

building a mine

2004 ANNUAL REPORT



ALAMOS GOLD INC.

Corporate Profile

ALAMOS GOLD INC. (TSX-AGI), a development-stage mining company, has 100% ownership of the Salamandra group of concessions, which includes the Mulatos gold deposit in Sonora, Mexico. Phase I development of the Mulatos deposit consists of the Estrella Pit, which is fully permitted for an open-pit, heap-leach operation. Construction at Estrella is underway and production is expected to commence in the third quarter of 2005.

A new camp for 240 staff members has just been completed. Alamos is initially expected to produce 150,000 ounces of gold per year from a 2-million-ounce reserve base and is drilling additional expansion targets associated with the deposit. This development effort is expected to increase the reserves within the Mulatos deposit. In addition to the Mulatos deposit, Alamos has identified nine additional exploration properties within the Salamandra group of

concessions. Exploration continues at Salamandra where there is potential to make a new gold discovery. Alamos' market capitalization has grown from \$1 million to about \$250 million in three years and the Company is emerging as an intermediate gold producer. Alamos is well funded to complete construction of the \$73 million Mulatos Phase I: Estrella Pit and to continue exploration.

Carbon plant construction underway. Mine construction is providing over 400 jobs at this site.



PHASE I – BUILDING A MINE – ESTRELLA PIT

Drilling underway at El Salto, March 2005.



PHASE II – EXPANSION

Coarse screened drill cuttings logged at El Salto zone.



PHASE III – EXPLORATION

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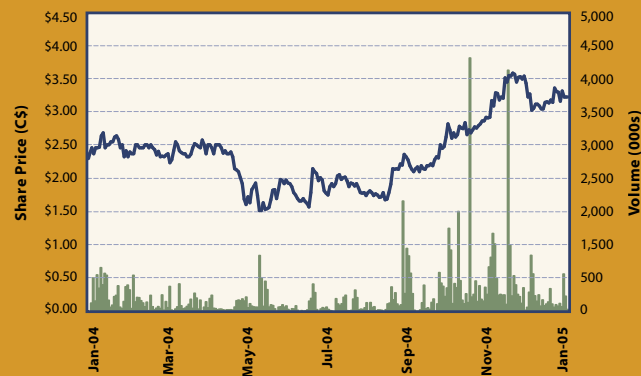
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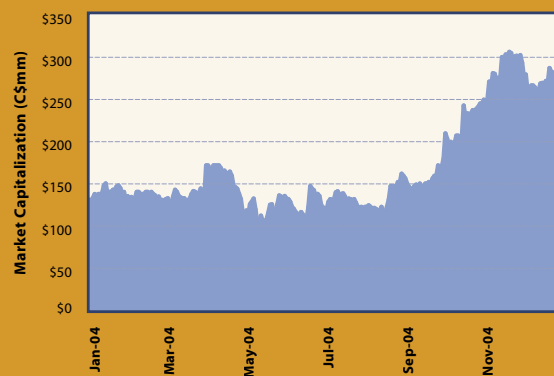
In One Year...

- Announced new gold resource estimate for Mulatos deposit
- Obtained water rights for the Mulatos Project
- Completed feasibility study for Phase I: Estrella Pit
- Completed land agreement on Mulatos Property
- Raised \$44.2 million net of financing costs through equity financings
- Ended 2004 with \$29.0 million in working capital and no debt
- Commenced trading shares on the Toronto Stock Exchange
- Commenced mine construction for the Mulatos Project

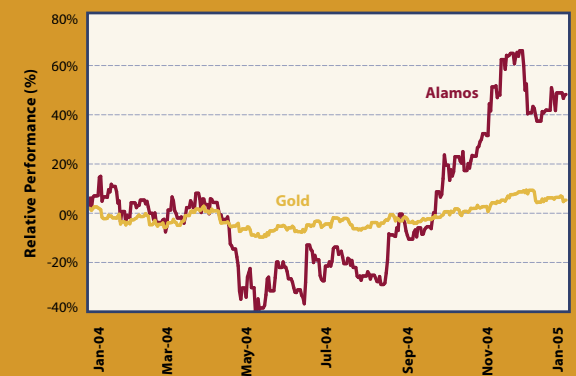
PRICE VOLUME ANALYSIS – 2004



MARKET CAPITALIZATION \$C – 2004



RELATIVE PERFORMANCE – 2004



Message to Shareholders



To The Shareholders,

As this Annual Report goes to press, more than 400 people are at work on the Mulatos Project in Sonora, Mexico, building a new gold mine. The mine is fully permitted, fully financed and scheduled to start producing gold in the third quarter of 2005 at a rate of 150,000 ounces per year.

This is a remarkable achievement considering where Alamos Gold began in January 2004. The Company faced similar hurdles to those holding back many high profile gold projects under development

throughout the world. Some of these projects are delayed or otherwise negatively impacted by factors such as soaring capital costs, lack of permits and political opposition either at a local or federal level.

Alamos Gold rose to the challenge in 2004 and succeeded in meeting the objectives required to start mine construction. We secured local support for the project by reaching

a new agreement with the community of Mulatos. We demonstrated the project to be economically robust by completing a feasibility study for the planned Estrella Pit. We secured the permits required for construction, water rights and mining. Lastly, we completed financing to bring the Mulatos Project into production.

Many people, some of whom joined the Company as recently as this year, contributed to this tremendous progress. It is a challenge to evolve from a core group of 30 employees who carry the project through the initial stages, to full scale construction involving 400 employees and contractors. This is essentially what we have done over the course of 2004 and I would like to thank our employees for the speed and efficiency with which this transition has been made.

We believe that the gold mining industry will remain a favorable choice for investment for the foreseeable future. Gold is in the early stages of a secular bull market trend relative to the U.S. dollar, and in our view it is only a question of time before the gold price starts to appreciate in value in terms of other currencies. We believe that Alamos Gold represents an excellent investment within the sector due to the significant growth we will experience in the years ahead.

2004 Highlights

*March 23, 2004
Water rights acquired for Mulatos Project*

*June 2, 2004
Feasibility study completed for Phase I
of Mulatos Project - Board approves
construction*

*January 21, 2004
New gold resource estimate announced, comprising over
3 million ounces of measured and indicated resources.*

*April 13, 2004
Completion of \$23M equity financing*

Gold and gold shares turned in a relatively flat performance during 2004. After starting the year strongly, in U.S. dollar terms, gold declined in the second and third quarters in the face of rising interest rates in the United States and a strengthening U.S. dollar. In U.S. dollar terms the price range for gold during the year saw a low of \$375 and a high of \$454 per ounce. Relative to other currencies, including the Canadian dollar, the British pound, the Swiss franc and the euro, gold's performance was lackluster.

In the face of gold's volatility Alamos Gold common shares turned in a strong performance in 2004 with a volume turnover of close to 50 million shares. Though share price volatility was high during the year and strongly correlated to movements in the gold price, by year end the market capitalization of the Company had virtually doubled and the price of the shares had increased by more than 30%.

This share price appreciation can be primarily attributed to the progress made in bringing the Mulatos Project to the construction stage. It can also be attributed to defining the scale of the project through completion of the feasibility study and removing certain risks that could have potentially impeded the Company's progress, or negatively impacted the project economics.

Two principal issues that caused investor concern were resolved during the year. The first issue pertained to the lack of local community support for the project. Some 15 months of discussions with the local community culminated in a new agreement that was unanimously approved in early July. The second issue pertained to metallurgical recoveries from gold-bearing ores using heap leaching methods. The feasibility study, managed by M3 Engineering of Tucson, Arizona, demonstrated a life of mine gold recovery of 72.9% for a heap leach operation at Mulatos. This recovery rate is well within acceptable industry norms, and allows for a healthy rate of return on capital for the Mulatos Project.

While the gold price finished relatively flat for the year, the price plateau was at a sufficiently high level to create strong demand for equity financing. Alamos Gold completed C\$60 million in equity financing during the year, and post year end secured an additional C\$50 million through the issuance of convertible debentures. Our current cash position is now sufficient to fund our planned capital cost to completion. We are also well funded to maintain an aggressive district-wide exploration effort, and continue the drilling required to upgrade resources to reserves.

July 12, 2004
Completion of Land Agreement on
Mulatos Property

November 2, 2004
Completion of \$24M equity financing

June 18, 2004
Common shares called for trading on the
Toronto Stock Exchange

September 1, 2004
Mine construction commences

Message to Shareholders

Alamos Gold has a simple three-point plan that we have been implementing since we acquired the Mulatos project. Our first goal is to commence production and achieve cash flow as quickly as possible. Our second is to expand reserves and increase the rate of production. The third is to explore throughout our 21,300-hectare mineral claim holdings with the view to making new gold discoveries within the Salamandra district.

By the third quarter of 2005 the first goal of our business plan will be achieved. The exploration and development sections of this report explain in detail the work we are doing in 2005 to meet our objectives for mine expansion and district-wide exploration.

In brief, during 2005 we will be drilling the El Salto, Mina Vieja and Escondida areas adjacent to the planned Estrella Pit. These zones contain measured and indicated resources and by year end we intend to upgrade a significant proportion of these resources into reserves. Beyond these zones, drilling indicates the mineralized trend continues for an additional 1,500 meters along strike and remains open. Drilling will likely continue for several years in order to fully delineate resources along this trend.

Elsewhere in the district, nine large areas of alteration prospective for gold deposits have been identified. These areas are being systematically explored and several targets are already prepared for drilling. The potential for discovery in the district is high. It has taken time to convince the investment community of the significance of our land position, but this is indeed being recognized by industry analysts, investors, and the gold mining industry at large. Results in 2004 from drilling grass roots targets such as El Realito and Los Bajios are providing the evidence that we can deliver on this potential in the years ahead.

Alamos Gold's Board of Directors was strengthened this year with the addition of two new directors. Alan R. Hill joined the Board in April and subsequently was appointed Chairman. Alan is a mining engineer with a long and distinguished career in the mining industry and spent more than 20 years with Barrick Gold in several senior



Mulatos Project Team – Juan Nacif, M3 Construction Manager, Michael Carter, Mine Manager, Abdel Aguirre, Mine Superintendent, John Van De Beuken, Vice President of Operations, Ken Balleweg, Vice President of Exploration.

management roles and retired last year from the position of Executive Vice President of Development, where he oversaw the development of new gold projects on a worldwide basis.

Edward J. (Ted) Reeve joined the Board in the third quarter. Ted is a geologist and Certified Financial Analyst, and has worked most of his career as a mining analyst based in Toronto. Prior to his retirement he was the Senior Gold Analyst with Scotia Capital, a division of the Bank of Nova Scotia.

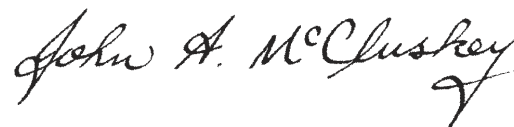
Among the many new people who have joined the Company this year, Jon Morda, C.A., was appointed Chief Financial Officer in April 2004 and Michael Carter, P. Geo., was appointed Mine Manager in January 2005. Both of these individuals have had long and successful careers in the mining industry and I am pleased to formally welcome them to the management team.

Alamos Gold is driven by the commitment to build shareholder value. We believe that the Mulatos Project provides a firm foundation upon which we can achieve this goal. In a short period of time we have acquired the asset, the management team, and the financing required to become a gold producer. With production we can continue to finance expansion and discoveries in the Salamandra district and beyond.

