8	6.7	9.4	5.1	7.4	4.2	6.1	3.5
EV/EBITDA	x	13.7	5.2	**9.4**	**3.6**	NMF	14.1	22.7	7.6	13.6	5.2	9.7	3.9	7.5	3.2	6.2	2.6
FCF Yield	%	2%	2%	**5%**	**8%**	NA	NA	NA	NA	2%	2%	5%	6%	7%	11%	10%	15%
P/NAVPS$_{5\%}$	**x**	**0.45x**		**0.32x**		**1.21x**		**0.69x**		**0.48x**		**0.37x**		**0.30x**		**0.25x**	

Source: VTC Research, Capital IQ, September 2020

- Figures 5 and 6 highlight the attractive risk/reward potential in our view, with the stock at current levels (around C$0.70/sh) ascribing minimal value (based on our valuation/forecasts) to Cerro de Oro or La Fortuna, and/or discounting much lower gold prices.
- While the discount is understandable, given the lack of a compliant resource/study on both Santana and Cerro de Oro (and we apply discount NAV multiples to our NPV5% estimates for all three projects to derive our target, fig 4), we see this information gap as an opportunity, with the potential for near term disclosure on both properties to materially increase market confidence in the valuation in the very near term.

Figure 7: NAV and target breakdown for MAI at spot metal prices and the VTC price deck

Sum of Parts NAV		Unit	VTC deck Value	VTC deck NAV/sh FD	Spot gold/fx Value	Spot gold/fx NAV/sh FD	Valuation notes
Santana	5%	C$m	347	0.80	249	0.58	- 8 year mine life, production early 2021
Cerro de Oro	5%	C$m	331	0.77	233	0.54	- 8 Year mine life, production 2H22
La Fortuna	5%	C$m	259	0.60	207	0.48	- 5 year mine life, production late 2023
Development assets		**C$m**	**937**	**2.17**	**689**	**1.60**	
Cash/other	2020E	C$m	17	0.04	17	0.04	- Cash exiting 2020 (including equity holdings)
Total debt	2020E	C$m	0	0.00	0	0.00	
Corp/G&A		C$m	(34)	(0.08)	(37)	(0.09)	- Corporate costs and interest
Corporate		**C$m**	**(17)**	**(0.04)**	**(20)**	**(0.05)**	
Total NAV		**C$m**	**921**	**2.13**	**669**	**1.55**	
Total FD shares OS	**2020E**	**m**	**431**		**431**		- Net of 2Q20 financing
Total NAV/sh		**C$**	**$2.13**		**$1.55**		
Target calculation							
Santana			**0.80x**		**0.80x**		- Inline with near term producers (fig 9)
Cerro de Oro			**0.50x**		**0.50x**		- Inline with explorer/developer peers (fig 9)
La Fortuna			**0.50x**		**0.50x**		- Inline with explorer/developer peers (fig 9)
Blended target multiple			**0.60x**		**0.60x**		
NAV target		C$m	$573		$419		
NAV target/sh		**C$/sh**	**$1.33**		**$0.97**		
Corp/other		C$/sh	($0.05)		($0.08)		
Blended target price		C$/sh	**$1.30**		**$0.89**		- Upside from multiple expansion on execution/production
Current price		C$	**$0.69**		$0.69		
Return to target			**88%**		29%		- ~40% upside at spot, ~100% on our price deck (fig 6)
Current NAV multiple			**0.32x**		**0.45x**		

Source: VTC Research, Company Reports, Capital IQ, September 2020

- Our macro view on gold ("There's no going back now") continues to call for considerable mid- to long-term upside vs. spot gold (fig 8). We remain bullish, with an outlook that sees prices continue to rise, primarily driven (as with the prior 2009-2012 bull market) by increasing global money supply and government borrowing, low/negative real interest rates, as well as geopolitical and economic instability. **Our long-term forecast (beyond 2025) is for US$2,000/oz gold.**

Figure 8: VTC price deck

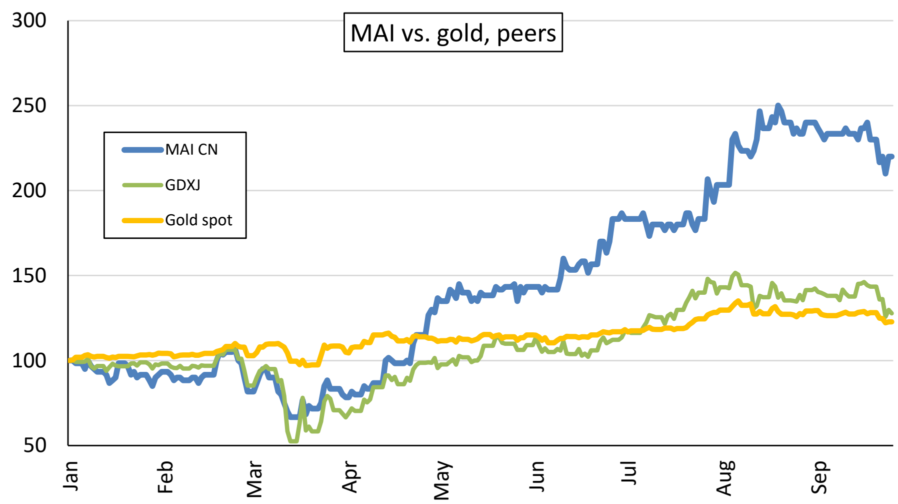
	VTC gold price forecast range (USD$/oz)			Potential price spikes	
	Bear	Base	Bull	Low	High
2020	1,468	1,615	**2,055**	1,076	**2,667**
2021	1,533	1,686	**2,146**	1,124	**2,785**
2022	1,601	1,761	**2,241**	1,174	**2,908**
2023	1,672	1,839	**2,341**	1,226	**3,037**
2024	1,746	1,921	**2,444**	1,280	**3,172**
2025	1,823	2,006	**2,553**	1,337	**3,313**

Source: VTC Research, September 2020

Peer valuation

- While MAI has outperformed the broader sector over the last 12 months (along with many explorer/developer peers), we still see substantial upside towards our discounted, base case valuation. Since the beginning of 2020, MAI has been among the best performing gold stocks globally, outperforming the GDX / GDXJ indices by +150% as Santana advances towards production in 1Q21, one of the very few near term projects coming online over the next 12 months.

Figure 9: MAI vs. peers YTD 2020 (normalized as of Jan 1 2020)

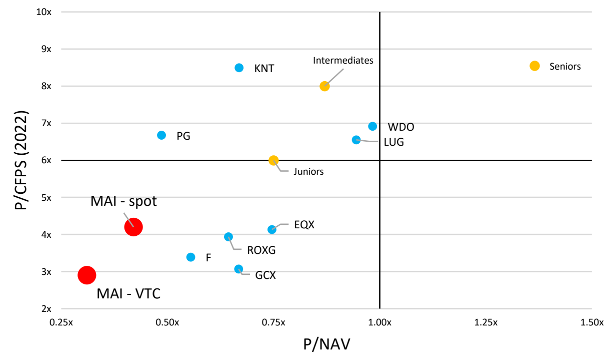


Source: VTC Research, Capital IQ, September 2020

- On a P/NAV basis, our estimates have MAI trading at a 40-50% discount to consensus junior producer multiples, (~30-40% at spot prices), and a ~20-30% discount vs. selected explorers/developers. Looking ahead to 2022, when we expect a full year of contribution from Santana and the start of production from Cerro de Oro, at 3-4x P/CFPS, the discount vs. peers is even more substantial, and represents the potential re-rating as Santana starts generating cashflow in 2021 and Cerro de Oro is advanced towards construction.

