



Management's Discussion and Analysis

(in United States dollars, unless otherwise stated)

For the three and nine months ended September 30, 2019

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This Management's Discussion and Analysis ("MD&A"), dated October 29, 2019, relates to the financial condition and results of the consolidated operations of Alamos Gold Inc. ("Alamos" or the "Company") for the three and nine months ended September 30, 2019, and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018 and unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, 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 37.

Overview of the Business

Alamos is a Canadian-based intermediate gold producer with diversified North American production from 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,	
	2019	2018	2019	2018
Financial Results (in millions)				
Operating revenues	\$172.9	\$146.7	\$497.1	\$488.7
Cost of sales ⁽¹⁾	\$127.3	\$137.6	\$385.4	\$432.3
Earnings from operations	\$37.5	\$0.6	\$84.4	\$28.7
Net earnings (loss)	\$17.7	\$7.2	\$58.1	(\$1.1)
Adjusted net earnings ⁽²⁾	\$23.4	(\$1.9)	\$51.4	\$15.3
Earnings before interest, depreciation and amortization ⁽²⁾	\$78.4	\$41.7	\$208.0	\$152.2
Cash provided by operations before working capital and cash taxes ⁽²⁾	\$79.8	\$41.6	\$211.2	\$158.9
Cash provided by operating activities	\$67.9	\$45.2	\$182.6	\$166.5
Capital expenditures (sustaining) ⁽²⁾	\$17.8	\$19.6	\$53.5	\$42.4
Capital expenditures (growth) ⁽²⁾	\$44.2	\$30.5	\$125.5	\$102.8
Capital expenditures (capitalized exploration) ⁽³⁾	\$4.3	\$5.0	\$11.7	\$14.8
Operating Results				
Gold production (ounces)	121,900	124,000	372,400	379,400
Gold sales (ounces)	119,392	119,401	367,554	378,718
Per Ounce Data				
Average realized gold price	\$1,448	\$1,229	\$1,352	\$1,290
Average spot gold price (London PM Fix)	\$1,472	\$1,213	\$1,362	\$1,282
Cost of sales per ounce of gold sold (includes amortization) ⁽¹⁾	\$1,066	\$1,152	\$1,049	\$1,141
Total cash costs per ounce of gold sold ⁽²⁾	\$730	\$817	\$720	\$813
All-in sustaining costs per ounce of gold sold ⁽²⁾	\$950	\$1,048	\$944	\$992
Share Data				
Earnings per share, basic	\$0.05	\$0.02	\$0.15	\$0.00
Adjusted earnings per share, basic ⁽²⁾	\$0.06	\$0.00	\$0.13	\$0.04
Weighted average common shares outstanding (basic) (000's)	390,593	389,854	389,852	389,572
Financial Position (in millions)				
Cash and cash equivalents ⁽⁴⁾			\$185.6	\$206.0

⁽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⁾ Comparative cash and cash equivalents balance as at December 31, 2018.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Gold production (ounces)				
Young-Davidson	50,000	49,000	140,000	129,100
Mulatos	32,700	43,300	107,900	139,900
Island Gold	36,700	22,000	111,800	76,800
El Chanate ⁽¹⁾	2,500	9,700	12,700	33,600
Gold sales (ounces)				
Young-Davidson	48,430	46,853	137,091	133,649
Mulatos	31,164	42,300	107,369	136,285
Island Gold	37,209	20,561	110,094	75,321
El Chanate ⁽¹⁾	2,589	9,687	13,000	33,463
Cost of sales (in millions) ⁽²⁾				
Young-Davidson	\$57.7	\$59.8	\$171.7	\$173.5
Mulatos	\$33.5	\$41.9	\$103.1	\$134.7
Island Gold	\$32.0	\$22.3	\$93.0	\$77.8
El Chanate	\$4.1	\$13.6	\$17.6	\$46.3
Cost of sales per ounce of gold sold (includes amortization)				
Young-Davidson	\$1,191	\$1,276	\$1,252	\$1,298
Mulatos	\$1,075	\$991	\$960	\$988
Island Gold	\$860	\$1,085	\$845	\$1,033
El Chanate	\$1,584	\$1,404	\$1,354	\$1,384
Total cash costs per ounce of gold sold ⁽³⁾				
Young-Davidson	\$781	\$824	\$813	\$845
Mulatos	\$866	\$771	\$772	\$784
Island Gold	\$503	\$671	\$490	\$597
El Chanate	\$1,429	\$1,301	\$1,254	\$1,285
Mine-site all-in sustaining costs per ounce of gold sold ^{(3),(4)}				
Young-Davidson	\$960	\$1,029	\$1,033	\$1,034
Mulatos	\$979	\$846	\$861	\$847
Island Gold	\$693	\$1,051	\$658	\$759
El Chanate	\$1,506	\$1,332	\$1,277	\$1,312
Capital expenditures (sustaining, growth and capitalized exploration) (in millions) ⁽³⁾				
Young-Davidson	\$23.9	\$22.1	\$72.9	\$63.5
Mulatos ⁽⁵⁾	\$12.9	\$6.8	\$44.7	\$23.5
Island Gold ⁽⁶⁾	\$13.8	\$17.8	\$44.2	\$49.3
El Chanate	\$—	\$0.2	\$—	\$0.5
Other	\$15.7	\$8.2	\$28.9	\$23.2

⁽¹⁾ El Chanate ceased mining activities in October 2018 and transitioned to residual leaching.

