



Management's Discussion and Analysis

(in United States dollars, unless otherwise stated)

For the three and nine months ended September 30, 2018

Table of Contents

Overview of the Business	3
Highlight Summary	4
Third Quarter 2018 Highlights	6
Key Business Developments	7
Outlook and Strategy	8
Young-Davidson Mine ("Young-Davidson")	10
Island Gold Mine ("Island Gold")	12
Mulatos Mine ("Mulatos")	14
El Chanate Mine ("El Chanate")	16
Third Quarter 2018 Development Activities	17
Third Quarter 2018 Exploration Activities	18
Key External Performance Drivers	19
Summarized Financial and Operating Results	20
Review of Third Quarter Financial Results	20
Review of Nine Months Financial Results	21
Consolidated Expenses and Other	22
Consolidated Income Tax Expense	23
Financial Condition	23
Liquidity and Capital Resources	23
Outstanding Share Data	24
Related Party Transactions	25
Off-Balance Sheet Arrangements	25
Financial Instruments	25
Summary of Quarterly Financial and Operating Results	26
Non-GAAP Measures and Additional GAAP Measures	27
Accounting Estimates, Policies and Changes	34
Internal Control over Financial Reporting	34
Changes in Internal Control over Financial Reporting	34
Disclosure Controls	34
Limitations of Controls and Procedures	35
Cautionary Note to United States Investors	35
Cautionary Note Regarding Forward-Looking Statements	35

This Management's Discussion and Analysis ("MD&A"), dated October 30, 2018, relates to the financial condition and results of the consolidated operations of Alamos Gold Inc. ("Alamos" or the "Company"), and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017 and unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018, and notes thereto. The financial statements have been prepared in accordance with the IAS 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IFRS" or "GAAP"). All results are presented in United States dollars ("US dollars" or "\$"), unless otherwise stated.

Statements are subject to the risks and uncertainties identified in the Cautionary Note Regarding Forward-Looking Statements section of this document. United States investors are also advised to refer to the section entitled Cautionary Note to United States Investors on page 35.

Overview of the Business

Alamos is a Canadian-based intermediate gold producer with diversified production from four operating mines in North America. The operating mines are: the Young-Davidson and the Island Gold mines in northern Ontario, Canada and the Mulatos and El Chanate mines in Sonora State, Mexico. In addition, Alamos has a significant portfolio of development stage projects in Canada, Mexico, Turkey, and the United States. Alamos employs more than 1,700 people and is committed to the highest standards of sustainable development and ethical business practices.

The Company's common shares are listed on the Toronto Stock Exchange (TSX: AGI) and the New York Stock Exchange (NYSE: AGI). Further information about Alamos can be found in the Company's regulatory filings, including the Company's Annual Information Form, available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov, and on the Company's website at www.alamosgold.com.

Highlight Summary

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Financial Results (in millions)				
Operating revenues	\$146.7	\$128.8	\$488.7	\$381.1
Cost of sales ⁽¹⁾	\$137.6	\$100.6	\$432.3	\$320.2
Earnings from operations	\$0.6	\$20.9	\$28.7	\$38.9
Net earnings (loss)	\$7.2	\$28.8	(\$1.1)	\$31.3
Adjusted net (loss) earnings ⁽²⁾	(\$1.9)	\$13.7	\$15.3	\$18.4
Cash provided by operations before working capital and cash taxes ⁽²⁾	\$41.6	\$51.3	\$158.9	\$130.6
Cash provided by operating activities	\$45.2	\$43.4	\$166.5	\$114.9
Capital expenditures (sustaining) ⁽²⁾	\$19.6	\$10.8	\$42.4	\$31.2
Capital expenditures (growth) ⁽²⁾	\$30.5	\$26.2	\$102.8	\$86.2
Capital expenditures (capitalized exploration) ⁽³⁾	\$5.0	\$1.2	\$14.8	\$5.9
Operating Results				
Gold production (ounces) ⁽⁴⁾	124,000	107,000	379,400	309,100
Gold sales (ounces)	119,401	100,551	378,718	303,329
Per Ounce Data				
Average realized gold price	\$1,229	\$1,281	\$1,290	\$1,256
Average spot gold price (London PM Fix)	\$1,213	\$1,278	\$1,282	\$1,251
Cost of sales per ounce of gold sold (includes amortization) ⁽¹⁾	\$1,152	\$1,000	\$1,141	\$1,056
Total cash costs per ounce of gold sold ⁽²⁾	\$817	\$720	\$813	\$777
All-in sustaining costs per ounce of gold sold ⁽²⁾	\$1,048	\$884	\$992	\$946
Share Data				
Earnings per share, basic	\$0.02	\$0.10	\$0.00	\$0.11
Adjusted earnings per share, basic ⁽²⁾	\$0.00	\$0.05	\$0.04	\$0.06
Weighted average common shares outstanding (basic) (000's)	389,854	300,448	389,572	294,853
Financial Position (in millions)				
Cash and cash equivalents ⁽⁵⁾			\$224.8	\$200.8

⁽¹⁾ Cost of sales includes mining and processing costs, royalties, and amortization expense.

⁽²⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures.

⁽³⁾ Includes capitalized exploration at Mulatos and Island Gold.

⁽⁴⁾ Gold production from Island Gold has been included in this table for the period subsequent to November 23, 2017 only. Gold production from Island Gold for the three and nine months ended September 30, 2017 was 26,659 and 76,541 ounces respectively.

⁽⁵⁾ Comparative Cash and cash equivalents balance as at December 31, 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Gold production (ounces)				
Young-Davidson	49,000	55,800	129,100	143,500
Mulatos	43,300	36,300	139,900	117,300
Island Gold ⁽¹⁾	22,000	—	76,800	—
El Chanate	9,700	14,900	33,600	48,300
Gold sales (ounces)				
Young-Davidson	46,853	55,267	133,649	145,462
Mulatos	42,300	30,330	136,285	109,270
Island Gold ⁽¹⁾	20,561	—	75,321	—
El Chanate	9,687	14,954	33,463	48,597
Cost of sales (in millions)⁽²⁾				
Young-Davidson	\$59.8	\$53.4	\$173.5	\$155.3
Mulatos	\$41.9	\$29.0	\$134.7	\$105.3
Island Gold ⁽¹⁾	\$22.3	—	\$77.8	—
El Chanate	\$13.6	\$18.2	\$46.3	\$59.6
Cost of sales per ounce of gold sold (includes amortization)				
Young-Davidson	\$1,276	\$966	\$1,298	\$1,068
Mulatos	\$991	\$956	\$988	\$964
Island Gold ⁽¹⁾	\$1,085	—	\$1,033	—
El Chanate	\$1,404	\$1,217	\$1,384	\$1,226
Total cash costs per ounce of gold sold ⁽³⁾				
Young-Davidson	\$824	\$572	\$845	\$647
Mulatos	\$771	\$785	\$784	\$782
Island Gold ⁽¹⁾	\$671	—	\$597	—
El Chanate	\$1,301	\$1,137	\$1,285	\$1,156
Mine-site all-in sustaining costs per ounce of gold sold ^{(3),(4)}				
Young-Davidson	\$1,029	\$744	\$1,034	\$824
Mulatos	\$846	\$864	\$847	\$852
Island Gold ⁽¹⁾	\$1,051	—	\$759	—
El Chanate	\$1,332	\$1,164	\$1,312	\$1,187
Capital expenditures (sustaining, growth and capitalized exploration) (in millions)⁽³⁾				
Young-Davidson	\$22.1	\$22.0	\$63.5	\$63.3
Mulatos ⁽⁵⁾	\$6.8	\$8.9	\$23.5	\$34.9
Island Gold ^{(1),(6)}	\$17.8	—	\$49.3	—
El Chanate	\$0.2	\$0.3	\$0.5	\$1.2
Other	\$8.2	\$7.0	\$23.2	\$23.9

⁽¹⁾ Operating and financial results from Island Gold are included in Alamos' consolidated financial statements for the period subsequent to November 23, 2017. Gold production from Island Gold for the three and nine months ended September 30, 2017 was 26,659 and 76,541 ounces, respectively.

⁽²⁾ Cost of sales includes mining and processing costs, royalties and amortization.

⁽³⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures.

⁽⁴⁾ For the purposes of calculating mine-site all-in sustaining costs, the Company does not include an allocation of corporate and administrative and share based compensation expenses.

⁽⁵⁾ Includes capitalized exploration at Mulatos of \$0.3 million and \$2.3 million for the three and nine months ended September 30, 2018 (\$1.2 million and \$5.9 million for the three and nine months ended September 30, 2017).

⁽⁶⁾ Includes capitalized exploration at Island Gold of \$4.7 million and \$12.5 million for the three and nine months ended September 30, 2018.

Third Quarter 2018 Highlights

- Produced 124,000 ounces of gold, consistent with quarterly guidance of 120,000 to 125,000 ounces, and 16% above the third quarter of 2017, reflecting the inclusion of production from Island Gold
- Gold production for the first nine months of 2018 achieved a record 379,400 ounces, a 23% increase from the same period in 2017. The Company remains well positioned to achieve full-year production guidance of 490,000 to 530,000 ounces
- Sold 119,401 ounces of gold in the third quarter at an average realized price of \$1,229 per ounce, \$16 per ounce above the average London PM Fix, for revenues of \$146.7 million. Revenues declined relative to the second quarter reflecting lower gold sales and a \$78 per ounce decline in the realized gold price
- Cost of sales of \$1,152 per ounce, total cash costs¹ of \$817 per ounce and all-in sustaining costs ("AISC")¹ of \$1,048 per ounce were higher than full year guidance reflecting lower mining rates at Young-Davidson, higher costs at El Chanate and planned higher sustaining capital at Island Gold
- Given higher than budgeted costs at Young-Davidson and El Chanate through the first nine months of 2018, the Company is revising its full year consolidated total cash cost guidance from \$740 to \$810 per ounce and AISC guidance from \$950 to \$990 per ounce
- Realized net earnings of \$7.2 million, or \$0.02 per share
- Reported an adjusted net loss¹ of \$1.9 million or \$0.00 per share¹, primarily reflecting adjustments for unrealized foreign exchange gains recorded within both deferred taxes and foreign exchange of \$8.7 million
- Generated cash flow from operating activities of \$45.2 million (\$41.6 million, or \$0.11 per share, before changes in working capital¹), a decrease from the second quarter primarily reflecting a lower realized gold price and lower gold sales
- Ended the quarter with no debt and cash and cash equivalents of \$224.8 million
- Announced a significant increase in Mineral Reserves and Resources at Island Gold as of June 30, 2018
- Successfully commissioned the Phase I expansion at Island Gold on schedule, increasing mill capacity to 1,100 tonnes per day
- Paid a semi-annual dividend of \$0.01 per common share, or \$3.9 million, to shareholders on October 30, 2018, representing the Company's 18th consecutive semi-annual dividend

⁽¹⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures.

2018 Key Business Developments

Mineral Reserve and Resource Update at Island Gold

On September 5, 2018, the Company reported an updated National Instrument 43-101 compliant Mineral Reserve and Resource estimate for its Island Gold Mine as of June 30, 2018. The Mineral Reserve and Resource update incorporated a total of 65,500 metres ("m") of drilling completed across 432 holes during the first half of 2018.

- Proven and Probable Mineral Reserves increased 129,000 ounces. Net of mining depletion, Mineral Reserves increased 8%, or 72,000 ounces, to 959,000 ounces, (2,790,000 tonnes ("t") grading 10.69 grams per tonne of gold ("g/t Au"))
- Mineral Reserve grades increased 5%
- Measured and Indicated Mineral Resources increased 99%, or 110,000 ounces, to 221,000 ounces while grades increased 40% (841,000 t grading 8.18 g/t Au)
- Inferred Mineral Resources increased 30%, or 271,000 ounces, to 1,180,000 ounces with grades increasing 5% (3,673,000 t grading 9.99 g/t Au)

Since the acquisition of Island Gold in November 2017, Mineral Reserves and Resources have continued to grow:

- Proven and Probable Mineral Reserves have increased 365,000 ounces before mining depletion, or 207,000 ounces, net of mining depletion
- Mineral Reserve grades have increased 17%, from 9.17 g/t Au to 10.69 g/t Au
- Measured and Indicated Mineral Resources have increased 142%, or 130,000 ounces
- Inferred Mineral Resources have increased 18%, or 184,000 ounces

Kirazlı Project

On July 25, 2018, the Company obtained the GSM (Business Opening and Operation) permit required for the development of its Kirazlı project from the Çanakkale Governorship in Turkey.