Alamos Gold values its shareholders and we recognize that none of our achievements in recent years could have been accomplished without the investment capital they provided. We thank our shareholders for their ongoing support.

In closing, I would like to restate the values that Alamos Gold is striving to uphold. We are committed to operating at the highest standards of environmental awareness and care, to providing rewarding jobs for our employees and to improving the quality of life of the people in the region where we operate. We believe that good business involves working together with local communities, governments and industry regulators to create projects that can be a source of pride for all concerned. We believe these are key values that make for a better company.

It is these values that have served us well so far, and will ultimately allow us to produce returns on our shareholders' investment. We are fortunate to have come so far in a short period of time. Our first gold pour is now only a matter of months away.



John A. McCluskey
President and Chief Executive Officer

April 20, 2005

Phase I – Building a Mine

GENERAL DESCRIPTION – SALAMANDRA

The Salamandra district is located 220 air kilometers east of Hermosillo in Sonora, Mexico. It is 300 air kilometers south of the border with the United States. Elevation ranges from 950 meters to 2,100 meters above sea level.

Salamandra consists of 213 square kilometers of mining concessions near the town of Mulatos. Development of the Estrella Pit is in progress and will consist of open pit mining, crushing and heap leaching.

There are several extensions of mineralization and satellite deposits near the Estrella Pit, including the Southeast Extension, Puerto del Aire, Mina Vieja, Escondida, Gap, El Victor and San Carlos areas. Development drilling is in progress to develop additional resources for inclusion into an expansion of the Estrella Pit.

Other areas held within the Salamandra district that are not directly connected to the Estrella Pit, but have good potential for additional discovery, are El Realito, El Halcon, Los Bajios, La Dura, El Jaspe, Cerro Pelon, La Yaqui, Carboneras and El Carricito. These, plus other areas within the 213-square-kilometer Salamandra concessions are the targets of a \$6 million exploration budget in 2005.

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 and completed a detailed feasibility study of the Estrella zone within the Mulatos deposit entitled “Mulatos Feasibility Study Phase I - Estrella Pit” dated June 1, 2004 (the “M3 Feasibility Study”). The M3 Feasibility Study was superseded by a technical report prepared for Alamos by M3 dated July 14, 2004 (the “M3 July 14 Report”) which included an executive summary of the M3 Feasibility Study. The M3 Feasibility Study included a more conservative resource estimation than was described in the previous feasibility studies in 1997 and 2000. The M3 July 14 Report can be obtained at www.sedar.com under Alamos’ profile.

MULATOS GOLD RESOURCES

The following table represents resources in the Estrella, Escondida and Mina Vieja areas:

MEASURED + INDICATED				INFERRED		
Au Cutoff	Tonnes (000)	Au (g/t)	Au Ozs (000)	Tonnes (000)	Au (g/t)	Au Ozs (000)
0.20	139,996	0.88	3,945	55,304	0.51	901
0.40	93,061	1.17	3,503	21,832	0.86	607
0.60	62,282	1.51	3,023	10,876	1.25	438
0.80	44,345	1.84	2,627	6,660	1.61	345
1.00	33,116	2.17	2,306	4,449	1.98	282

MULATOS RESERVES

The reserves included are within the Estrella Pit design used in the Phase I - Estrella Pit Feasibility Study. The pit was designed on just the Estrella area as the first phase of a multi-phase development and is based on a modified floating cone algorithm geometry using a gold price of \$350/oz. Only the measured and indicated resource is being used for input to the pit definition and mine plan.

Total Ore Tonnes	36,368,000
Average Grade (grams per tonne)	1.637
Contained Ounces Au	1,914,000
Recoverable Ounces Au	1,369,000
Average Recovery	72.9%
Waste Tonnes	51,562,000
Strip Ratio	1.42:1



Overview of the leach pad area.

Phase I – Building a Mine

DEVELOPMENT PLAN

Alamos completed the Phase I - Estrella Pit Feasibility Study for an open-pit, heap-leach mine in June 2004. At full production the mine is planned to operate at the rate of 10,000 tonnes per day and produce approximately 150,000 ounces of gold per year, for the first several years. Construction began in the third quarter of 2004 and gold production is expected to begin in the third quarter of 2005. Feasibility-level production should be achieved by the end of 2005. All permits and agreements are in place to construct, commission and operate this project.

M3 Engineering and Technology Company has been chosen as the EPCM (engineering, procurement and construction management) contractor.

The development consists of:

- Open-pit pioneering and prestrip to produce 10,000 tonnes of ore per day
- Crushing circuit producing 10,000 tonnes of half-inch leach pad feed
- 250,000 m² of lined leach pad
- 2 km overland conveyor to transport crushed ore to the leach pad
- Fresh water dam and drainage system in the Arroyo Mulatos to allow springs and rain water to pass under the Arroyo Mulatos overburden storage area
- Water system consisting of two wells near the leach pad and a water collection and transportation system from the Mulatos River to the leach pad
- 6-megawatt power generation station
- 57 km of new road development and upgrade to provide better access to the site
- Truck shop, warehouse, assay lab and other related facilities
- Camp for up to 240 employees

By the end of 2004, construction of the leach pad was underway and substantial progress had been made on the new access road. The carbon plant foundation was being prepared, the plant was en route and the camp was under construction. At year end \$22.7 million of the \$73 million pre-production capital budget for Phase I had been spent.

Three months later, the camp and most of the critical access roads have been completed. Temporary truck shop and assay lab facilities are in operation. Water wells have been drilled and put into production, gold-bearing colluvial material has been moved to the leach pad to be screened for a highly permeable layer above the plastic liner, and carbon plant erection is underway.

Currently there are approximately 400 people working on site to complete the primary tasks previously listed. The mine is nearing the planned staffing level for normal operations and facility construction is being carried out by Alamos staff with specialty contractors. In the upcoming months Alamos will lay the initial plastic, commission the carbon plant and power plant, and continue loading the pad with colluvial material and run-of-mine ore to begin gold production. It is expected that the colluvial material and initial run-of-mine ore will leach quickly in order to commence gold production in the third quarter of 2005.

Construction on the crusher and overland conveyor earth-work is beginning and transportation of required equipment to the mine site is underway. The crusher is expected to come on stream after gold production has started from the leaching of colluvial material. The permanent truck shop and assay lab will be commissioned after all critical gold production components are complete.



*Sunrise over newly constructed camp facilities with
leach pad area visible on the upper right corner.*

Phase I – Building a Mine

*90-ton haul truck taking gold-bearing
colluvial material to the leach pad,
passes carbon plant, pregnant pond and
storm pond.*





Clay material mined from a nearby pit is dumped on the leach pad area. The clay will be graded and compacted, forming an impermeable layer beneath the plastic liner.



Phase II – Expansion

Exploration and development drilling is in progress to identify additional resources and convert resources to reserves in the El Salto and Escondida mineralized areas.

By 2005 year end, it is expected that resource ounces will be added in both Escondida and El Salto. These areas were included in a pit plan designed by the previous owners of the property, but Alamos has employed a more conservative block model which required these areas to be cut from reserves due to insufficient drilling density. Drilling throughout 2005 is designed to increase the density of drill holes in these areas and subsequently incorporate them into a new and expanded gold resource and reserve.

Escondida exploration will incorporate an underground drift from Escondida through Gap and into El Victor that will allow for resource definition drilling. Drift work will be initiated from the east at El Victor and from the west at Escondida simultaneously. Drifting in the highest-grade portions of Escondida, El Victor and Gap will provide better information than surface drilling through the unconsolidated cover in the Escondida and Gap zones.

With the expected conversion of resources to reserves, Phase II can begin with an increase in daily production in the Phase I - Estrella Pit. When Estrella is mined out, it will be backfilled with waste material as the next pit is mined. The operation has crushing capacity for 17,000 tonnes per day and the carbon plant has capacity to process solution from a 25,000 tonne-per-day operation. All of the permits and water rights are in place to support a 10,000 tonne-per-day expansion to a total of 20,000 tonnes per day.

El Salto is the western portion of the area of historic production at Mina Vieja, and is located due north of the planned Estrella Pit. Although it was included as a reserve in the Placer Dome 1996 feasibility study pit design, it largely falls outside of the Alamos reserve estimate. A 9,500 m, 50-hole reverse circulation drill program is in progress to identify additional resources and convert current resources to reserves in this area through infill and step-out drilling.

The program is also designed to test the concept of increasing overall grade by drilling angle holes to cut numerous sheeted fracture zones that host gold in the area. These fracture systems were the site of historic mining activity and were largely missed by vertical holes during previous drilling campaigns. The few existing angle holes in the area have significantly higher grades than the vertical holes.



This is the site of the El Victor portal. The adit will be driven 1,700 m in the direction of the Escondida deposit. The mineralized corridor will be drilled from underground in order to cut near vertical gold-bearing structures at right angles.

ESCONDIDA - EL VICTOR UNDERGROUND DEVELOPMENT

All design work for the proposed Escondida to El Victor underground drift has been completed and a contract awarded for underground development. The workings will provide an excellent opportunity for adding resource ounces, as surface drill holes completed by Placer Dome in 1997 and 1998 were wide-spaced and encountered both high-grade gold concentrations (e.g., 15 m of 8.1 g/t, 1.39 m of 120.1 g/t, and 38.1 m of 3.4 g/t) and thick low-grade intervals (e.g., 126.5 m of 1.0 g/t). Drilling the deposit from the surface was challenging due to both landslide cover and mineralization characteristics, but underground access will provide a better orientation for drilling. The ability to drill across the inferred structural control will provide a higher probability of encountering high-grade structures, while improved core recovery should lead to significant increases in overall grade. Core recovery in surface holes was often below 75%, largely a result of the loss of the gold-bearing fine size fraction. The underground workings have been designed to test the areas of highest grade mineralization indicated from previous drilling.

Approximately 1,700 m of underground development is planned, with the majority of the mined material projected to be gold-bearing. The material will be used for bulk metallurgical tests and placed on the leach pad if economically justified. Underground exploration core drilling will occur concurrent with mining and is expected to start in the second quarter of 2005. More than 10,000 m of underground core drilling is planned on 50 m centers, sufficient to bring the deposit into measured and indicated resource status. Escondida drilling will be followed by drilling of the El Victor and Gap resource areas on 100 m centers. High-grade intercepts and mineralized areas will be followed up with infill drilling. The Escondida and Gap zones define continuous mineralization from the Mulatos deposit to the El Victor resource area. The three areas represent high-potential resource growth opportunities in the near-term.