⁽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 \$nil for the three and nine months ended September 30, 2019 (\$0.3 million and \$2.3 million for the three and nine months ended September 30, 2018).

⁽⁶⁾ Includes capitalized exploration at Island Gold of \$4.3 million and \$11.7 million for the three and nine months ended September 30, 2019 (\$4.7 million and \$12.5 million for the three and nine months ended September 30, 2018)

2019 Highlights

Third Quarter 2019

- Produced 121,900 ounces of gold, bringing year-to-date production to 372,400 ounces. The Company remains well positioned to meet full year guidance of 480,000 to 520,000 ounces
- Strong gold production of 36,700 ounces at Island Gold, driving record mine-site free cash flow¹ of \$26.8 million. Through the first nine months of 2019, Island Gold produced 111,800 ounces and generated mine-site free cash flow¹ of \$55.1 million, both new records for the operation
- Produced 50,000 ounces of gold at Young-Davidson and exceeded budgeted underground mining rates of 6,500 tonnes per day ("tpd") for the third consecutive quarter while advancing construction of the lower mine expansion. The completion of the lower mine expansion and tie-in of the upper and lower mines remains on track for completion in the first half of 2020
- Cash flow from operating activities of \$67.9 million (a record \$79.8 million, or \$0.20 per share, before changes in working capital¹), reflecting higher gold prices and operating margins
- Consolidated total cash costs¹ of \$730 per ounce were in line with annual guidance and 11% lower than the third quarter of 2018, driven by low cost production growth at Island Gold and improved costs at Young-Davidson
- All-in sustaining costs ("AISC")¹ decreased 9% from the third quarter of 2018 to \$950 per ounce. Year-to-date AISC of \$944 per ounce remain within the annual guidance range
- Cost of sales of \$1,066 per ounce were slightly below annual guidance and down 7% from the third quarter of 2018
- Sold 119,392 ounces of gold at an average realized price of \$1,448 per ounce for revenues of \$172.9 million
- Reported adjusted net earnings¹ of \$23.4 million, or \$0.06 per share¹, includes adjustments for unrealized foreign exchange losses recorded within deferred taxes of \$6.5 million, partially offset by other one-time gains totaling \$0.8 million
- Realized net earnings of \$17.7 million or \$0.05 per share
- Cash and cash equivalents increased to \$185.6 million, driven by positive free cash flow¹ in the quarter. The Company remains debt free
- Continued to demonstrate exploration success at Island Gold with results from surface exploration drilling further extending high-grade gold mineralization between the Eastern and Main extensions. Based on exploration success to date in 2019, the Company anticipates further growth in high-grade Mineral Resources
- Received the "Best Corporate Social Responsibility Practice 2019" award in the category of Connecting with the Community from the Mexican Center for Philanthropy, the Alliance for Corporate Social Responsibility in Mexico, and Forum Empresa for the Company's voluntary relocation program of residents from Mulatos to Matarachi

Subsequent to quarter-end

- Announced the suspension of construction activities at the Kirazlı project in Turkey pending the renewal of the Company's mining concessions which expired on October 13, 2019
- Completed commissioning of the Cerro Pelon crusher and conveyor system, and commenced stacking ore from the deposit

⁽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.

2019 Key Business Developments

Kirazlı Project Mining Concessions

On October, 14, 2019, the Company suspended all construction activities on its Kirazlı project pending the renewal of its Turkish mining concessions which expired on October 13, 2019. Although the mining concessions have not been revoked and can be renewed following this expiration date, no further construction activities can be completed until the concessions have been renewed.

There has been false information about the project circulated through social media, which resulted in project opposition and related protests. The Company continues to share correct information about the project and dispel this misinformation.

The Company has met all the regulatory requirements and conditions for the concessions to be renewed and reasonably expected the renewal by the expiration date. The communities local to the Kirazlı project remain supportive. As such, the Company is working with the Turkish Department of Energy and Natural Resources on securing the renewal of the mining concessions which will allow for a resumption of construction activities. The renewal is required from the same government department that granted the Operating Permit for Kirazlı in March 2019. Given the uncertainty around the timing of the concession renewal, initial production from Kirazlı has been delayed from previous guidance of late 2020.