Figure 10: MAI comparable companies, developers and junior producers

Company (consensus averages)	Ticker	Last price	Market cap (US$m)	P/NAV (cons.)	EV/EBITDA (cons.) CY21	EV/EBITDA (cons.) CY22	P/CFPS (cons.) CY21	P/CFPS (cons.) CY22
Selected developer peers								
Osisko mining	OSK	C$3.49	892	0.60x	NMF	12x	NMF	34x
Great Bear Resources	III	C$2.75	124	0.46x	NMF	NMF	NMF	NMF
Liberty Gold	GSV	C$0.96	226	0.41x	NMF	2x	NMF	3x
Skeena	RIO	C$0.84	119	0.34x	NMF	NMF	NMF	NMF
Marathon Gold	SKE	C$2.67	343	0.54x	NMF	NMF	NMF	NMF
Gold Standard Ventures	LGD	C$1.91	353	0.53x	NMF	NMF	NMF	NMF
Bluestone Resources	GBR	C$14.78	540	0.76x	NMF	NMF	NMF	NMF
O3 mining	:MOZ	C$2.06	321	0.64x	NMF	NMF	NMF	NMF
Rio2	BSR	C$1.83	196	0.37x	NMF	1x	NMF	3x
Developer average				**0.48x**	**NMF**	**2x**	**NMF**	**5x**
Selected producer peers								
Equinox	EQX	C$14.95	2,697	0.75x	4x	3x	5x	4x
Lundin Gold	LUG	C$10.89	1,875	0.94x	6x	6x	7x	7x
Wesdome	WDO	C$11.86	1,233	0.98x	6x	4x	9x	7x
K92 mining	KNT	C$6.71	1,091	0.67x	6x	7x	8x	9x
Orla	OLA	C$4.82	824	0.83x	38x	7x	NMF	11x
Victoria Gold	GCX	C$14.83	686	0.67x	5x	4x	3x	3x
Roxgold	ROXG	C$1.65	461	0.64x	4x	4x	4x	4x
Premier	PG	C$2.56	455	0.49x	4x	3x	7x	7x
Fiore	F	C$1.42	104	0.56x	2x	2x	4x	3x
Junior producer average				**0.88x**	**5x**	**6x**	**7x**	**7x**
Minera Alamos (spot prices)	**MAI**	**C$0.63**	**203**	**0.42x**	**11x**	**2x**	**13x**	**4x**
Minera Alamos (VTC deck)				**0.31x**	**7x**	**2x**	**9x**	**3x**

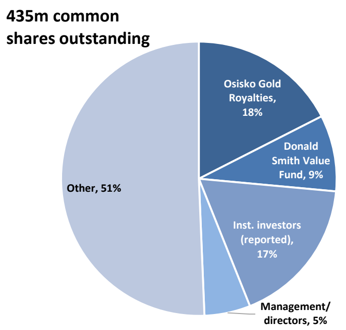


Source: VTC Research, Capital IQ, September 2020

Capital structure

- In December 2019, MAI agreed to a C$11m royalty/equity financing arrangement with Osisko Gold Royalties (OR CN, not covered), consisting of 30m shares of MAI at C$0.20/sh (C$6m) and a 3% net smelter royalty on the Santana property (C$5m). In addition, MAI has the option to draw down on a C$3m optional royalty facility which we do not expect to be exercised.
    - We see Osisko as a strong partner, with a solid track record of success investing in and helping to develop mines including past successful transactions with Arizona Mining, Victoria Gold, and Osisko Mining. While our cash flow forecasts (see fig 3) support the thesis that development of Cerro de Oro/La Fortuna could be internally funded, having Osisko as a strategic shareholder and partner provides management with options.
- MAI's most recent financing was announced on 18 August, with a total of 23.8m shares issued at C$0.63/sh for gross proceeds of C$15m.
- As of August, 2020, MAI holds 2.1m shares of Prime Mining (PRYM CN, not covered) with a market value of C$3.5m. MAI acquired the shares (originally 9.5m, and 3.4m warrants) as part of the June 2019 sale of the Los Reyes project. Management has been opportunistically selling down shares (including a sale of 3m shares in April 2020).
- Net of the financings, we estimate MAI has ~C$25m in cash and securities (with additional financing facilities available), with an estimated ~C$6m in remaining spending at Santana, ample resources to take the company to revenue, while providing capital to simultaneous advance studies/exploration at the other two projects.

Figure 11: MAI capital structure / key shareholders (as reported September 2020)



	# of options/ warrants (m)	Exercise price (C$/sh)	Remaining years
Warrants	2.7	0.10	0.5
Options	23.8	0.16	2.2

Source: VTC Research, Company Reports, Capital IQ, September 2020

Santana project

Overview and location

- The Santana project is located in Sonora State, Mexico, accessible by paved highway, and 50km from Alamos Gold's Mulatos mine (AGI US, US$8.77, Outperform, US$15.00 target). The project was consolidated by MAI in 2018, with the business combination of Minera Alamos and Corex Gold. Via the transaction, MAI acquired the Santana claims, which were contiguous with MAI's existing Los Verdes claims.

Figure 12: Santana project location and access

Source: Company reports, September 2020

Construction on track for production in early 2021

- Construction of the project began in January 2020, with a planned timeline of 6-8 months, a budget of C$11m, with mining and stacking planned by 1Q21 (net of modest pandemic impacts), and first shipments of loaded carbon/revenue in 2Q.
- As of September 2020, the heap leach pad area has been cleared, with clay placement and pad liner installation expected by the end of the month. Work is ongoing on the steel required for the plant, as well as road construction to the project. The planned 12ha leach pads are expected to be sufficient for 4-5 years of operation. MAI also acquired a 300tph crushing system for $1.2m (previously used at the La Trinidad mine), which is currently in storage but could be transported to Santana to replace contractor portable crushing and/or support longer term expansion of operations.
- Permitting for the project is almost complete, with only final sign off on the explosives storage and water required and expected by year end 2020. Two water wells are being permitted, one for community use, and one that is expected to provide sufficient flow for the planned operation, as well as a potential expansion.
- Most long lead time orders have been placed, and construction is expected to be complete by year end. We estimate roughly half of the capex budget remains to be spent, with ample funding (~C$20m available) to enter 2021 with sufficient working capital through to initial revenue.