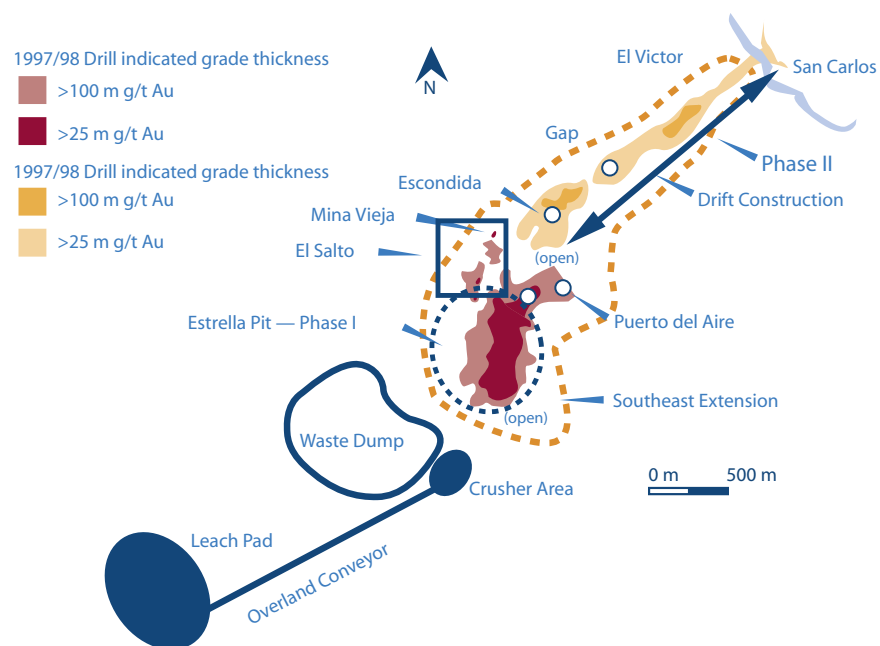


Figure 1. Distribution of resource areas of the Mulatos deposit and extensions. The Estrella portion of the Mulatos deposit is shown by the red mineralization within the circle, with El Salto and Mina Vieja expansion areas to the north. The blue square indicates development drilling in those areas. The Escondida - El Victor drift will allow for underground definition drilling along the northeast mineralized trend extending 1,700 m from the Mulatos deposit.



Phase III – Exploration

Alamos commenced an aggressive district-wide exploration program in early 2004, after more than an eight-year hiatus. Efforts began by focusing on potential resource areas near the Mulatos deposit, and were later extended to project areas elsewhere in the district. Reverse circulation drilling began in July 2004 with 11,412 m completed in 114 holes over seven project areas. Gold was intersected in all exploration project areas, including El Realito and Los Bajios where no previous drilling had taken place. More than 1,900 m of condemnation drilling was also completed in both the proposed waste dump site and the new Los Bajios camp, allowing construction to proceed. A new gold resource was identified near the Cerro Estrella Pit area in unconsolidated surficial material.

The El Realito drill program encountered gold intercepts in nine of 14 holes, and two drill holes in the central portion of Los Bajios project area encountered thick intervals of anomalous gold within alteration very similar to the Mulatos deposit.

The El Halcon and El Jaspe project areas were advanced to drill-ready stage, but have not yet been drilled. Six new target areas were identified in the El Halcon project area, with potential for both gold and gold-copper mineralization.

Several significant additions were made to the Alamos land position in the district, the most important of which was the acquisition of the highly prospective, 1,700-hectare Puebla concession in the El Realito project area. More than 40 km² of new concessions were acquired, bringing the total district land position to more than 21,300 hectares. Claims were staked to cover large altered areas southeast of Mulatos in the Carboneras area, and around the historic Ostimuri gold-silver mine in the northwestern part of the district.

Major advances have also been made in the understanding of the district geology. Resolution of the regional volcanic stratigraphy has allowed a district-wide correlation of individual exploration areas, which should significantly contribute to exploration advancement and understanding of geologic context.

PROPERTY GEOLOGY AND KNOWN GOLD OCCURRENCES

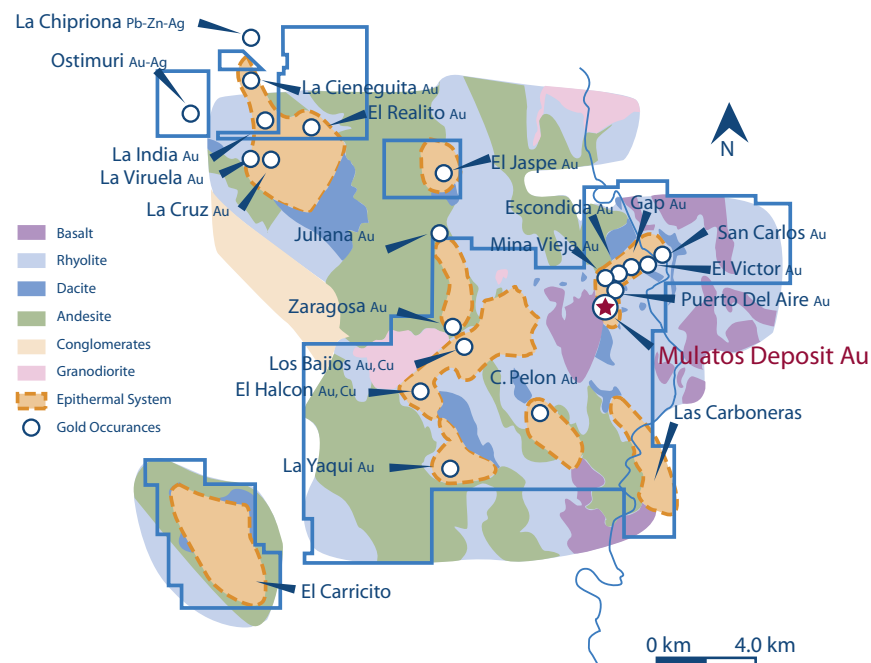


Figure 2. Alamos controls a land position in excess of 213 km² in a district of gold and gold-copper occurrences. The land position is centered on the primary regional northeastern structural and mineralization trend, but also includes a subsidiary trend in the northwestern part of the district.



240,000 tonnes of colluvial material mined from Cerro Estrella is stock-piled in the leach pad area.

Phase III – Exploration

2004 MULATOS DEPOSIT AREA EXPLORATION PROGRAMS

Exploration programs in the following three areas with resource expansion potential were pursued in 2004:

- An area of thick unconsolidated surficial material derived from weathering of the main Mulatos deposit;
- An area adjoining the planned Estrella Pit to the southeast of the main deposit where earlier condemnation drilling indicated gold-silver mineralization; and
- The area of historic mine workings to the immediate north of the planned Estrella Pit.

The objective of all three exploration programs was to add resource and reserve ounces in the immediate deposit area.

COLLUVIAL GOLD RESOURCE

A new gold resource was delineated in colluvial material located adjacent to the Cerro Estrella portion of the Mulatos deposit. This resource is contained in talus material derived from weathering of the Mulatos deposit and consists of unconsolidated, oxidized gold-bearing material that can be loaded directly onto the leach pad without blasting or crushing. A 53-hole, 1,530 m drilling program was completed to define the resource on 25 m centers. The resource consists of 627,000 tonnes of 1.02 g/t Au (measured and indicated; 0.5 g/t cutoff), and 662,000 tonnes of 1.01 g/t (inferred; 0.5 g/t cutoff). The resource estimate was completed on October 11, 2004 by Michael Lechner, President of Resource Modeling Inc. of Tucson, Arizona. Mr. Lechner is recognized as a Qualified Person according to the requirements of NI 43-101. The discovery of this resource is significant in that it will allow for early gold production from the Mulatos deposit.

SOUTHEAST EXTENSION ZONE

Sixteen holes (2,616 m) were drilled in the Southeast Extension area to follow up on ore-grade intercepts encountered in condemnation drill holes on the southeastern side of Cerro Estrella. Nine of the holes encountered significant gold intercepts, including 51.83 m of 2.03 g/t Au in 04SX003 and 18.29 m of 4.32 g/t Au in 04SX014. Significant silver concentrations were also encountered, with silver more widely distributed than gold. Geologic mapping conducted during drilling indicates the area



Drill cuttings are collected at the El Salto zone for delivery to the assay labs in Hermosillo, Mexico and Vancouver, British Columbia.

is more structurally complex than previously assumed, but also indicates favorable alteration to the east of the drilled area. Evaluation will require three-dimensional modeling of all drill hole data in the area, supplemented by additional geologic mapping.

EL REALITO

Alamos acquired a highly prospective land position in the northwestern portion of the district in 2004, centered on the historic high-grade El Realito Mine, located 14 km northwest of the Mulatos deposit. Alamos has a large exploration database on the project area resulting from Placer Dome's exploration activities, which includes airborne geophysics, detailed geologic mapping, channel sampling, and grid rock chip and soil sampling data. Rock chip sampling and geologic mapping indicates gold-anomalous alteration extends for more than 600 m of strike length. The apparent zone width ranges from 50 m to 150 m. The association of native gold with pervasive iron oxides is very similar to the gold occurrence at the El Sauzal deposit in Chihuahua.

A 14-hole (2,235 m) reverse circulation drilling program, the first drilling program on the property, was completed in September 2004. Nine of the 14 holes encountered significant intercepts of oxidized gold mineralization, including 24.39 m of 5.98 g/t in 04RE007 and 22.86 m of 3.24 g/t in 04RE010.

The drill holes were spread out over 400 m of strike length, and were confined to a limited portion of a small mining concession purchased by Alamos earlier in the year. The recent acquisition of the 1,675-hectare Puebla concession places the remainder of the mineralized zone under Alamos control and will allow for follow-up drilling of mineralization extensions and additional drill targets.

LOS BAJIOS

Detailed geologic and alteration mapping was completed in the Los Bajios area, along with 50 m x 100 m soil geochemical grid sampling over a 3.5 km x 1.5 km area. A large (450 m x 500 m) multi-element (As-Sb-Mo $\pm$ Au) geochemical anomaly was identified in a large area of outcropping silicic alteration and silicified breccias in the western portion of the project area. Another large (400 m x 100 m) soil gold anomaly was identified in the eastern portion of Los Bajios project area.

Phase I exploration drilling was completed in early December, with 2,573 m of reverse circulation drilling completed in 16 holes. Holes 04WB009 and 04WB014 encountered the thickest and deepest intercepts of silicic alteration known in the district, with silicic alteration continuing to 296 m and 316 m respectively, at which point both holes were terminated due to technical problems. Both holes have the deepest oxidation known in the district at more than 300 m depth. Visible gold was panned from cuttings in 04WB009 within an interval of intense red iron oxides similar to the Mina Vieja high-grade occurrence. This is a new gold occurrence, with the nearest mine workings more than a kilometer away.

Three-dimensional modeling of down-hole alteration mineralogy shows that the thick silica intercepts are associated with pyrophyllite alteration, an assemblage identical to that of the Mulatos deposit. The pyrophyllite is significant in that it is high-temperature clay that commonly occurs in close proximity to gold mineralization. It is present in Los Bajios holes only in the north end of the drilled area, and is believed to show zoning toward the center of the system. This area was not drilled during Phase I drilling due to more difficult access.

Phase III – Exploration

EL HALCON

The El Halcon prospect consists of a large ($>4 \text{ km}^2$) area of argillic and silicic alteration in rock types similar to those hosting mineralization at the Mulatos deposit. Reconnaissance drilling in 1995 and 1997 resulted in the discovery of blind high-grade copper-gold-silver mineralization in enargite-matrix breccias within the central El Halcon area. The copper-gold-silver mineralization is not exposed on the surface and underlies areas of barren alunite+silica alteration. Widespread areas of similar alteration to the north have not yet been drill tested.

Field work completed in 2004 indicates the El Halcon area has much more extensive alteration than previously mapped and contains multiple target areas, some with historic gold workings. Drill targets were developed from the compilation of 3D inversion models of historic IP geophysical data, surface and rock chip geochemical data, alteration mapping, and previous drill data. A total of 14 holes are planned in six target areas, including extensions of previously identified high-grade copper-gold mineralization in the central El Halcon area.

2005 EXPLORATION PROGRAM

Proposed 2005 exploration expenditures are budgeted at \$6 million, the majority of which will be allocated to Escondida – El Victor underground development and drilling. Additional Mulatos deposit expenditures will be allocated to continued development drilling at El Salto and in the Puerto del Aire areas.