The Feasibility Study for Kirazlı (completed in the first quarter of 2017) is summarized below:

- Proven and Probable mineral reserve of 26.1 million tonnes grading 0.79 grams per tonne of gold ("g/t Au") and 12.0 grams per tonne of silver ("g/t Ag"), containing 665,000 ounces of gold and 10.1 million ounces of silver
- Average annual gold production of 104,000 ounces over five years with total life of mine production of 540,000 ounces
- Life of mine total cash costs of \$339 per ounce and mine-site all-in sustaining costs of \$373 per ounce, among the lowest in the industry
- Initial capital estimate of \$152 million and total life of mine capital, including sustaining capital and closure costs, of \$180 million
- After-tax net present value ("NPV") of \$187 million at an 8% discount rate (\$223 million at a 5% discount rate) and an after-tax internal rate of return ("IRR") of 44%, representing a 1.4 year payback using base case gold and silver price assumptions of \$1,250 and \$16.00 per ounce, respectively

The Company is commencing full scale construction activities at Kirazlı. Total capital expenditures for Kirazlı are budgeted to be \$152 million, of which approximately \$25 million will be invested in 2018. Initial gold production from Kirazlı is expected in the second half of 2020 and will contribute to strong free cash flow growth.

Outlook and Strategy

	2018 Guidance						Total	
	Young-Davidson	Mulatos	Island Gold	El Chanate	Turkey ⁽⁵⁾	Other ⁽²⁾	Original	Current
Gold production (000's ounces)								
Current Guidance	180-190	170-180	100-110	40-50	—	—		490-530
Original Guidance	200-210	150-160	90-100	40-50	—	—	480-520	
Cost of sales, including amortization (in millions) ^{(4),(6)}	\$208	\$175	\$108	\$58	—	—	\$536	\$549
Cost of sales, including amortization (\$ per ounce) ^{(4),(6)}	\$1,125	\$1,000	\$1,025	\$1,285	—	—	\$1,075	\$1,145
Total cash costs (\$ per ounce) ^{(1),(6)}	\$675	\$800	\$575	\$1,200	—	—	\$740	\$810
All-in sustaining costs (\$ per ounce) ^{(1),(6)}					—	—	\$950	\$990
Mine-site all-in sustaining costs (\$ per ounce) ^{(1),(3),(6)}	\$850	\$900	\$825	\$1,200	—	—	—	—
Amortization costs (\$ per ounce) ⁽¹⁾	\$450	\$200	\$450	\$85	—	—	\$335	\$335
Capital expenditures (in millions)								
Sustaining capital ⁽¹⁾	\$35-40	\$8-10	\$25-27	—	—	—	\$68-77	\$68-77
Growth capital ⁽¹⁾	\$35-40	\$18-20	\$25-28	—	\$25	\$46 ⁽²⁾	\$224-234	\$149-159
Total capital expenditures ⁽¹⁾	\$70-80	\$26-30	\$50-55	—	\$25	\$46	\$292-\$311	\$217-\$236

⁽¹⁾ Refer to the "Non-GAAP Measures and Additional GAAP" disclosure at the end of this MD&A for a description of these measures.

⁽²⁾ Includes capitalized exploration at all operating sites and development projects.

⁽³⁾ For the purposes of calculating mine-site all-in sustaining costs at individual mine sites, the Company does not include an allocation of corporate and administrative and share based compensation expenses to the mine sites.

⁽⁴⁾ Cost of sales includes mining and processing costs, royalties, and amortization expense, and is calculated based on the mid-point of guidance.

⁽⁵⁾ Capital guidance at Kirazlı has been reduced to \$25 million from the original budget of \$100 million.

⁽⁶⁾ Company-wide cost of sales, total cash costs, and all-in sustaining costs guidance have been updated from original guidance. The Company has not revised guidance for cost of sales, total cash costs, and mine-site all-in sustaining costs at individual mine sites.

The Company continues to deliver on its strategic objectives of increasing cash flow from operations while advancing its portfolio of low-cost development projects. Gold production in the third quarter of 124,000 ounces was at the top end of the Company's forecast of between 120,000 and 125,000 ounces, and represented a 16% increase relative to the third quarter of 2017, reflecting the inclusion of production from Island Gold. With record production of 379,400 ounces through the first nine months of 2018, the Company is well positioned to achieve full year production guidance of 490,000 to 530,000 ounces, which was increased earlier in the year.

Gold production in the fourth quarter is expected to increase slightly relative to the third quarter at lower total cash costs and AISC, bringing full-year production above 500,000 ounces. The reduction in costs is expected to be driven by higher grades and throughput at both Young-Davidson and Island Gold.

Total cash costs of \$817 per ounce and AISC of \$1,048 per ounce were higher than budget in the third quarter, driven primarily by higher costs at Young-Davidson and El Chanate, as well as planned higher sustaining capital at Island Gold. As a result of higher than budgeted costs at Young-Davidson and El Chanate through the first three quarters, the Company has increased 2018 total cash cost guidance from \$740 to \$810 per ounce, and AISC guidance from \$950 to \$990 per ounce. The Company expects lower costs in 2019.

Young-Davidson produced 49,000 ounces in the third quarter, a 25% increase from the second quarter. The operation is on track to achieve revised guidance of between 180,000 and 190,000 ounces for the year.

The near-term focus at Young-Davidson remains on maximizing efficiency from the upper mine infrastructure, while completing development and construction of the lower mine. The upper mine infrastructure was designed for 6,000 tpd and has been operated at up to 7,200 tpd in the fourth quarter of 2017, but has averaged 6,500 tpd over the past two years. The lower mine infrastructure, which will be used over the long term, is designed for 8,000 tpd. Construction of the lower mine and tie-in to the upper mine is scheduled to be completed in the first half of 2020.

Young-Davidson is expected to be operating from the lower mine in the second half of 2020, after which higher underground mining rates will drive production higher and operating costs lower. Combined with a significant reduction in capital, this will result in

substantial free cash flow growth. Until such time, gold production, operating costs and capital spending are expected to remain at levels consistent with the past two years. Young-Davidson has generated \$48 million of positive free cash flow over the past two years and will continue to fund the lower mine construction from operating cash flow.

Island Gold produced 22,000 ounces in the third quarter, consistent with budget. With year-to-date production of 76,800 ounces, the operation is well positioned to meet its 2018 production guidance of between 100,000 and 110,000 ounces, an 11% increase from original guidance (based on the mid-point).

The Phase I expansion of the Island Gold mill to 1,100 tpd was completed on schedule in September. The mill was successfully commissioned with throughput increasing to average approximately 1,100 tpd in September and October. Higher milling rates and grades are expected to drive stronger production and lower costs in 2019 and beyond. The Company expects a 30% increase in gold production and significant free cash flow growth at Island Gold in 2019.

Exploration results at Island Gold continue to exceed expectations with a significant increase in Mineral Reserves and Resources announced in the third quarter of 2018. Since the acquisition of Island Gold in November 2017, Mineral Reserves have increased 365,000 ounces, before mining depletion, with Mineral Reserve grades also increasing 17% to 10.69 g/t Au as the deposit continues to grow in size and quality. Measured and Indicated Mineral Resources have also increased 130,000 ounces while Inferred Mineral Resources have increased 184,000 ounces. Ongoing exploration success will be incorporated into an evaluation of the most effective and economic approach to a further expansion of the operation beyond 1,100 tpd.

Total production from the Mulatos district (including La Yaqui Phase I) was 43,300 ounces in the third quarter, exceeding budget for the third consecutive quarter. Production decreased from the second quarter of 2018 as expected, with underground mining at San Carlos coming to an end. With year-to-date production of 139,900 ounces, Mulatos is well positioned to meet its increased 2018 production guidance of between 170,000 and 180,000 ounces, representing a 13% increase from the mid-point of original guidance. The Company expects 2019 production to return to the previously guided range of 150,000 to 160,000 ounces per year.

El Chanate produced 9,700 ounces in the third quarter, and remains on track to meet production guidance of 40,000 to 50,000 ounces for the full year. This is down from 2017 reflecting lower mining rates with mining activities having ceased on October 30, 2018. Given the long leach cycle at El Chanate, the Company expects to benefit from ongoing gold production beyond 2018 through residual leaching.

The Company expects combined annual gold production of approximately 500,000 ounces in 2019 and 2020 with low cost production growth from Island Gold replacing higher cost production from El Chanate. Consolidated all-in sustaining costs are expected to decrease in 2019 reflecting the completion of the Phase I expansion at Island Gold and the end of the 5% royalty at Mulatos, with a further decline expected following the completion of the lower mine tie-in at Young-Davidson in 2020.

On July 25, 2018, the Company was granted the GSM (Business Opening and Operation) permit required for the construction of its Kirazlı project. To date, construction has been focused on the infrastructure projects required to support the mine development. The Company now estimates spending \$25 million in 2018. This is down from the previous estimate as the Company delayed finalization of the mining services and earthworks contract pending clarity on recent amendments to a decree in Turkey requiring that certain contracts be denominated in Turkish Lira. The Company has now assessed the applicability of these changes and believes this decree is applicable to our mining services and earthworks contract. This contract is now being finalized, with construction activities expected to ramp up through the end of this year. The remainder of the \$152 million initial capital budget for Kirazlı is expected to be spent in 2019 and 2020, with first production expected in the second half of 2020.

In addition to capital spending in Turkey, the Company has invested \$5.2 million in development expenditures at Cerro Pelon, La Yaqui Grande and Lynn Lake thus far in 2018. Exploration spending of \$27.0 million to date has been focused primarily at Island Gold.

With over \$625 million of cash and available liquidity, no debt, and growing cash flow from its operations, the Company is well positioned to fund its growth.

Young-Davidson

The Young-Davidson mine is located near the town of Matachewan in Northern Ontario, Canada. The property consists of contiguous mineral leases and claims totaling 11,000 acres, and is situated on the site of two past producing mines that produced over one million ounces of gold between 1934 and 1957. The Young-Davidson mine declared commercial production in 2013.

Young-Davidson Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gold production (ounces)	49,000	55,800	129,100	143,500
Gold sales (ounces)	46,853	55,267	133,649	145,462
Financial Review (in millions)				
Operating Revenues	\$57.3	\$70.8	\$171.9	\$182.9
Cost of sales ⁽¹⁾	\$59.8	\$53.4	\$173.5	\$155.3
(Loss) earnings from operations	(\$2.5)	\$17.4	(\$1.6)	\$27.6
Cash provided by operating activities	\$24.0	\$35.3	\$73.9	\$81.1
Capital expenditures (sustaining) ⁽²⁾	\$9.5	\$9.4	\$25.0	\$25.4
Capital expenditures (growth) ⁽²⁾	\$12.6	\$12.6	\$38.5	\$37.9
Mine-site free cash flow ⁽²⁾	\$1.9	\$13.3	\$10.4	\$17.8
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$1,276	\$966	\$1,298	\$1,068
Total cash costs per ounce of gold sold ⁽²⁾	\$824	\$572	\$845	\$647
Mine-site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$1,029	\$744	\$1,034	\$824
Underground Operations				
Tonnes of ore mined	552,500	602,072	1,691,443	1,758,442
Tonnes of ore mined per day ("tpd")	6,005	6,544	6,196	6,441
Average grade of gold ⁽⁴⁾	2.59	2.89	2.44	2.69
Metres developed	2,811	3,344	9,034	10,011
Mill Operations				
Tonnes of ore processed	670,912	694,900	1,938,395	2,018,994
Tonnes of ore processed per day	7,293	7,553	7,100	7,396
Average grade of gold ⁽⁴⁾	2.43	2.65	2.28	2.43
Contained ounces milled	52,517	59,230	140,509	157,623
Average recovery rate	93%	93%	92%	91%

⁽¹⁾ Cost of sales includes mining and processing costs, royalties and amortization.