Figure 13: Santana Heap Leach Pad construction (as of July 2020)

Source: Company reports, September 2020

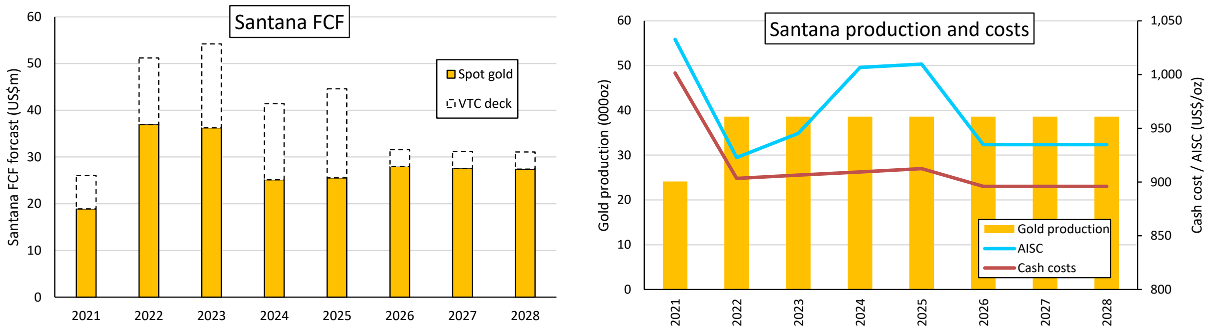
Low risk, low capital production

- Management elected to proceed to production without a 43-101 resource or study, on the basis of 2018-2019 test mining, historic and recent drilling, as well as management's extensive experience with similar heap leach projects in Mexico over the last +10 years (including most notable Argonaut's [then Castle Gold's] El Castillo mine).
- The decision is understandable and logical in our view, given the state of the capital availability until recently, and the focus on using resources for additional drilling. The low initial capex and low risk of substantial cost inflation, as well as finding a financing partner in Osisko also justifies the construction decision in our view. We expect following phase 3 exploration (fig 16) a resource estimate will be published on Santana (potentially mid-2021).
- MAI conducting test mining in 2018, with ~50,000 t of mineralized material mined, crushed, and placed on the test leach pads. Crush sizes were tested resulting in consistent gold recoveries (~0.65 g/t Au recovered), further supporting a construction decision
- While management will need to deliver in the coming months, both on construction and on initial operations, and there are elements of the project that we are unable to independently verify without a compliant study/resource, we see the project as very attractive on a risk/reward basis given the low-cost construction, and the margin potential at spot prices.

Proving out Santana could unlock significant value

- Results of initial operations in year 1 will be key to unlocking the value we see in the project at spot prices (or higher). Solid production and cash flow especially in 2H21 should increase market confidence in the potential of the deposit, and management's ability to deliver results at Santana as well as at the other two operations in the pipeline. Exploration over the next 12-18 months could also serve to determine whether Santana is more of a starter operation to fund development at Cerro de Oro and La Fortuna, or a core operation with potential for expansion/mine life extension.
- The project as been designed as a 5,000-6,000tpd heap leach operation, incorporating the Nicho and Nicho Norte zones (see figs 16 & 17). with contractor mining and crushing (for now), with loaded carbon shipped for processing (total capex of ~C$12m, primarily for leach pads). Based on similar projects and indicative parameters provided by management, for now we assume an 8 year mine life, with production averaging ~40kozpa (after year 1, total of 300koz recovered) at recovered grade of ~0.55g/t and a strip ratio of 2:1. We assume C$1-2m in sustaining capital annually, C$3-4m/year in near term exploration, and AISC of ~US$1,000/oz (roughly US$800-900/oz in margin at spot gold)

Figure 14: VTC production, cost and free cash flow forecasts for Santana



Source: VTC Research, company reports, September 2020

- We estimate a $NPV_{5\%}$ of C$347m on our price deck or C$249m at spot gold based on those parameters. We apply a 0.8x multiple to derive our target, reflect the stage of development and the lack of a resource estimate, offset by the low cost, low risk project, the test mining conducted, and the near term start of mining.
- At spot gold prices, we forecast the mine could generate up to +US$35m at spot prices at full production of almost 40kozpa, while generating a payback on construction capex of <1 year. If management can deliver Santana on time and budget, the mine could generate a substantial return on invested capital, well beyond expectations when the project was designed (assuming a gold price of US$1,250/oz).

Figure 15: VTC assumptions for the Santana project

Santana	Units	VTC assumptions Bear		Base		Bull	
LOM	Years	5		8		10	
Construction capex	C$m	12		12		12	
Sustaining capex	C$m	8		20		30	
Total ore stacked	000 t	9,625		15,400		30,000	
Strip ratio	x	2.0		2.0		1.0	
Avg. stacking rate	tpd	5,500		5,500		10,000	
Recovered grade	g/t	0.55		0.55		0.45	
Avg. gold production	000 oz	36		37		52	
Total gold production	000 oz	180		296		416	
Mining cost	US$/t	2.60		2.60		2.40	
Total operating cost	US$/t	16.00		16.00		15.00	
LOM cash cost	US$/oz	925		925		975	
LOM AISC	US$/oz	975		975		1,025	
		Spot	VTC*	Spot	VTC*	Spot	VTC*
Gold price	US$/oz	1,850	fig 6	1,850	fig 6	1,850	fig 6
NPV5%, post tax	US$m	120	**185**	180	**260**	225	**329**
	C$m	161	**248**	249	**347**	302	**441**
Payback period	months	9	**6**	9	**6**	9	**6**
Target multiple applied	x	0.5	**0.5**	0.8	**0.8**	1.0	**1.0**
Contribution to target	C$m	80	**123**	192	**277**	300	**439**
Contribution to target	C$/sh	0.19	**0.29**	0.45	**0.65**	0.70	**1.02**

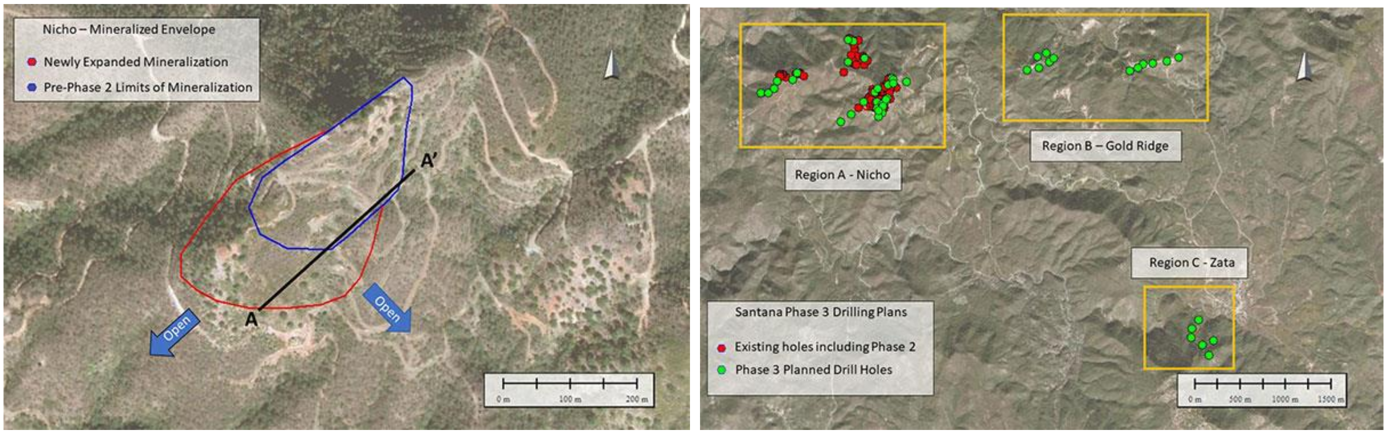
Source: VTC Research, company reports, September 2020

- Beyond exploration success/expansion, potential upside to our estimates could come from higher production/lower stripping using a lower cut off grade for mining/stacking, lower costs than forecast (including the potential for operator crushing, using the purchased system), and longer term potential from the mining and processing of sulfide mineralization below the oxidized ore at surface (subject to further exploration/study).

