

Minera Alamos Announces C\$14 Million Royalty/Equity Construction Package with Osisko Gold Royalties

Toronto, Ontario and Vancouver, British Columbia--(Newsfile Corp. - December 6, 2019) - **Minera Alamos Inc. (TSXV: MAI) ("Minera Alamos" or the "Company")** is pleased to announce that it has agreed to a C\$14 million combined equity and royalty financing package with Osisko Gold Royalties Ltd. ("Osisko") that will provide financing to advance the Company's plans to commence construction of its planned Santana gold mine in Sonora, Mexico.

Highlights of the transaction include:

- Osisko will purchase 30,000,000 common shares of the Company ("**Common Shares**") on a non-brokered private placement basis at a price of C\$0.20 per Common Share for aggregate proceeds of C\$6 million (the "**Offering**");
- Osisko will acquire a perpetual 3% net smelter return royalty (the "**Royalty**") on the Santana property located in Sonora, Mexico (the "**Santana Project**") for a cash payment of C\$5 million; and
- The Company will be granted the right to draw down up to an additional C\$3 million in financing from Osisko to provide additional funding flexibility, if necessary, during construction and start-up of the proposed Santana gold mine.

Minera Alamos is very pleased to have received the continued support of Osisko and this financing will permit Minera Alamos to advance the Santana project towards construction and production. Notwithstanding that the Company does not have a feasibility study of mineral reserves demonstrating economic and technical viability, the Board of Directors of the Company is confident in the success of the Santana project and so has made the decision to move ahead with construction of the Santana Project. Without a report detailing the economic and technical viability of the project, there may be increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic or technical failure. The Company believes it is reasonable to make this decision without a feasibility study or technical report because of positive results received during a test-mining phase completed in 2018-2019, where a 50,000 t bulk heap-leach test was performed, together with the operating team's previous success in putting similar operations in to production over the last 12 years.

The Company expects that construction will take roughly 6 to 8 months and will cost approximately C\$10 million covering construction of carbon plant, pads, ponds and various earthworks at the mine site. Following completion of this financing, the Company believes that it will have sufficient resources to complete construction. There is no guarantee that production will begin as anticipated or at all or that anticipated costs will be achieved.

"We appreciate the ongoing support and backing that our operating team has received from Osisko Gold Royalties," stated Darren Koningen, CEO. "This financing package allows the Company to begin its transition from gold project developer to gold producer. Today's news sets the stage for an extremely busy and exciting 2020 as our team executes our business plan to the benefit of all our shareholders."

Details of the Offering

Pursuant to the Offering, the Company will issue an aggregate of 30,000,000 Common Shares at a price of C\$0.20 per Common Share for aggregate proceeds to the Company of C\$6 million. The sole placee under the Offering is Osisko. There are no warrants being issued as part of the Offering. All Common Shares issued under the Offering will be subject to a four month hold period from the closing date under applicable Canadian securities laws. Completion of the Offering will result in Osisko's equity interest in the Company increasing from 12.3% to 18.7%.

Closing of the Offering is expected to occur on or about December 18, 2019 and remains subject to receipt of all required approvals, including, the approval of the TSX Venture Exchange ("**TSXV**").

Details of the Royalty Agreement

The Royalty conveys to Osisko a 3% NSR royalty on the Santana project in return for a one-time cash payment of CDN\$5 million.

In addition, the Company has negotiated an optional financing facility ("**Optional Royalty**") which will provide the Company with increased financial flexibility during the construction and start-up of the proposed Santana gold operation. The Optional Royalty will allow Minera Alamos to draw down up to a further C\$3 million in three equal installments of C\$1 million each at any time within 12 months of the closing of the Royalty, subject to compliance with certain conditions precedent. For each C\$1 million of the Optional Royalty that the Company elects to drawdown, the Company will grant and agree to pay to Osisko an additional net smelter return ("**NSR**") royalty of two-thirds of one percent up to an aggregate 2% NSR royalty if the entire Optional Royalty is drawn. The Optional Royalty (or any part thereof) shall, once drawn, apply for a period of 36 months following drawdown at such time it will be extinguished in full. Once drawn, each Optional Royalty tranche will be subject to a minimum delivery to Osisko in equivalent value to 220 ounces of gold over each 12-month period following the anniversary of its drawdown date.

By virtue of Osisko being a related party of the Company as a result of its holding more than 10% of the Company's issued share capital, the Offering, the Royalty and the Optional Royalty, collectively, are considered a "related party transaction" as such term is defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company is relying on exemptions from the formal valuation requirement under Section 5.5(b) and the minority approval requirement under Section 5.7(1)(a) of MI 61-101, respectively. In addition, as a result of Osisko being a Non-Arm's Length Party

as defined in the TSXV Corporate Finance Manual (the "**Manual**"), closing of the Royalty and the Optional Royalty is also subject to receipt of the approval of the disinterested shareholders of the Company pursuant to Policy 5.3 of the Manual. The Company will seek such shareholder approval at a special meeting of shareholders to be held early in 2020.

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About Minera Alamos

Minera Alamos is an advanced-stage exploration and development company with a portfolio of high-quality Mexican development assets, including the La Fortuna open-pit gold project in Durango (positive PEA completed and permits granted) and the Santana open-pit heap-leach development project in Sonora (permits received).

The Company's strategy is to develop low capex assets while expanding the project resources and pursue complementary strategic acquisitions.

Mr. Darren Koningen, P. Eng., Minera Alamos' CEO, is the Qualified Person responsible for the technical content of this press release under National Instrument 43-101. Mr. Koningen has supervised the preparation of and approved the scientific and technical disclosures in this news release.

Caution Regarding Forward-Looking Statements

This news release may contain forward-looking information and Minera Alamos cautions readers that forward-looking information is based on certain assumptions and risk factors that could cause actual results to differ materially from the expectations of Minera Alamos included in this news release. This news release includes certain "forward-looking statements", which often, but not always, can be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". These statements are based on information currently available to Minera Alamos and Minera Alamos provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements with respect to Minera Alamos' future plans with respect to the Projects, objectives or goals, to the effect that Minera Alamos or management expects a stated condition or result to occur and the expected timing for release of a resource and reserve estimate on the projects. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of exploration, the economics of processing methods, project development, reclamation and capital costs of Minera Alamos' mineral properties, the ability to complete a preliminary economic assessment which supports the technical and economic viability of mineral production could differ materially from those currently anticipated in such statements for many reasons. Minera Alamos' financial condition and prospects could differ materially from those currently anticipated in such statements for many reasons such as: an inability to finance and/or complete an updated resource and reserve estimate and a preliminary economic assessment which supports the technical and economic viability of mineral production; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for minerals; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with Minera Alamos' activities; and other matters discussed in this news release and in filings made with securities regulators. This list is not exhaustive of the factors that may affect any of Minera Alamos' forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Minera Alamos' forward-looking statements. Minera Alamos does not undertake to update any forward-looking statement that may be made from time to time by Minera Alamos or on its behalf, except in accordance with applicable securities laws.

The Company does not have a feasibility study of mineral reserves, demonstrating economic and technical viability for the Santana project, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that construction will proceed as planned or that production will begin as anticipated or at all. Failure to commence production would have a material adverse impact on the Company's ability to generate revenue and cash flow to fund operations.

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.



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