⁽²⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures. Total cash costs and mine-site AISC are exclusive of net-realizable value adjustments.

⁽³⁾ For the purposes of calculating mine-site all-in sustaining costs, the Company does not include an allocation of corporate and administrative and share based compensation expenses.

⁽⁴⁾ Grams per tonne of gold ("g/t Au").

Young-Davidson produced 49,000 ounces of gold in the third quarter of 2018, lower than the comparative quarter of 2017; however, a 25% improvement from the second quarter of 2018 driven by higher milling rates and underground grades mined. This improvement has continued into October with production of 18,000 ounces for the month driven by higher grades and underground mining rates.

Underground mining rates of 6,005 tpd were below budgeted levels in the third quarter. During the second quarter mill shutdown, underground ore was stockpiled, which was subsequently processed, and supplemented ore mined in the quarter. During July, mining rates were impacted by forest fires in proximity to the mine which impacted air quality and resulted in cancelled shifts and three days of downtime. In addition, power outages due to extreme weather caused another two days of downtime to both the mine and mill. This downtime impacted mining rates by approximately 400 tpd over the quarter. Mining rates improved in the latter part of the quarter and in October to average 6,500 tpd. Underground mining rates are expected to increase substantially following the completion of the lower mine tie-in in 2020.

Underground grades mined of 2.59 g/t Au for the third quarter increased 10% from the second quarter of 2018. The Company expects a further improvement in grades mined in the fourth quarter.

During the third quarter, 670,912 tonnes, or 7,293 tpd, were processed through the mill with grades averaging 2.43 g/t Au, representing a 12% increase from the second quarter of 2018. Mill throughput was below budgeted levels, primarily due to the mill shutdown in the early part of the quarter.

Mill recoveries of 93% were in line with expectations and the prior year period.

The Company remains on track to meet the updated production guidance at Young-Davidson of between 180,000 and 190,000 ounces, with the fourth quarter expected to be the strongest of the year.

Financial Review

For the third quarter ended September 30, 2018, revenues of \$57.3 million were \$13.5 million lower than the comparative quarter, due to lower ounces sold and a lower realized gold price. Year-to-date 2018 revenues of \$171.9 million were \$11.0 million lower than the prior year with lower ounces sold partially offset by a higher realized gold price.

Cost of sales, which reflects mining and processing costs, royalties, and amortization expense of \$59.8 million were higher than the comparative quarter of 2017 reflecting higher mining and processing costs. Year-to-date cost of sales were \$173.5 million, an increase of \$18.2 million due to higher mining and processing costs and amortization charges.

Total cash costs in the third quarter were \$824 per ounce, a 44% increase from the third quarter of 2017 due to lower grades processed and a higher mining cost per tonne. Mining costs of CAD \$54 per tonne in the quarter were above budget, reflecting the impact of lower throughput on fixed costs, as well as higher diesel and maintenance costs. Total cash costs of \$845 per ounce for the nine-month period were 31% higher than the prior year period.

Mine-site AISC were \$1,029 per ounce in the third quarter, 38% higher than the prior year quarter reflecting higher total cash costs and higher sustaining capital. Mine-site AISC for the nine-month period were \$1,034 or 25% higher than the prior year period. Mine-site AISC have been above guidance throughout 2018 as a result of higher per-unit mining and milling costs, as well as the impact of higher sustaining capital on lower ounce production.

Capital expenditures were \$22.1 million in the third quarter, including \$9.5 million for sustaining capital and \$12.6 million for growth capital, consistent with the same quarter of 2017. Major capital spending during the quarter included lateral development in the upper and lower mines, as well as expenditures on the water treatment plant. Capital expenditures of \$63.5 million for the nine-month period were consistent with the prior year period and guidance.

Young-Davidson generated mine-site free cash flow of \$1.9 million in the third quarter, lower than the prior year quarter, primarily due to lower gold sales and gross margins. Year-to-date free cash flow of \$10.4 million was lower due to gold sales and higher costs.

Island Gold

The Island Gold mine is a high grade, low cost underground mining operation located 83 kilometres northeast of Wawa, Ontario. The mine comprises 217 patented, leased and staked claims covering 7,926 hectares. The mine began production in October 2007.

Financial results for Island Gold are included for the period of ownership (November 23, 2017) onward. Operational data is presented in the table below for the third quarter and the nine-month period of 2017 for informational purposes.

Island Gold Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Gold production (ounces) ⁽¹⁾	22,000	—	76,800	—
Gold sales (ounces) ⁽¹⁾	20,561	—	75,321	—
Financial Review (in millions)				
Operating Revenues	\$25.3	\$—	\$97.6	\$—
Cost of sales ⁽²⁾	\$22.3	\$—	\$77.8	\$—
Earnings from operations	\$2.7	\$—	\$19.4	\$—
Cash provided by operating activities	\$13.9	\$—	\$59.6	\$—
Capital expenditures (sustaining) ⁽³⁾	\$7.8	\$—	\$12.2	\$—
Capital expenditures (growth) ⁽³⁾	\$5.3	\$—	\$24.6	\$—
Capital expenditures (capitalized exploration) ⁽³⁾	\$4.7	\$—	\$12.5	\$—
Mine-site free cash flow ⁽³⁾	(\$3.9)	\$—	\$10.3	\$—
Cost of sales, including amortization per ounce of gold sold ⁽²⁾	\$1,085	\$—	\$1,033	\$—
Total cash costs per ounce of gold sold ⁽³⁾	\$671	\$—	\$597	\$—
Mine-site all-in sustaining costs per ounce of gold sold ^{(3),(4)}	\$1,051	\$—	\$759	\$—
Underground Operations				
Tonnes of ore mined	74,892	84,405	241,644	280,555
Tonnes of ore mined per day ("tpd")	814	917	885	1,028
Average grade of gold ⁽⁵⁾	8.96	9.16	9.12	9.41
Metres developed	1,591	1,383	4,917	5,239
Mill Operations				
Tonnes of ore processed	93,454	85,101	264,335	254,044
Tonnes of ore processed per day	1,016	925	968	931
Average grade of gold ⁽⁵⁾	8.22	10.04	9.27	9.65
Contained ounces milled	24,708	27,470	78,793	78,818
Average recovery rate	96%	97%	97%	97%

⁽¹⁾ Financial results from Island Gold are included in Alamos' consolidated financial statements for the period subsequent to November 23, 2017. Gold production from Island Gold for the three and nine-months ended September 30, 2017 was 26,659 and 76,541 ounces.

⁽²⁾ Cost of sales includes mining and processing costs, royalties and amortization.

⁽³⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures. Total cash costs and mine-site AISC are exclusive of net-realizable value adjustments.

⁽⁴⁾ For the purposes of calculating mine-site all-in sustaining costs, the Company does not include an allocation of corporate and administrative and share based compensation expenses.

⁽⁵⁾ Grams per tonne of gold ("g/t Au").

Island Gold produced 22,000 ounces in the third quarter bringing year-to-date production to 76,800 ounces, well ahead of budget. The Company remains well positioned to achieve 2018 production guidance of 100,000 to 110,000 ounces which was increased earlier in the year from original guidance of 90,000 to 100,000 ounces.

Underground mining rates in the third quarter of 74,892 tonnes or 814 tpd were impacted by low contractor production drilling performance, as well as a scheduled one-week shutdown of the ramp. Underground mining rates improved later in the quarter, averaging approximately 1,100 tpd in September as well as October and are expected to remain at similar levels going forward, to match the expanded mill capacity. Underground grades mined of 8.96 g/t Au were higher than the second quarter and slightly above budget.

Mill throughput for the third quarter was 93,454 tonnes, or 1,016 tpd, an increase from 976 tpd in the second quarter and 925 tpd in the prior year quarter. The Phase I expansion was completed and commissioned during the month of September, with October mill throughput averaging over 1,100 tpd. Milled grades averaged 8.22 g/t Au, 18% lower than the prior year quarter, but consistent with the budget.

Financial Review

With the Company acquiring Island Gold on November 23, 2017, financial information prior to the acquisition date has not been included in the comparative table above.

Island Gold generated revenues of \$25.3 million in the third quarter, lower than the first two quarters of 2018, resulting from lower ounces sold during the quarter. Revenues for the nine-month period were \$97.6 million.

Cost of sales in the third quarter and nine-month period were \$22.3 million and \$77.8 million, respectively. Cost of sales includes ongoing amortization charges related to the purchase price of the asset, which increases amortization to approximately \$450 per ounce based on current Mineral Reserves and Resources.

Total cash costs of \$671 per ounce were higher than the prior quarter, reflecting lower tonnes mined and lower grades. On a year-to-date basis, total cash costs of \$597 per ounce are in-line with annual guidance of \$575 per ounce. Total cash costs are expected to decrease in the fourth quarter reflecting higher milled grades and mining rates.

Mine-site AISC of \$1,051 per ounce were also higher than annual guidance of \$825 primarily reflecting lower ounces sold during the quarter, and the timing of sustaining capital, as spending was well below budget for the first half of the year. Full year mine-site AISC of \$759 per ounce remains below full year guidance.

Capital expenditures totaled \$17.8 million in the third quarter, with spending focused primarily on lateral development, mining equipment, completion of the mill expansion, as well as capitalized exploration. Total capital expenditures in the third quarter included \$7.8 million of sustaining capital and \$10.0 million of growth capital (inclusive of capitalized exploration). Year-to-date capital expenditures totaled \$49.3 million, including capitalized exploration, and are expected to be in line with guidance for the full year.

Mine-site free cash flow was negative \$3.9 million during the third quarter due to timing of capital spending. On a year-to-date basis, Island Gold has generated mine-site free cash flow of \$10.3 million driven by stronger than budgeted production and operating margins.

Mulatos

The Mulatos mine is located within the Salamandra Concessions in the Sierra Madre Occidental mountain range in the State of Sonora, Mexico. The Company controls a total of 28,777 hectares of mineral concessions in close proximity to the Mulatos mine. The mine achieved commercial production in 2006 as an open pit, heap leach mining operation and has produced approximately 1.9 million ounces of gold to-date. In addition, construction of the first phase of the La Yaqui mine was completed in the third quarter of 2017. The Mulatos mine is subject to a 5% royalty which is capped at 2 million ounces of gold, after which no third-party royalty is payable on production at Mulatos. Financial and operating results at Mulatos include La Yaqui Phase I, where commercial production commenced in September 2017.

Mulatos Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gold production (ounces)	43,300	36,300	139,900	117,300
Gold sales (ounces)	42,300	30,330	136,285	109,270
Financial Review (in millions)				
Operating Revenues	\$51.5	\$38.9	\$175.2	\$137.4
Cost of sales ⁽¹⁾	\$41.9	\$29.0	\$134.7	\$105.3
Earnings from operations	\$8.0	\$7.6	\$33.9	\$27.2
Cash provided by operating activities	\$16.1	\$13.1	\$56.3	\$42.0
Capital expenditures (sustaining) ⁽²⁾	\$2.1	\$1.1	\$4.7	\$4.6
Capital expenditures (growth) ⁽²⁾	\$4.4	\$4.9	\$16.5	\$11.9
Capital expenditures (capitalized exploration) ⁽²⁾	\$0.3	\$1.2	\$2.3	\$5.9
La Yaqui Phase I construction cost ⁽²⁾	\$—	\$1.7	\$—	\$12.5
Mine-site free cash flow, excluding La Yaqui construction costs ⁽²⁾	\$9.3	\$5.9	\$32.8	\$19.6
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$991	\$956	\$988	\$964
Total cash costs per ounce of gold sold ⁽²⁾	\$771	\$785	\$784	\$782
Mine site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$846	\$864	\$847	\$852
Open Pit & Underground Operations				
Tonnes of ore mined - open pit ⁽⁴⁾	1,904,534	2,340,817	6,360,911	5,910,627
Total waste mined - open pit	1,108,953	1,461,098	4,958,609	4,723,985
Total tonnes mined - open pit	3,490,021	4,217,795	13,000,643	11,050,492
Waste-to-ore ratio (operating)	0.58	0.62	0.78	0.80
Tonnes of ore mined - underground	9,280	19,694	45,258	77,463
Crushing and Heap Leach Operations				
Tonnes of ore stacked	1,465,876	1,748,328	5,018,456	5,050,642
Average grade of gold processed ⁽⁵⁾	0.96	0.96	0.89	0.92
Contained ounces stacked	45,043	53,690	143,310	149,980
Mill Operations				
Tonnes of high grade ore milled	29,806	30,769	91,680	101,879
Average grade of gold processed ⁽⁵⁾	6.07	10.05	6.70	9.81
Contained ounces milled	5,815	9,938	19,744	32,140
Total contained ounces stacked and milled	50,858	63,628	163,054	182,120
Recovery ratio (ratio of ounces produced to contained ounces stacked and milled)	85%	57%	86%	64%
Ore crushed per day (tonnes) - combined	16,300	19,300	18,700	18,900

⁽¹⁾ Cost of sales includes mining and processing costs, royalties and amortization.

