

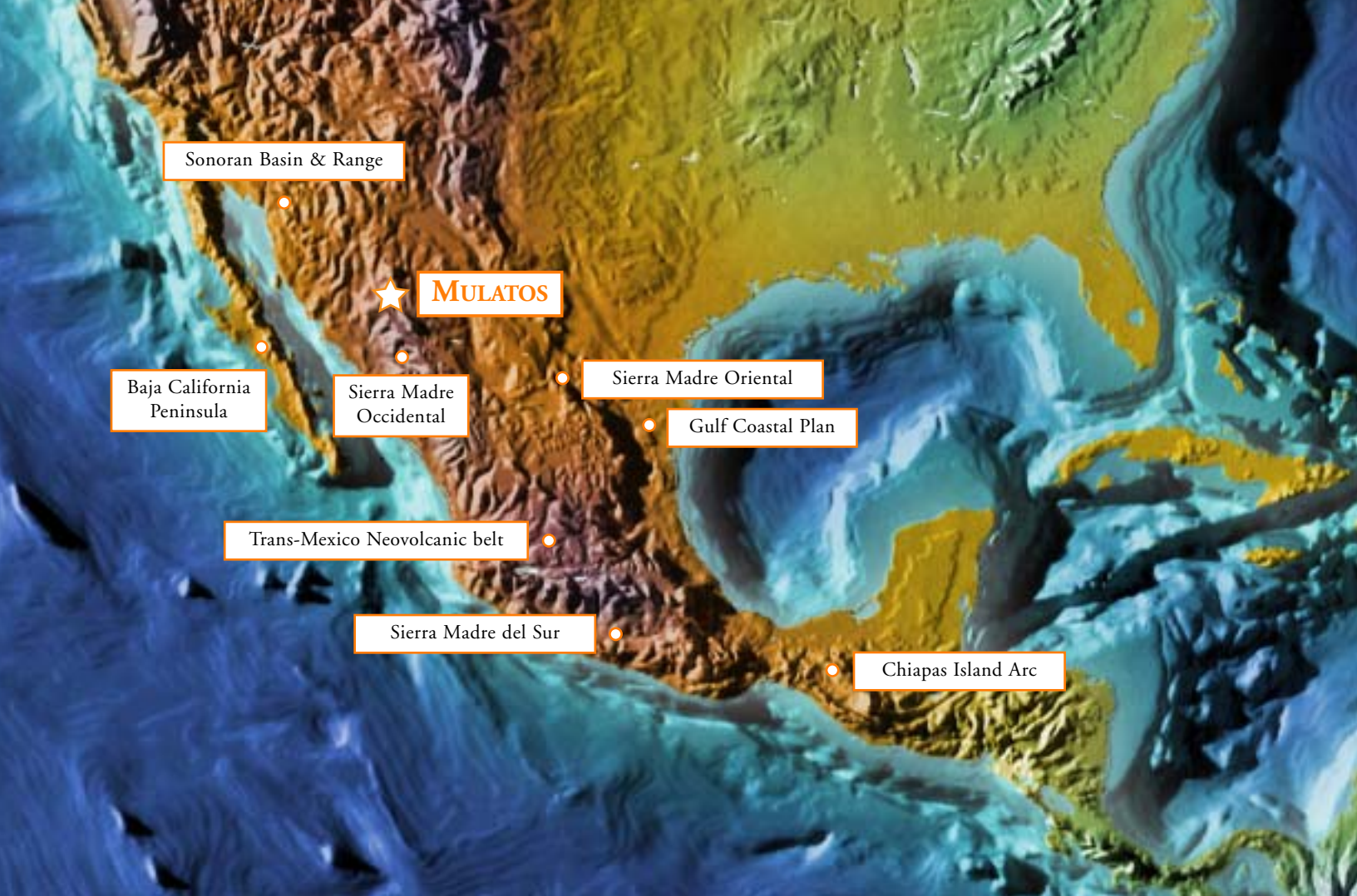


ALAMOS GOLD INC.

ON THE PATH

TO PRODUCTION

Annual Report 2003



CORPORATE PROFILE

ALAMOS GOLD INC., a development stage mining company, has 100% ownership of one of the largest measured, indicated, and inferred gold resources, the Mulatos Project, located in the State of Sonora, Mexico. Mulatos is a fully permitted open pit mineable deposit that was acquired from Placer Dome Inc. and Kennecott Minerals Company (ownership was 70/30%). The partnership spent in excess of CDN\$45 million delineating a 3.5 million ounce (2.94 million ounces measured and indicated plus 0.54 million ounces inferred) resource (0.8 g/t cutoff at US\$300/oz gold) and established a 16,083 hectare concession holding, called the Salamandra Property, which includes seven other satellite gold systems.

2003 HIGHLIGHTS

December 12, 2003	Alamos Announces More High Grade Oxides, Over + 100 Metres Intervals, from the Estrella Zone
December 2, 2003	Alamos Intersects a High Grade Zone at the Mulatos Deposit
November 27, 2003	Alamos Gold Announces Changes in its Management and Board
October 7, 2003	An Underground Drill Program Commences on the Mulatos Deposit
August 29, 2003	Judgment on the Ejido Lawsuit
August 21, 2003	Alamos Announces Closing of a CDN\$12,325,000 Private Placement
August 11, 2003	Positive Results from Metallurgical Tests on Sulfide Mineralization from the Mulatos Gold Project
July 24, 2003	Exploration Starts on Mulatos Project; Warrants Bring in \$2.3 Million; Grant of Incentive Stock Options
May 1, 2003	Feasibility and Exploration Starts on the Salamandra Property
February 19, 2003	Alamos Minerals Ltd. and National Gold Corporation Complete Debt Financing
January 24, 2003	Alamos Minerals Ltd. and National Gold Corporation Obtained Shareholders Approval on an Amalgamation
January 23, 2003	Alamos Minerals Ltd. and National Gold Corporation Arrange Debt Financing for the Salamandra Purchase

2003 Share Price Performance



TO THE SHAREHOLDERS

Alamos Gold Inc. came together this year through a merger between Alamos Minerals Ltd. and National Gold Corporation. Each of these companies controlled 50% of the 16,500 hectare Salamandra Property and the advanced stage Mulatos gold deposit. The advantage of developing the project under a single corporate entity was clear to all concerned. Achieving the merger, nevertheless, was a challenging task, and a great deal of credit must be shared by the Board of Directors of both companies, and the supportive shareholders that made it happen.

The merger, assisted by rising gold prices, set the stage for a strong performance for the share price of Alamos Gold, which saw a three-fold increase in price and a four-fold increase in market capitalization during the year. As anticipated, access to capital proved much better after the merger. During the year, the Company raised over \$12 million through debt and equity financings, and \$6.6 million through the conversion of share purchase warrants and options. This capital has provided a strong financial base from which to undertake a feasibility study on the Mulatos Deposit and conduct district-wide exploration programs on the Salamandra Property.

In January, Alamos Gold paid off the vendors of the project, Placer Dome Inc. and Kennecott Minerals Company by securing a loan of \$5.7 million in Canadian funds (note: all other amounts are in U.S. dollars). By paying ahead of schedule, the purchase price of the project was reduced from \$7.8 million to \$6.3 million, and advanced royalty payments to the vendors amounting to about \$350,000 per year were no longer required. Half this debt was subsequently paid down in the third quarter after the completion of Alamos Gold's first equity issue. In this way the Company was able to benefit from a reduction in the acquisition cost of the project while minimizing dilution to the shareholders.

The Company received a decision on a lawsuit brought by the Ejido Mulatos relating to a right granted to the Company in a surface use agreement, which has been in place since 1995, allowing for an adjustment in land area leased from the Ejido. The Ejido was seeking, among other things, to have the existing agreement nullified. The Agrarian Court of Mexico rendered a decision in August whereby they upheld the existing agreement, including the right to adjust the amount of land under lease according to the needs of the project.

Another aspect of the decision pertained to the procedures followed by the Company in making a payment reduction. The court found in favour of Ejido on this aspect of the decision, with the result that the payment reduction made by the Company in 2002 and 2003, based on a smaller area used during these years, was not allowed. This aspect of the decision was appealed by the Company on the advice of Mexican counsel.

Alamos Gold has seen some significant changes in its management throughout the year through the post-merger formation of a new Board of Directors, and the building of a strong new management team to carry the project forward. I would like to acknowledge the significant contribution made by founding Alamos Minerals President and director, Chester Millar, who played a pivotal role in the creation of Alamos Gold Inc. A debt of gratitude is also owed to Alamos Minerals founding director and CFO, Nerio Cervantes, for his hard work and attention to every detail required to complete the merger. I also wish to thank the former National Gold directors, Albert Matter, William Tymkiiw, and Anthony Kerr for their vision and assistance throughout the merger and subsequent formation of Alamos Gold.

I would also like to welcome the new members of the management team. Len Harris joined the board in November and has proven to be of invaluable support

to management through his excellent insights into development and operations issues, as well as managing the impact of a new mining project on local communities.

In John F. Van de Beuken, Alamos Gold has obtained a highly qualified and experienced Chief of Operations. He is overseeing the feasibility study, now nearing completion, and is looking forward to building what will be one of the largest gold mines in Mexico. I also want to welcome Ken Balleweg as the new Exploration Manager for the project. Ken likes nothing better than discovering gold deposits, and he is convinced the Salamandra District is one of the best places in Mexico to find them. Through his employment with Placer Dome, Ken was associated with the Salamandra Property for four years. Ken's background with the project provides continuity for the exploration effort as well as a thorough understanding of the geology of the district.

Alamos Gold is looking forward to a great year in 2004. At the time of writing the Company has closed an equity financing of \$22 million through a brokered private placement, which is a first stage financing for the new mine. Upon completion of the feasibility study, it is the intention of Alamos Gold management to complete the financing and build a new gold mine on the Salamandra Property. We will also continue to explore throughout the district. The exploration budget this year has been set at \$3 million and we anticipate drilling at least seven significant targets within the district by year end.

On behalf of the Board of Directors and management of Alamos Gold, I would like to thank our shareholders for their support and encouragement throughout the year. We are assembling a strong management team with the express purpose of delivering shareholder value and we have a clear vision of how to best achieve this. We have been entrusted with the development of one of the most valuable gold assets in North America. It is a responsibility that the management of Alamos Gold assumes with a sense of pride and commitment.

We are committed to providing rewarding jobs for our employees, to providing a better standard of living to the communities in the region where we operate, and to operating to the highest standards of environmental awareness and care. Together we are building shareholder value through diligent and innovative management. 2003 has been a year where we have defined and delivered on these commitments. We hope to do even better in the years ahead.

On Behalf of the Board of Directors,

"Signed"

John A. McCluskey
President and CEO

April 20, 2004

GENERAL DESCRIPTION OF SALAMANDRA

The Salamandra district is located 220 air kilometres east of Hermosillo in Sonora, Mexico. It is 300 air kilometres south of the border with the United States. Elevation ranges from the Mulatos River at 950 metres above sea level to 1,500 metres.

Salamandra consists of 193 square kilometres of mining concessions near the town of Mulatos. A feasibility study is near completion for the Estrella Pit, a well defined area one kilometre from the town of Mulatos. Development will consist of open pit mining, crushing and heap leaching.