Follow-up drill programs are scheduled at Los Bajios, El Realito, El Halcon and La Yaqui, along with first phase drilling programs at Cerro Pelon and El Jaspe. A large soil grid and geologic mapping program is planned to fully evaluate the Puebla concession and generate additional drill targets.

Reconnaissance work will be implemented to define target areas elsewhere in the Salamandra group of concessions, particularly along the northeast portion of the district trend and the South Pelon/Carboneras areas.



Escondida portal site preparation for underground exploration drilling access.



Management's Discussion and Analysis

This discussion and analysis of the operating results and financial position of Alamos Gold Inc. and its subsidiaries (the "Company") is for the year ended December 31, 2004 compared with the year ended December 31, 2003. Information is current to March 18, 2005. It should be read in conjunction with the Annual Information Form and other information filed by the Company at www.sedar.com.

INTRODUCTION

The Company is a development stage mineral exploration company with a gold and silver project under construction in Sonora, Mexico, and prospective exploration targets in and around the project.

The management discussion and analysis (MD&A) 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 19 to the Financial Statements.

NOTE TO U.S. INVESTORS

All reserve and resource estimates contained in this MD&A are calculated in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators and CIM Standards. While 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 SEC standards in the United States. As such, information contained in this MD&A 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 SEC. "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 of resource. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.

In June 2004, the Company completed a feasibility study to assess the economics of Phase I development of the Mulatos deposit known as the Estrella Pit. Gold reserves within the Estrella Pit consist of 36.4 million tonnes of ore grading 1.6 grams per tonne (g/t) at varying cutoff grades, beginning at 0.8 g/t, yielding almost 2 million ounces of contained gold.

Highlights

- Closed a 10 million unit issue in April 2004 consisting of a common share plus one-half purchase warrant for net proceeds of \$21.1 million;
- Closed a 10 million common share issue in November 2004 for net proceeds of \$23.0 million;
- Completed an initial feasibility study on Phase I development of the Mulatos deposit in June 2004 and commenced development and procurement for \$72.3 million in capital expenditures in the third quarter of 2004;
- Commenced exploration of highly prospective mineral targets within the Company's 21,300 hectare Salamandra group of concessions in Sonora, Mexico;
- Acquired surface rights from landowners at the Mulatos deposit.

ASSESSMENT OF GOLD MARKET

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 in the last few years 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 \$417 per ounce at December 2003, to \$435 per ounce at December 2004, and stands at \$436 per ounce on March 18, 2005. At these levels, the price of gold has had and may continue to have a positive impact on the feasibility study for Phase I development of the Mulatos deposit, as the reserve modeling and economic forecasts were performed using an assumption of \$350 per ounce of gold. However, it is not possible to forecast future gold price trends and their impact on future results from operations.

PROJECTS

The Company's most significant asset is its 21,300-hectare Salamandra group of concessions in Sonora, Mexico, which includes the Mulatos deposit and more than nine other exploration targets identified to date. The Mulatos deposit consists of several contiguous mineralized zones which contain gold resources of approximately 62.2 million tonnes of ore grading 1.5 g/t at a 0.6 g/t gold cutoff, measured and indicated, excluding resources contained in the Gap, El Victor and San Carlos zones. In June, a feasibility study was completed on the Estrella zone of the Mulatos deposit, which contained gold reserves of 36.4 million tonnes of ore grading 1.6 g/t at varying cutoff grades, beginning with 0.8 g/t in the early years and declines to the internal cutoff in later years to enhance economics. Reserves contain 2.0 million ounces of contained gold, of which 1.4 million ounces are recoverable, based on metallurgical testing. The reserves were prepared using a gold price assumption of \$350 per ounce. Total projected capital cost, including a \$7.7 million contingency, was set at \$72.3 million. The feasibility study projects cash operating costs at \$174 per ounce.

Production is subject to a sliding scale net smelter royalty, which at current gold prices above \$400, is set at a rate of 5% of the value of gold and silver, less certain allowed refining and transportation costs.

Construction of the mine at Mulatos began in the third quarter of 2004 and operations are expected to commence in the third quarter of 2005.

The Company is currently drilling or has drilled zones thought to be contiguous to the Estrella Zone at El Salto and the Southeast Extension Zone to attempt to add to its mineral reserve base. It also plans a development program which involves underground drifting through the Escondida, Gap and El Victor zones and establishing drill locations underground to test ore continuity and high-grade structures.



Management's Discussion and Analysis

The Company also drill-tested two of its other targets within the Salamandra group in 2004, El Realito and Los Bajios. Results of the El Realito drilling were reported on November 29, 2004. Drilling contained some high-grade intercepts, including hole 04RE007 which encountered 24 meters of gold mineralization grading 5.98 grams per tonne. Results from Los Bajios showed mainly low-grade intervals. No mineral resources are attributable to these results. The Company plans some follow-up work on these targets in 2005, as well as drilling other ready targets at El Halcon and El Jaspe. Total planned exploration and development expenditures around the Estrella Zone and regional targets is budgeted at \$6.0 million, which includes expenditures contingent on follow-up work, if warranted.

SELECTED ANNUAL INFORMATION

The following contains selected balance sheet and operating information for the preceding two years.

Expressed in United States dollars		
	2004	2003
Net Revenue	\$ -	\$ -
Loss before discontinued operations	3,772,224	1,933,873
Loss	3,772,224	1,933,873
Loss per share (1)	0.06	0.05
Total assets	75,879,034	28,422,921
Long-term financial liabilities (2)	-	2,198,612
Shareholders' equity	74,885,715	25,688,240
Cash dividends	-	-
(1) Loss per share on a diluted basis is not disclosed as it is anti-dilutive		
(2) Debt repaid in December 2004		

The Company is not in production and has no operating revenue. The Company has raised equity financing during the year to fund exploration and development of the Mulatos deposit.

OPERATING ACTIVITIES

The Company recorded net loss for 2004 of \$3.8 million (\$.06 per share), compared with \$1.9 million (\$0.05 per share) in 2003. Increased costs reflect the merger of operations of Alamos Minerals Ltd, a predecessor of the Company and National Gold Corporation in February 2003. In August 2003 the Company raised \$8.2 million which became available for working capital purposes. Prior to this time, the Company had limited financial resources to pursue its business plan. In March 2004, the Company moved its corporate office from Vancouver to Toronto and acquired additional staff.

The increase in corporate costs reflects the business development of the Company during the year as it completed its feasibility study on Phase I of the Mulatos deposit and pursued several funding alternatives to finance construction of a \$72.3 million mine at Mulatos, which resulted in two equity offerings totaling \$44.2 million net of costs. To enhance its contacts with shareholders and potential investors, the Company moved from the TSX Venture Exchange to the Toronto Stock Exchange (TSX), completed registration with the Securities and Exchange Commission in the United States and applied for a listing on the American Stock Exchange (AMEX). The AMEX listing application was withdrawn in early 2005. However, the Company will review the potential benefits of listing on an American exchange with a view to reapplying for a listing at a later date.



90-ton haul truck dumping clay material on the leach pad area.

Salaries and management compensation increased to \$859,310 from \$171,761 in 2003 as a result of the addition of staff required by the move to Toronto, severance payments to previous staff who did not relocate, and the allotment of performance bonuses totaling approximately \$260,000. Shareholder communications (\$232,798 compared with \$49,333 in 2003) and travel and accommodations costs (\$230,942 compared with \$86,892 in 2003) both increased as the Company responded to improved investor interest by meeting with investors and disseminating corporate information. An increase in trust and filing fees to \$196,145 from \$42,694 in 2003, mainly reflects additional costs associated with the Company's TSX listing in June 2004. Office and administration costs increased to \$552,924 from \$242,081 reflecting higher outside consulting fees, increased administration costs both in Canada and Mexico, and capital taxes payable in Ontario.

Interest and financing costs of \$678,622 (2003: \$362,133) include a \$390,448 write-off of financing costs relating to the termination of a letter agreement with a syndicate of banks that were to have provided project financing for the Mulatos project. Interest expense is mainly attributed to the H. Morgan & Company loan, established in January 2003 at C\$5.7 million. The Company repaid C\$2.85 million in September 2003, and the balance, with accrued interest, was repaid in December 2004. Without the write-off, interest expense would have declined in 2004 (\$288,174) compared with 2003 (\$362,133) as 2004 benefited from the reduced loan balance throughout the year, while 2003 had a reduced loan balance only after September 2003. Interest income of \$234,219 compared with \$24,598 is attributed to increased average cash and cash equivalent balances resulting from two equity financings during 2004 and additional funds received from the exercise of options and warrants during 2004. A foreign exchange gain of \$121,668 (2003: loss of \$158,031) was partially attributable to the gain on the net Canadian monetary position resulting from an appreciation of the Canadian dollar against the United States dollar.

Management's Discussion and Analysis

Non-cash compensation expenses of \$943,965 (2003 - \$403,989) reflect the derived value of stock options granted during the year. An additional amount of \$225,388 was recorded as an expenditure on mineral properties, as that grant of options was made to exploration personnel whose compensations are capitalized to the relevant mineral project. The higher valuation in 2004 reflects the higher average exercise price of the grant from C\$1.57 per share in 2003 to C\$2.55 per share in 2004, even though options granted declined from 2,260,983 in 2003 to 1,725,000 in 2004. Accounting guidelines require that the Company record as compensation the determined fair value of stock options issued to directors, employees and consultants 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, requiring it to make certain subjective assumptions as to future interest rates and stock price volatility (see Note 12 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.

Loss for the fourth quarter 2004 was \$1.5 million (\$.02 per share) versus \$1.0 million (\$.02 per share) million in the fourth quarter of 2003. The higher loss in 2004 reflected the write-off of the \$390,448 financing costs noted above, while the 2003 loss contained a non-cash compensation charge of \$403,989.

SUMMARY OF QUARTERLY RESULTS

The following table shows consolidated loss by quarter for the previous eight quarters, on a dollar and per share basis. As the Company is still in the exploration and development stage, it has no sales or revenue. Per share figures are basic and fully diluted.

Loss by quarter	Q1	Q2	Q3	Q4	Total
2004	\$ 457,407	\$1,437,139	\$ 400,458	\$1,477,220	\$3,772,224
Per share	0.01	0.02	0.01	0.02	0.06
2003	116,342	316,255	520,575	980,701	1,933,873
Per share	0.01	0.01	0.01	0.02	0.05

Non-cash compensation was recorded in the amount of \$403,989 in December, 2003 reflecting the value of the grant of stock options to certain personnel.

The following table shows the adjusted quarterly loss for 2004 before selected under-noted factors.