⁽²⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures. Total cash costs and mine-site AISC are exclusive of net-realizable value adjustments.

⁽³⁾ For the purposes of calculating mine-site all-in sustaining costs, the Company does not include an allocation of corporate and administrative and share based compensation expenses.

⁽⁴⁾ Includes ore stockpiled during the quarter.

⁽⁵⁾ Grams per tonne of gold ("g/t Au").

Mulatos produced 43,300 ounces in the third quarter, another stronger than expected performance driven by higher heap leach recoveries as well as continued mill production from the underground San Carlos mine.

With year-to-date production of 139,900 ounces, the Mulatos mine is on track to meet its increased production guidance of 170,000 to 180,000 ounces (original guidance was 150,000 to 160,000 ounces).

Total crusher throughput averaged 16,300 tpd for a total of 1,465,876 tonnes stacked in the third quarter at a grade of 0.96 g/t Au. This was lower than annual guidance and the prior year period due to temporary contractor personnel availability issues which limited mining rates. These issues were resolved in September. The waste-to-ore ratio of 0.58:1 was lower than the prior year quarter and guidance.

In the third quarter, 29,806 tonnes of ore from the San Carlos underground mine were milled at an average grade of 6.07 g/t Au. As guided in the second quarter, mining activities at San Carlos ceased during the third quarter, with the mine operating approximately six months longer than expected at the beginning of the year. With no further production from the high grade mill, the Company expects fourth quarter production to be down from the third quarter. The Company expects 2019 production to return to the previously guided range of 150,000 to 160,000 ounces per year.

The recovery ratio of ounces produced to contained ounces stacked and milled was 85% in the quarter compared to 57% in the prior year period and guidance of 75%. The higher recoveries are mainly the result of lower stacking rates in the quarter and stronger than budgeted recoveries at La Yaqui Phase I.

Financial Review

For the three months ended September 30, 2018, revenues of \$51.5 million were 32% higher than the prior year quarter, driven by a 39% increase in ounces sold, partially offset by lower realized gold prices. Revenues for the nine-month period were \$175.2 million, 28% higher than the prior year period due to higher ounces sold and higher realized gold prices.

Cost of sales of \$41.9 million and \$134.7 million for the three and nine-month periods, respectively, were higher than the prior year periods reflecting higher total tonnes moved and increased amortization related to mining at La Yaqui Phase I.

Total cash costs of \$771 per ounce in the third quarter were slightly lower than \$785 per ounce in the prior year quarter, resulting from a lower strip ratio. Total cash costs for the nine-month period of \$784 per ounce were consistent with the \$782 per ounce reported in the prior year period.

Mine-site AISC in the quarter of \$846 per ounce were lower than the \$864 per ounce reported in the prior year quarter, as lower cash costs were partially offset by higher sustaining capital during the quarter. Mine-site AISC for the nine-month period of \$847 per ounce were consistent with the prior year period and have remained below guidance of \$900 per ounce throughout the year.

Mulatos generated mine-site free cash flow of \$9.3 million for the quarter and has generated \$32.8 million year-to-date, both well ahead of budget, driven by stronger than expected production, higher gold prices and lower costs. Mulatos has generated strong cash flow in 2018, part of which has been invested in advancing the La Yaqui Grande and Cerro Pelon deposits through permitting, as well as funding ongoing exploration activities.

El Chanate

The El Chanate mine is located northeast of the town of Caborca in the state of Sonora, Mexico. El Chanate is an open pit, heap leach mining operation.

El Chanate Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gold production (ounces)	9,700	14,900	33,600	48,300
Gold sales (ounces)	9,687	14,954	33,463	48,597
Financial Review (in millions)				
Operating Revenues	\$12.6	\$19.1	\$44.0	\$60.8
Cost of sales ⁽¹⁾	\$13.6	\$18.2	\$46.3	\$59.6
(Loss) earnings from operations	(\$1.0)	\$0.9	(\$2.3)	\$1.2
Cash (used by) provided by operating activities	(\$2.6)	\$2.0	(\$1.8)	\$4.2
Capital expenditures	\$0.2	\$0.3	\$0.5	\$1.2
Mine-site free cash flow ⁽²⁾	(\$2.8)	\$1.7	(\$2.3)	\$3.0
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$1,404	\$1,217	\$1,384	\$1,226
Total cash costs per ounce of gold sold ⁽²⁾	\$1,301	\$1,137	\$1,285	\$1,156
Mine site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$1,332	\$1,164	\$1,312	\$1,187
Open Pit Operations				
Tonnes of ore mined	1,316,936	1,625,109	2,569,013	3,579,459
Total tonnes mined	2,893,428	5,191,704	8,157,062	18,490,606
Waste-to-ore ratio (operating)	1.20	2.19	2.18	4.17
Average grade of gold ⁽⁴⁾	0.52	0.48	0.55	0.47
Crushing and Heap Leach Operations				
Total tonnes of ore stacked	1,233,200	1,537,874	2,493,120	3,548,207
Average grade of gold ⁽⁴⁾	0.52	0.48	0.55	0.50
Total contained ounces stacked	20,617	23,733	44,086	57,039
Ore crushed and run-of-mine ore stacked per day (tonnes) - combined	13,400	16,700	9,100	13,000

⁽¹⁾ Cost of sales includes mining and processing costs, royalties and amortization.

⁽²⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures. Total cash costs and mine-site AISC are exclusive of net-realizable value adjustments.

⁽³⁾ For the purposes of calculating mine-site all-in sustaining costs, the Company does not include an allocation of corporate and administrative and share based compensation expenses.

⁽⁴⁾ Grams per tonne of gold ("g/t Au").

El Chanate produced 9,700 ounces of gold in the third quarter of 2018, down from 14,900 ounces in the prior year quarter, reflecting lower stacking rates as mining activities wind down. The Company ceased mining on October 30, 2018, with residual leaching continuing through 2019.

Financial Review

Third quarter revenues of \$12.6 million were lower than the prior year quarter due to fewer ounces sold as the mining activities wind down. Revenues for the nine-month period were \$44.0 million compared to \$60.8 million in the prior year period.

Total cash costs per ounce of \$1,301 for the third quarter and \$1,285 for the nine-month period were higher than the respective prior year periods, reflecting lower ounces stacked in the period and higher processing costs. Mine-site AISC per ounce were \$1,332 for the quarter and \$1,312 for the nine-month period, higher than the respective prior year periods.

Mine-site free cash flow was negative \$2.8 million in the quarter and negative \$2.3 million year-to-date. El Chanate is expected to realize higher cash flows from residual leaching starting in the fourth quarter of 2018. Given El Chanate's higher cost structure, the Company has hedged El Chanate's fourth quarter 2018 gold production through gold collar contracts, ensuring a minimum gold price of \$1,290 and participation up to a price of \$1,479 per ounce.

Third Quarter 2018 Development Activities

Kirazlı (Çanakkale, Turkey)

On July 25, 2018, the Company received the GSM (Business Opening and Operation) permit, and now has all the major permits required for the start of construction of Kirazlı.

The initial capital estimate for Kirazlı is \$152 million of which approximately \$25 million is expected to be invested in 2018. This has declined from recent estimates reflecting delays in finalizing the mining services and earthworks contract. In September 2018, the Turkish government issued amendments to Decree 32 that required certain service contracts be denominated in Turkish Lira. The Company has now assessed the applicability of these changes and believes this decree is applicable to our mining services and earthworks contract. This contract is now being finalized, with construction activities expected to ramp up through the end of this year. The remaining initial capital will be spent in 2019 and first half of 2020. The Company expects initial production from Kirazlı in the second half of 2020.

Development activities during the third quarter were focused on the power line construction, road relocation and construction of the water reservoir. The road construction was completed during the quarter, with the water reservoir construction expected to be completed in early 2019. For the three and nine months ended September 30, 2018, development expenditures at Kirazlı were \$4.8 million and \$14.7 million, respectively.

As outlined in the 2017 Feasibility Study, Kirazlı has a 44% after-tax internal rate of return and is expected to produce over 100,000 ounces of gold during its first full year of production at mine-site all-in sustaining costs of less than \$400 per ounce. The Company expects to benefit from the devaluation of the Turkish Lira on costs, given the Feasibility Study was completed at a TL:USD exchange rate of 2.9:1 compared to the current TL:USD exchange rate of 5.5:1.

Mulatos District (Sonora, Mexico)

La Yaqui Grande and Cerro Pelon

The environmental impact assessment ("MIA") for Cerro Pelon was submitted during the second quarter with approval expected by the end of the year. The Cerro Pelon deposit is located approximately three kilometres from the existing Mulatos operation. Given its proximity to Mulatos' infrastructure, ore from the Cerro Pelon open pit will be trucked to the existing heap leach circuit for crushing and processing. Following receipt of the permits, construction and pre-stripping activities are expected to take approximately 18 months with initial production expected in 2020. Recently completed work includes the design of the waste rock dump, haulage road and crushing circuit which will be located at the Mulatos mine.

La Yaqui Grande's capital budget for 2018 is focused on permitting and project engineering. The MIA is expected to be completed and submitted by the end of 2018 with construction and pre-stripping activities commencing in the latter part of 2019 and production in 2021. Similar to La Yaqui Phase I, La Yaqui Grande will be developed as a standalone, open pit, heap leach operation.

The Company has invested \$1.5 million on permitting and engineering activities at these projects in the third quarter, and \$3.4 million year-to-date.

Lynn Lake (Manitoba, Canada)

The Company released a positive Feasibility Study on the Lynn Lake project in December 2017 outlining average annual production of 143,000 ounces over a 10 year mine life (170,000 ounces over its first six years) at average mine-site all-in sustaining costs of \$745 per ounce.

The 2018 capital budget comprises spending for both development activities and exploration. Development spending has been focused on value engineering initiatives and baseline work in support of the Environmental Impact Study ("EIS") for the project that will be submitted to satisfy federal and provincial environmental assessment requirements. The permitting process is expected to take approximately two years followed by two years of construction.

During the third quarter, the Company continued the review of value engineering initiatives to enhance the project's economics, including modifications to the overall site layout, structures and foundations for the process plant, and review of camp location. Development spending in the third quarter of \$0.7 million related to project optimization activities, and \$1.8 million year-to-date.

Third Quarter 2018 Exploration Activities

Island Gold (Ontario, Canada)

The 2018 exploration program is targeting three main areas along the two-kilometre Island Main Zone. The focus is on expanding the down-plunge and lateral extensions of the deposit with the objective of adding new near-mine Mineral Resources.

Drill holes in the Main and Western Extension areas are testing high-grade, east-plunging shoots below existing Mineral Reserves and Resources. Drill holes in the Eastern Extension are exploring for additional plunging shoots along strike beyond existing Mineral Reserves and Resources.

In May 2018, the exploration budget was increased 20% to \$18 million. This includes 45,000 metres ("m") of surface directional exploration drilling, up from 33,000 m. The 2018 program also includes 30,000 m of underground exploration drilling, 35,000 m of underground delineation drilling, and 15,000 m of regional exploration drilling.

The underground delineation drilling program is focused on converting Inferred Mineral Resources into Indicated Mineral Resources. This drilling is being conducted primarily from the 620 and 840 levels.