There are several satellite deposits near the Estrella Pit including the Southeast Extension, Puerto del Aire, Mina Vieja, Escondida, Gap, Victor and San Carlos. Development drilling is planned to start later this year to connect these deposits into an expansion of the Estrella Pit. Other areas held within the Salamandra District that are not directly connected to the Estrella Pit with good potential for additional discovery are El Halcon, Los Bajios, La Dura, El Jaspe, Cerro Pelon, La Yaqui and El Carricito. These along with others scattered along the 100 square kilometre zone are the targets of a \$3 million exploration budget in 2004.

History

Mulatos is a town of several hundred inhabitants in the Salamandra District. In 1536 Alvar Nuñez Cabeza de Vaca traveled along the Mulatos River and reported seeing evidence of gold. Mulatos was first settled by Jesuit priests in 1635 to mine gold.

The first officially registered claim was made in 1806 by Thomas Souza. Between the late 1880s and 1910 the Greene Gold-Silver Company produced approximately 250,000 ounces of gold at the Mina Vieja underground mine next to Mulatos. This is the same company that owned Cananea, Ocampo, Pinos Altos and Dolores.

The Mexican Revolution of 1910 to 1922 stopped development in many mining districts including Mulatos.

Kennecott conducted exploration activities on the ground surrounding the Nuevo Mulatos and Tequila claims for many years. Their efforts focused on the El Victor-San Carlos area as well as the area immediately surrounding the Nuevo Mulatos claim.

Minera Real de Angles (MRA) acquired the Nuevo Mulatos claim in 1986 and carried out extensive exploration activities. MRA culminated their efforts with a pre-feasibility study in 1990. As part of that study, MRA calculated a lognormally kriged mineral resource of 15.5 Mt grading 1.83 g/t Au at a cut-off grade of 1.0 g/t Au.

Placer Dome Inc. (PDI) acquired full ownership of the claims from MRA in 1993. Subsequently, PDI and Kennecott entered into a joint venture agreement covering the Mulatos deposit and 34,000 hectares of surrounding land. PDI functioned as the developer and potential operator with a 70% interest.

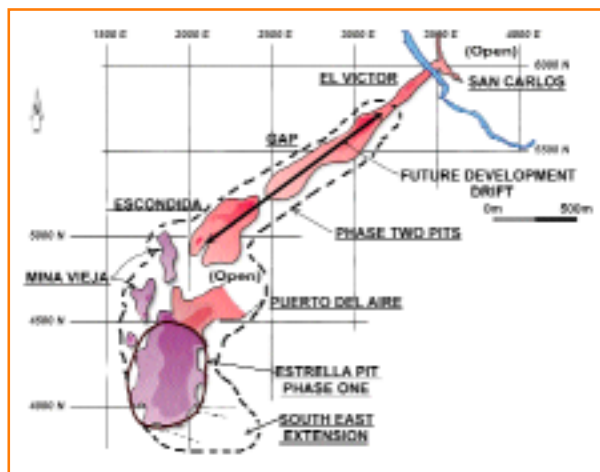
In 2001 National Gold Corporation (National), through its Mexican subsidiary Minas de Oro Nacional, S.A. de C.V. (MON) acquired a 100% interest in the Salamandra Property from Minera San Augusto, S.A. de C.V. (MSA), a Placer subsidiary, for cash and a sliding scale net smelter



Transfer tower – 7' standard discharge to 7' shorthed – coarse ore stacker in upper left corner

royalty in favour of MSA on the first two million ounces of gold. Alamos Minerals (AM) optioned 50% of the assets by being responsible for exploration and other expenditures.

In 2003, Alamos Minerals and National Gold merged to form Alamos Gold Inc., (AGI). AGI, through its wholly owned Mexican subsidiaries Minas de Oro Nacional, S.A. de C.V. (MON) and Minera Bienvenidos, S.A. de C.V. (MB) owns 100% interest in the Salamandra Property.



Feasibility Study

M3 Engineering and Technology of Tucson assisted Placer Dome and Kennecott with a series of studies including a feasibility study in 1997 and an update in 2000. In August of 2003 M3 began a new bankable feasibility study for Alamos Gold. The new study included a more conservative resource estimation that resolved all of the issues previously raised by the technical report of an independent engineer, Behre Dolbear, in 2002.

Mulatos Gold Resources

The following table represents resources in the Estrella, Escondida and Mina Vieja areas; El Victor, Gap and San Carlos are excluded.

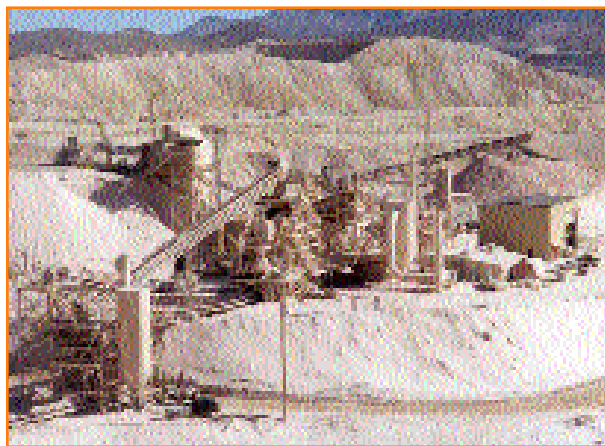
Au Cutoff	Measured + Indicated			Inferred		
	Tonnes (000)	Au (g/t)	Au Ozs (000)	Tonnes (000)	Au (g/t)	Au Ozs (000)
0.20	140,186	0.88	3,966	54,667	0.50	879
0.40	93,100	1.17	3,502	21,192	0.86	586
0.60	62,216	1.51	3,020	10,382	1.26	421
0.80	44,285	1.84	2,620	6,336	1.63	332
1.00	33,094	2.17	2,309	4,240	1.99	271

The final pit design is based on a modified floating cone algorithm geometry using a gold price of \$350/oz. The block model of the deposit was developed by Mike Lechner of Resource Modeling Inc. Only the measured and indicated resource is used for input to the pit definition and mine plan.

The final pit was designed on just the Estrella area to allow time for further drilling of the connecting areas to other closeby deposits such as Southeast Extension, Puerto del Aire, Escondida, Gap, Victor and Mina Vieja. The current feasibility study will be completed during the second quarter of 2004.

Development Plan

Alamos Gold is completing the feasibility for an open pit heap leach mine. At full production the mine will operate at the rate of 10,000 tonnes per day and produce approximately 150,000 ounces of gold per year. Construction will commence in the second quarter of 2004 and gold production will begin in July 2005. M3 Engineering and Technology Company has been chosen as the EPCM (engineering, procurement and construction management) contractor. The crushing/conveying system and the mobile equipment from Kennecott Minerals Rawhide Mine in Nevada will be used at Mulatos.



Rawhide crusher overview – 48x60" jaw to 7' standard to two 7' shorthead crushers – coarse crushed ore pile on the right

EXPLORATION

The Mulatos deposit is one of largest undeveloped gold resources in Mexico, with a global resource of over five million ounces. It is one occurrence in a district of gold occurrences, the majority of which have not been explored. Nine major areas of extensive alteration are present within the 193 square kilometre land position controlled by Alamos Gold (Figure 1), along with additional smaller areas of alteration. Both the district and deposit offer strong opportunities for additional discovery. The district is believed to be one of the best exploration opportunities in Mexico.

The Mulatos deposit has received the vast majority of previous exploration expenditures, with only two other properties within the land position being drilled. New discoveries were made in both drilled areas.

An aggressive exploration program is planned for 2004 to drill seven target areas in the Mulatos deposit area and seven prospects within the district, define drill targets in the remaining prospect areas, and identify new areas of interest.

Property Geology and Known Gold Occurrences

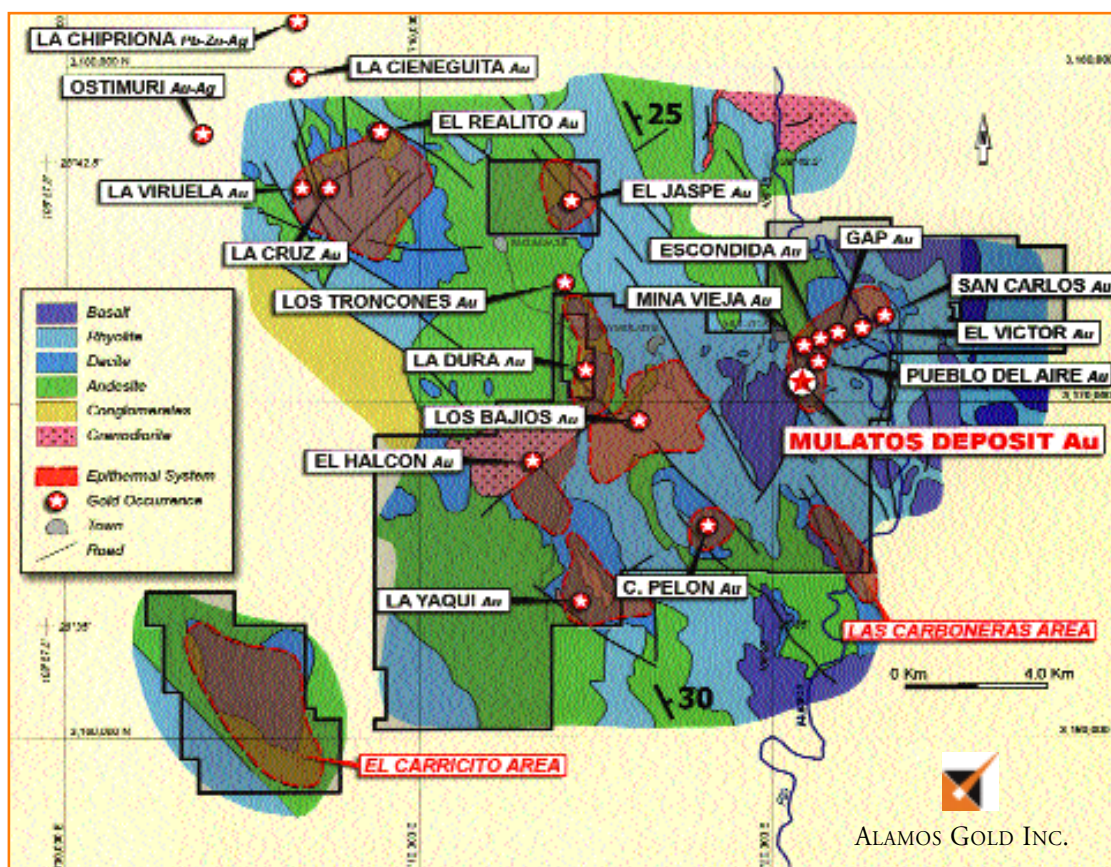


Figure 1. Alamos Gold controls a land position of excess of over 190 km² in a district of gold occurrences. The land position is centred on the primary regional northeast structural and mineralization trend.

2003 MULATOS DEPOSIT EXPLORATION PROGRAM

Exploration efforts in the Mulatos district were resumed in July of 2003 after a five-year hiatus. Primary objectives were to enhance the quality of the known Mulatos resource and implement an integrated exploration program to discover new resources within the district.