2004	Q1	Q2	Q3	Q4	Year
Loss before the under-noted	\$ 286,024	\$ 641,896	\$ 482,569	\$ 836,048	\$2,246,537
Foreign exchange (gain) loss	(16,430)	115,916	(82,946)	(138,208)	(121,668)
Interest and financing expense	64,902	64,434	64,257	485,029	678,622
Interest income	(11,051)	(54,297)	(63,422)	(105,449)	(234,219)
Non-cash compensation	82,775	469,190	-	392,000	943,965
Cash bonuses	51,187	200,000	-	7,800	258,987
Loss per period	\$ 457,407	\$1,437,139	\$ 400,458	\$1,477,220	\$3,772,224

In the fourth quarter, the Company wrote off \$390,448 in deferred financing costs related to a terminated debt arrangement with a syndicate of banks. The fourth quarter contains a charge for capital tax in Ontario estimated at \$100,000 resulting in part from the additional equity capital raised in November 2004.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial assets and liabilities consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, some of which are denominated in Canadian dollars or Mexican pesos. A Note payable, denominated in Canadian dollars, was repaid in December 2004. These accounts are recorded at cost which approximates their fair value at each reporting period end value in United States dollars. The Company is vulnerable to financial gain or loss as a result of foreign exchange movements against the United States dollar. In 2004, the Company recorded a loss of \$121,668, while in 2003 a gain of \$158,031 was recorded. 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 and operating a mine at Mulatos will be denominated in pesos. As mine development costs are incurred 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 short-term liquid deposits or investments which provide a revised rate of interest upon maturity.

Subsequent to December 2004, the Company issued C\$50 million in convertible debentures, of which C\$37 million is estimated to be classed as debt and the balance as equity. As the funds are expected to be converted to United States dollars to fund capital expenditures at Mulatos, the Company will have an exposure to a Canadian denominated liability with no offsetting Canadian dollar assets. In 2005, the Company expects to implement a foreign exchange hedging program to offset some or all of this exposure.

INVESTMENT IN MINERAL EXPLORATION AND DEVELOPMENT

Net expenditures on mineral properties increased during the year to \$16.0 million from \$13.5 million in 2003. The increased activity reflects the Company's commencement of development of Phase I of the Mulatos deposit, which is projected to cost \$72.3 million.

At the end of 2004, the Company had spent an estimated \$22.7 million on construction and procurement at Mulatos. The Company acquired a package of previously owned mining equipment, including five haul trucks, two loaders, a water truck, lube truck, powder truck and two excavators. Expenditures on production equipment totaled \$4.3 million. The Company also acquired a previously owned gold recovery plant (\$2.0 million) and a previously owned three-stage crusher (\$1.7 million). These expenditures exclude additional costs to be incurred for rehabilitation, transportation to the mining site, and installation at the site. Both the plant and crusher can be scaled to operate at higher production levels than contemplated in Phase I.

Management's Discussion and Analysis



A Banana Yucca ("Yucca Baccata") blooms near the road side along the route into the Salamandra district.

Construction commenced in the third quarter of 2004. At December 2004, approximately 25% of the initial portion of the leach pad, at a cost of \$1.9 million, was compacted and ready for the application of 12 inches of clay liner. Main access roads were improved, the road from the leach pad to the mine had been widened, and the haul road, roughly parallel to the overland conveyer, had been started. Concrete for the carbon plant and power plant plus grading of the primary crusher area was in progress at year end 2004. Expenditures on water systems, consisting of water retention facilities at the Mulatos river, construction of a water reservoir and piping to bring water up 600 m in elevation from the river to the water reservoir cost \$2.2 million. Facilities construction, consisting of camp facilities, mine offices, shops and warehouses cost \$1.2 million. Based on the hectares of land disturbed on site, the Company recorded a reclamation liability of \$50,000.

The Company secured important land rights during the year through the acquisition of sufficient surface area to accommodate Phase I development. A total of \$4.6 million was spent to secure these rights, which included settlement of all outstanding disputes with the Ejido group.

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 this carrying value is appropriate based on its assessment of realizable value.

At the beginning of the year, the Company did not yet have any resource properties that qualify for capitalization under U.S. GAAP. Consequently, the primary effect of the U.S. GAAP reconciliation of its financial statements was to increase the net loss and deficit for 2003 and 2002 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 were charged to the Statement of Loss and Deficit in the period incurred (see Note 19 to the Financial Statements). After the completion of the feasibility study and confirmation of the existence of mineral

reserves at Mulatos, the Company commenced to capitalize those construction and procurement costs relating to mine development at Mulatos. All other exploration expenditures on unproven mineral properties will continue to be expensed for the purposes of U.S. GAAP.

CAPITAL RESOURCES AND LIQUIDITY

The Company's financial condition improved significantly in 2004 with over \$28.1 million in cash, cash equivalents and short-term investments at year end, although these funds are expected to be spent to construct the Mulatos mine. As at December 31, 2004, the Company had \$29.0 million in working capital, an increase from working capital of \$6.3 million on December 31, 2003. The most significant component of the change in working capital was the increase in cash and cash equivalents by \$4.1 million and an increase of \$15 million in short-term investments over 2003. Payables increased from \$536,069 in 2003 to \$943,319 in 2004 in response to increased construction activities at Mulatos.

The increase in cash and short-term investments resulted primarily from funds received from two equity issues, which raised a combined \$44.2 million, net of related expenses. In April 2004, the Company closed a 10 million unit offering, with each unit consisting of one common share in the capital of the Company and one-half of a share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional share of the Company at a price of C\$3.50 for a two-year period following closing. In November 2004, the Company closed a share offering of 10 million shares at C\$3.00 per share. In addition, the Company received \$7.1 million upon the exercise of 5,860,815 share purchase warrants and \$554,176 upon the exercise of 752,398 share purchase options.

Management's Discussion and Analysis

The Company completed a debt financing with H. Morgan & Company in January 2003, whereby a Note for a total of C\$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 Gold pursuant to the Asset Purchase Agreement on Salamandra. Prepayment of the debentures reduced the amount due under the debentures (C\$7.5 million) by C\$1.9 million. Interest was payable on the Note at 12% per annum. During the quarter ended September 30, 2003, the Company repaid 50% of the Note and was entitled to prepay any amount up to the total amount of the principal of the Note after January 30, 2005. In December 2004, the Company and H. Morgan agreed to an early termination of the loan agreement whereby the Company paid the balance of the loan plus interest accruable to January 30, 2005. The Company arranged this early termination to satisfy a condition contained in a letter agreement signed with a syndicate of banks.

The Company is adequately funded to carry out further development work at Mulatos. In February 2005, the Company closed a C\$50 million 5-year convertible debenture, which was secured to replace a previously announced lending agreement with a syndicate of banks. The debenture contains a coupon rate of 5.5% and convertibility into common shares at a price 35% higher than the closing price of the Company's shares on the date the Company entered into the agreement. The Company secured this financing on more favorable terms than those contained within the bank letter agreement, including fewer covenants and no gold hedging requirements. At current exchange rates, the debenture converts to approximately \$40 million after related financing costs. When combined with the \$28 million cash on hand at year end, the Company has approximately \$68 million cash on hand at December 2004 on a pro-forma basis, with approximately \$50 million in anticipated capital costs remaining to be spent at Mulatos, based on the feasibility study. The Company is also budgeting

an additional \$5.9 million in mineral exploration and reserve development and a corporate operating budget between \$1.75 to \$2.0 million on a cash basis for 2005.

The Company is also expected to have a working capital requirement of up to \$5 million or more throughout 2005, depending on the level of gold in-process inventory, inventory of spare parts, and the timing of recovery of refundable sales taxes.

STRATEGIC OUTLOOK

The Company is currently focused on three objectives. The first is to complete development of Phase I of the Mulatos deposit. A significant milestone was achieved when the Company closed its C\$50 million convertible debenture issue in February 2005, thereby securing the necessary financing to complete development, based on the estimate for capital expenditures of \$72.3 million contained in the feasibility study. Production is planned for the third quarter of 2005, with full feasibility production rates to be achieved by year end 2005.

The second priority for the Company is to expand its current reserve of 2.0 million contained ounces of gold by development drilling adjacent to the Estrella zone at El Salto and the Southeast Extension zone, and drifting/drilling along trend through the Escondida, Gap and El Victor zones. Approximately \$3 million has been budgeted for this work.

The third priority is to drill assess a number of high priority targets within the Salamandra group of concessions, beginning with the El Realito/Puebla concessions. Initial work in late 2004 showed some encouraging results that will require follow-up work. As well, at least two other targets are drill ready and will be assessed. Up to \$2.9 million has been budgeted for this regional exploration program, if results warrant.

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 12 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, including: an estimate of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); 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. The fair value of the compensation is either expensed or capitalized as a mineral property cost depending on the nature of the grant.

Property acquisition costs and related direct exploration costs may be deferred until the properties are either 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, including applicable guidelines and accepted industry practice. The policy is consistent with other junior exploration companies that have not established mineral reserves objectively. Two alternative acceptable policies are 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 and is consistent with many other public exploration companies in Canada. Shareholders are advised that carrying values are not necessarily indicative of present or future values. 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 write-downs were recorded during 2004. A write-down would be recorded as an expense in the Company's statement of operation.

The Company is required to determine the expected value of the estimated costs of asset retirement obligations and to recognize this value as a liability when reasonably determinable. This valuation is added to the cost of the relevant mineral property on the balance sheet, and amortized as an expense in the statement of operation when the mineral property is in production. Asset retirement costs include future removal

Management's Discussion and Analysis

and site restoration. Key assumptions in determining the amount of liability are total undiscounted cash outflows; expected timing of payment of the cash outflows; and appropriate discount rates to apply to the timing of cash outflows. Because the liability is recorded on a discounted basis, it is increased due to the passage of time with an offsetting charge to accretion expense in the statement of operations. The feasibility study for the Mulatos project determined that an undiscounted remedial obligation of \$2.8 million will be incurred to provide for mine closure at the completion of planned operations. This study will be used as the basis for determining the pro-rata amount of remedial obligation incurred as site construction and subsequent mining and waste rock disposal progress. The Company may update that study from time to time as more information becomes available. Most reclamation will occur at the end of the mine life, expected to be 10 years at the current expected mining rate.

Rehabilitation will occur largely at the end of the mine life. As the Company has commenced in 2004 to develop the Mulatos property, it has determined that the appropriate asset retirement obligation at December 31, 2004 is \$50,000. It is anticipated that the retirement obligation will be increased quarterly to take into account progressive disturbance and accretion expense.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements, except for purchase obligations described in the attached table.

ADOPTION OF NEW ACCOUNTING POLICY

In 2004, the Company adopted new CICA Handbook Section 3110, Asset Retirement Obligations for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. This new standard came into effect for fiscal years beginning on or after January 1, 2004. The methodology of implementing the new standard is discussed above. The Company's main asset is the cost associated with the development of the Mulatos project. The adoption of this standard had no impact on the Company's prior period financial situation or on its operating loss.

The current estimate of the cost of remediation is not significant, as the total hectares of disturbed land is not substantial, and the nature of the disturbance will not result in material remedial work. Rehabilitation of waste dumps and leach pad area are expected to result in more significant rehabilitation costs, and will be incurred as these dumps are established and ore is stacked on the leach pad over the operating life of the mine.



COMMITMENTS TABLE (BY PERIOD) (\$)

The following table lists as of December 31, 2004 information with respect to the Company's known contractual obligations.

Contractual Obligations (\$)	PAYMENTS DUE BY PERIOD				
	Total	Less than 1 year	1- 3 years	3 – 5 years	More than 5 years
Long-Term Debt Obligations (1)	-	-	-	-	-
Capital (Finance) Lease Obligations	-	-	-	-	-
Operating Lease Obligations	-	-	-	-	-
Purchase Obligations (2)	8,900,000	8,900,000	-	-	-
Other Long-Term Liabilities reflected on the Company's Balance Sheet under the GAAP of the primary financial statements (3)	160,000	-	-	-	160,000
Others	-	-	-	-	-
Total	9,060,000	8,900,000	-	-	160,000

Contractual obligations exclude expenses of a fixed nature expected to be incurred in the normal course of operations.