Surface exploration drilling

Surface exploration drilling totaled 17,512 m during the third quarter of 2018, with 16 holes completed as part of the directional drilling campaign which totaled 14,831 m. The directional drilling targeted areas peripheral to the Inferred Mineral Resource blocks below the 1,000 m level, with drill hole spacing ranging from 75 m to 100 m. The area being targeted by the surface directional drill program extends approximately 2,000 m in strike length between the 1,000 m and 1,500 m elevation below surface.

The surface directional drilling programs will continue in 2018 with a focus on defining new Inferred Mineral Resources.

A 12,000 m regional exploration drill program commenced in September to drill test targets along the Goudreau Deformation Zone to the west of the main Island Gold Mine deposit. Drilling is also planned to test a previous high-grade intercept of 9.71 g/t Au (cut) over 5.95 m below the Kremzar gold deposit. At the end of the quarter, 2,681 m were drilled as part of this program.

Underground exploration drilling

During the third quarter of 2018, a total of 6,476 m of underground exploration diamond drilling was completed in 24 holes from the 620 and 840 levels. The objective of the underground drilling is to identify new Mineral Resources close to existing Mineral Resource or Reserve blocks.

Total capitalized exploration expenditures at Island Gold during the third quarter of 2018 were \$4.7 million, with year-to-date capitalized exploration expenditures of \$12.5 million.

Mulatos District (Sonora, Mexico)

The Company has a large exploration package covering 28,777 hectares with the majority of past exploration efforts focused around the Mulatos mine. Over the last three years, exploration has moved beyond the main Mulatos pit area and focused on prospects throughout the wider district. After significant exploration success at La Yaqui Grande over the past few years, the focus in 2018 has shifted to other parts of the district including El Carricito, El Halcon and El Jaspe.

In the third quarter of 2018, the Company invested \$2.0 million in exploration activities within the Mulatos District, of which \$0.3 million was capitalized and the remainder expensed. This included 4,174 m of diamond drilling focused on El Carricito. Year-to-date, the Company has spent \$9.0 million, of which \$2.3 million was capitalized.

At El Carricito the drill program is testing anomalous alteration and structural targets identified by mapping in the first half of 2018.

Lynn Lake (Manitoba, Canada)

The regional exploration program, including till sampling, mapping, and prospecting, continued in the third quarter. The observations and results from the regional exploration program will be integrated with the Lynn Lake database and interpreted in conjunction with the results of the airborne gravity gradiometer (AGG) and magnetic survey with the objective of generating a pipeline of prospective targets across the Lynn Lake Greenstone Belt.

Spending in the third quarter totaled \$2.0 million, bringing the year-to-date expenditures to \$3.7 million.

Key External Performance Drivers

Gold Price

The Company's financial performance is largely dependent on the price of gold, which directly affects the Company's profitability and cash flow. The price of gold is subject to volatile price movements and is affected by numerous factors, such as the strength of the US dollar, supply and demand, interest rates, and inflation rates, all of which are beyond the Company's control. During the third quarter of 2018, the London PM Fix price of gold averaged \$1,213 per ounce, while the Company realized an average gold price of \$1,229 per ounce in the quarter, \$16 per ounce above the London PM Fix. The spot gold price on October 30, 2018 was \$1,225 per ounce. The price of gold ranged from \$1,178 to \$1,262 per ounce in the third quarter of 2018.

For the remainder of 2018, the Company has hedged 32,550 ounces ensuring an average minimum gold price of \$1,290 per ounce and participation up to an average gold price of \$1,479 per ounce, including gold collars executed for El Chanate's 2018 production.

Foreign Exchange Rates

At the Company's mine sites, a significant portion of operating costs and capital expenditures are denominated in foreign currencies, including Mexican pesos and Canadian dollars. Fluctuations in the value of these foreign currencies compared to the US dollar can significantly impact the Company's costs and cash flow. In the third quarter of 2018, the Canadian dollar averaged approximately \$1.31 CAD to \$1 US dollar compared to \$1.29 CAD to \$1 USD in the second quarter of 2018. The Mexican peso ("MXN") averaged 18.94 MXN to \$1 US dollar in the third quarter compared to 19.38 MXN to \$1 US dollar in the second quarter.

The Company recorded a \$0.7 million foreign exchange gain in the third quarter related to translation of the Company's net monetary assets and resulting from changes in period-end foreign exchange rates. As at September 30, 2018, the Canadian dollar period-end spot price strengthened 2% relative to the US dollar. The CAD was 1.29 to \$1 US dollar in at period end compared to \$1.31 CAD to \$1 USD at June 30, 2018. In addition, the Mexican peso ("MXN") period-end spot price strengthened 6% during the quarter from 19.88 MXN to \$1 US dollar as at June 30, 2018 to 18.69 MXN to \$1 US dollar at September 30, 2018.

During the quarter, the movement of the CAD and MXN rates also generated a foreign exchange gain of \$8.0 million on the revaluation of monetary tax and deferred tax balances, recorded within deferred tax expense.

The Company actively manages its currency exposure through a hedging program, which resulted in realized foreign exchange gains of nil in the quarter, and \$4.5 million year-to-date. The Company applies hedge accounting; accordingly these realized gains have been applied to benefit the operating and capital costs at the operating mines, which has improved mine-site all-in sustaining costs.

Summarized Financial and Operating Results

(in millions, except ounces, per share amounts, average realized prices, AISC and total cash costs)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gold production (ounces) ⁽¹⁾	124,000	107,000	379,400	309,100
Gold sales (ounces)	119,401	100,551	378,718	303,329
Operating Revenues	\$146.7	\$128.8	\$488.7	\$381.1
Cost of sales ⁽²⁾	\$137.6	\$100.6	\$432.3	\$320.2
Earnings from operations	\$0.6	\$20.9	\$28.7	\$38.9
Net earnings (loss)	\$7.2	\$28.8	(\$1.1)	\$31.3
Adjusted net (loss) earnings ⁽³⁾	(\$1.9)	\$13.7	\$15.3	\$18.4
Earnings per share, basic	\$0.02	\$0.10	\$0.00	\$0.11
Adjusted earnings per share ⁽³⁾	\$0.00	\$0.05	\$0.04	\$0.06
Total assets			\$3,333.4	\$2,462.6
Total non-current liabilities			533.0	312.8
Cash flow from operations	\$45.2	\$43.4	\$166.5	\$114.9
Dividends per share, declared	0.01	0.01	0.02	0.02
Average realized gold price per ounce	\$1,229	\$1,281	\$1,290	\$1,256
Cost of sales per ounce of gold sold, including amortization ⁽²⁾	\$1,152	\$1,000	\$1,141	\$1,056
Total cash costs per ounce of gold sold ⁽³⁾	\$817	\$720	\$813	\$777
All-in sustaining costs per ounce of gold sold ⁽³⁾	\$1,048	\$884	\$992	\$946

⁽¹⁾ Gold production from Island Gold have been included in this table for periods subsequent to November 23, 2017 only. Gold production from Island Gold for the three and nine months ended September 30, 2017 was 26,659 and 76,541 ounces.

⁽²⁾ Cost of sales includes mining and processing costs, royalties and amortization

⁽³⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures.

Review of Third Quarter Financial Results

Operating Revenue

During the third quarter of 2018, the Company sold 119,401 ounces of gold for total revenue of \$146.7 million, a 14% increase compared to the prior year period. This was primarily driven by the Island Gold acquisition, which contributed 20,561 ounces, or \$25.3 million in gold sales for the quarter, offset by a lower realized price of \$1,229 per ounce compared to \$1,281 per ounce in the prior year period (a \$5.2 million impact). The Company's realized gold price of \$1,229 per ounce was \$16 per ounce higher than the London PM fix of \$1,213.

Cost of Sales

For the third quarter of 2018, cost of sales were \$137.6 million, compared to \$100.6 million in the prior-year period.

Mining and Processing

Mining and processing costs were \$92.8 million compared to \$69.2 million in the prior-year period. The increased costs were mainly the result of the addition of Island Gold, which added \$12.5 million of mining and processing costs in the period, as well as higher per-unit operating costs at Young-Davidson.

Consolidated total cash costs for the quarter were \$817 per ounce, compared to \$720 in the prior year period. The increase was driven by higher total cash costs at Young-Davidson and El Chanate, partially offset by the addition of lower cost production from Island Gold.

In the third quarter, AISC per ounce increased to \$1,048 from \$884 in the prior year period. This was primarily driven by higher total cash costs, and the timing of sustaining capital spending at Island Gold.

Royalties

Royalty expense was \$4.8 million in the third quarter, compared to \$3.2 million in the prior year period, primarily due to the addition of Island Gold production, and a higher number of ounces sold at Mulatos.

Amortization

Amortization of \$40.0 million in the quarter was higher than the prior year period expense of \$28.2 million. Amortization was \$335 per ounce, up from \$280 per ounce in the prior year period, though consistent with the second quarter of 2018 and guidance. This

reflected higher amortization at all operating sites and the addition of Island Gold which carries a higher amortization per ounce charge.

Earnings from Operations

The Company recognized earnings from operations of \$0.6 million in the quarter, compared to \$20.9 million in the same period of 2017, as a result of increased operating costs at Young-Davidson and higher amortization charges at Island Gold, partially offset by stronger operating margins at Mulatos.

Net Earnings

The Company reported net earnings of \$7.2 million in the quarter, compared to net earnings of \$28.8 million in the same period of 2017. Net earnings in the period were impacted by foreign exchange movements related to the strengthening of Canadian dollar and Mexican Peso, which generated a foreign exchange gain of \$0.7 million, as well as foreign exchange gain of \$8.0 million recorded within deferred income taxes.

Review of Nine Month Financial Results

Operating Revenue

During the first nine-months of 2018, the Company sold 378,718 ounces of gold for total revenue of \$488.7 million, a 28% increase compared to the prior year period. This was primarily driven by the Island Gold acquisition, which contributed 75,321 ounces, or \$97.6 million in revenue for the year, and a higher realized price of \$1,290 per ounce compared to \$1,256 per ounce in the prior year period (a \$10.5 million benefit).

Cost of Sales

For the first nine-months of 2018, cost of sales were \$432.3 million, compared to \$320.2 million in the prior-year period.

Mining and Processing

Mining and processing costs increased to \$291.0 million from \$225.0 million in the prior-year period. The increased costs were mainly the result of the addition of Island Gold, which added \$40.5 million of mining and processing costs in the current year.

Consolidated total cash costs per ounce year-to-date were \$813 per ounce compared to \$777 in the prior year period. The increase in total cash costs is attributable to higher per-unit costs at Young-Davidson, offset by the addition of lower cost ounces from Island Gold.

For the year, AISC per ounce increased slightly to \$992 from \$946 in the prior year period. The increase was primarily driven by higher operating costs at Young-Davidson, offset by lower AISC per ounce from Island Gold.

Royalties

Royalty expense was higher in the first nine-months of 2018 at \$16.8 million, compared to \$10.7 million in the prior year period, primarily due to the addition of Island Gold, and a higher number of ounces sold at Mulatos.

Amortization

Amortization of \$124.5 million in the period was higher than the prior year period expense of \$84.5 million. Amortization was \$329 per ounce, in line with guidance but up from the prior year period, reflecting amortization at Island Gold which was acquired in November 2017, and carries a higher per-ounce amortization charge.

Earnings from Operations

The Company recognized earnings from operations of \$28.7 million for the first nine-months of 2018, compared to \$38.9 million in the same period of 2017. The decrease was due to lower margins at Young-Davidson, offset by increased production at Mulatos and Island Gold.

Net Loss

The Company reported a net loss of \$1.1 million for the first nine-months of 2018, compared to net earnings of \$31.3 million in the same period of 2017. Net loss for the nine months ended September 30, 2018 was significantly impacted by foreign exchange movements, as the Company recorded a foreign exchange loss of \$2.7 million (compared to a gain of \$10.1 million in the prior year), in addition to foreign exchange losses of \$14.7 million recorded within deferred income taxes, mainly resulting from a weakening Canadian dollar.