Strong potential for mine life extension/expansion

- While we only model ~300koz recovered over an 8-year mine life, management is targeting a potential mining district with ongoing drilling focused on other targets on the property (continuing to define the Nicho and Nicho Norte starter pits).
- Over 30,000m have been drilled to date on the property, and MAI has conducted two major programs; phase 1 in 2018/2019 focused on defining a mineralized resource at Nicho and phase 2 focused on resource expansion at Nicho/Nicho Norte and following up on newly identified targets (including Divisadero).
- The phase 3 drilling program is underway, with 6,000-7,500m being drilled over 2020, including 30-35 holes (~5,000m) at Nicho/Divisadero (including scout holes at the Benjamin target), 1,500m at Gold Ridge, and 1,000m at Zata.

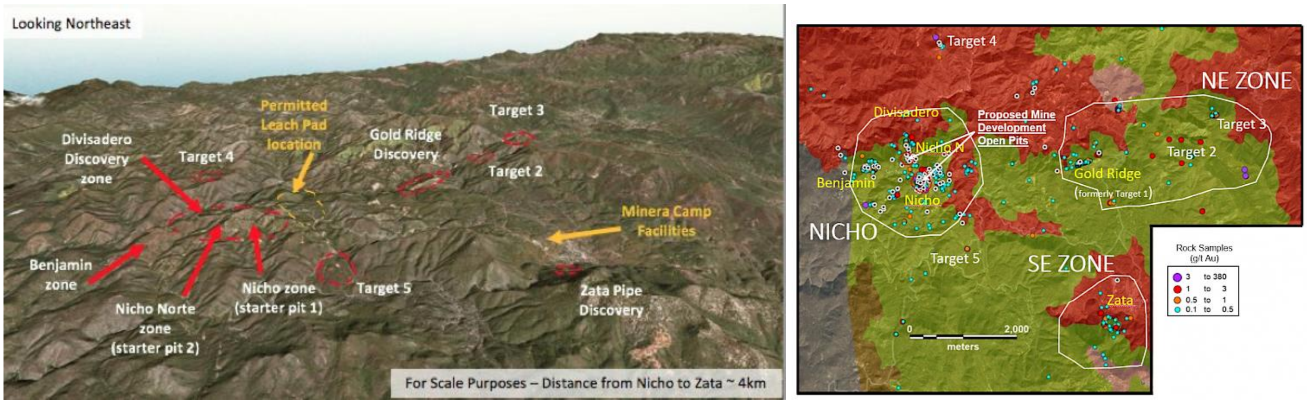
Figure 16: Santana mineralization expansion on phase 2 drilling, and phase 3 target locations



Source: Company reports, September 2020

- We assume $3-4m annual exploration campaigns, focused on maintaining an 8+ year mine life from existing known mineralization, as well as defining new potential resources at satellite pits and identifying new targets (see fig 17). We expect management to release a maiden 43-101 resource estimate for Santana on the completion of phase 3 drilling, potentially mid-2021.

Figure 17: Exploration targets



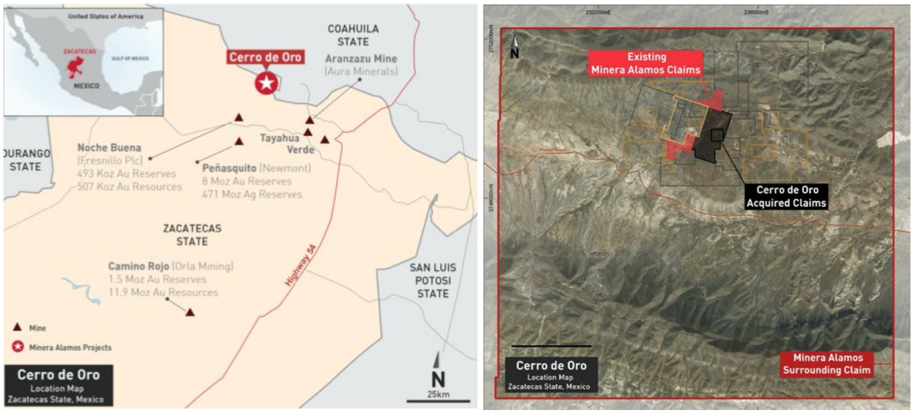
Source: Company reports, September 2020

Cerro de Oro project

Overview and location

- The 100% owned (subject to deferred payments) Cerro de Oro project is in Zacatecas state, Mexico, 25km from Newmont's (NEM US, US$61.41, Outperform, US$94.00 target) Penasquito mine and 30km from the town of Concepcion del Oro.
- The project was consolidated by Minera Alamos in August, 2020, adding the two core claims from a private company in August, 2020, adding to MAI's existing concessions bounding the property (fig 18) and increasing total land holdings to 6,500ha (sufficient for mine development and leach pads). Consideration includes US$400k in cash and 2m MAI shares on closing, US$2.5m and 2m MAI shares over the next 4 years, and a payment of US$1m on production of 50koz from the property. No royalties are payable on the property.

Figure 18: Cerro de Oro location in Mexico and claim maps.

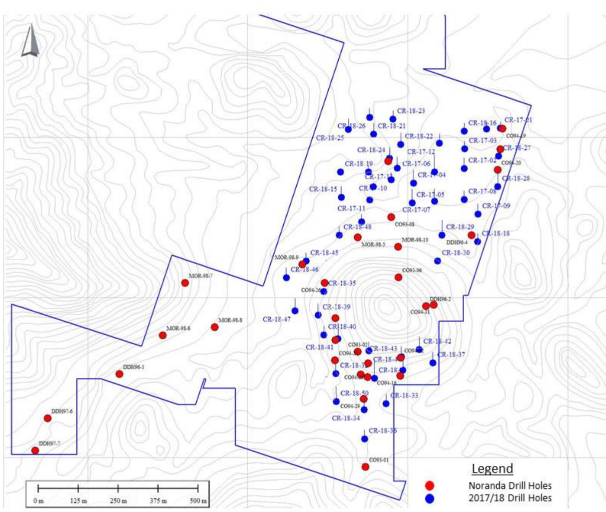


Source: Company reports, September 2020

Historic exploration data a good start

- While records are sparse and incomplete, the property hosts a number of pits, trenches and historic workings, which date back to the 1950's, when it appears the most activity occurred near the center of the concession area, including underground structures to a vertical depth of 150m, below the deepest drilling to date.