(1) Subsequent to December 31, 2004, the Company issued C\$50 million (\$41.5 million based on the exchange rate of U.S.\$1.00 = C\$1.20) in convertible debentures due in February 2010, unless converted into common shares of the Company at the option of the holder, with an annual interest rate of 5.5%.

(2) Based on contracts outstanding as of December 31, 2004, out of a total estimated cost to completion of \$50 million.

(3) Estimated asset retirement obligations, presented on a non-discounted cash-flow basis.

Management's Discussion and Analysis

RELATED PARTY TRANSACTIONS

The Company received consulting services from two directors, one on an annual renewable contract basis as approved by the Board of Directors to provide management and financial services to the Company; as of October 1, 2005, the director no longer provides services on this basis. A second director has provided consulting services on a transaction basis. There are no ongoing contractual arrangements or commitments resulting from these transactions.

Total contractual fees were \$475,723 (2003: \$172,138). These transactions have occurred in the normal course of operation and are measured at their fair value.

INTERNAL CONTROL

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its disclosure controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. There were no material changes in the Company's internal control over financial reporting in the period covered by this MD&A.

DIRECTOR AND MANAGEMENT CHANGES

Alan R. Hill was appointed to the Board of Directors in April 2004, and subsequently appointed to Chair the Board. Edward Reeve was appointed to the Board in September 2004.

Jon Morda was appointed Chief Financial Officer in February 2004 and the Manager Investor Relations was appointed in March 2004.

OUTSTANDING SHARE DATA

- The Company has one class of common shares: as of March 18, 2005, there were 77,117,918 common shares outstanding.
- The Company has a stock option plan: as of March 18, 2005, there were 3,603,483 stock options outstanding, all of which have vested.
- The Company has outstanding as of March 18, 2005, 4,565,000 share purchase warrants.
- The Company has outstanding as of March 18, 2005, face value of C\$50,000,000 convertible debentures.

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 following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact on, or constitute risk factors in respect of the Company's future financial performance.

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. While substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, few properties that are explored are ultimately developed into producing mines. Where expenditures on a property have not led to the discovery of mineral reserves, the property will have to be discarded causing the Company to write off each respective property thus sustaining a loss.

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. A reduction in the price of gold may prevent the Company's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low gold prices. Although the price has risen from recent 20-year lows, it is not possible to predict future prices.

The Company is subject to currency risks. The Company's functional currency is the United States dollar, which has been subject to recent fluctuations against other currencies. The Company operations are located in Mexico and many of its obligations are in pesos. The Company maintains its principal office in Canada, maintains cash

accounts in U.S. dollars, pesos and Canadian dollars and has monetary assets and liabilities in U.S. and Canadian dollars and pesos. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.

The Company has limited financial resources which could affect its ability to carry out its business plan. The Company's ability to secure fixed 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'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. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate the properties; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis and some of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these mineral deposits could have a material adverse effect on the Company's results of operation and business.

Management's Discussion and Analysis

The Company conducts its primary exploration and development activities in Sonora, Mexico. Mexico is a developing country and obtaining financing or finding or hiring qualified people or obtaining all necessary services for the Company's operations in Mexico may be difficult. The Company's exploration and development activities are subject to extensive laws and regulations governing health and worker safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters.

Specifically, the Company activities related to its Mulatos Project are subject to regulation by SEMARNAP, the environmental protection agency of Mexico, Comisión Nacional del Agua ("CAN"), which regulates water rights, and the Mexican Mining Law. A number of other approvals, licenses and permits are required for various aspects of mine development. 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, which could result in costly litigation or disruption of operations.

The Company is uncertain if all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on its Salamandra Property or in any other projects that the Company becomes involved. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

The mineral reserves and resource estimates of the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental

factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated reserves and resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

This management discussion and analysis contains forward looking statements concerning the Company's plans for its properties and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral resources or mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward looking statements." Forward looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward looking statements.

Financial Statements

Management's Responsibility for Financial Reporting

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.

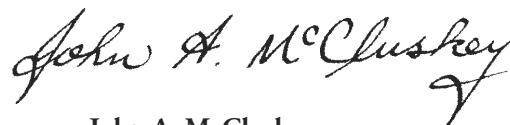
The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgments on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements fairly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

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. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to financial statement preparation and safeguarding of assets.

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 Audit Committee also reviews the quarterly financial statements and recommends them for approval to the Board of Directors, reviews with management the systems of internal control and security, and approves the scope of the external auditors audit and non-audit

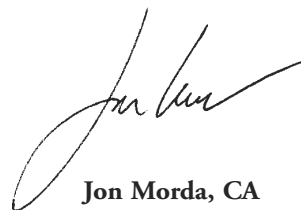
work. The Audit Committee is composed entirely of directors not involved in the daily operations of the Company and thus are considered to be free from any relationship that could interfere with the exercise of independent judgment as a Committee member. The 2004 consolidated financial statements have been audited by Ernst & Young, LLP, Chartered Accountants and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

March 29, 2005



John A. McCluskey

President and Chief Executive Officer



Jon Morda, CA

Chief Financial Officer

Auditors' Report

AUDITORS' REPORT

To the Shareholders of Alamos Gold Inc.

We have audited the consolidated balance sheet of Alamos Gold Inc. [the "Company"] as at December 31, 2004 and the consolidated statement of earnings, retained earnings and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the year ended December 31, 2003 were audited by other auditors who expressed an opinion without reservation on these statements in their report dated April 20, 2004.

Ernst & Young

Chartered Accountants

Toronto, Canada

March 25, 2005

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 March 25, 2005, is expressed in accordance with Canadian reporting standards which do not require a reference to such events and conditions in the Auditors' Report when these are adequately disclosed in the financial statements.

Ernst & Young

Chartered Accountants

Toronto, Canada

March 25, 2005

Consolidated Balance Sheet

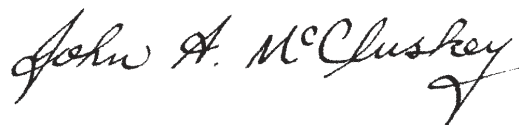
At December 31

(stated in U.S. dollars)

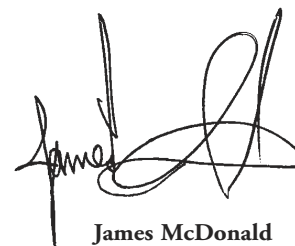
	2004	2003
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,127,463	\$ 8,981,575
Short-term investments (note 6)	15,000,000	-
Amounts receivable	112,117	47,620
Advances and prepaid expenses (note 5)	1,733,284	40,946
	29,972,864	9,070,141
Restricted cash (note 7)	-	681,347
Equipment (note 3)	10,442,580	209,565
Mineral properties (note 4)	35,463,590	18,461,868
	\$ 75,879,034	\$ 28,422,921
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 943,319	\$ 536,069
Note payable (note 14)	-	2,198,612
	943,319	2,734,681
Asset retirement obligations (note 15)	50,000	-
SHAREHOLDERS' EQUITY		
Share capital (note 11(a))	86,170,028	34,369,682
Contributed surplus (note 12)	1,877,036	707,683
Deficit	(13,161,349)	(9,389,125)
	74,885,715	25,688,240
	\$ 75,879,034	\$ 28,422,921
Continuing operations (note 1)		

See notes to consolidated financial statements.

On behalf of the Board:



John A. McCluskey



James McDonald

Consolidated Statement of Operations and Deficit

For the years ended December 31

(stated in U.S. dollars)

	2004	2003
Expenses		
Depreciation	\$ 90,268	\$ 60,308
Salaries and management fees	859,310	171,761
Foreign exchange (gain) loss	(121,668)	158,031
Legal, audit and accounting	343,137	381,249
Office and administration	552,924	242,081
Shareholder communications	232,798	49,333
Travel and accommodation	230,942	86,892
Trust and filing fees	196,145	42,694
Stock-based compensation (note 12)	943,965	403,989
Interest and financing expense	678,622	362,133
Interest income	(234,219)	(24,598)
Loss for the year	(3,772,224)	(1,933,873)
Deficit, beginning of the year	(9,389,125)	(7,455,252)
Deficit, end of the year	\$ (13,161,349)	\$ (9,389,125)
Loss per share (note 10)	\$ (0.06)	\$ (0.05)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31

(stated in U.S. dollars)

	2004	2003
Cash provided for (used for):		
Operating Activities		
Loss for the period	\$ (3,772,224)	\$ (1,933,873)
Adjustments for items not involving cash:		
Depreciation	90,268	60,308
Foreign exchange loss on note payable	164,180	-
Stock-based compensation	943,965	403,989
	(2,573,811)	(1,469,576)
Changes in non-cash working capital components:		
Amounts receivable	(64,497)	48,313
Prepaid expenses	(25,443)	(24,955)
Accounts payable and accrued liabilities	407,250	273,375
	(2,256,501)	(1,172,843)
Investing Activities		
Mineral properties	(16,576,906)	(4,810,200)
Short-term investments	(15,000,000)	-
Advances on construction contracts	(1,666,895)	-
Purchase of equipment	(10,472,711)	(131,755)
	(43,716,512)	(4,941,955)
Financing Activities		
Proceeds from issuance of long-term debt	-	3,750,000
Payment of long-term debt	-	(1,551,388)
Net proceeds from the issue of common shares	51,800,346	14,740,567
Payment of note	(2,362,792)	(1,769,565)
	49,437,554	15,169,614
Restricted cash	681,347	(681,347)
Cash acquired from amalgamation with National Gold	-	120,817
Net increase in cash and cash equivalents	4,145,888	8,494,286
Cash and cash equivalents, beginning of year	8,981,575	487,289
Cash and cash equivalents, end of year	\$ 13,127,463	\$ 8,981,575

See notes to consolidated financial statements.