The exploration activities by previous owners of the Mulatos deposit were driven toward defining large-tonnage, stratiform mineralization. No previous evaluation was undertaken of the role of structural control on high-grade gold, even though structural zones hosting high-grade gold are clearly apparent in the historic workings. Potential existed to increase the grade of the deposit and improve project economics by defining higher-grade structurally-controlled mineralization.

Detailed surface and underground structural and alteration mapping was undertaken in the Cerro Estrella area in order to evaluate the roles of structural features of gold mineralization. The evaluation revealed that structural control is indeed a major component of gold mineralization, with highest-grade gold concentrations coincident with northwest-trending silicified structural zones. The structural zones also commonly contain sheeted fracture zones reflecting reactivation of primary structures and enhanced gold grade. The sheeted fracture zones provided an additional economic benefit by allowing for deep oxidation within the deposit.

Previous drilling to delineate the Mulatos deposit was done from the surface with vertical to high angle holes. While an optimal drilling orientation for defining the low-grade stratiform mineralization, the drill holes were oriented sub-parallel to the primary structural trend and did not adequately assess the extent and grade of the higher-grade structurally controlled mineralization. A fifteen-hole underground core-drilling program was implemented in October 2003 to target five areas of higher-grade structurally controlled mineralization within the Cerro Estrella portion of the Mulatos deposit. Drilling from underground allowed for a drill orientation perpendicular to the trend and dip of the zones so that an accurate idea of width and grade could be ascertained. A total of 1821.5 metres of core was drilled.

All drill holes encountered significant intercepts of gold mineralization higher than the average grade of the deposit and confirmed the concept of higher-grade gold concentrations within broad structural zones. They also demonstrated pervasive oxidation and vuggy silica alteration to a greater extent than that indicated by the surface drilling model. Drill hole highlights include 50.0 metres @ 5.63 g/t in NPT03-04, 114.74 metres @ 3.05 g/t in NP03-01, 102.5 metres @ 5.45 g/t in NP03-06, and 174.43 metres @ 2.0 g/t in NP03-02. A table of all significant drill hole intercepts is attached as Appendix 1.



MULATOS DEPOSIT EXPLORATION POTENTIAL

Several additional areas adjacent to or within close proximity to the Mulatos deposit offer excellent exploration potential (Figure 2). Recently completed structural mapping southeast of the Cerro Estrella resource area has indicated the gold-controlling structural zones continue into an area where ore-grade gold-silver mineralization was encountered during condemnation drilling for a waste dump site in 1996, but was never pursued by subsequent drilling. Intercepts include up to 20 metres @ 4.9 g/t gold with local intervals of 300 g/t silver. These intercepts were not included in the most recent resource estimation due to lack of geologic context and lack of sufficient drill hole spacing. Resource expansion in the area is highly likely with increased drilling, planned for 2Q/3Q 2004.

Potential exists for a significant low-cost gold resource within extensive colluvial material derived from weathering and erosion of the Cerro Estrella gold deposit. Existing drill holes indicate that the colluvial material contains gold concentrations from 0.5-2.5 g/t, and visible gold can be panned from colluvial fines. The grade and extent suggests potential for 50,000 to 100,000 ounces of gold in oxidized material that could be put on the leach pad with screening only. A drilling program to evaluate the resource is planned for 2Q 2004.

The Escondida and Gap zones essentially define continuous mineralization from the Mulatos deposit through the El Victor Zone. The El Victor Zone has a measured, indicated and inferred resource of 24.0 Mt @ 0.91 g/t Au (0.5 g/t cut-off) for 700,000 contained ounces, with the

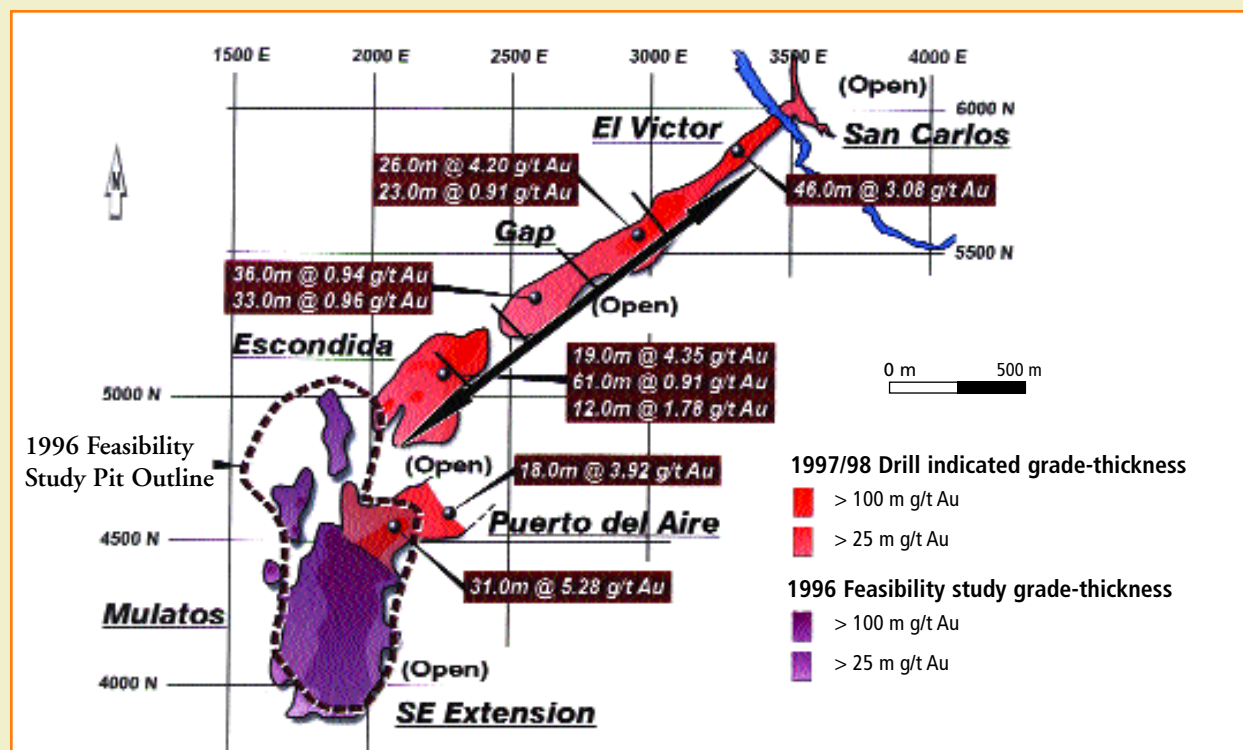


Figure 2. Distribution of resource areas of the Mulatos deposit and extensions. Mineralization known at the time of the Placer Dome 1996 feasibility study is shown by grade-thickness in purple, with 1997/1998 resource additions from the last exploration programs shown in red. The potential colluvial resource area is located due west of the main deposit area along the 1500E line.

Gap Zone having an inferred resource of 21.5 Mt @ 1.13 g/t Au or 780,000 oz, largely inferred due to insufficient drill hole density (Placer Dome estimates). Neither area is included in the current resource estimate, and reflect near-term resource growth opportunities. A drift with underground drill hole fans is planned for 3Q and 4Q 2004 to convert inferred to measured resource, plus explore for high-grade mineralization within the regional structure connecting Escondida to El Victor.

The San Carlos area is the northeast extension of the El Victor Zone with with stratiform and structurally controlled mineralization that was mined by underground room-and-pillar methods during the 1980s. Narrow bonanza-grade veins are also present. Kennecott drilling in early 1990s indicated widespread mineralization with open intercepts. The zone remains open to the northeast. Mineralization is also open to the northeast in the Puerto del Aire Zone. The northern portion of the deposit, in the

area of historic mining activity, is also largely outside of the Estrella resource area. It was partially drilled on 50 metre centres in 1996 and the presence of significant mineralization was confirmed. Drill hole density is insufficient at present for measured and indicated resource categories, but strong potential exists for both resource addition and grade improvement. In addition, structural control is now recognized in the area that was not adequately tested by the predominantly vertical holes that were previously drilled.

A newly identified structural zone marked by strong gold-anomalous pyrophyllite and silicic alteration is present on the southern end of the Mulatos deposit that offers potential for resource addition. Surface exposures suggest that the exposed area is high in the system, with potential for high-grade mineralization at depth. Drilling is scheduled for 2Q/3Q 2004. No drilling has previously been conducted in the area.



DISTRICT EXPLORATION POTENTIAL

Numerous other highly prospective areas are present within the Alamos Gold land position. Eight exploration targets with extensive areas of alteration similar to that associated with gold at the Mulatos deposit are covered by Alamos concessions. The majority have outcropping mineralization and/or historic workings and have not been drilled.

The principal target areas are known as the El Halcon, Los Bajios, La Yaqui, Cerro Pelon, El Jaspe, La Dura, and El Carricito. A brief description of these mineralized areas is provided below:

El Halcon

The Halcon prospect consists of a large (>4 km²) area of argillic and silicic alteration in rock types similar to those hosting mineralization at the Mulatos deposit. The Halcon area and the Yaqui area to the immediate south are the only zones outside of Mulatos to receive any drilling activity. Reconnaissance drilling in 1995 and 1997 resulted in the discovery of blind high-grade copper-gold-silver mineralization as enargite-matrix breccias, within the central Halcon area (Figure 3). Intercepts include 12.20 metres @ 7.93 g/t Au in hole 95HY009, and 40.0 metres @ 4.45 % Cu in drill hole 95HY038.



Figure 3. Central Halcon high-grade copper-gold-silver mineralization from 97HY040. Interval runs 11.0 g/t Au, 408 g/t Ag, and 30.1% Cu.

The copper-gold-silver mineralization underlies areas of alunite + silica alteration and is not exposed on the surface. Widespread areas of similar alteration were mapped to the north after drilling was completed, and have not been drill tested. Nearby holes are strongly anomalous in copper and gold. No resource estimate was completed following the 1997 drilling program, as modeling was in progress at the time of exploration cessation. Open intercepts are evident from drill sections.

The Halcon North area is one of the highest priority near-term drill targets, as it has the same alteration assemblages and mineralization controls as the area of copper-gold mineralization. Recently completed three dimensional induced polarization modeling shows a large resistivity and chargeability anomaly at depth identical to the anomalies associated with the known mineralization. Alteration zonation indicates a gradient toward increasing temperature in the Halcon North area, suggesting the centre of the Halcon system may be north of the area previously drilled. Historic gold workings are also present in this area. The Halcon North targets are scheduled for drilling in 2Q of 2004.

Los Bajios

The Los Bajios area is a recently discovered zone of extensive alunite alteration that is one of the highest priority exploration targets in the Mulatos district. It is a 5 km x 1 km northeast-trending zone of alunite-silica alteration with local silicified breccias extending from El Halcon toward Mulatos. It contains the same alteration types as those overlying the blind Halcon copper-gold mineralization, as well as silicified multi-stage fragmental volcanic rocks similar to those hosting gold in the northern portion of the Mulatos deposit. Copper-gold mineralization has been noted in outcrop at several locations within the altered area. No drilling has previously been done in the Los Bajios area.