Figure 19: 1993/1994 Noranda and 2017/2018 drill hole locations and selected results



Hole Number	From (m)	To (m)	Interval (m)	Au Grade (g/t)	Zone
Noranda results					
C094-19	0	92	92	0.45	North – oxide
C094-17	0	71	71	0.31	North – oxide
C094-20	0	77	77	0.29	North – oxide
C093-04	0	80	80	0.31	North – oxide
C094-26	0	40	40	0.27	South – oxide
C094-23	0	70	70	0.75	South – oxide
C093-02	0	45	45	0.54	South – oxide
C094-24	0	70	70	0.34	South – oxide
C094-25	0	70	70	0.40	South – oxide
C094-27	0	27	27	0.47	South – oxide
C094-28	0	38	38	0.66	South – oxide
C094-29	0	24	24	0.62	South – oxide
and	40	70	30	0.26	South – oxide
C093-06	0	30	30	1.29	South – oxide
C094-31	0	82	82	0.44	South – oxide
C094-32	0	38	38	0.44	South – oxide
and	74	102	28	0.31	South – oxide
C094-16	0	27	27	0.18	South – oxide
and	34	70	36	0.44	South – oxide
2017/2018 results					
CR-17-01	6	54	48	0.70	North – oxide
CR-17-04	10	122	112	0.42	North – oxide
CR-17-10	2	66	64	0.38	North – oxide
CR-17-13	2	102	100	0.42	North – oxide
CR-18-21	0	102	102	0.38	North – oxide
CR-18-24	0	96	96	0.34	North – oxide
CR-18-25	0	102	102	0.31	North – oxide
CR-18-27	0	54	54	0.31	North – oxide
CR-18-32	0	72	72	0.47	South – oxide
CR-18-38	0	78	78	0.38	South – oxide
CR-18-40	0	66	66	0.33	South – oxide
CR-18-42	0	96	96	1.10	South – oxide
CR-18-43	0	74	74	0.37	South – oxide

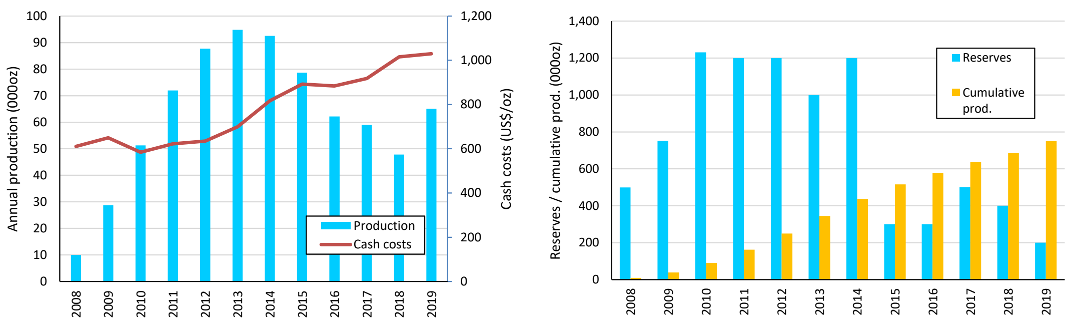
Source: Company reports, September 2020

- Noranda conducted drilling in the 1990's; +20 holes (~4,000m) on 100-200m spacings, to a depth of ~75m (ending in oxidized mineralization). Since then, other groups have drilled another ~4,000m (2017/2018 drilling), extending mineralization to depths between 100-150m (fig 19). The data acquired by MAI is being reviewed, and will form the basis for the 43-101 compliant resource management plans to release by the end of October, 2020. Additional work is being conducted by MAI including drilling for potential extensions of mineralization, metallurgical testing, and testing for leach pad locations.
- Based on historical drilling, trenching and metallurgical work, as well as experience with similar oxidized deposits in Mexico (including in particular at El Castillo), management expects that Cerro de Oro could be developed as a low cost, low strip open pit heap leach operation, similar to Santana.
- Management is advancing work towards a resource statement based on the historical data acquired, with basic engineering work already underway. MAI expects Cerro de Oro permitting to begin in 4Q20, with roughly a 9-12 month permitting timeframe (by 4Q21). Construction could be ready to commence by year end 2021, with ample funding generated by FCF from Santana (fig 14) – a timeline supported by management's work on advancing Santana. As a base case, we expect modest spending of ~C$2m over the next 12-15 months for ongoing work at the property (including resource work and the permitting process), with potential for accelerated spending given MAI's healthy cash resources and the potential for near term cash flow.

If El Castillo parallels hold, the upside is substantial

- Management has discussed the motivation for consolidating the project as being driven by similarities to the El Castillo mine, which was largely developed and expanded by members of the Minera Alamos team. El Castillo's original construction capex was <US$10m, with contractor mining, on an initial ~400koz resource. Since then, through multiple gold price cycles, the mine has consistently maintained a mineable reserve (even at lower prices). Between the parallels with El Castillo (and other low cost Mexican heap leach mines) and coming visibility into management's ability to execute on a similar project at Santana, we have a high degree of confidence that value could be unlocked at Cerro de Oro over the next 6-12 months.

Figure 20: El Castillo LOM operating metrics – indicative of Cerro de Oro potential?



Source: VTC Research, company reports, Capital IQ, September 2020

Proving out the deposit drives valuation upside

- For now, as a base case (see fig 21) we model a ~300koz deposit at a recovered grade of ~0.36g/t, with an operation roughly double the size of Santana producing ~50kopza over an 8-year life. We assume C$15m in construction capex, contract mining and crushing, and AISC of US$1,100/oz (reflecting a LOM 1:1 strip ratio). We assume that Cerro de Oro will be the next project MAI brings into production, with a <12-month construction period, with production ramping up in mid-2022. Our bear/bull case scenarios reflect primarily lower/higher resources and ultimate gold production.
    - We estimate a $NPV_{5\%}$ of C$331m on our price deck or C$233m at spot gold based on those parameters. For now, we apply a 0.50x multiple to derive our target to reflect the stage of development, prior to a resource, and prior to permitting and a construction decision. We note however, that success at Santana, and what should be a relatively quick permitting/construction process, we could review our multiple in short order with progress and more visibility into the ultimate resource and mine plan. Longer term resource upside exists from the sulfide body below the oxide cap, which we have not factored into our model.