Consolidated Statements of Mineral Properties

<i>(stated in U.S. dollars)</i>	December 31, 2002	Expenditures 2003	December 31, 2003	Expenditures 2004	December 31, 2004
MINERAL PROPERTY UNDER DEVELOPMENT					
Mulatos Project					
Acquisition	\$ 3,128,108	\$ 10,717,681	\$ 13,845,789	\$ 4,628,311	\$ 18,474,100
Exploration:					
Administration	61,205	94,146	155,351	320,798	476,149
Analytical	15,943	74,860	90,803	-	90,803
Feasibility study	-	254,989	254,989	586,787	841,776
Field work and supplies	448,664	846,334	1,294,998	362,623	1,657,621
Geological	178,333	666,342	844,675	149,998	994,673
Claims maintenance	60,371	122,083	182,454	181,531	363,985
Equipment rental	19,353	175,654	195,007	12,867	207,874
Property and other taxes	-	471,920	471,920	1,867,753	2,339,673
Site development	-	-	-	146,981	146,981
Travel and accommodation	40,143	77,374	117,517	34,470	151,987
Development:					
Administration	-	-	-	138,298	138,298
Roads	-	-	-	1,139,547	1,139,547
Leach pad	-	-	-	1,940,174	1,940,174
Facilities	-	-	-	1,231,261	1,231,261
Water systems	-	-	-	2,163,373	2,163,373
Utilities	-	-	-	262,356	262,356
Maintenance	-	-	-	521,837	521,837
Asset retirement obligation	-	-	-	50,000	50,000
Capitalized depreciation	-	-	-	149,428	149,428
Other costs	-	-	-	116,465	116,465
	\$ 3,952,120	\$ 13,501,383	\$ 17,453,503	\$ 16,004,858	\$ 33,458,361
UNPROVEN MINERAL PROPERTIES					
Active Projects					
Drilling	-	-	-	\$ 534,457	\$ 534,457
Assaying	-	-	-	127,166	127,166
Geology	-	-	-	86,789	86,789
Administration	-	-	-	113,449	113,449
Equipment	-	-	-	18,170	18,170
Other costs	-	-	-	114,560	114,560
	-	-	-	994,591	994,591
Inactive Project					
La Fortuna Property					
Acquisition	295,300	-	295,300	-	295,300
Exploration:					
Analytical	28,714	-	28,714	-	28,714
Field work and supplies	347,776	-	347,776	-	347,776
Geological	226,336	-	226,336	-	226,336
Claims maintenance	70,969	4,074	75,043	2,273	77,316
Travel and accommodation	35,196	-	35,196	-	35,196
	1,004,291	4,074	1,008,365	2,273	1,010,638
	\$ 1,004,291	\$ 4,074	\$ 1,008,365	\$ 996,864	\$ 2,005,229
	\$ 4,956,411	\$ 13,505,457	\$ 18,461,868	\$ 17,001,722	\$ 35,463,590

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. NATURE AND CONTINUANCE OF BUSINESS

Alamos Gold Inc. and its subsidiaries (“the Company”) are in the development stage. The Company is engaged in the acquisition, exploration and development of mineral rights that are considered sites of potential economic mineralization. The Company’s principal mineral rights interest is in the Mulatos deposit and an additional eight satellite gold systems identified to date which together comprise the 21,300 hectare Salamandra Property in Sonora, Mexico. The Mulatos deposit contains economically recoverable reserves which the Company intends to develop and exploit.

The Company has not yet generated cash flow from operations to fund its exploration and development activities and has therefore relied principally upon the issuance of equity 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.

Subsequent to December 31, 2004, the Company completed a C\$50 million convertible debenture financing, which the Company believes will provide it with sufficient incremental funds to complete the development of the Mulatos deposit, at a capital cost of \$72.3 million, as outlined in the June 2004 Estrella Pit Development Feasibility Study.

Amalgamation

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 13.

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 and presented in United States dollars. 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.

Canadian GAAP may differ materially from generally accepted accounting principles in the United States. A reconciliation of important differences between Canadian and United States GAAP is contained in Note 19.

Reclassification

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management 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.

Capitalized Costs for Mineral Properties

Unproven mineral properties consist of acquisition costs and capitalized direct exploration expenditures on properties which do not have commercially proven economic mineral reserves. These costs are deferred until such time as the related property is placed into production, sold or abandoned.

The Company reviews its capitalized costs on unproven mineral properties on an annual basis, or more frequently if events warrant, and will recognize an impairment in value to the extent that the carrying amount of the property exceed the estimated recoverable amount, based upon known exploration results and upon management’s assessment of the economic viability of the property.

Notes to Consolidated Financial Statements

Mineral property under development consists of acquisition costs and capitalized direct exploration and development expenditures, including interest reasonably relating to project development, on properties which have commercially proven economic mineral reserves. These costs are deferred until such time as the related property is placed into production, and subsequently amortized on a unit-of-production basis over the estimated useful life of the mineral reserves.

The Company reviews its capitalized costs on mineral property under development on an annual basis, or more frequently if events warrant, and will recognize an impairment in value on each property to the extent that the recoverable amount based on estimated future cash flows on an undiscounted basis is less than the carrying amount of the property. Future cash flows are estimated based on future recoverable minerals based on proven and probable mineral reserves. Future cash flow estimates will also incorporate expected sales prices for recoverable minerals, costs of production and taxes, capital expenditures and development costs, remediation and closure costs, utilizing assumptions from its feasibility studies and subsequent engineering, geological or financial information where operations have not yet commenced.

The recoverable amounts for mineral properties is dependent upon the existence of economically recoverable reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the properties where necessary and upon future profitable production or alternatively, upon the Company's ability to recover its spent costs through a disposition of its interests. The amounts recorded as mineral properties reflect actual costs incurred and are not intended to express present or future values.

Equipment

Equipment is recorded at cost and is amortized over its estimated useful economic life using annual rates of 20% for office equipment and between 10% and 20% on a straight-line basis for mining and exploration equipment.

Translation of Foreign Currencies

The United States dollar is the functional currency of all the Company's operations. Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at the year end exchange rate. Revenues and expenses are translated at rates of exchange prevailing in the transaction period. All exchange gains and losses are included in the determination of net income.

Cash and Cash Equivalents

Cash and cash equivalents, which include cash and highly liquid investments with original maturities of three months or less, are recorded at cost, which approximates market value.

Short-Term Investments

Short-term investments include notes with an original maturity of one year or less. Short-term investments are recorded at cost which approximates market value. The Company invests with high credit quality financial institutions.

Financial Instruments and Financial Risk

The Company's financial instruments consist of monetary assets and liabilities, the fair value of which approximate their carrying value due to the short-term nature of these instruments. The Company does not use financial instruments to manage exposures to fluctuations in foreign exchange rates, interest rates or metal prices.

Income Taxes

The Company accounts for future tax assets and liabilities using the liability method based on the temporary 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.

Notes to Consolidated Financial Statements

Stock-Based Compensation Plan

The Company has a stock-based compensation plan as described in Note 12. Effective January 1, 2002, the Company 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 charged as an expense or capitalized depending on the nature of the grant, 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 proforma basis only. Consideration paid by option holders to the Company upon exercise of options is credited to common share capital.

Asset Retirement Obligations

On January 1, 2004, the Company adopted retroactively the new standards of the Canadian Institute of Chartered Accountants relating to asset retirement obligations. This standard requires the recognition of the fair value of liabilities for obligations associated with the retirement of an asset in the period during which they are incurred, providing it is possible to make a reasonable estimate of fair value. The fair value is added to the carrying amount of the associated asset, its mineral property under development, and amortized over the useful life of the property. The liability is accreted over time through periodic charges to earnings and it is reduced by actual costs of decommissioning and reclamation. The adoption of this standard had no impact on the Company's prior period financial situation or on its operating loss.

Refer to Note 15.

Earnings per Share

Earnings per common share has been determined based on the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method to compute the dilutive effect of stock options and warrants.

3. EQUIPMENT

December 31	2004			2003		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Mining & exploration equipment	\$10,599,879	\$ 247,839	\$ 10,352,040	\$ 639,807	\$ 457,811	\$ 181,996
Office equipment	114,262	23,722	90,540	57,582	30,013	27,569
	\$10,714,141	\$ 271,561	\$ 10,442,580	\$ 697,389	\$ 487,824	\$ 209,565

4. MINERAL PROPERTIES

Salamandra Property

The Company has a 100% interest in this property, which currently comprises approximately 21,300 hectares in Sonora, Mexico, in consideration for the payment of C\$11,154,011 in initial acquisition costs and assigned expenses. The Salamandra property contains the Mulatos deposit and several other mineral targets currently being explored by the Company.

The rights are subject to a sliding scale net smelter royalty ("NSR") on the first 2,000,000 ounces of gold production from certain concessions within the Salamandra property acquired pursuant to the asset purchase agreement dated December 21, 2000. The royalty commences at 1.0% NSR in respect of gold and silver products mined and sold when the price of gold is less than \$300 per ounce rising in increments to 5% NSR when the price of gold exceeds \$400 per ounce.

The Company had entered into a joint venture agreement with National to earn a 50% interest in the property. Prior to earning its interest, the Company merged with National on February 21, 2003.

In June 2004, the Company completed a feasibility study on a portion of the Mulatos deposit known as the Estrella pit. The Company has received all requisite permits for construction and mine operation.

Notes to Consolidated Financial Statements

La Fortuna Property

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

5. ADVANCES AND PREPAID EXPENSES

Advances and prepaid expenses are composed of:

December 31	2004	2003
Advances to contractors	\$ 1,666,895	\$ -
Prepaid expenses	66,389	40,946
	\$ 1,733,284	\$ 40,946

6. SHORT-TERM INVESTMENTS

The Company's short-term investments consist of a \$15,000,000, 28-day term note maturing January 12, 2005, with an annualized yield of 2.278%, guaranteed by a Canadian chartered bank.

7. RESTRICTED CASH

The Company had placed with the Agrarian Court certain letters of credit, secured with segregated funds, with a Canadian chartered bank in the amount of \$681,347 in satisfaction of a judgment, pending appeal, against the Company resulting from the reduction of land-use under lease in the Mulatos project. Upon signing a new land purchase agreement with the owners in May 2004, the owners settled the claim and the letters of credit were returned to the Company.

8. RELATED PARTY TRANSACTIONS

Directors of the Company were paid \$475,723 during the year ended December 31, 2004 (2003: \$172,138) through consulting or employment arrangements for management, investor relations and administrative services. These transactions have occurred in the normal course of operations and are measured at their fair value as determined by management.

9. SEGMENTED REPORTING

The Company operates in one business segment, exploration and development of mineral properties, in two geographic areas, Canada and Mexico. Reconciliation of segment assets to total assets are as follows:

December 31	2004	2003
Assets by geographic segment, at cost:		
Mexico	\$ 48,776,475	\$ 19,303,368
Canada	27,102,559	9,119,553
	\$ 75,879,034	\$ 28,422,921

10. LOSS PER SHARE

Loss per share has been calculated using the weight-average number of shares outstanding during the year of 62,202,713 (2003: 39,838,848). Diluted loss per share has not been disclosed as it is anti-dilutive.

11. SHARE CAPITAL

a) Authorized share capital of the Company consists of unlimited common shares without par value

	Number of Shares	Amount
Outstanding at January 1, 2003	32,624,647	\$ 11,583,910
Exercise of warrants	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
Placement of shares	8,500,000	8,150,019
Exercise of stock options	1,075,383	983,144
Exercise of warrants	7,269,895	4,590,638
Outstanding at December 31, 2003	50,164,705	\$ 34,369,682
Placement of shares (less issue costs of \$1,454,167)	10,000,000	21,120,895
Placement of shares (less issue costs of \$1,404,585)	10,000,000	23,047,275
Exercise of stock options	752,398	554,176
Exercise of warrants	5,860,815	7,078,000
Outstanding at December 31, 2004	76,777,918	\$ 86,170,028

Notes to Consolidated Financial Statements

b) Stock options outstanding at December 31, 2004

Number	Expiry Date	Exercise Price (C\$)
375,000	December 16, 2009	3.50
850,000	June 25, 2009	2.25
110,000	February 12, 2009	2.75
883,500	December 9, 2008	2.50
557,483	July 23, 2008	1.13
150,000	January 30, 2008	0.76
150,000	July 22, 2007	1.00
345,000	June 25, 2007	2.25
182,500	June 3, 2007	1.16
3,603,483		2.11

Summary of stock option activity:

	Shares	Weighted Average Price (C\$)
Balance at January 1, 2004	2,650,881	1.50
Granted	1,240,000	2.25
Granted	110,000	2.75
Granted	375,000	3.50
Exercised	(752,398)	0.96
Expired	(20,000)	2.50
Balance at December 31, 2004	3,603,483	2.11

c) Warrants outstanding at December 31, 2004

Number	Expiry Date	Exercise Price (C\$)
4,900,000	April 8, 2006	3.50

Subsequent to December 31, 2004, 340,000 warrants were exercised.