Three large resistivity anomalies similar to those associated with gold mineralization at Halcon and Mulatos occur directly below or peripheral to the alunite altered areas (Figure 4). Resistivity anomalies are indicative of underlying silicic alteration, the alteration type most closely associated with mineralization in the district. The Bajios resistivity anomalies exceed the size of the Mulatos anomaly, and are along the same trend as the Halcon gold-copper mineralization. These targets are undrilled, but scheduled for drill testing in 2Q and 3Q 2004.

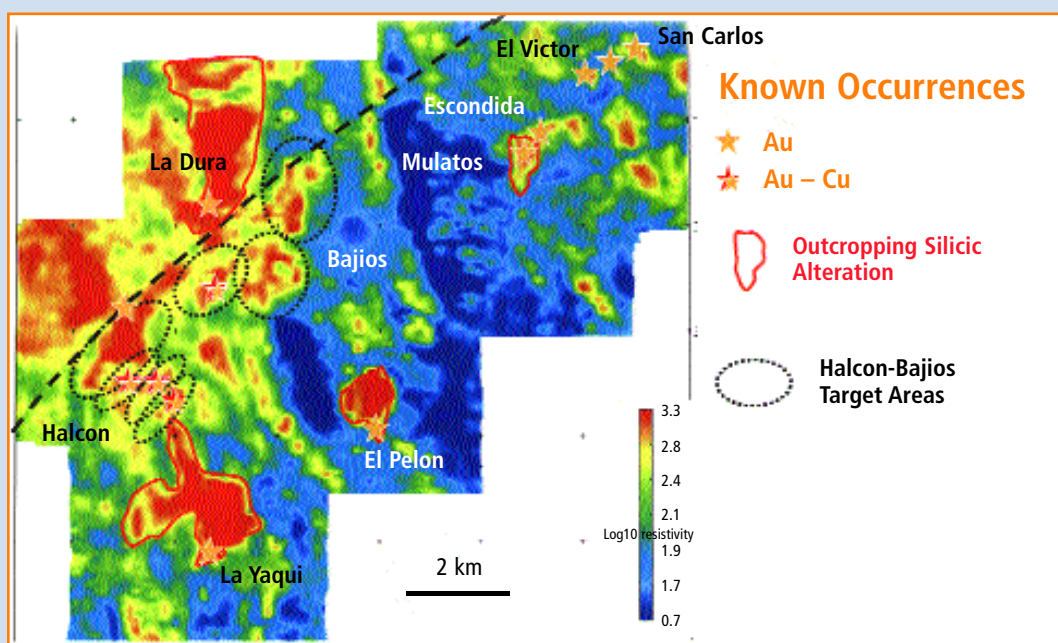


Figure 4. District airborne resistivity response. Silicified areas show up as highly resistive anomalies, shown in red. All known gold and gold-copper occurrences are associated with resistivity anomalies. The Bajios anomalies are coincident with extensive alunite alteration and are believed to reflect concealed silicic alteration.

Several independent factors suggest the Bajios area may be the source of mineralizing fluids. Alteration mapping at Halcon indicates zonation toward higher temperature assemblages in the direction of the Los Bajios area. The La Dura gold occurrence has pervasive alteration and gold occurrences increasing toward the south, also suggesting a possible fluid source in the Bajios area. The Los Bajios area may be the central part of one large, regional hydrothermal system, with Halcon located in the western portion, La Dura to the north, and La Yaqui on the south as lateral, distal equivalents. The size of the airborne resistivity anomalies and extent of alteration indicates potential for at least one Mulatos-size deposit within the zone.

La Yaqui

The La Yaqui area is located 2.5 kilometres to the southeast of El Halcon, and consists of a several kilometre square area of advanced argillic and silicic alteration. An 80,000 ounce oxide gold resource was discovered in the area in 1995 as a result of a reconnaissance drilling program undertaken by Placer Dome. The area contains the same lithologic, alteration, and mineralization features as El Halcon, Mulatos, Escondida, and El Victor/San Carlos.



Geologic mapping undertaken after drilling was completed indicated northeast trending structural zones that were not subsequently drill tested.

The La Yaqui gold resource occurs within a small (100 m x 200 m) fault offset segment of a 1 km x 2 km area of similar stratiform alteration that has not been drilled. Exploration potential is believed to be high, as the known gold resource is interpreted to be a fault-offset block of a more extensive mineralized horizon.



Figure 5. Cerro Pelon looking northwest. A large soil gold anomaly occurs on the left flank of the large silicified massif.

Cerro Pelon

The Cerro Pelon area is located five kilometres southwest of Mulatos and consists of a large area of intense alteration centred on a prominent 300 metre high silicified massif. Lithological units and alteration types are similar to those of the Mulatos deposit. A grid soil geochemical survey completed in 1995 delineated a 300 m x 500 m gold anomaly (>0.10 g/t Au) on the southern flank of the silicified massif that has not been drilled. Recent reconnaissance work has identified extensive areas of alteration to the south, greatly expanding the known size of the altered system. Detailed alteration mapping and sampling is in progress to determine the geologic controls of gold mineralization and drill targets. Drilling is planned for 3Q/4Q of 2004.

El Jaspe

The El Jaspe prospect consists of several square kilometres of stratiform silicic alteration containing several large soil gold geochemical anomalies, the largest of which is 300 m x 150 m (>0.10 ppm). A new target concept has been developed suggesting potential for a high-grade structural

feeder directly to the east of the soil gold anomalies under shallow gravel cover. No drilling has been completed in the project area. Geologic evaluation is in progress, with drilling scheduled in 2Q/3Q 2004.

El Carricito

The Carricito prospect is located approximately 18 kilometres from the Mulatos deposit at the southwestern end of the regional northeast trend of the District's gold occurrences. It has the largest area of silica alteration in the district, with over 15 square kilometres of silicic alteration, including extensive vuggy silica. The limited reconnaissance rock chip and stream sediment sampling completed to date indicates moderately to strongly anomalous gold pathfinder elements and weakly anomalous gold.

Little work has been done on the property due to its size and location. Detailed PIMA-assisted alteration mapping and geochemical surveys are planned for 2004/2005. Exploration potential is believed to be high, due to the size of the altered system and the presence of alteration assemblages commonly associated with gold in the district.

Carboneras

The Carboneras area is a recently identified extensive area of strong advanced argillic alteration (alunite + dickite) located four kilometres south of the Mulatos deposit. The alteration assemblage has a similar mineralogy to that near gold mineralization at Mulatos, with a host rock similar to the fragmental volcanoclastic unit hosting gold mineralization in the northern portion of the Mulatos deposit and the Escondida zones. Limited stream sediment sampling in the altered area shows strongly anomalous arsenic and antimony geochemistry with local gold anomalies. The stratiform component of alteration has over a 7 kilometre strike length. Reconnaissance geologic work in the area has discovered float boulders of silicified breccias from as yet unidentified source.



The extensive alteration is unexplored. Detailed alteration mapping is planned to determine zonation toward the vent source, followed by grid geochemical surveys and regional stream sediment sampling.

La Dura

The La Dura prospect contains a large area of intense silicic alteration of over 3.5 kilometres in length with several historic gold workings. A core concession is not controlled by Alamos, but it is surrounded by Alamos-controlled concessions, with mineralization trend toward the Alamos ground. Target development is in progress.

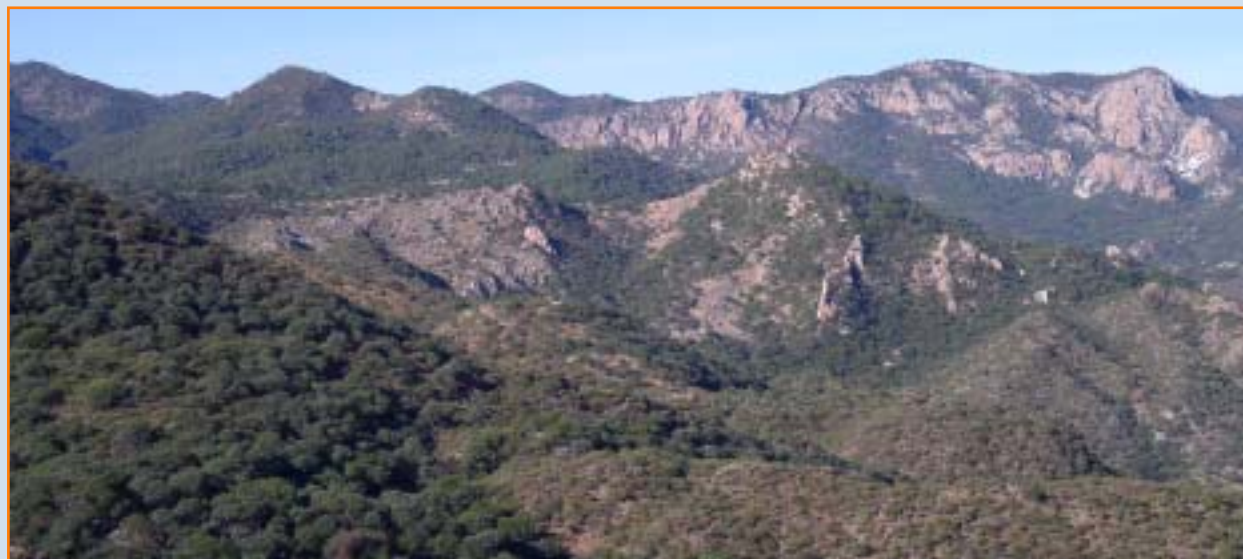


Figure 7. Overview of the La Dura and Los Bajios exploration areas from the top of the Mulatos deposit. The La Dura prospect consists of the prominent bare silicified ridge at the right centre of the photograph. Extensive alunite alteration at the northeast end of Bajios trend underlies the vegetated high hills to the immediate left of La Dura. View due west.

APPENDIX 1

2003 UNDERGROUND DRILLING PROGRAM INTERCEPTS

Drill Hole (Azimuth/Inclination)	Total Depth (metres)	From (metres)	To (metres)	Interval (metres)	Gold g/t
NP03-01 (240/+25) Includes:	129.3	0 3.05	114.74 29.06	114.74 26.01	3.05 6.47
NP03-02 (050/0) Includes:	237.33 167.42	0 56.25 86.65 187.0	31.93 230.68 107.93 19.58	31.93 174.43 21.28 5.15	1.47 1.995 3.1
NP03-03 (240/+20)	102.05	0	102.5	102.5	3.01
NP03-04 (240/0) Includes:	99.75	0 41.04	92.75 51.68	92.75 10.64	3.58 16.27
NP03-05 (240/0)	100.05	0 53.21	47.13 86.65	47.13 33.44	2.68 1.97
NP03-06 (240/-20) Includes:	106.1	0 32.12	102.5 40.97	102.5 8.85	5.45 11.76
NP03-07 (050/0)	101.4	0	101.4	101.4	2.14
NP03-08 (050/+20)	107.05 94.01	0 16.74 107.5	12.18 91.69 13.49	12.18 74.95 1.3	2.47 1.78
NPT03-01 (240/0)	126.4 71.44	0 47.12 126.40	42.78 60.25 54.96	42.78 13.13 0.96	1.58 2.70
NPT03-02 (050/+35) Includes:	130.8 103.80	3.04 66.52 113.40 79.12	45.60 99.82 9.60 93.75	42.56 33.30 1.02 14.63	1.08 2.21 3.09
NPT03-03 (050/0)	89.7 44.08	0 79.04	39.52 34.96	39.52 1.14	1.04
NPT03-04 (090/+20) Includes:	130.6 80.56	24.32 40.55 130.60 84.75	38.0 51.68 50.04 115.52	13.68 11.13 5.63 30.77	0.72 0.75 7.96
NPT03-06 (050/+30) Includes:	80.05 53.54	0 27.53 80.05 64.35	19.88 36.71 26.51 76.77	19.88 9.18 6.10 12.42	1.27 0.80 11.36
CT03-01 (040/0) Includes:	139.65	0 0 29.06	65.78 12.23 50.48	65.78 12.23 21.42	2.31 3.58 3.50
CT03-03 (230/0)	141.4	0 82.45	79.36 134.47	79.36 52.02	3.01 1.98

MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis is for the year ended December 31, 2003 compared with the year ended December 31, 2002. All funds are expressed in United States dollars, except where noted. Information is current to April 20, 2004.