Figure 21: VTC assumptions for Cerro de Oro

Cerro de Oro	Units	VTC assumptions Bear		Base		Bull	
LOM	Years	5		8		10	
Construction capex	C$m	15		15		15	
Sustaining capex	C$m	10		22		35	
Total ore processed	000 t	20,000		32,000		50,000	
Strip ratio	x	1.0		1.0		0.0	
Avg. throughput	tpd	11,000		11,000		15,000	
Recovered grade	g/t	0.36		0.36		0.30	
Avg. gold production	000 oz	40		41		55	
Total gold production	000 oz	200		370		540	
Mining cost	US$/t	2.60		2.60		2.40	
Total operating cost	US$/t	16.00		16.00		15.00	
LOM cash cost	US$/oz	1,025		1,025		1,050	
LOM AISC	US$/oz	1,100		1,100		1,150	
		Spot	VTC*	Spot	VTC*	Spot	VTC*
Gold price	US$/oz	1,850	**fig 6**	1,850	**fig 6**	1,850	**fig 6**
NPV5%, post tax	US$m	117	**189**	177	**248**	234	**340**
	C$m	157	**253**	233	**331**	314	**456**
Payback period	months	9	**6**	9	**6**	9	**6**
Target multiple applied	x	0.3	**0.3**	0.5	**0.5**	0.8	**0.8**
Contribution to target	C$m	47	**76**	118	**165**	250	**363**
Contribution to target	C$/sh	0.11	**0.18**	0.27	**0.38**	0.58	**0.84**

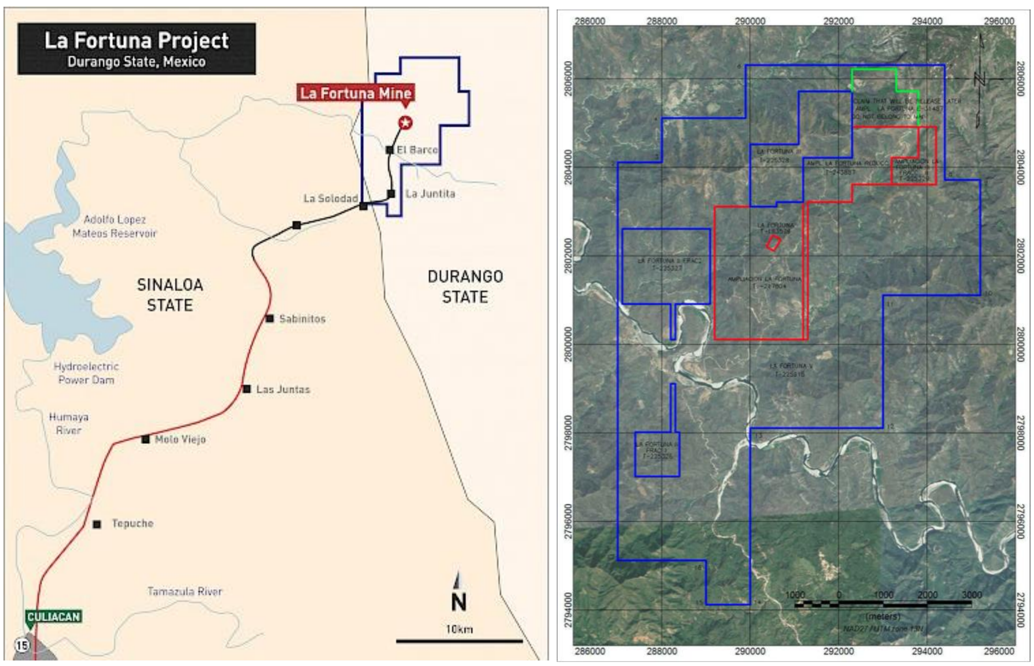
Source: VTC Research, company reports, September 2020

La Fortuna project

Overview and location

- The 100% owned La Fortuna project is in Durango, Mexico, 70km from the city of Culiacan, Sinaloa. Paved road and grid power extend to withing 30km of the project, with the remaining distance accessed by gravel road.
- Gold was discovered on the property in the late 19th century, with intermittent small-scale mining and processing conducted in the 20th century. Modern exploration and surveying resulted in a resource of 4.8mt at 2.0g/t for 308koz contained in 2008 (conducted by Castle Gold, later acquired by Argonaut Gold in 2009).
- The project was acquired by Minera Alamos from Argonaut Gold (AR CN, not covered) in 2016 for US$2m in cash and deferred payments, as well as a 2.5% royalty on the project (capped at US$4.5m).
- Since acquisition, MAI has increased the size of the property by 5x, acquiring more than 5,200ha in addition to the original project concession area of ~1,200ha, with no royalties payable on the additional surrounding properties.

Figure 22: La Fortuna mine location and access



Source: Company reports, 2018 PEA for the La Fortuna project, September 2020

Almost shovel ready, based on the 2018 PEA…

- The base case for our valuation of La Fortuna is derived from the 2018 PEA completed on the project by Minera Alamos (fig 23). Permitting is well advanced, and the project is near shovel-ready, should management choose to proceed.
- La Fortuna is designed as a conventional open pit mine, using front end loaders and trucks, with contractors responsible for all crushing and mining activities. The pit was designed using a US$1,250 gold price, leaving potential for upside assuming higher prices.
- The process plant has a planned capacity of 1,100tpd (with upside to 2,000tpd) and should use a standard crush/grind/gravity/flotation flowsheet. Half of the gold is expected to report to the gravity circuit, with loaded carbon shipped for doré production, while the other half reports to the floatation circuit, along with copper/silver, resulting in a polymetallic concentrate for sale.
- The PEA contemplates a 5 year mine life, based on the 3.5mt resource (+6:1 strip ratio), hosting 310koz Au, 1.8moz Ag and 7.6kt Cu. Average gold production is forecast at 43kozpa, or +50koz AuEq per year (at spot metal prices).

- Pre-production capital of US$27m includes the construction of a processing facility, phase 1 tailings storage, and all other site infrastructure. Much of the equipment required for the plant has already been purchased and is in storage. LOM sustaining capex is forecast at US$12m.
- LOM AISC was forecast at US$440/oz (net of byproduct credits) – we estimate LOM AISC of ~$240/oz using higher price assumptions for copper and silver. Total processing costs (including stockpiles and rehandling) were estimated at US$33.34/oz (using contractors for all mining and crushing activities).
- Using our gold price forecast (fig 8) we estimate an $NPV_{5\%}$ of C$259m or C$207m at spot prices As with Santana and Cerro de Oro, even with the short mine life, the low capex means the potential for a dramatic return on invested capital if management can deliver the project on budget. Given the execution risk and the time until we believe the mine will be producing gold in line with our forecasts, we are applying a 0.5x target multiple to the project to derive a contribution to our target price.

Figure 23: La Fortuna 2018 PEA and mineral resources

	Units	2018 PEA Original	VTC estimates	
LOM	Years	5	**5**	
Construction capex	US$m	27	**27**	
Sustaining capex	US$m	12	**12**	
Total ore processed	000 t	2,000	**2,000**	
Grade - gold	g/t	3.68	**3.68**	
Grade - silver	g/t	20.00	**20.00**	
Grade - copper	%	0.27	**0.27**	
Avg. gold production	000 oz	43	**43**	
Total gold production	000 oz	2,013	**2,013**	
Total silver production	000 oz	1,092	**1,092**	
Total copper production	m lb	11	**11**	
Gold recovery	%	90	**90**	
Avg. throughput	tpd	1,100	**1,100**	
Mining cost	US$/t	2.15	**2.50**	
Total operating cost	US$/t	33.34	**40.00**	
LOM cash cost	US$/oz	-	**210**	
LOM AISC	US$/oz	440	**256**	
			Spot	**VTC***
Gold price	US$/oz	1,250	1,850	
Silver price	US$/oz	16.00	28.50	**fig 6**
Copper price	US$/oz	2.60	3.00	
NPV5%, post tax	US$m	77	165	**195**
	C$m	103	207	**259**
Payback period	months	11	8	**6**
Target multiple applied	x	-	0.5	**0.5**
Contribution to target	C$m	-	110	**130**
Contribution to target	C$/sh	-	0.26	**0.30**