Summary of warrant activity:

	Shares	Weighted Average Price (C\$)
Balance at January 1, 2004	5,775,699	1.50
Issued	5,000,000	3.50
Exercised	(5,875,699)	1.57
Balance at December 31, 2004	4,900,000	3.50

12. STOCK-BASED COMPENSATION

The Company has an incentive stock option plan, approved by the board on April 17, 2003, to allow the Company to grant up to 6,830,649 incentive stock options to its directors, officers, employees and consultants of the Company. The exercise price, term (not to exceed ten years) and vesting are determined by the board at the time of the grant, subject to concurrence by the Toronto Stock Exchange.

The Company has determined the value of stock-based compensation and allocated it as follows:

December 31	2004	2003
Mineral property under development	\$ 225,388	\$ 303,694
Stock-based compensation	943,965	403,989
Total	\$ 1,169,353	\$ 707,683

No cash is transferred upon the granting of stock options. The Company credits its contributed surplus account for the value of the grant.

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:

December 31	2004	2003
Risk-free rate	3.5%	3.0% – 3.8%
Expected dividend yield	nil	nil
Expected stock price volatility	55%	55% – 85%
Expected option life, based on term of the grant (months)	18 – 30	30

Notes to Consolidated Financial Statements

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

13. 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	\$ 8,000,000

14. NOTE PAYABLE

In January 2003, the Company issued a note in the amount of C\$5.70 million maturing February 2009, bearing interest at 12% per annum and payable in full at the option of the Company after February 2005, or 50% thereof at anytime at the option of the Company. On January 31, 2003, C\$5.60 million was used to prepay the C\$7.50 million of debentures issued by National to acquire the Salamandra Project. These debentures were discounted to C\$5.60 million upon prepayment. The Company repaid C\$2.85 million of the note in September 2003. With concurrence of the lender, the Company repaid the balance of the note and accrued interest in the amount of C\$3,163,500 in December 2004.

15. ASSET RETIREMENT OBLIGATIONS

The Company's estimate of future asset retirement obligations is based on the estimated total future cost of decommissioning and reclamation costs for its Mulatos gold project, based on the areas disturbed to date times an expected average reclamation cost per hectare of disturbed land. The total estimated undiscounted cost is \$160,000. The expected timing of payment of cash flows is based on life of mine plan, expected to be ten years. The credit adjusted discount rate applied to the undiscounted cash flows is 12.6%.

The following table shows the movement in the liability for asset retirement obligations.

Years ended December 31	2004	2003
Obligations at beginning of the year	\$ -	\$ -
Discounted revisions in estimated cash flows	50,000	-
Accretion expense	-	-
Liabilities settled	-	-
Obligations at end of year	\$ 50,000	\$ -

16. INCOME TAX

The reconciliation of the expected tax recovery at statutory rate and provision for income tax recovery is:

December 31, 2004	
Expected tax recovery at statutory income tax rate	\$ 1,350,000
Decrease resulting from:	
Difference in foreign tax rates	(30,000)
Financing costs	150,000
Stock option compensation not deductible for tax	(340,000)
Other	60,000
Valuation allowance	(1,190,000)
Income tax recovery	\$ -

Notes to Consolidated Financial Statements

The following information summarizes the principal temporary differences and the related future tax effect:

December 31, 2004	Canada	Mexico	Total
Future tax assets			
Non-capital losses	\$ 3,450,000	\$ 2,940,000	\$ 6,390,000
Financing costs	1,080,000	-	1,080,000
Valuation allowance	(4,070,000)	(1,370,000)	(5,440,000)
	\$ 460,000	\$ 1,570,000	\$ 2,030,000
Future tax liabilities			
Mineral properties and equipment	(460,000)	(1,570,000)	(2,030,000)
Net future tax liabilities	\$ -	\$ -	\$ -

Non-capital losses available in Canada to be utilized in subsequent years are \$9 million expiring between 2005 and 2012. Losses in Mexico amount to approximately \$10 million and expire over a 10-year period.

17. COMMITMENTS AND 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 \$105,000 and is also seeking 125,000 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 is currently developing its the Mulatos deposit at a capital cost of \$72.3 million, as outlined in the June 2004 Estrella Pit Development Feasibility Study. At December 31, 2004, the Company had committed expenditures in the amount of \$8.9 million for future procurement and development at the project out of a total estimate of \$50 million cost to complete the project.

18. SUBSEQUENT EVENT

On February 2, 2005, the Company closed a C\$50 million aggregate principal amount of 5.50% convertible senior debentures due February 15, 2010 (the "Debentures") pursuant to an agreement with a syndicate of underwriters. The Debentures will bear interest at a rate of 5.50% per annum, and will be convertible at the option of the holder into common shares of the Company at a conversion rate of 188.6792 common shares per C\$1,000 principal amount of Debentures, which is equal to a conversion price of approximately C\$5.30 per common share.

The Company intends to classify the financial instrument as a liability to the extent of \$30,000,000 and equity to the extent of \$10,400,000, in accordance with the substance of the contractual arrangement.

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

The following is a discussion and reconciliation of material differences between Canadian GAAP and U.S. GAAP on various segments of the financial statements of the Company.

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 Company completed its feasibility study in June 2004.

Notes to Consolidated Financial Statements

The following items a) to e) are inclusive of the impact on line items in these financial statements that would result substantially from the application of U.S. accounting principles to deferred mineral right costs.

December 31	2004	2003	2002
a) Assets			
Deferred mineral property costs			
Deferred mineral property costs following Canadian GAAP	\$ 35,463,590	\$ 18,461,868	\$ 4,956,412
Less deferred mineral property costs not allowed under U.S. GAAP	(24,885,014)	(18,461,868)	(4,956,412)
Deferred mineral property costs following U.S. GAAP	\$ 10,578,576	\$ -	\$ -
b) Operations			
Net loss following Canadian GAAP	\$ (3,772,224)	\$ (1,933,873)	\$ (440,205)
Deferred mineral property costs expensed under U.S. GAAP	(6,423,146)	(13,505,456)	(2,440,344)
Imputed interest charges under U.S. GAAP	-	-	(75,047)
Loss under U.S. GAAP	\$ (10,195,370)	\$ (15,439,329)	\$ (2,955,596)
Loss per share under U.S. GAAP	\$ (0.16)	\$ (0.39)	\$ (0.29)
c) Deficit			
Closing deficit under Canadian GAAP	\$ (13,161,349)	\$ (9,389,125)	\$ (7,455,252)
Adjustment to deficit for deferred mineral property costs written-off under U.S. GAAP, net of impact of discounted debt under U.S. GAAP	(24,885,014)	(18,461,868)	(4,956,412)
Adjustment for imputed interest under U.S. GAAP	-	-	(75,047)
Closing deficit under U.S. GAAP	\$ (38,046,363)	\$ (27,850,993)	\$ (12,486,711)
d) Cash Flows - Operating Activities			
Cash used for operations under Canadian GAAP	\$ (2,256,501)	\$ (1,172,843)	\$ (322,812)
Add loss following Canadian GAAP	3,772,224	1,933,873	440,205
Less loss following U.S. GAAP	(10,195,370)	(15,439,329)	(2,955,596)
Add non-cash deferred expenditures expensed under U.S. GAAP	225,388	-	750,468
Add non-cash imputed interest under U.S. GAAP	-	-	75,047
Cash applied to operations under U.S. GAAP	\$ (8,454,259)	\$ (14,678,299)	\$ (2,012,688)
e) Cash Flows - Investing Activities			
Cash applied to investments under Canadian GAAP	\$ (43,716,512)	\$ (4,941,955)	\$ (2,159,473)
Add deferred mineral property costs expensed under U.S. GAAP	6,197,759	4,810,200	1,689,876
Cash applied to investments under U.S. GAAP	\$ (37,518,753)	\$ (131,755)	\$ (469,597)



Board of Directors and Committees

Leonard Harris^{1, 5}

Director

Alan R. Hill^{2, 3, 4, 5}

Chairman

Richard W. Hughes^{1, 2, 3, 4}

Director

John A. McCluskey

President, Chief Executive Officer & Director

James M. McDonald^{1, 2, 3, 4}

Director

Edward J. (Ted) Reeve⁵

Director

1 Audit Committee

2 Compensation and Nominating Committee

3 Corporate Governance Committee

4 Independent (Special) Committee (Re: Shareholders Rights Plan)

5 Technical, Environmental, Social and Employees' Health and Safety Committee

Shareholder Information

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

PACIFIC CORPORATE TRUST

625 Howe Street, 10th Floor
Vancouver, British Columbia V6C 3B8
Tel: 604.689.9853
Fax: 604.689.8144
Email: pacific@pctc.com

2005 ANNUAL AND SPECIAL SHAREHOLDERS' MEETING

The Annual and Special Meeting of Shareholders of Alamos Gold Inc. will be held at 4:30 pm on Tuesday, May 24th, 2005, at the TSX Auditorium - Conference Centre, located at street level in The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

INVESTOR RELATIONS CONTACT

Victoria Vargas, *Investor Relations*

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Toll Free: 1.866.788.8801 Ext. 201
Email: vvargas@alamosgold.com
Website: www.alamosgold.com

TRADING DATA

Alamos Gold Inc. shares are listed on the Toronto Stock Exchange under the symbol "AGI". As of December 31, 2004 Alamos had 68 shareholders of record and as of March 22, 2005 had approximately 3,183 additional beneficial holders whose common shares were held in street name by brokerage houses.

STOCK EXCHANGE LISTING

Stock Symbol:	AGI
Exchange:	TSX
Convertible Debentures Symbol:	AGI.DB
Exchange:	TSX

Corporate Data

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MANAGEMENT AND OFFICERS

John A. McCluskey	<i>President and C.E.O.</i>
Jon Morda	<i>Chief Financial Officer</i>
John F. Van De Beuken	<i>Vice President of Operations</i>
Ken Balleweg	<i>Vice President of Exploration</i>
Sharon L. Fleming	<i>Corporate Secretary</i>
Michael Carter	<i>Mine Manager</i>

AUDITORS

ERNST & YOUNG LLP

222 Bay Street, TD Centre
Toronto, Ontario M5K 1J7

LEGAL COUNSEL

AXIUM LAW GROUP

1055 Dunsmuir Street, Suite 3550
Vancouver, British Columbia V7X 1L2

Mineral Reserves and Resources

The terms “Mineral Reserve”, “Proven Mineral Reserve” and “Probable Mineral Reserve” used in this report are Canadian mining terms as defined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining Metallurgy and Petroleum (“CIM”) Standards on Mineral Resources and Mineral Reserves. Definitions and guidelines were adopted by the CIM Council on August 20, 2000. In the United States, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made.

The terms “Mineral Resource”, “Measured Mineral Resource”, “Indicated Mineral Resource” and “Inferred Mineral Resource” used in this report are Canadian mining terms as defined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects under the guidelines set out in the CIM Standards.

Note to U.S. Investors: While 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 the U.S. Securities and Exchange Commission. “Indicated mineral resource” and “inferred mineral resource” have a great amount of uncertainty as to their economic and legal feasibility.

It cannot 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 the mineral deposits in these categories will ever be converted into reserves.

Forward Looking Statements

Certain statements in this document constitute “forward looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions, decreases in the market, the price of gold, hazards associated with mining, labor disruptions, changes in government, exchange rates, currency devaluations, inflation and other macro-economic factors. These forward looking statements speak only as of the date of this document.

The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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