Introduction

The following discussion and analysis of the operating results and financial position of Alamos Gold Inc. (the "Company") should be read in conjunction with the attached Consolidated Financial Statements of the Company and related Notes (the "Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) (see Summary of Significant Accounting Policies and Note 2: Basis of Accounting) in United States dollars. These principles differ in certain material respects from accounting principles generally accepted in the United States (U.S. GAAP). Differences between GAAP and U.S. GAAP applicable to the Company are described in Note 15 to the Financial Statements. This discussion and analysis may contain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations.

Note to U.S. Investors

The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by Canadian regulations; they are not defined terms under standards in the United States. As such, information contained in this report concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the Securities and Exchange Commission. "Indicated mineral resource" and "inferred mineral resource" have a great amount of uncertainty as to their existence and a great uncertainty as to their economic and legal feasibility. It can not be assumed that all or any part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. The Company has not completed a feasibility study on any of its properties at this time.

Highlights

In February, 2003, a predecessor to the Company (Alamos Minerals Ltd.) completed a merger with National Gold Corporation (National), which the Company accounted for as an acquisition. This transaction resulted in a consolidation of ownership of the Salamandra Project (Salamandra), located

in Sonora, Mexico. Prior to the merger, the Company had entered into a joint venture agreement with National for the development of Salamandra. In August 2003, the Company completed the placement of 8.5 million units at a price of CDN\$1.45 per unit for net proceeds of \$8,150,019, after related issue costs. Each unit consists of one common share in the capital of the Company and one-half of a transferable share purchase warrant.

Exploration work on Salamandra continued throughout 2003. The Company noted in a press release issued January 21, 2004 that its new resource model indicates 62.2 million tonnes of ore grading 1.51 grams per tonne at a 0.60 grams per tonne cut-off, for a total of 3,020,000 ounces of contained gold, classified as measured and indicated. A feasibility study to assess the economics of Salamandra has been commissioned and is expected to be out in the second quarter of 2004.

The availability of equity funding to the Company depends, in part, upon investor interest in the gold sector. Management believes the gold price has benefited from a weakening of the United States dollar against other major currencies, a reduction in hedging of future production by major gold producers, and an increase in positions held by speculators. The price of gold improved from \$278 per ounce at December 2001, to \$347 per ounce at December 2002, to \$417 at December 2003 and stands at \$397 on April 20, 2004. At these levels, the price of gold should have a positive impact on the feasibility study for Salamandra. However, it is not possible to forecast future gold price trends, their impact on the feasibility study for Salamandra, or future results from operations.

Merger

A predecessor of the Company (Alamos Minerals Ltd.) merged with National pursuant to a share exchange agreement, whereby the former shareholders of the predecessor company received one new share for each two shares held, and National shareholders received one new share for each 2.352 shares held in National. The Company accounted for the merger as an acquisition of National. The Company assumed all the assets and liabilities of the merged companies, effective February 2003 and continued to carry on the business of both predecessor companies.

Operating Activities

The Company recorded net loss for 2003 of \$1.9 million (\$.05 per share), compared with \$440,205 in 2002 (\$0.04 per share). Net losses were affected by higher legal and accounting charges; office and administration, and interest expense, partly

offset by higher interest income earned on cash balances and a gain on foreign exchange. Increased costs relate, in part, to the acquisition of National in February 2003.

Increased costs reflect the merger of operations of the Company and National in February 2003, and the availability of additional funds for corporate purposes following the private placement issue in August 2003. Administration costs increased from \$42,254 in 2002 to \$242,081 in 2003 (2001 – \$29,759) due to the addition of executive staff upon completion of the merger with National. The Company also incurred higher accounting and legal costs, increasing on a combined basis to \$381,249 from \$196,840 in 2002 to comply with increased regulatory requirements. The Company continued with the SEC registration processes formerly undertaken by National, with the expectation of obtaining a U.S. exchange listing in the future. Travel and accommodation increased from \$13,105 to \$86,892 due to increased travel to Mexico as the exploration activities increased during the year, and travel relating to investor presentations as a consequence of the merger. Shareholder communications costs also increased from \$26,667 to \$49,333 as a consequence of merger-related interest from investors.

Non-cash compensation expenses of \$403,989 (2002 – \$nil) recorded as a consequence of the Company adopting a new accounting policy in 2002 relating to stock-based compensation. An additional amount of \$303,694 was recorded as an expenditure on Unproven Properties, as that grant of options was to exploration personnel whose compensations are capitalized to the relevant mineral project. Accounting guidelines require that the Company record as compensation the determined fair value of stock options issued to non-employees during the term of the options, with a corresponding credit to its contributed surplus account. No cash is exchanged at the time of the grant. The Company receives the full option price at such time, if any, that the stock option is exercised. In valuing options, management used a standard option pricing model, which required it to make certain subjective assumptions as to future interest rates and stock price volatility (see Note 9 to the Financial Statements). While management has used its best efforts to assess these future values, the determined fair value of options is highly subjective and meaningful only if the valuation input factors are realized.

Interest expense of \$362,180, net of interest income of \$24,645 (net \$337,535) reflected charges on a CDN\$5.7 million Note issued in January 2003, while in the comparable prior years, the Company earned interest income of \$4,163 in 2002 and \$13,734 in 2001 on cash balances.

Summary of Quarterly Results

Net loss by quarter

	Q1	Q2	Q3	Q4	Total
2003	\$116,342	\$316,255	\$520,575	\$980,701	\$1,933,873
2002	\$72,383	\$81,985	\$65,086	\$220,751	\$440,205

As the Company is still in the exploration and development stage, variances in its quarterly losses are not affected by sales or production-related factors. Year over year increased costs are generally attributed to the merging of Alamos Minerals Ltd. and National Gold Corporation in February 2003 and increase in funding for corporate purposes. As Alamos accounted for the merger as an acquisition of National, National's comparative accounts are not reflected in these financial statements. However, for reference purposes, National had recorded a loss of CDN\$3.0 million in 2002.

Variances by quarter reflect overall corporate activity and are also caused by factors which are not recurring each quarter. Non-cash compensation in the amount of \$403,989, reflecting the value of the grant of stock options to certain personnel, was recorded in the fourth quarter of 2003. The Company expects to record approximately \$300,000 in quarterly corporate operating costs in 2004, exclusive of interest expense and foreign exchange adjustments.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and a Note payable, some of which are denominated in Canadian dollars or Mexican pesos. These accounts are recorded at their fair market value in the United States dollars. The Company is at risk to financial gain or loss as a result of foreign exchange movements against the United States dollar. In 2003, the Company recorded a loss of \$158,031, while in 2002 a gain of \$15,496 was recorded. The loss was mainly attributed to a translation loss on the H. Morgan loan, denominated in Canadian dollars, as the Canadian dollar strengthened 20% during the year against the United States dollar. The loss on the loan was partially offset by a gain on the Company's cash holdings in Canadian dollars. The Company minimizes its foreign exchange risk by maintaining low account balances in Canadian dollars and Mexican pesos, to the extent possible. The Company does not have major commitments to acquire assets in foreign currencies at this time, but does expect that certain significant expenditures in developing a mine at Salamandra will be denominated in pesos. Once mine development costs are known and purchase commitments made, the Company may acquire pesos directly or through derivative positions, to lock-in these costs in United States funds, if it believes it prudent to do so.

The Company has placed its cash and cash equivalents in liquid bank deposits which provide a variable rate of interest.

Investment in Mineral Exploration and Development

Net expenditures on mineral properties increased during the year to \$13.5 million from \$3.5 million in 2002. The increased activity reflects the Company's acquisition of the Salamandra project in the amount of \$10.7 million pursuant to the acquisition of National. The Salamandra project is an advanced-stage exploration project in northern Mexico. During 2003, the Company conducted extensive sampling and drilling on the main zone and adjacent structures in order to determine the size and grade of the deposit. Expenditures on field work and supplies increased from \$415,963 to \$846,334, due to increased drilling and site work. As well, geological work, including consulting geologists fees, increased to \$666,342 from \$178,333 which includes a \$303,694 charge for stock-based compensation, due to additional work leading to an interim resource model for a feasibility study. An updated resource model was provided by the Company in January 2004. A feasibility study was commissioned to assess the economic potential of Salamandra, at a cost to date of \$254,989. The feasibility study will determine what portion of this resource can be economically mined. The Company also incurred property taxes and surface rights payments in the amount of \$471,920 in 2003, the first year it held title to the property following the merger with National.

Work on the Salamandra feasibility study is expected to be completed in the first half of 2004. Future development of the Salamandra deposit may be dependent upon obtaining adequate financing. The Company completed in April 2004 a CDN\$30 million private placement equity to fund ongoing development at Salamandra. With the required mining permits already in hand, the Company expects to direct its efforts toward equipment and material procurement, project management and construction. The feasibility study contemplates a standard open pit heap leach mining project.

Management has conducted an extensive review of its mineral property accounts. Its La Fortuna project, is currently carried at \$1 million, and the Company has determined that the carrying value is appropriate based on its assessment of realizable value.

As the Company does not yet have any resource properties that qualify for capitalization under U.S. GAAP, the primary effect of the U.S. GAAP reconciliation of its financial statements is to increase the net loss and deficit for 2003, 2002 and 2001 by the amounts of the exploration expenditures capitalized less write-offs under Canadian GAAP, in each of those years. For the purposes of U.S. GAAP, these expenditures have been charged to the Statement of Loss and Deficit in the period incurred (see Note 15 to the Financial Statements).

Capital Resources and Liquidity

The Company's financial condition improved significantly in 2003. As at December 31, 2003, the Company had working capital of \$6.3 million (after taking into account the current portion of a Note payable), an increase from a working capital deficiency of \$0.9 million on December 31, 2002. The most significant component of the change in working capital was the increase in cash and short-term investments by \$8.5 million over 2002, exclusive of restricted cash in the amount of \$0.7 million relating to letters of credit (Note 13(b)). Payables increased from \$123,393 in 2002 to \$536,069 in 2003 in response to increased exploration activities.