La Fortuna (2018) (1.0g/t cut off)	Tonnes 000 t	Grades Gold g/t	Grades Silver g/t	Grades Copper %	Contained metal Gold 000 oz	Contained metal Silver 000 oz	Contained metal Copper t
Measured	1,755	3.0	17.5	0.23	167	988	4,000
Indicated	1,714	2.6	15.5	0.21	143	854	3,600
Measured & Indicated	**3,470**	**2.8**	**16.5**	**0.22**	**310**	**1,842**	**7,600**
Inferred	156	1.7	8.5	0.09	9	43	100

Source: VTC Research, company reports, 2018 PEA for the La Fortuna project, September 2020

…but with substantial room for improvement

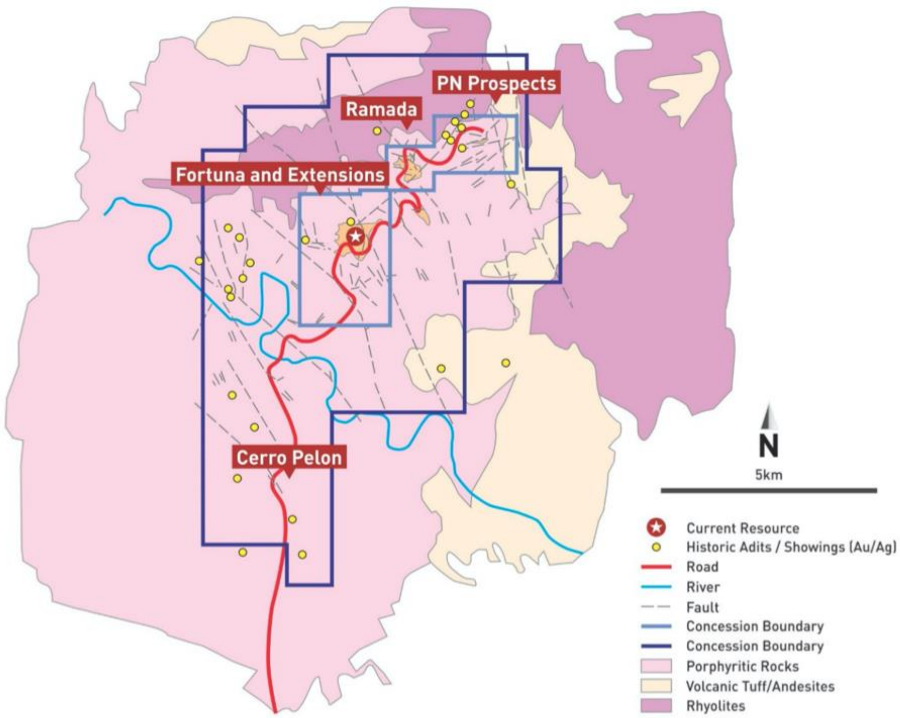
- We see the PEA as a baseline for the project, with substantial room for improvement, partially driven by the higher gold price environment vs 2018. Opportunities for upside to the plan include:
  - Gold price upside - Using a low cut off grade for resources, lower stripping and remodelling the pit using a higher gold price. With the mill capable of processing ore at 2,000tpd (vs the PEA at 1,100), processing more material could be economic at spot prices or higher, with potentially only a modest impact on capital costs, and unit costs that could remain inline with the PEA given the rise in Cu/Ag prices.
  - Exploration – little modern exploration has been conducted over the large land package which hosts areas of known historic mining. Since the property's acquisition by Argonaut in 2009, there has been no substantial exploration on the existing deposit, and the PEA was based on drilling by prior operators. Investment in exploration, both near pit and regionally, could result in a substantially different project.

    - **Build order –** While La Fortuna is ready to advance to production, the flexibility management has in production (and cash flow) from Santana early in 2021, and the potential for a low capex, low risk build in Cerro de Oro could mean that La Fortuna could benefit materially from additional time, exploration and study by slotting in as MAI's third project. Pending further details from Cerro de Oro expected by year end 2020, that is how we expect development at La Fortuna to proceed.

Exploration (for the first time in +10 years) could bear substantial fruit

- Drawing from the PEA, La Fortuna lies within the Sierra Madre Occidental and is hosted by a granodioritic batholith exposed by erosion of overlying and intruded volcanic complexes. The deposit itself consists of intrusive-related quartz-tourmaline breccias, assumed to be the late mineralization phase of a porphyry system. Late stage dykes cut through the mineralization, which consists mainly of pyrite and chalcopyrite stockwork veinlets, fracture fillings, and disseminations within the breccias. Gold and silver grains and minerals are present along the grain boundaries of the chalcopyrite and pyrite with the gold occurring as relatively coarse free grains associated, but not encapsulated, with pyrite.
- No systematic exploration has been conducted on the property since 2008-09, yet multiple zones of Fortuna-style mineralization have been identified on the 6,100ha land package, including:
    - **La Pista**, 1.3km southwest of La Fortuna, containing significant near surface disseminated gold/silver mineralization with "heap leach style" intervals of up to 50m in width.
    - **The Ramada Zone,** lying on a parallel fault structure ~2km northeast of La Fortuna, traced at surface for over 600m in strike length.
    - **The PN Zone**, located ~1.5km northeast of the Ramada Zone and traced on surface for ~1.5km, with numerous historic mine workings are found along the structure.
    - **The Cerro Pelon Zone,** located to the south of La Fortuna, with historical sampling outlining an area of anomalous gold ~1500m long and 200-500m wide.
- With Santana set for production in early 2021, we expect management's focus to return to exploration and development of the project pipeline, and believe we could see a significant exploration program at La Fortuna unlock long term value, whether it follows Santana or Cerro de Oro.