Consolidated Expenses and Other

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Exploration expense	(\$2.4)	(\$2.6)	(\$8.5)	(\$6.0)
Corporate and administrative expense	(4.9)	(3.6)	(13.9)	(10.9)
Share-based compensation expense	(1.2)	(1.1)	(5.3)	(5.1)
Finance expense	(1.0)	(0.8)	(2.8)	(5.5)
Foreign exchange gain (loss)	0.7	0.7	(2.7)	10.1
Other gain	0.4	1.3	1.7	2.2
Loss on redemption of senior secured notes	—	—	—	(29.1)

Exploration

Exploration expense mainly relates to expenditures on early-stage exploration projects and corporate exploration support. Exploration expenses incurred in the third quarter of 2018 mainly relate to drilling at early-stage projects at Mulatos (El Carricito), as well as corporate exploration support. Exploration spending at Island Gold, Lynn Lake and near-mine exploration at Mulatos was capitalized in the period and are therefore reflected as capital expenditures rather than exploration expense. Year-to-date, exploration expense of \$8.5 million primarily relates to drilling in the Mulatos district.

Corporate and administrative

Corporate and administrative costs include expenses relating to the overall management of the business that are not part of direct mine operating costs. These costs are incurred at the corporate office located in Canada. Corporate and administrative costs remained consistent with the prior year period and in line with annual guidance of \$18 million for the year.

Share-based compensation

Share-based compensation expense for the quarter was \$1.2 million, compared to \$1.1 million in the prior year period. The cost was consistent with the prior year period. For the first nine months of 2018, share-based compensation was \$5.3 million, which was consistent with the prior year period of \$5.1 million.

Finance expense

Finance expense was consistent with the prior year period, as the Company repaid the senior secured notes on April 3, 2017. This resulted in a reduction of gross interest expense per quarter subsequent to retirement of the notes.

Foreign exchange loss

During the quarter, a foreign exchange gain of \$0.7 million was recorded. The Canadian dollar strengthened by 2% and the Mexican peso by 6% in the quarter, compared to the US dollar.

The Company has elected to adopt hedge accounting for its Canadian and Mexican foreign currency option and forward contracts, which reduces the impact of unrealized foreign exchange movements on net earnings. During the third quarter, the Company did not realize a gain or loss on settled contracts, and the mark-to-market gain on the outstanding hedge position of \$3.3 million as at September 30, 2018, was recorded within other comprehensive income.

The Company will continue to experience non-cash foreign currency gains or losses on monetary assets and liabilities, primarily as a result of fluctuations between the US dollar and both the Canadian dollar and Mexican peso.

Other gain

During the third quarter, the Company recorded a gain of \$0.4 million compared to a gain of \$1.3 million in the prior year period. Other gain is comprised of mark-to-market gains on non-hedged derivatives, including gold collar contracts, as well as the renunciation of losses related to flow-through share issuances, and loss on disposal of assets.

Consolidated Income Tax Expense

The Company is subject to tax in various jurisdictions, including Mexico and Canada. There are a number of factors that can significantly impact the Company's effective tax rate including the geographic distribution of income, varying rates in different jurisdictions, the non-recognition of tax assets, mining allowances, foreign currency exchange rate movements, changes in tax laws and the impact of specific transactions and assessments. Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors, it is expected that the Company's effective tax rate will fluctuate in future periods.

During 2018, the Company recognized current income tax expense of \$17.9 million and deferred tax expense of \$8.1 million, compared to current income tax expense of \$7.6 million and deferred tax recovery of \$22.3 million in the prior year period. Current income tax expense in 2018 primarily related to Mexican income and mining tax, whereas the prior year current income tax expense related to mining tax payable in Mexico. The deferred tax expense was primarily driven by changes to foreign exchange rates during the quarter and the impact on monetary tax balances, mainly in Canada.

The Company's Mulatos and El Chanate mines in Mexico, as well as the Young-Davidson and Island Gold mines in Canada, pay income taxes based on their tax functional currency which is the Mexican peso and Canadian dollar, respectively. The legal entity financial statements for Mulatos, El Chanate, Young-Davidson and Island Gold include foreign exchange and other income items that differ from the US dollar reporting financial statements. The tax impact of the monetary tax balances translated created a deferred tax expense of \$7.9 million (deferred tax expense of \$2.8 million during 2017). In addition, foreign exchange losses are recognized in deferred income tax expense when the Mexican peso and Canadian denominated deferred tax balances are translated to its US dollar reporting currency. During 2018, this resulted in a deferred tax expense of \$6.8 million (deferred tax recovery of \$25.0 million during 2017).

Financial Condition

	September 30, 2018	December 31, 2017	
Current assets	\$429.3	\$453.2	Current assets are lower than the prior year, driven by lower inventory and receivables balances; cash and cash equivalents increased due to free cash flow generated during the period, as well as the proceeds received from the disposition of investments in AuRico Metals and Corex Gold.
Long-term assets	2,904.1	2,867.1	Long-term assets remained consistent with the prior year end as capital expenditures in the period were offset by amortization charges.
Total assets	\$3,333.4	\$3,320.3	
Current liabilities	\$128.8	\$113.2	Current liabilities increased due to an increase in trade payables and accruals.
Non-current liabilities	533.0	525.9	Non-current financial liabilities increased slightly from the prior year-end. This is primarily due to movements in foreign exchanges rates and the impact of these changes on the deferred income tax liability.
Total liabilities	\$661.8	\$639.1	
Shareholders' equity	\$2,671.6	\$2,681.2	Shareholders' equity for the period decreased as a result of dividends declared during the year.
Total liabilities and equity	\$3,333.4	\$3,320.3	

Liquidity and Capital Resources

The Company's strategy is based on achieving positive cash flow from operations to internally fund operating, capital and project development requirements. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's operations, exploration, and development programs, the ability to obtain equity or other sources of financing, the price of gold, and currency exchange rates.

As at September 30, 2018, the Company had cash and cash equivalents of \$224.8 million and \$5.6 million in equity securities compared to \$200.8 million and \$35.8 million respectively, at December 31, 2017. In addition, the Company has access to an additional \$400 million in liquidity through its existing credit facility. In the opinion of management, the Company's liquidity position of \$630.4 million at September 30, 2018 comprised of cash and cash equivalents, equity securities and availability under the credit facility, together with cash flows from operations, is sufficient to support the Company's normal operating requirements and capital commitments on an ongoing basis.

Cash Flow

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Cash flow provided by operating activities	\$45.2	\$43.4	\$166.5	\$114.9
Cash flow used in investing activities	(55.1)	(38.2)	(135.1)	(126.4)
Cash flow (used in) from financing activities	(1.2)	9.1	(6.2)	(93.8)
Effect of foreign exchange rates on cash	0.8	1.0	(1.2)	2.1
Net increase in cash	(10.3)	15.3	24.0	(103.2)
Cash and cash equivalents, beginning of period	235.1	133.7	200.8	252.2
Cash and cash equivalents, end of period	\$224.8	\$149.0	\$224.8	\$149.0

Cash flow provided by operating activities

In the third quarter of 2018, operating activities generated cash flow of \$45.2 million compared to \$43.4 million in the same period of 2017. Cash flow provided by operations before working capital and taxes paid was \$41.6 million in the third quarter, compared to \$51.3 million in the prior year period. The decrease was due to a lower realized gold price and higher operating costs, partially offset by higher ounces sold. For 2018, operating activities generated \$166.5 million compared to \$114.9 million in the prior year period, as a result of higher gold sales and higher realized gold prices.

Cash flow used in investing activities

For the third quarter of 2018, capital expenditures were \$55.1 million compared to \$38.2 million in 2017. Capital expenditures were higher than the prior year, reflecting capital spending at Island Gold, which was acquired on November 23, 2017. The Company invested \$160.0 million on mineral property, plant and equipment year-to-date compared to \$123.3 million in the prior year, primarily due to spending at Island Gold which was not included in the comparative period. In addition, the Company liquidated its investment in AuRico Metals Inc., and Corex Gold Corp in the first quarter of 2018 for proceeds of \$24.9 million and realized a gain of \$14.3 million (\$12.5 million net of tax) recorded directly in retained earnings (deficit).

Cash flow used in financing activities

In the third quarter of 2018, the Company incurred \$1.2 million related to lease payments, and \$6.2 million year-to-date mainly related to dividends paid and lease payments.

Credit Facility

In the third quarter of 2018, the Company completed the extension of its existing undrawn revolving credit facility (the "Facility") of \$400.0 million to September 20, 2022 from September 20, 2021 at similar terms and conditions to those existing previously. The Facility bears interest at an interest rate of Libor plus 2.00% to 3.125% on drawn amounts and stand-by fees of 0.45% to 0.70% on undrawn amounts, based on the Company's net leverage ratio, as defined in the agreement.

The Facility is secured against all of the material present and future assets, property and undertakings of the Company. The Facility contains various covenants customary for a loan facility of this nature, including limits on indebtedness, asset sales and liens. It contains financial covenant tests that include (a) a minimum interest coverage ratio of 3.0:1.0 and (b) a maximum net leverage ratio of 3.5:1.0, both as defined in the agreement. As at September 30, 2018, the Company is in compliance with the covenants and the Facility is fully undrawn.

Outstanding Share Data

	October 30, 2018
Common shares	390,390,883
Stock options	9,057,670
Warrants	5,210,984
Deferred share units	643,804
Performance share units	980,990
Restricted share units	1,947,097
	408,231,428

Related party transactions

There were no related party transactions during the year other than those disclosed in the Company's interim condensed consolidated financial statements for the three and nine-months ended September 30, 2018.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company seeks to manage its exposure to fluctuations in commodity prices, interest rates and foreign exchange rates by entering into derivative financial instruments from time to time.

Commodity option and forward contracts

As at September 30, 2018, the Company held option contracts to protect against the risk of a decrease in the value of the gold price on a portion of gold sales. These option contracts ensure a minimum average realized gold price of \$1,290 per ounce and a maximum average realized gold price of \$1,479 per ounce, regardless of the movement in gold prices during 2018.

The following gold collar contracts are outstanding as of September 30, 2018:

Period Covered	Contract type	Ounces subject to contract	Average purchase put option	Average sold call option
2018	Collar	32,550	\$1,290	\$1,479

The fair value of these contracts was an asset of \$2.7 million at September 30, 2018 (December 31, 2017 - asset of \$0.5 million). The options mature through 2018.

For the three and nine months ended September 30, 2018, the Company realized \$2.2 million and \$2.5 million, respectively related to the settlement of option contracts (for the three and nine months ended September 30, 2017 - realized a loss of \$0.2 million and \$0.4 million, respectively). The Company recorded unrealized gains of \$0.4 million and \$2.3 million for the three and nine months ended September 30, 2018, respectively (for the three and nine months ended September 30, 2017 - unrealized gain of \$0.6 million and an unrealized loss of \$2.0 million). The Company has elected to not apply hedge accounting to gold option contracts, with changes in fair value recorded in net earnings.

Foreign currency contracts

As at September 30, 2018, the Company held option contracts to protect against the risk of an increase in the value of the Canadian dollar and Mexican peso versus the US dollar. These option contracts are for the purchase of local currencies and the sale of US dollars, which settle on a monthly basis, are summarized as follows:

Canadian dollar contracts

Period Covered	Contract type	Contracts (CAD\$ Millions)	Average minimum rate (USD/CAD)	Average maximum rate (USD/CAD)
2018	Collars	102.0	1.27	1.32
2019	Collars	42.0	1.28	1.34

Mexican Peso contracts

Period Covered	Contract type	Contracts (MXN Millions)	Average minimum rate (MXN/USD)	Average maximum rate (MXN/USD)	Forward price (MXN/USD)
2018	Forwards	60.0	N/A	N/A	18.78
2018	Collars	330.0	18.71	21.10	N/A
2019	Collars	630.0	19.14	21.42	N/A

The fair value of these contracts was an asset of \$1.4 million at September 30, 2018 (December 31, 2017 - asset of \$5.0 million). For the three and nine months ended September 30, 2018, the Company realized gains on foreign currency derivative instruments

of \$nil and \$4.5 million and had an unrealized gain of \$3.3 million and unrealized loss of \$3.6 million, respectively (for the three and nine months ended September 30, 2017 - realized gain of \$2.4 million and \$3.4 million and unrealized gains of \$3.8 million and \$15.1 million, respectively).