The increase in cash and short-term investments resulted primarily from funds received from a brokered placement 8.5 million units at a price of CDN\$1.45 per unit for gross proceeds of \$8,150,000. Each unit consists of one common share in the capital of the Company and one-half of a transferable share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional share of the Company at a price of CDN\$1.75 for a one-year period following closing. The shares, warrants and any shares issuable on exercise of the warrants are subject to a hold period expiring December 22, 2003. In addition, the Company received \$4.6 million upon the exercise of 7,269,895 share purchase warrants. In 2003, prior to the merger, Alamos Minerals had received \$1.1 million from the exercise of 7,078,617 share purchase warrants. Almost \$1 million was raised in 2003 from the exercise of 1,075,383 share purchase options (2002 – nil).

The Company completed a debt financing with H. Morgan & Company, whereby a Note for a total of CDN\$5.7 million was issued to the Company for a term of 61 months, subject to prepayment terms. These funds were used to prepay the outstanding debentures issued by National pursuant to the Asset Purchase Agreement on Salamandra. Prepayment of the debentures reduced the amount due under the debentures (CDN\$7.5 million) by CDN\$1.9 million. Interest is payable on the Note at 12% per annum. During the quarter ended September 30, 2003, the Company repaid 50% of the Note and is entitled to prepay any amount up to the total amount of the principal of the Note after January 30, 2005.

The Company is adequately funded to carry out further development work at Salamandra in anticipation of a positive result from its feasibility study. Current work plans are incorporated into a \$3 million budget for additional exploration in and around Salamandra. The Company has committed to acquiring a crushing and conveying unit for Salamandra for \$1 million. It is currently reviewing opportunities to acquire refurbished haulers, loaders and related mining equipment, as

well as a previously owned gold recovery plant. With the price of gold near a 15-year high, and continued interest from new investors and lending institutions, the Company believes it is well-positioned to secure the remaining capital required to undertake construction of the Salamandra project. The Company will seek to secure debt financing for part of the Salamandra construction costs, if it can be obtained at reasonable cost and terms.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

The Company follows accounting guidelines in determining the fair value of stock-based compensation, as disclosed in Note 9(d) to the Financial Statements. This calculated amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make several assumptions as to future events: 1) estimate the average future hold period of issued stock options before exercise, expiry or cancellation; 2) future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); 3) and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value which the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs on a project by project basis consistent with Canadian GAAP and applicable guidelines. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy could be to expense such costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or expense such costs until a mineral reserve has been established (which is the procedure prescribed by the

Securities and Exchange Commission in the United States). Management is of the view that its current policy is appropriate for the Company at this time. The Company assesses whether an impairment exists in any of its exploration projects, and writes down that project to its estimated recoverable amount when such impairment is found to exist. A write-down of a project does not necessarily mean the project is or will be abandoned or sold, or that the project has no further merit, but could result from the Company's decision not to advance the project at that time, due to poor initial results or lack of funds. No writedowns were recorded during 2003.

Changes in Accounting Policy

The Company adopted in 2003 the transitional provisions of Canadian Institute of Chartered Accountants' Handbook Section 3870 on stock-based compensation on a prospective basis. The Company accounts for the derived value of stock-based compensation to all employees and consultants.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements except for commitments described in the attached table:

Commitments Table (by period) (\$)

Year:	2004	2005-7	2008+
Land lease payments ⁽¹⁾	52,000	155,000	52,000 pa
Water rights	310,000		
Land tax	225,000	675,000	225,000 pa
Legal services	300,000		
Equipment purchases ⁽²⁾	1,000,000		

(1) Based on current land use requirements

(2) The Company is seeking additional equipment and will make purchase commitments in line with the requirements of a feasibility study expected to be concluded in the first half of 2004. It is not known at this time what the total future capital costs will be.

Related Party Transactions

Details of related party transactions, including the purpose and recorded amounts of the transactions are identified in Note 6 to the Financial Statements.

Outstanding Share Data

The Company has one class of common shares: as at April 20, 2004, there were 61,721,439 common shares outstanding.

The Company has a stock option plan: as at April 20, 2004, there were 2,150,760 stock options outstanding, all of which have vested.

The Company has outstanding as at April 20, 2004, 9,858,845 share purchase warrants.

Risk and Uncertainties

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking, as defined in the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this report.

The Company's financial success is subject to general market conditions which affect mining and exploration companies. The value of the Company's mineral resources and future operating profit and loss is affected by fluctuations in gold prices, over which the Company has no control, although it may choose to hedge some of its future production. The cost of exploration and future capital and operating costs are affected by foreign exchange rates for the Canadian dollar and Mexican peso. The Company can mitigate the effects of these rate fluctuations, to some extent, through forward purchases. The Company's ability to lock in gold prices or future foreign exchange rates is affected by its creditworthiness. Because of its limited operating record and history of losses, it may not be able to hedge future risk to the extent it feels is appropriate. The Company also competes with other mining companies which are larger and have more economic resources to acquire prospective exploration properties or producing mines.

The Company also faces certain risks and uncertainties specific to its circumstances. The Company's ability to obtain financing to explore for mineral deposits and to continue and complete the development of those properties it has classified as assets is not assured; nor is there assurance that the expenditure of funds will result in the discovery of an economic mineral deposit. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined. Consequently, its actual mineral resources may differ from that outlined in a feasibility study in both tonnage and grade from that predicted from sampling, drilling and statistical procedures used to estimate ore tonnage, grade and waste. While the Company has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed. Should the Company elect to place the Salamandra deposit into production, it is exposed to potential for cost overruns from those predicted in a feasibility study due to adverse prices of commodities or labour due to shortages or inflation, or that processes may take longer than budgeted. Future operating profit from a mining operation may not be as predicted in a feasibility study due to variances in tonnage and grade of ore, unanticipated operating costs due to unavailability of materials or labour, inflation, mining conditions relating to rock mechanics and environmental conditions.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Alamos Gold Inc., have been prepared by, and are the responsibility of, the Company's management.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment on information currently available.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the annual consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval.

The consolidated financial statements have been audited by De Visser Gray, Chartered Accountants and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"Signed"

John A. McCluskey
President and CEO

April 20, 2004

AUDITOR'S REPORT

To the Shareholders of Alamos Gold Inc.
(formerly Alamos Minerals Ltd.)

We have audited the consolidated balance sheets of Alamos Gold Inc. (formerly Alamos Minerals Ltd.) as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit, cash flows and mineral rights on unproven properties for each of the years in the three year period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and cash flows for each of the years in the three year period ended December 31, 2003, in accordance with Canadian generally accepted accounting principles.

"Signed"

Chartered Accountants

Vancouver, British Columbia
April 20, 2004

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA – U.S. REPORTING CONFLICT

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in note 1 to the financial statements. Our report to the shareholders dated April 20, 2004, is expressed in accordance with Canadian reporting standards which do not require a reference to such events and conditions in the Auditor's report when these are adequately disclosed in the financial statements.

"Signed"

Chartered Accountants

Vancouver, British Columbia
April 20, 2004

CONSOLIDATED BALANCE SHEETS

For the years ended December 31
(Stated in U.S. Dollars)

	2003	2002
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	8,981,575	487,289
Amounts receivable	47,620	39,033
Advances and prepaid expenses	37,777	12,822
Due from related party <i>(Note 6)</i>	–	450,522
	9,066,972	989,666
Restricted cash <i>(Note 13(b))</i>	681,347	–
Long-term investments <i>(Note 5)</i>	3,169	3,169
Equipment <i>(Note 3)</i>	209,565	72,369
Mineral rights on unproven properties <i>(Statement, Note 4)</i>	18,461,868	4,956,412
	28,422,921	6,021,616
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	536,069	123,393
Note payable <i>(Note 11)</i>	2,198,612	1,769,565
	2,734,681	1,892,958
SHAREHOLDERS EQUITY		
Share capital <i>(Note 9(a))</i>	34,369,682	11,583,910
Contributed surplus <i>(Note 9(d))</i>	707,683	–
Deficit	(9,389,125)	(7,455,252)
	25,688,240	4,128,658
Continuing operations <i>(Note 1)</i>	28,422,921	6,021,616

Approved by the Board of Directors:

“Signed”

James McDonald

“Signed”

John A. McCluskey

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the years ended December 31
(Stated in U.S. Dollars)

	2003	2002	2001
	\$	\$	\$
Revenue			
Gold sales <i>(Note 4(c))</i>	–	–	146,474
Expenses			
Amortization	60,308	25,449	31,954
Management fees	171,761	129,828	4,846
Foreign exchange (gain) loss	158,031	(15,496)	12,072
Legal, audit and accounting	381,249	196,840	83,343
Office and administration	242,081	42,254	29,759
Property investigation	–	6,753	338,941
Shareholder communications	49,333	26,667	6,933
Travel and accommodation	86,892	13,105	798
Trust and filing	42,694	13,130	5,360
Loss on sale of investments	–	–	13,502
Write-down of investments	–	5,838	–
Stock-based compensation	403,989	–	–
Interest (income)	337,535	(4,163)	(13,734)
	1,933,873	440,205	513,774
Loss for the year	(1,933,873)	(440,205)	(367,300)
Deficit, beginning of year	(7,455,252)	(7,015,047)	(6,647,747)
Deficit, end of year	(9,389,125)	(7,455,252)	(7,015,047)
Loss per share <i>(Note 8)</i>	\$(0.05)	\$(0.04)	\$(0.05)
Weighted average number of shares outstanding	39,838,848	10,336,231	7,439,015

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31
(Stated in U.S. Dollars)

	2003	2002	2001
	\$	\$	\$
Cash Provided by (Used for):			
Operating Activities			
Net loss for the period/year	(1,933,873)	(440,205)	(367,300)
Adjustments for items not involving cash:			
Amortization	60,308	25,449	31,954
Loss on sale of investment	–	–	13,502
Write-down of long-term investments	–	5,838	–
Stock-based compensation	403,989	–	–
	(1,469,576)	(408,918)	(321,844)
Changes in non-cash working capital components:			
Amounts receivable	48,313	(16,946)	(13,124)
Advances and prepaid expenses	(24,955)	6,674	(3,174)
Accounts payable and accrued liabilities	273,375	96,378	(15,057)
	(1,172,843)	(322,812)	(353,199)
Investing Activities			
Advances to related party	–	(450,522)	–
Mineral rights on unproven properties	(4,810,200)	(1,689,876)	(496,971)
Purchase of equipment	(131,755)	(19,075)	(6,539)
Proceeds from sale of investments	–	–	13,168
	(4,941,955)	(2,159,473)	(490,342)
Financing Activities			
Proceeds from issuance of long-term debt	3,750,000	–	–
Liability to issue shares	–	–	564,279
Proceeds from the issue of common shares	14,740,567	2,681,604	–
Payment of note payable*	(1,769,565)	–	–
Payment of long-term debt	(1,551,388)	–	–
	15,169,614	2,681,604	564,279
Restricted cash (Note 13(b))	(681,347)	–	–
Cash acquired from amalgamation (Note 10)	120,817	–	–
Net increase (decrease) in cash and cash equivalents	8,494,286	199,319	(279,262)
Cash and cash equivalents – beginning of year	487,289	287,970	567,232
Cash and cash equivalents – end of year	8,981,575	487,289	287,970

Supplementary Information

* Of the note payable of \$3,539,130 (CDN\$5,583,333) for the acquisition of the Salamandra project, \$1,769,565 was paid by National Gold Corporation prior to its amalgamation with the Company.