Figure 24: Exploration targets on the 6,100ha La Fortuna land package



Source: Company reports, September 2020

Management and directors

- **Darren Koningen, CEO, Director:** Darren Koningen has 25 years of mining experience, particularly in metallurgy, and has made significant contributions to bringing three gold mines into production, including the El Castillo mine in Durango, Mexico. Previous roles included VP Mine Development of Castle Gold, President and CEO of NWM Mining, and VP project development for GoWest Gold.
- **Doug Ramshaw, President and Director:** Doug Ramshaw has more than 20 years of experience in the mining sector, primarily focused on project evaluation, M&A and business development. Prior roles include working as a mining analyst for an independent brokerage firm, and various senior roles at junior resource companies, including Aftermath Silver and Corex Gold. He also serves on the board of Great Bear Resources.
- **Chris Chadder, CFO:** Chris Chadder has over 20 years of financial management experience and has served in senior roles with various mining companies in all stages of the mining cycle, including acting as CFO of NWM and Ursa Major Minerals.
- **Federico Alvarez, COO:** Federico Alvarez is a mining engineer with 35 years of experience in the mining industry, primarily in Mexico. He was Vice President, Operations for Argonaut Gold Inc. and its predecessor Castle Gold, where he supervised production at the El Castillo gold mine in Durango, Mexico and worked with the company's JV partner on the El Sastre gold mine in Guatemala. Prior to that he held the position of Director of Mining Affairs for the State of Guanajuato. Mr. Alvarez joined Minera Alamos in 2011 as Vice President, Project Development and oversees all operations and mine planning. He was promoted to COO in July 2020.
- **Chris Sharpe, VP, Project Development:** Chris Sharpe is a mining engineer with experience in mine planning, open pit geotechnical studies and financial modeling. He joined MAI in September 2020, after spending +5 years with Centerra as a senior mining engineer and more recently as Director, Projects & Technical Services. Prior experience includes positions with Aurvista Gold (VP Engineering), AuRico Gold (Senior Mining Engineer) and Cormark Securities (Research Associate).
- **Miguel Cadona, VP, Exploration:** Miguel Cardona is a geological engineer with over 20 years of experience in mineral exploration and underground and open pit mining operations. He has worked with numerous ore types including gold skarn, epithermal gold and silver and copper-zinc-gold deposits. Mr. Cardona managed all exploration activities for Castle Gold, leading a three-fold increase in El Castillo's gold resources from 400k oz to 1.2M oz prior to its acquisition in 2009. He also worked for Teck Cominco and was part of the team that discovered the Los Filos and El Limon gold deposits in Mexico. Previously he was with Industrias Peñoles at various project sites and mines throughout Mexico.
- **Carolina Salas, VP, Technical Services:** Carolina Salas holds over 15 years of experience in the mining industry, including design/construction, operations, engineering and maintenance, most recently with Outotec, a large mining process equipment supplier, focused primarily on gold and copper projects. Prior to that, she was with Minera Columbia de Mexico, as Process Manager at the Lluvia de Oro gold heap leach project in Sonora and spent years with Peñoles in various roles.

Figure 25: Minera Alamos - model summary

Minera Alamos (MAI CN)

TSX:	C$0.69	**Target:**	C$1.30	**Market cap (C$m):**	298	**Shares OS (FD):**	431
		Rating:	Outperform	**Market cap (US$m):**	222	**Annual DPS:**	0.00
FYE	Dec	**Return:**	88%	**EV (C$m):**	286	**Current yield:**	0.0%
				EV (US$m):	213		

Assumptions		Spot	2020E	2021E	2022E	2023E
Gold	US$/oz	1,858	1,786	2,150	2,250	2,350
Silver	US$/oz	23.03	17.99	21.50	22.50	23.50
Copper	US$/lb	2.97	2.49	2.47	2.47	2.50
USD/CAD	US$	0.75	0.73	0.75	0.75	0.75

Ratios		2019	2020E	2021E	2022E	2023E
P/E	x	NA	NA	11.2	5.2	2.2
P/CFPS	x	NA	NA	9.1	4.7	2.2
EV/EBITDA	x	NMF	NMF	7.0	2.7	1.2
FCF yield	%	(0%)	(7%)	7%	11%	58%
Net debt/EBITDA	x	(0.7)	1.4	(0.9)	(0.7)	(1.0)
Price/NAV	**x**	**0.32**				

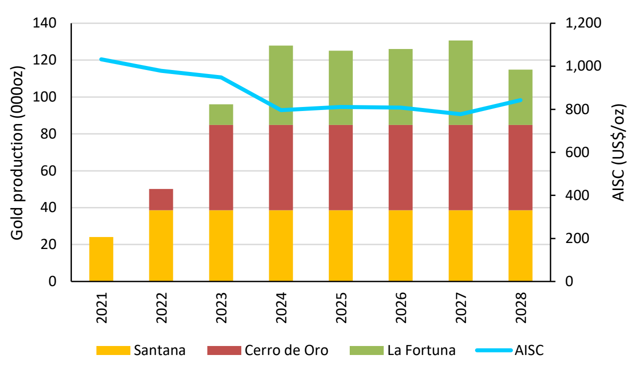
Income Statement		2019	2020E	2021E	2022E	2023E
Total revenue	**C$m**	**0**	**0**	**70**	**150**	**305**
Operating expenses	C$m	0	0	32	63	115
Adj. EBITDA	**C$m**	**(1)**	**(9)**	**30**	**80**	**181**
Depreciation	C$m	0	0	4	4	3
EBIT	C$m	(1)	(9)	27	76	178
EBT	C$m	(1)	(12)	27	76	178
Adj. earnings	**C$m**	**(3)**	**(11)**	**27**	**57**	**133**
Adj. EPS FD	**C$**	**(0.01)**	**(0.03)**	**0.06**	**0.13**	**0.31**

Cash Flow Statement		2019	2020E	2021E	2022E	2023E
CF before WC changes	C$m	(1)	(4)	33	63	136
Cash flow from operations	C$m	(1)	(5)	33	63	136
Cash flow from investing	C$m	0	(6)	(18)	(39)	(7)
Cash flow from financing	C$m	5	21	0	0	0
Net change in cash	**C$m**	**4**	**9**	**15**	**24**	**129**
CFPS FD	**C$**	**(0.00)**	**(0.01)**	**0.08**	**0.15**	**0.32**
Capex	C$m	0	11	18	39	7
FCF	**C$m**	**(1)**	**(15)**	**15**	**24**	**129**

Balance Sheet		2019	2020E	2021E	2022E	2023E
Total assets	C$m	7	30	59	118	252
Total liabilities	C$m	4	0	0	0	0
Total equity	C$m	3	13	39	97	230
Cash and equivalents	C$m	2	13	28	52	181
Debt	C$m	2	0	0	0	0
Net debt / (cash)	**C$m**	**1**	**(13)**	**(28)**	**(52)**	**(181)**

Production		2019	2020E	2021E	2022E	2023E
Santana	000oz	0	0	24	39	39
Cerro de Oro	000oz	0	0	0	10	46
La Fortuna	000oz	0	0	0	0	15
Total gold	**000oz**	**0**	**0**	**24**	**49**	**100**
Total GEO	**000oz**	**0**	**0**	**24**	**49**	**102**
Gold cash cost	US$/oz	-	-	1,001	934	893
Gold AISC	US$/oz	-	-	1,033	979	948

Sum of parts valuation	C$m	C$/sh	US$/sh	
Santana	347	0.80	0.60	37%
Cerro de Oro	259	0.60	0.45	28%
La Fortuna	331	0.77	0.58	35%
Total projects	**703**	**2.17**	**1.63**	
Investments / other	4	0.01	0.01	
Cash	13	0.03	0.02	
Total debt	0	0.00	0.00	
Corp/G&A	(34)	(0.08)	(0.06)	
Total NAV	**921**	**2.13**	**1.60**	



Target	50% NAV - 50% 3-year CFPS blend			
	C$/sh	**Multiple**	**C$/sh**	**US$/sh**
NAV	2.13	**0.60x**	1.29	0.97
Target			**1.30**	**1.00**

Source: VTC Research, Company Reports, Capital IQ, September 2020

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