Summary of Quarterly Financial and Operating Results

(in millions, except ounces, per share amounts, and average realized prices)

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Gold ounces produced	124,000	126,500	128,900	120,300	107,000	105,900	96,200	105,676
Gold ounces sold	119,401	129,272	130,045	126,786	100,551	104,023	98,755	107,505
Operating Revenues	\$146.7	\$168.9	\$173.1	\$161.7	\$128.8	\$131.3	\$121.0	\$132.2
Earnings from operations	\$0.6	\$9.6	\$18.5	\$17.1	\$20.9	\$15.8	\$2.2	\$3.5
Net earnings (loss)	\$7.2	(\$8.9)	\$0.6	(\$4.7)	\$28.8	\$2.4	\$0.1	(\$20.6)
Earnings (loss) per share, basic ⁽²⁾	\$0.02	(\$0.02)	\$0.00	(\$0.01)	\$0.10	\$0.01	\$0.00	(\$0.08)
Earnings before interest, taxes, depreciation and amortization ⁽¹⁾	\$41.7	\$51.9	\$58.6	\$48.1	\$51.1	\$50.1	\$35.9	\$29.3
Cash provided by operating activities	\$45.2	\$62.5	\$58.8	\$48.6	\$43.4	\$51.4	\$20.1	\$38.3
Average realized gold price	\$1,229	\$1,307	\$1,331	\$1,275	\$1,281	\$1,262	\$1,225	\$1,230

⁽¹⁾ Refer to the "Non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures.

Operating revenues have trended up since Q4 2016 as a result of higher production and a strengthening gold price. In addition, the Company acquired Island Gold in the fourth quarter of 2017, increasing production and operating revenues further. However, since the acquisition of Island Gold, revenues decreased in the most current quarter as the price of gold decreased significantly. Earnings from operations and cash flow from operating activities have improved since Q4 2016 as a result of a higher gold price and lower operating costs, resulting in higher margins on ounces produced.

Non-GAAP Measures and Additional GAAP Measures

The Company has included certain non-GAAP financial measures to supplement its Consolidated Financial Statements, which are presented in accordance with IFRS, including the following:

- adjusted net earnings and adjusted earnings per share;
- cash flow from operating activities before changes in working capital and taxes received;
- Company-wide free cash flow;
- total mine-site free cash flow;
- mine-site free cash flow;
- total cash cost per ounce of gold sold;
- all-in sustaining cost ("AISC") per ounce of gold sold;
- mine-site all-in sustaining cost ("Mine-site AISC") per ounce of gold sold;
- sustaining and non-sustaining capital expenditures; and
- earnings before interest, taxes, depreciation, and amortization

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management's determination of the components of non-GAAP and additional measures are evaluated on a periodic basis influenced by new items and transactions, a review of investor uses and new regulations as applicable. Any changes in to the measures are fully noted and retrospectively applied as applicable.

Adjusted Net Earnings and Adjusted Earnings per Share

"Adjusted net earnings" and "adjusted earnings per share" are non-GAAP financial measures with no standard meaning under IFRS which exclude the following from net earnings:

- Foreign exchange gain (loss)
- Items included in other gain (loss)
- Certain non-reoccurring items
- Foreign exchange gain (loss) recorded in deferred tax expense

Net earnings have been adjusted, including the associated tax impact, for the group of costs in "Other loss" on the consolidated statement of comprehensive income. Transactions within this grouping are: the fair value changes on non-hedged derivatives; the renunciation of flow-through exploration expenditures; and loss on disposal of assets. The adjusted entries are also impacted for tax to the extent that the underlying entries are impacted for tax in the unadjusted net earnings.

The Company uses adjusted net earnings for its own internal purposes. Management's internal budgets and forecasts and public guidance do not reflect the items which have been excluded from the determination of adjusted net earnings. Consequently, the presentation of adjusted net earnings enables shareholders to better understand the underlying operating performance of the core mining business through the eyes of management. Management periodically evaluates the components of adjusted net earnings based on an internal assessment of performance measures that are useful for evaluating the operating performance of our business and a review of the non-GAAP measures used by mining industry analysts and other mining companies.

Adjusted net earnings is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of operating profit or cash flows from operations as determined under IFRS. The following table reconciles this non-GAAP measure to the most directly comparable IFRS measure.

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net Earnings (Loss)	\$7.2	\$28.8	(\$1.1)	\$31.3
Adjustments:				
Foreign exchange (gain) loss	(0.7)	(0.7)	2.7	(10.1)
Other gain	(0.4)	(1.3)	(1.7)	(2.2)
Unrealized foreign exchange loss (gain) recorded in deferred tax expense	(8.0)	(13.1)	14.7	(22.2)
Loss on redemption of senior secured notes	—	—	—	29.1
Other income and mining tax adjustments ⁽¹⁾	—	—	0.7	(7.5)
Adjusted net earnings	(\$1.9)	\$13.7	\$15.3	\$18.4
Adjusted earnings per share - basic	\$—	\$0.05	\$0.04	\$0.06

⁽¹⁾ This reflects the recognition of previously unrecognized capital losses, and the tax impact on adjusted earnings.

Cash Flow from Operating Activities before Changes in Working Capital and Cash Taxes

"Cash flow from operating activities before changes in working capital and cash taxes" is a non-GAAP performance measure that could provide an indication of the Company's ability to generate cash flows from operations, and is calculated by adding back the change in working capital and taxes received to "Cash provided by (used in) operating activities" as presented on the Company's consolidated statements of cash flows. "Cash flow from operating activities before changes in working capital" is a non-GAAP financial measure with no standard meaning under IFRS.

The following table reconciles the non-GAAP measure to the consolidated statements of cash flows.

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Cash flow from operating activities	\$45.2	\$43.4	\$166.5	\$114.9
Add back: Changes in working capital and cash taxes	(3.6)	7.9	(7.6)	15.7
Cash flow from operating activities before changes in working capital and cash taxes	\$41.6	\$51.3	\$158.9	\$130.6

Company-wide Free Cash Flow

"Company-wide free cash flow" is a non-GAAP performance measure calculated from the consolidated operating cash flow, less consolidated mineral property, plant and equipment expenditures. The Company believes this to be a useful indicator of our ability to operate without reliance on additional borrowing or usage of existing cash company-wide. Company-wide free cash flow is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures of performance presented by other mining companies. Company-wide free cash flow should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

(in millions)

	Three Months Ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Cash flow from operating activities	\$45.2	\$43.4	\$166.5	\$114.9
Less: mineral property, plant and equipment expenditures	(55.1)	(38.2)	(160.0)	(123.3)
Company-wide free cash flow	(\$9.9)	\$5.2	\$6.5	(\$8.4)

Mine-site Free Cash Flow

"Mine-site free cash flow" is a non-GAAP financial performance measure calculated as cash flow from mine-site operating activities, less mineral property, plant and equipment expenditures. The Company believes this to be a useful indicator of our ability to operate without reliance on additional borrowing or usage of existing cash. Mine-site free cash flow is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures of performance presented by other mining companies. Mine-site free cash flow should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Total Mine-Site Free Cash Flow	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions)</i>				
Cash flow from operating activities	\$45.2	\$43.4	\$166.5	\$114.9
Less: operating cash flow used by non-mine site activity	(6.2)	(7.0)	(21.5)	(12.4)
Cash flow from operating mine-sites	\$51.4	\$50.4	\$188.0	\$127.3
Mineral property, plant and equipment expenditure	\$55.1	\$38.2	\$160.0	\$123.3
Less: capital expenditures from development projects, and corporate ⁽¹⁾	(8.2)	(8.7)	(23.2)	(36.4)
Capital expenditure from mine-sites	\$46.9	\$29.5	\$136.8	\$86.9
Total mine-site free cash flow	\$4.5	\$20.9	\$51.2	\$40.4

⁽¹⁾ The comparative periods include capital expenditures related to La Yaqui Phase I of \$1.7 million and 12.5 million for the three and nine months ended September 30, 2017.

Young-Davidson Mine-Site Free Cash Flow	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions)</i>				
Cash flow from operating activities	\$24.0	\$35.3	\$73.9	\$81.1
Mineral property, plant and equipment expenditure	(22.1)	(22.0)	(63.5)	(63.3)
Mine-site free cash flow	\$1.9	\$13.3	\$10.4	\$17.8

Mulatos Mine-Site Free Cash Flow	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions)</i>				
Cash flow from operating activities	\$16.1	\$13.1	\$56.3	\$42.0
Mineral property, plant and equipment expenditure	(6.8)	(8.9)	(23.5)	(34.9)
Less: La Yaqui Phase I construction cost	—	1.7	—	12.5
Mulatos mineral property, plant and equipment expenditure	(\$6.8)	(\$7.2)	(\$23.5)	(\$22.4)
Mine-site free cash flow	\$9.3	\$5.9	\$32.8	\$19.6

Island Gold Mine-Site Free Cash Flow	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions)</i>				
Cash flow from operating activities	\$13.9	—	\$59.6	—
Mineral property, plant and equipment expenditure	(17.8)	—	(49.3)	—
Mine-site free cash flow	(\$3.9)	\$—	\$10.3	\$—

El Chanate Mine-Site Free Cash Flow	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions)</i>				
Cash flow from operating activities	(\$2.6)	\$2.0	(\$1.8)	\$4.2
Mineral property, plant and equipment expenditure	(0.2)	(0.3)	(0.5)	(1.2)
Mine-site free cash flow	(\$2.8)	\$1.7	(\$2.3)	\$3.0

Total Cash Costs per ounce

Total cash costs per ounce is a non-GAAP term typically used by gold mining companies to assess the level of gross margin available to the Company by subtracting these costs from the unit price realized during the period. This non-GAAP term is also used to assess the ability of a mining company to generate cash flow from operations. Total cash costs per ounce includes mining and processing costs plus applicable royalties, and net of by-product revenue and net realizable value adjustments. Total cash costs per ounce is exclusive of exploration costs.

Total cash costs per ounce is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

All-in Sustaining Costs per ounce and Mine-site All-in Sustaining Costs

The Company adopted an "all-in sustaining costs per ounce" non-GAAP performance measure in accordance with the World Gold Council published in June 2013. The Company believes the measure more fully defines the total costs associated with producing gold; however, this performance measure has no standardized meaning. Accordingly, there may be some variation in the method of computation of "all-in sustaining costs per ounce" as determined by the Company compared with other mining companies. In this context, "all-in sustaining costs per ounce" for the consolidated Company reflects total mining and processing costs, corporate and administrative costs, share-based compensation, exploration costs, sustaining capital, and other operating costs.

For the purposes of calculating "mine-site all-in sustaining costs" at the individual mine-sites, the Company does not include an allocation of corporate and administrative costs and share-based compensation, as detailed in the reconciliations below.

Sustaining capital expenditures are expenditures that do not increase annual gold ounce production at a mine site and excludes all expenditures at the Company's development projects as well as certain expenditures at the Company's operating sites that are deemed expansionary in nature. For each mine-site reconciliation, corporate and administrative costs, and non-site specific costs are not included in the all-in sustaining cost per ounce calculation.

All-in sustaining costs per gold ounce is intended to provide additional information only and does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The measure is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS.

Total Cash Costs and All-in Sustaining Costs per Ounce Reconciliation Tables

The following tables reconciles these non-GAAP measures to the most directly comparable IFRS measures on a Company-wide and individual mine-site basis.

Total Cash Costs and AISC Reconciliation - Company-wide

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$92.8	\$69.2	\$291.0	\$225.0
Royalties	4.8	3.2	16.8	10.7
Total cash costs	\$97.6	\$72.4	\$307.8	\$235.7
Gold ounces sold	119,401	100,551	378,718	303,329
Total cash costs per ounce	\$817	\$720	\$813	\$777
Total cash costs	\$97.6	\$72.4	\$307.8	\$235.7
Corporate and administrative ⁽¹⁾	4.9	3.6	13.9	10.9
Sustaining capital expenditures ⁽²⁾	19.6	10.8	42.4	31.2
Share-based compensation	1.2	1.1	5.3	5.1
Sustaining exploration	1.1	1.1	3.9	2.9
Accretion of decommissioning liabilities	0.7	0.7	2.2	2.0
Realized gains on FX options	—	(0.8)	—	(0.8)
Total all-in sustaining costs	\$125.1	\$88.9	\$375.5	\$287.0
Gold ounces sold	119,401	100,551	378,718	303,329
All-in sustaining costs per ounce	\$1,048	\$884	\$992	\$946

⁽¹⁾ Corporate and administrative expenses exclude expenses incurred at development properties.