Shares issued as a finder's fee: 2002 – 471,617 shares at \$84,099.

During 2003 the Company issued 13,467,795 shares valued at \$8,000,000 to acquire National Gold and incurred \$707,683 in stock-based compensation of which \$303,694 was deferred to mineral properties.

Refer also to Note 9(d) and 10.

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF MINERAL RIGHTS ON UNPROVEN PROPERTIES

(Stated in U.S. Dollars)

	Dec. 31, 2000	Expenditures 2001	Dec. 31, 2001	Expenditures 2002	Dec. 31, 2002	Expenditures 2003	Dec. 31, 2003
	\$	\$	\$	\$	\$	\$	\$
MEXICO							
Salamandra Project							
Acquisition	—	414,592	414,592	2,713,516	3,128,108	*10,717,681	13,845,789
Exploration							
Mine administration	—	—	—	61,205	61,205	94,146	155,351
Analytical	—	—	—	15,943	15,943	74,860	90,803
Feasibility	—	—	—	—	—	254,989	254,989
Field work & supplies	—	32,701	32,701	415,963	448,664	846,334	1,294,998
Geological	—	27,144	27,144	151,189	178,333	666,342	844,675
Claims maintenance	—	15,907	15,907	44,464	60,371	122,083	182,454
Equipment rental	—	—	—	19,353	19,353	175,654	195,007
Property taxes & surface rights	—	—	—	—	—	471,920	471,920
Travel & accommodation	—	4,667	4,667	35,476	40,143	77,374	117,517
	—	495,011	495,011	3,457,109	3,952,120	13,501,383	17,453,503
La Fortuna Rights							
Acquisition	295,300	—	295,300	—	295,300	—	295,300
Exploration							
Analytical	28,714	—	28,714	—	28,714	—	28,714
Field work & supplies	347,776	—	347,776	—	347,776	—	347,776
Geological	226,336	—	226,336	—	226,336	—	226,336
Claims maintenance	66,678	1,960	68,638	2,331	70,969	4,074	75,043
Travel & accommodation	35,196	—	35,196	—	35,196	—	35,196
	1,000,000	1,960	1,001,960	2,331	1,004,291	4,074	1,008,365
Total	1,000,000	496,971	1,496,971	3,459,440	4,956,411	13,505,457	18,461,868

* Refer to Note 10.

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Stated in U.S. Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's activity is the acquisition and exploration of mineral rights that are considered sites of potential economic mineralization. At December 31, 2003, the Company's principal mineral rights interest is the Salamandra Project in Mexico. At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its mineral rights, and the ability of the Company to realize the costs it has incurred to date on these mineral rights is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the mineral rights.

The Company does not generate cash flow from operations to fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

The Company acquired and amalgamated with National Gold Corporation ("National") on February 21, 2003, whereby the shareholders of the Company received one share of the amalgamated Company for every two shares of the Company held, and the shareholders of National received one share of the amalgamated Company for each 2.352 shares of National they held. The acquisition was accounted for as a purchase of National by the Company.

Refer to note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Summarized below are those policies considered particularly significant to the Company. References to the Company included herein are inclusive of the Canadian parent company and its consolidated subsidiaries.

Mineral Rights

Mineral right acquisition costs and related direct exploration costs are deferred until the mineral rights are placed into production, sold or abandoned. These costs will be amortized on the unit-of-production basis over the estimated useful life of the properties, or written-off if the properties are abandoned.

Cost includes any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of property interests. Rights acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of mineral right acquisition costs and their related exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews capitalized costs on its mineral rights on a periodic, or annual, basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the rights or from their sale. Management's assessment of the right's estimated current fair market value may also be based upon a review of other mineral right transactions that have occurred in the same geographic area as that of the rights under review.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the reporting period. Actual results could differ from those estimates.

The Company's investments in marketable securities are items that, due to expected market volume and price fluctuations, may yield net realizable values that are materially different from their current book values.

Equipment

Equipment is recorded at cost and is amortized over its estimated useful economic life using the declining balance method at annual rates of 20% for office furniture and equipment, 30% for computer equipment and 100% for computer software.

Translation of Foreign Currency

The United States dollar is the functional currency of all of the Company's active operations which are classified as integrated for foreign currency translation purposes. Under this method translation gains or losses are included in the determination of net income.

Income Taxes

The Company accounts for future tax assets and liabilities for tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance applies fully to all potential income tax assets of the Company.

The Company's accounting policy for future income taxes currently has no effect on the financial statements of any of the fiscal years presented.

Financial Instruments and Financial Risk

The Company's financial instruments consist of current assets and current liabilities, the fair values of which approximate their carrying amounts due to the short-term nature of these instruments.

Share Capital

Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date of the agreement to issue the shares was entered into a determined by the Board of Directors of the Company, based on the trading price of the shares on the TSX Venture Exchange.

Costs incurred to issue shares are deducted from share capital.

Stock-based Compensation Plan

The Company has a stock-based compensation plan as described in note 9(d). Effective January 1, 2002, the Company has adopted the new accounting standard of the Canadian Institute of Chartered Accountants for accounting for stock-based compensation.

The Company has adopted the fair value method of accounting for all stock options granted whereby stock-based compensation on options granted is recorded as an expense in the period the options are vested, based on the estimated fair value at the measurement date using the Black-Scholes Option Pricing Model. Prior to September 30, 2003, the Company only expensed the fair value of options granted to non-employees and disclosed those granted to all others on a pro forma basis only.

Long-Term Investments

Long-term investments are carried at cost as they are considered to be non-current assets that the Company intends to hold for a period of greater than one year. If there is a loss in value that is other than temporary, defined as existing over two consecutive year ends, these investments are written-down to their estimated market values.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and balances with banks as well as highly liquid short-term investments. The Company considers all highly liquid short-term investments with terms to maturity of less than three months to be cash equivalents.

3. EQUIPMENT

December 31,						
	2003			2002		
	Cost	Accumulated	Net Book	Cost	Accumulated	Net Book
	\$	Amortization	Value	\$	Amortization	Value
	\$	\$	\$	\$	\$	\$
Exploration equipment	639,807	457,811	181,996	470,468	405,158	65,310
Office equipment	33,431	20,576	12,855	23,195	17,962	5,233
Computer equipment	24,151	9,437	14,714	6,817	4,991	1,826
	697,389	487,824	209,565	500,480	428,111	72,369

4. MINERAL RIGHTS ON UNPROVEN PROPERTIES

The Company's mineral rights are located in Mexico and its interest in these rights is maintained under agreements with the titleholders. The Company is satisfied that evidence of title to each of its mineral rights is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the rights.

a) State of Sonora, Mexico

Salamandra Project

The Company has a 100% interest in this project, which comprises approximately 15,000 hectares, in consideration for the payment of CDN\$11,154,011 in acquisition costs and assigned expenses, paid as follows: the payment of \$250,000 (paid), the assumption of two non-interest bearing promissory notes for \$1,000,000 and \$1,750,000 (\$2,750,000) due within sixty days after the price of gold has averaged US\$300 per ounce for six months and nine months respectively or December 31, 2008 (paid), the assumption of a non-interest bearing debenture for \$7,500,000 maturing ninety days after the price of gold averages US\$325 per ounce for nine months or December 31, 2010 (reduced to \$5,583,333 and paid), and the assumption and payment of US\$420,000 in liabilities (paid).

The rights are subject to a sliding scale net smelter royalty ("NSR") on the first 2,000,000 ounces of production. The royalty commences at 1.0% NSR when the price of gold is less than US\$300 per ounce rising to 5% NSR when the price of gold exceeds US\$400 per ounce. Sliding scale minimum quarterly payments of \$25,500 are due when the price of gold is equal to or less than US\$275 per ounce, rising to \$150,000 per quarter if the price of gold exceeds US\$375 per ounce.

During the year 2002 the Company had entered into an agreement with National whereby the Company earned a 50% interest in the property by spending \$2.375 million on acquisition and exploration expenditures, the payment of 50% of all of the obligations due by National under the National's original assets purchase agreement and to pay to National \$2,000,000 within 48 months of the Company becoming the Registered Operator of the properties in Mexico. On February 21, 2003, the Company acquired National.

Refer to note 10.

b) La Fortuna Rights

Durango, Mexico

The Company owns a 100% interest in three mineral concessions, covering approximately 606 hectares.

c) San Antonio Rights

Sonora, Mexico

The Company had an option to earn up to a 70% interest in mineral rights acquired by purchasing 2,100,000 shares of Laminco Resources Inc. subsequently consolidated to 210,000 shares, a Canadian public company listed on the Toronto Stock Exchange.

During 2001, the Company received CDN\$146,474 from the sale of gold obtained from test leaching operations conducted on the mineral rights and at December 31, 2001, abandoned its interest in the mineral rights and had written-off all costs.

Refer to note 5.

5. LONG-TERM INVESTMENTS

The Company owns 100,000 common shares of Duran Ventures Ltd., carried at an adjusted cost of \$3,169 and net of a \$5,838 write-down to market value at December 31, 2002. During 2001, the Company sold the 210,000 shares of Zaruma Resources Inc. it owned for proceeds of \$13,168, realizing a loss on their sale of \$13,502.

Refer to note 4(c).

6. RELATED PARTY TRANSACTIONS

Directors of the Company were paid \$300,566 during the year ended December 31, 2003 and \$172,138 during the year ended December 31, 2002 (2001 – \$33,846) for management, investor relations, accounting and administrative services. These transactions have occurred in the normal course of operations and are measured at their fair value as determined by management.

During the year ended December 31, 2002, the Company had lent CDN\$675,000 (US\$450,522) to National under an unsecured convertible note bearing interest at 12% per annum, maturing on October 18, 2003 and convertible into shares of National at CDN\$0.29 per share. The purpose of the note was to fund National's portion of property payments due.

7. SEGMENTED INFORMATION

	December 31,		
	2003	2002	2001
	\$	\$	\$
Assets by geographic segment, at cost:			
Mexico	19,303,368	5,109,621	1,595,314
Canada	9,119,553	911,995	318,960
	28,422,921	6,021,616	1,914,274

8. LOSS PER SHARE

Loss per share has been calculated using the weight-average number of shares outstanding during the year. Diluted loss per share has not been disclosed as it is anti-dilutive.

9. SHARE CAPITAL

a) Authorized share capital of the Company consists of 100,000,000 common shares without par value.