⁽²⁾ Sustaining capital expenditures are defined as those expenditures which do not increase annual gold ounce production at a mine site and exclude all expenditures at growth projects and certain expenditures at operating sites which are deemed expansionary in nature. Total sustaining capital for the period is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions)</i>				
Capital expenditures per cash flow statement	\$55.1	\$38.2	\$160.0	\$123.3
Less: non-sustaining capital expenditures at:				
Young-Davidson	(12.6)	(12.6)	(38.5)	(37.9)
Mulatos	(4.7)	(7.8)	(18.8)	(30.3)
Island Gold	(10.0)	—	(37.1)	—
Corporate and other	(8.2)	(7.0)	(23.2)	(23.9)
	\$19.6	\$10.8	\$42.4	\$31.2

Young-Davidson Total Cash Costs and Mine-site AISC Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$37.8	\$30.4	\$110.3	\$90.8
Royalties	0.8	1.2	2.6	3.3
Total cash costs	\$38.6	\$31.6	\$112.9	\$94.1
Gold ounces sold	46,853	55,267	133,649	145,462
Total cash costs per ounce	\$824	\$572	\$845	\$647
Total cash costs	\$38.6	\$31.6	\$112.9	\$94.1
Sustaining capital expenditures	9.5	9.4	25.0	25.4
Exploration	—	0.1	0.1	0.3
Accretion of decommissioning liabilities	0.1	—	0.2	0.1
Total all-in sustaining costs	\$48.2	\$41.1	\$138.2	\$119.9
Gold ounces sold	46,853	55,267	133,649	145,462
Mine-site all-in sustaining costs per ounce	\$1,029	\$744	\$1,034	\$824

Mulatos Total Cash Costs and Mine-site AISC Reconciliation				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$29.9	\$21.8	\$97.2	\$78.0
Royalties	2.7	2.0	9.7	7.4
Total cash costs	\$32.6	\$23.8	\$106.9	\$85.4
Gold ounces sold	42,300	30,330	136,285	109,270
Total cash costs per ounce	\$771	\$785	\$784	\$782
Total cash costs	\$32.6	\$23.8	\$106.9	\$85.4
Sustaining capital expenditures	2.1	1.1	4.7	4.6
Exploration	0.6	0.7	2.3	1.5
Accretion of decommissioning liabilities	0.5	0.6	1.6	1.6
Total all-in sustaining costs	\$35.8	\$26.2	\$115.5	\$93.1
Gold ounces sold	42,300	30,330	136,285	109,270
Mine-site all-in sustaining costs per ounce	\$846	\$864	\$847	\$852

Island Gold Total Cash Costs and Mine-site AISC Reconciliation				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$12.5	\$—	\$40.5	\$—
Royalties	1.3	—	4.5	—
Total cash costs	\$13.8	\$—	\$45.0	\$—
Gold ounces sold	20,561	—	75,321	—
Total cash costs per ounce	\$671	\$—	\$597	\$—
Total cash costs	\$13.8	\$—	\$45.0	\$—
Sustaining capital expenditures	7.8	—	12.2	—
Total all-in sustaining costs	\$21.6	\$—	\$57.2	\$—
Gold ounces sold	20,561	—	75,321	—
Mine-site all-in sustaining costs per ounce	\$1,051	\$—	\$759	\$—

El Chanate Total Cash Costs and Mine-site AISC Reconciliation				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$12.6	\$17.0	\$43.0	\$56.2
Total cash costs	\$12.6	\$17.0	\$43.0	\$56.2
Gold ounces sold	9,687	14,954	33,463	48,597
Total cash costs per ounce	\$1,301	\$1,137	\$1,285	\$1,156
Total cash costs	\$12.6	\$17.0	\$43.0	\$56.2
Sustaining capital expenditures	0.2	0.3	0.5	1.2
Accretion of decommissioning liabilities	0.1	0.1	0.4	0.3
Total all-in sustaining costs	\$12.9	\$17.4	\$43.9	\$57.7
Gold ounces sold	9,687	14,954	33,463	48,597
Mine-site all-in sustaining costs per ounce	\$1,332	\$1,164	\$1,312	\$1,187

Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA")

EBITDA represents net earnings before interest, taxes, depreciation, and amortization. EBITDA is an indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

EBITDA does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following is a reconciliation of EBITDA to the consolidated financial statements:

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net earnings (loss)	\$7.2	\$28.8	(\$1.1)	\$31.3
Add back:				
Finance expense	1.0	0.8	2.8	5.5
Amortization	40.0	28.2	124.5	84.5
Loss on redemption of senior secured notes	—	—	—	29.1
Deferred income tax (recovery) expense	(10.7)	(8.2)	8.1	(22.3)
Current income tax expense	4.2	1.5	17.9	7.6
EBITDA	\$41.7	\$51.1	\$152.2	\$135.7

Additional GAAP Measures

Additional GAAP measures are presented on the face of the Company's consolidated statements of comprehensive income and are not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. The following additional GAAP measures are used and are intended to provide an indication of the Company's mine and operating performance:

- *Earnings from operations* - represents the amount of earnings before net finance income/expense, foreign exchange gain/loss, other income/loss, loss on redemption of senior secured notes and income tax expense

Accounting Estimates, Policies and Changes

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates and judgments applied in the preparation of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017.

Accounting Policies and Changes

The accounting policies applied in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017, with the exceptions listed in note 2 of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, and below.

The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2018:

The Company has adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Company elected to apply IFRS 15 using a modified retroactive approach by recognizing the cumulative effect of initially adopting IFRS 15 as an adjustment to the opening balance sheet through equity at January 1, 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 Revenue ("IAS 18"). The details of accounting policy changes and the quantitative impact of these changes are described below.

IFRS 15 requires that revenue from contracts with customers be recognized upon the transfer of control over goods or services to the customer. The recognition of revenue upon transfer of control to the customer is consistent with the recognition of revenue under the criteria in our revenue recognition policy as set out in Note 2 of the 2017 consolidated financial statements, as the condition is generally satisfied when title transfers to the customer. As such, upon adoption, this requirement under IFRS 15 resulted in no impact to the consolidated financial statements as the timing of revenue recognition on gold sales is unchanged.

The Company has adopted IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Company has evaluated the impact of applying IFRIC 22, and has concluded that the adoption of the standard had no material impact on the condensed consolidated financial statements.

Internal Control over Financial Reporting

Management is responsible for the design and operating effectiveness 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 IFRS. In making the assessment, management used the criteria set forth in *Internal Control - Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at September 30, 2018. In making this evaluation, management limited the scope of its evaluation to exclude the business acquired as a result of the acquisition of Richmond Mines Inc. on November 23, 2017 (refer to Scope of Evaluation - Acquisition of Richmond Mines Inc., below).

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Company's disclosure controls and procedures as at September 30, 2018 and have concluded that these are appropriately designed. In making this evaluation, management limited the scope of its evaluation to exclude the business acquired as a result of the acquisition of Richmond Mines Inc. on November 23, 2017 (refer to Scope of Evaluation - Acquisition of Richmond Mines Inc., below).

Scope of Evaluation - Acquisition of Richmond Mines Inc.

Effective November 23, 2017, the Company acquired 100% of the outstanding common shares of Richmond Mines Inc. The results of Richmond's operations have been included in the interim condensed consolidated financial statements since the date of acquisition. Management has excluded the Richmond operations from the Company's assessment of disclosure controls and procedures and internal control over financial reporting. A summary of the financial information for Richmond, expressed in millions of dollars, which was included in the interim condensed consolidated financial statements of the Company as at September 30, 2018 and for the three and nine months ended September 30, 2018 is as follows:

- Revenue, \$25.3 million and \$97.6 million;
- Earnings from operations, \$2.7 million and \$19.4 million;
- Total assets, \$867.2 million;
- Total liabilities, \$233.6 million;

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that internal controls over financial reporting and disclosure controls and procedures, no matter how well designed and operated, have inherent limitations. Therefore, even those systems determined to be properly designed and effective can provide only reasonable assurance that the objectives of the control system are met.

Cautionary Note to United States Investors

Measured, Indicated and Inferred Resources: The Company is required to prepare its resource estimates in accordance with standards of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in Canadian National Instrument 43-101 (NI 43-101). These standards are materially different from the standards generally permitted in reports filed with the United States Securities and Exchange Commission. This MD&A uses the terms "measured", "indicated" or "inferred" resources which are not recognized by the United States Securities and Exchange Commission. The estimation of measured resources and indicated reserves involve greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. U.S. investors are cautioned not to assume that any part of measured or indicated resources will ever be converted into economically or legally mineable proven or probable reserves. The estimation of inferred resources may not form the basis of a feasibility or other economic studies and involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources.

International Financial Reporting Standards: The condensed consolidated financial statements of the Company have been prepared by management in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board. These accounting principles differ in certain material respects from accounting principles generally accepted in the United States of America. The Company's reporting currency is the United States dollar unless otherwise noted.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains statements that constitute forward-looking information as defined under applicable Canadian and U.S. securities laws. All statements in this MD&A, other than statements of historical fact, which address events, results, outcomes or development that the Company expects to occur are, or may be deemed to be, forward-looking statements. Forward-looking statements are generally, but not always, identified by the use of forward-looking terminology such as "expect", "believe", "anticipate", "intends", "estimates", "forecast", "budget", "contemplate", "continue", "plan" or variations of such words and phrases and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements include information as to strategy, plans or future financial or operating performance, such as the Company's expansion plans, project timelines, production plans and expected sustainable productivity increases, expected increases in mining activities and corresponding cost efficiencies, expected drilling targets, expected sustaining costs, expected improvements in cash flows and margins, expectations of changes in capital expenditures, forecasted cash shortfalls and the Company's ability to fund them, cost estimates, projected exploration results, reserve and resource estimates, expected production rates and use of the stockpile inventory, expected recoveries, sufficiency of working capital for future commitments and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company at the time of making such statements, are inherently subject to significant business, economic, legal, political and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

Such factors and assumptions underlying the forward-looking statements in this document include, but are not limited to: changes to current estimates of mineral reserves and resources; changes to production estimates (which assume accuracy of projected ore grade, mining rates, recovery timing and recovery rate estimates and may be impacted by unscheduled maintenance, labour and contractor availability and other operating or technical difficulties); fluctuations in the price of gold; changes in foreign exchange rates (particularly the Canadian dollar, Mexican peso, Turkish Lira and U.S. dollar); the impact of inflation; employee and community relations; litigation; disruptions affecting operations; availability of and increased costs associated with mining inputs and labour; development delays at the Young-Davidson mine; inherent risks associated with mining and mineral processing; the risk that the Company's mines may not perform as planned; uncertainty with the Company's ability to secure additional capital to execute its business plans; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and authorizations for the Company's development and operating assets; contests over title to properties; changes in national and local government legislation (including tax legislation) in Canada, Mexico, Turkey, the United States and other jurisdictions in which the Company does or may carry on business in the future; risk of loss due to sabotage and civil disturbances; the impact of global liquidity and credit availability and the values of assets and liabilities based on projected future cash flows; risks arising from holding derivative instruments; and business opportunities that may be pursued by the Company.

Additional risk factors and details with respect to risk factors affecting the Company are set out in the Company's Annual Information Form for the year ended December 31, 2017 under the heading "Risk Factors", which is available on the SEDAR website at www.sedar.com. The foregoing should be reviewed in conjunction with the information found in this MD&A.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

Qualified Persons

Chris Bostwick, FAusIMM, Alamos' Vice President, Technical Services, who is a qualified person within the meaning of National Instrument 43-101 ("Qualified Person"), has reviewed and approved the scientific and technical information contained in this MD&A.