	Number of Shares	Total
		\$
Issued at December 31, 2001	14,878,030	8,338,027
Exercise of stock options	100,000	31,018
Private placements for cash	17,175,000	⁽¹⁾ 3,130,766
Issued for finder's fees	471,617	84,099
Issued at December 31, 2002	32,624,647	11,583,910
Warrants exercised	7,078,617	1,061,971
	39,703,264	12,645,881
Consolidation (2:1)	(19,851,632)	—
Acquisition of National Gold	13,467,795	8,000,000
Private placement	8,500,000	⁽²⁾ 8,150,019
Stock options exercised	1,075,383	983,144
Warrants exercised	7,269,895	4,590,638
Issued at December 31, 2003	50,164,705	34,369,682

(1) net of issue costs of \$84,099

(2) net of issue costs of \$627,221

b) Stock options outstanding at December 31, 2003 are as follows:

Number	Expiry Date	Exercise Price
		CDN\$
42,517	February 23, 2006	0.47
100,000	February 5, 2007	0.64
14,881	February 18, 2007	0.71
382,500	June 3, 2007	1.16
225,000	July 22, 2007	1.00
350,000	January 30, 2008	0.76
75,000	March 13, 2008	0.92
557,483	July 23, 2008	1.13
903,500	December 9, 2008	2.50
2,650,881		

Summary of Stock Option activity:

December 31,						
	2003		2002		2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
		\$		\$		\$
Balance, January 1	2,600,000	0.53	860,000	0.47	710,000	0.51
Consolidation (2:1)	(1,300,000)	—	—	—	—	—
Acquired with National Gold	232,781	0.78	—	—	—	—
Granted	2,260,983	1.57	2,265,000	0.54	200,000	0.32
Exercised	(1,075,383)	0.91	(100,000)	0.48	—	—
Expired	(67,500)	1.30	(425,000)	0.48	(50,000)	0.47
Balance, December 31	2,650,881	1.50	2,600,000	0.53	860,000	0.47

c) Warrants outstanding at December 31, 2003 are as follows:

Number	Expiry Date	Price
		CDN\$
459,184	April 16, 2004	0.94
234,481	April 16, 2004	1.41
42,730	April 29, 2004	0.82
525,000	July 19, 2004	0.56
4,241,250	August 22, 2004	1.75
273,054	September 5, 2004	1.29
<u>5,775,699</u>		

d) Stock-based compensation

The Company has recorded stock-based compensation included with financial statement line items, as follows:

	2003	2002
	\$	\$
Mineral rights on unproven properties	303,694	–
Stock-based compensation	403,989	–
	<u>707,683</u>	<u>–</u>

The fair value of stock options granted in the calculation of compensation expense is estimated using the Black-Scholes Option Pricing Model with the following assumptions; risk-free interest rate – 3.0 to 3.8% (December 31, 2002 – 4.5%) expected dividend yield – Nil; expected stock price volatility – 55 to 85% (December 31, 2002 – 47%); and expected option life of 2.5 years (2002 – 5 years).

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

The pro-forma effect on net loss and loss per share for the year ended December 31, 2002, for stock options granted to directors and employees using the fair value method, is as follows:

	December 31, 2002	
	Net loss for the period	Basic and diluted loss per share
Reported	\$(440,205)	\$(0.02)
Pro-forma	\$(993,656)	\$(0.05)

10. ACQUISITION OF NATIONAL GOLD

The Company acquired on February 21, 2003, all of the outstanding shares of National, the Company's joint venture partner on the Salamandra property, by the issue of 13,467,795 shares of the Company valued at \$8,000,000. The acquisition has been accounted by the purchase method and the operating results of National are included in the consolidated statement of operations from the effective date of the acquisition.

Details of assets and liabilities acquired are as follows:

	\$
Cash	120,817
Amounts receivable and prepaid expenses	56,900
Mineral rights (Salamandra Property)	4,328,466
Equipment	65,749
Accounts payable	(184,506)
Due to Alamos Gold	(2,314,055)
Net assets acquired	2,073,371
Value allocated to mineral rights	5,926,629
Share consideration	<u>8,000,000</u>

11. NOTE PAYABLE

The Company arranged a loan of CDN\$5.7 million maturing February 2009, bearing interest at 12% per annum and repayable in full after February 2005, or 50% thereof at anytime, of which CDN\$5.6 million was used to discharge the CDN\$7,500,000 of debentures issued by National to acquire the Salamandra Project. These debentures were discounted to CDN\$5.6 million upon prepayment on January 31, 2003. The Company repaid CDN\$2.85 million of the loan in 2003.

12. INCOME TAXES

At December 31, 2003, the Company has non-capital losses of approximately CDN\$3.2 million and capital losses of approximately CDN\$127,073 in Canada and CDN\$1 million in Mexico available to reduce taxable income for future years. The potential future tax benefits of these amounts have not been reflected in the financial statements as their utilization cannot be considered likely.

13. CONTINGENCIES

- a) A claim has been made against the Company for damages under a mineral rights acquisition agreement that the Company did not complete. The plaintiff has claimed a loss of US\$105,000 and is also seeking 100,000 common shares of the Company. The Company denies the claim and has not made any provision for it in the financial statements. Any amount ultimately paid in connection with any settlement will be recorded in the accounts at the time of payment.
- b) The Company had reduced the surface area of the Salamandra Project leased from the Village of Mulatos, however, this reduction in surface area under lease was challenged by the Ejido in the Agrarian Court. The Agrarian Court ruled that the Mulatos Ejidos were entitled to be paid US\$336,972 in 2002 and US\$344,375 in 2003. Accordingly, the Company has placed US\$681,347 into a restricted cash account pending the appeal of the Agrarian Court's decision. The Company is continuing with certain of its obligations under the lease.
- c) A claim has been made against the Company by a former director and senior officer of National who is demanding CDN\$285,000 and the vesting of 600,000 pre-amalgamation stock options. The Company denies it has any liability and accordingly, has not accrued any amount for the claim. Should any amount ultimately be paid it will be recorded in the accounts at the time of payment.

14. SUBSEQUENT EVENTS

In addition to items disclosed elsewhere in these notes the Company entered into the following transactions subsequent to December 31, 2003:

- The Company granted 110,000 stock options at a price of \$2.75 for a period of five years to an officer of the Company.
- The Company issued 549,881 common shares pursuant to the exercise of options and 832,950 common shares pursuant to the exercise of warrants.
- The Company completed a private placement offering of 10.0 million units (including 1.3 million units issued upon the exercise of the agents' over-allotment option) at a price of \$3.00 per unit. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional share of the Company at a price of \$3.50 for a two-year period following closing.

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

- A) Under Canadian GAAP exploration expenditures may be deferred on prospective mineral rights until such time as it is determined that further exploration is not warranted, at which time the costs are written-off. Under U.S. GAAP, all exploration expenditures must be expensed until an independent feasibility study has determined that the rights are capable of economic commercial production. The following items (a) to (f) are inclusive of the impact on line items in these financial statements that would result from the application of U.S. accounting principles to deferred mineral right costs.

	December 31,		
	2003	2002	2001
	\$	\$	\$
a) Assets			
Deferred Mineral Right Costs			
Deferred mineral right costs following Canadian GAAP	18,461,868	4,956,412	1,496,971
Less deferred mineral right costs	(18,461,868)	(4,956,412)	(1,496,971)
Deferred mineral right costs following U.S. GAAP	–	–	–
b) Operations			
Net loss following Canadian GAAP	(1,933,873)	(440,205)	(367,300)
Deferred mineral right costs expensed under U.S. GAAP	(13,505,456)	(2,440,344)	(496,971)
Imputed interest charges under U.S. GAAP	–	(75,047)	–
Net loss under U.S. GAAP	(15,439,329)	(2,955,596)	(864,271)
c) Deficit			
Closing deficit under Canadian GAAP	(9,389,125)	(7,455,252)	(7,015,047)
Adjustment to deficit for deferred mineral right costs written-off under U.S. GAAP, net of impact of discounted debt under U.S. GAAP	(18,461,868)	(4,956,412)	(1,496,971)
Adjustment for imputed interest under U.S. GAAP	–	(75,047)	–
Closing deficit under U.S. GAAP	(27,850,993)	(12,486,711)	(8,512,018)
d) Cash Flows – Operating Activities			
Cash applied to operations under Canadian GAAP	(1,172,843)	(322,812)	(353,199)
Add net loss following Canadian GAAP	1,933,873	440,205	367,300)
Less net loss following U.S. GAAP	(15,439,329)	(2,955,596)	(864,271)
Add non-cash deferred expenditures expensed under U.S. GAAP	–	750,468	–
Add non-cash imputed interest on note charged under U.S. GAAP	–	75,047	–
Cash applied to operations under U.S. GAAP	(14,678,299)	(2,012,688)	(850,170)
e) Cash Flows – Investing Activities			
Cash applied to investments under Canadian GAAP	(4,941,955)	(2,159,473)	(503,510)
Add deferred mineral right costs expensed under U.S. GAAP	4,810,200	1,689,876	496,971
Cash applied to investments under U.S. GAAP	(131,755)	(469,597)	(6,539)

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) *(continued)*

	December 31,		
	2003	2002	2001
	\$	\$	\$
f) Loss Per Share			
Basic and diluted loss per share under U.S. GAAP	\$ (0.39)	\$ (0.29)	\$ (0.12)
g) Note Payable			
Note payable – Canadian GAAP	–	1,769,565	–
Discount from face amount for imputed interest under U.S. GAAP	–	(1,019,097)	–
Interest expense recognized currently	–	75,047	–
Note payable – U.S. GAAP	–	825,515	–

B) Other U.S./Canadian GAAP Differences – Discounted note payable and imputed interest

Under U.S. GAAP all debts exchanged for properties are presumed to include interest stipulated at a fair rate. If no interest rate is stated then the note is valued as its net present value as determined by discounting future payments at an imputed rate of interest. Under Canadian GAAP non-interest bearing notes payable are not required to be valued at their net present value and accordingly no interest is required to be imputed on the debt.

At December 31, 2002, the Company's 50% portion of the CDN\$5.6 million carrying cost of the debenture originally issued by National to acquire the Salamandra Project (issued initially for CDN\$7.5 million) is payable based upon the average price of gold attaining a certain price over a specified period of time or on December 31, 2010. The Company has imputed an interest rate of 10% per annum on the note and estimated the principal repayment dates based upon a current projection of gold prices to those dates.

Refer to items b), c), d) and g) above for the impact of imputed interest charges under U.S. GAAP to these financial statements.

CORPORATE INFORMATION

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Alan R. Hill
Richard W. Hughes
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President and C.E.O.

John F. Van De Beuken
Vice-President of Operations

Jon Morda
Chief Financial Officer

Ken Balleweg
Exploration Manager

Sharon Fleming
Corporate Secretary

AUDITORS

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LEGAL COUNSEL

Axium Law Group
Vancouver, British Columbia
Canada



Ken Balleweg, Exploration Manager

SHAREHOLDER INFORMATION

Shareholders who need information on transferring shares, lost certificates, change of address, or canceling duplicate mailings, should contact Alamos' transfer agent:

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625 Howe Street, 10th Floor
Vancouver, British Columbia
V6C 3B8

Telephone: 604-689-9853
Fax: 604-689-8144
Email: pacific@pctc.com

2003 ANNUAL SHAREHOLDERS MEETING

The Annual Meeting of Shareholders of Alamos Gold Inc. will be held at 4:30 pm on Monday, June 21, 2004, at the TSX Broadcast & Conference Centre, located at street level in The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

INVESTOR RELATIONS

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TRADING DATA

Stock Symbol: **AGI**

Exchange: **TSX.V**

Shares Outstanding (000): 61,721





ALAMOS GOLD INC.

www.alamosgold.com