As outlined in the 2017 Feasibility Study, Kirazlı has an expected 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.

Island Gold Phase II Expansion

In May 2019, the Company was granted amendments to its existing operating permits, allowing for the Phase II expansion of the Island Gold Mine to 1,200 tpd. These amendments were received ahead of schedule and will allow underground mining and milling throughput rates to increase from the previously permitted rate of 1,100 tpd. The Company expects underground mining rates to ramp up to 1,200 tpd in 2020.

Normal Course Issuer Bid ("NCIB")

In 2018, the Company announced a NCIB permitting Alamos to purchase for cancellation up to 25,513,043 common shares, representing 10% of the Company's public float. The NCIB provides that the Company may purchase Common Shares over the twelve-month period from December 24, 2018 and ending December 23, 2019. During the first nine months of 2019, the Company purchased and cancelled 2,748,307 common shares at a cost of \$11.4 million, or \$4.17 per share.

Quarterly Dividend Program

On February 19, 2019, the Company announced the doubling of its annual dividend from \$0.01 paid semi-annually to \$0.01 paid quarterly. This doubles the dividends paid to shareholders from the \$7.8 million paid in 2018. This increase in dividends is in line with the Company's long term capital allocation objective of returning capital to shareholders, and is supported by recent higher gold prices and the Company's expectation for significant free cash flow growth commencing in the second half of 2020.

Outlook and Strategy

2019 Guidance							
	Young-Davidson	Mulatos	Island Gold	El Chanate	Turkey	Other ⁽²⁾	Total
Gold production (000's ounces)	180-190	150-160	135-145	15-25			480-520
Cost of sales, including amortization (in millions) ⁽⁴⁾	\$226	\$165	\$120	\$26	—	—	\$537
Cost of sales, including amortization (\$ per ounce) ⁽⁴⁾	\$1,220	\$1,065	\$855	\$1,300	—	—	\$1,075
Total cash costs (\$ per ounce) ⁽¹⁾	\$750-790	\$820-860	\$460-500	\$1,200	—	—	\$710-750
All-in sustaining costs (\$ per ounce) ⁽¹⁾					—	—	\$920-960
Mine-site all-in sustaining costs (\$ per ounce) ^{(1),(3)}	\$940-980	\$860-900	\$730-770	\$1,200	—	—	—
Amortization costs (\$ per ounce) ⁽¹⁾	\$450	\$225	\$375 ⁽⁶⁾	\$100	—	—	\$345
Capital expenditures (in millions)							
Sustaining capital ⁽¹⁾	\$35-40	\$5	\$35-40	—	—	—	\$75-85
Growth capital ⁽¹⁾	\$45-50	\$45-50 ⁽⁵⁾	\$15-20	—	\$25 ⁽⁷⁾	\$35 ⁽²⁾	\$165-180
Total capital expenditures ⁽¹⁾	\$80-90	\$50-55	\$50-60	—	\$25 ⁽⁷⁾	\$35	\$240-265 ⁽⁷⁾

⁽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 (excluding Turkey which is separately disclosed).

⁽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⁾ Includes capital spending at Cerro Pelon and La Yaqui Grande of approximately \$33 million.

⁽⁶⁾ Amortization per ounce was updated for Island Gold from guidance provided in January, 2019, reflecting the 2018 Mineral Reserves and Resource Statement released in February 2019.

⁽⁷⁾ Capital guidance at Kirazlı has been reduced to \$25 million from the original budget of \$75 million, thereby reducing overall capital guidance to \$240 to \$265 million.

In the third quarter of 2019, the Company continued to deliver on its objective of expanding margins and profitability from its existing operations. The Company produced 121,900 ounces with total cash costs of \$730 per ounce down 11% from the third quarter of 2018. The decrease in total cash costs was driven by low cost production growth at Island Gold and stronger operational performance at Young-Davidson.

Fourth quarter production and costs are expected to be in a similar range as the third quarter. Combined with year-to-date production of 372,400 ounces at total cash costs of \$720 per ounce, the Company is well positioned to meet its full year production and cost guidance.

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. Gold production in the third quarter of 50,000 ounces was consistent with guidance, while underground mining rates of 6,600 tpd were above guidance for the third consecutive quarter. With production of 140,000 ounces through the first nine months of 2019, Young-Davidson is on track to meet full year production guidance of 180,000 to 190,000 ounces.

Significant progress has been made on the construction of the lower mine, with the tie-in of the upper and lower mines on schedule for completion in the first half of 2020. Construction of the lower mine has been significantly de-risked with the rock work now complete and construction of the new crusher, conveying system and loading pocket well underway. The downtime of the Northgate shaft and the tie-in of the lower mine is expected to begin in March 2020 and be completed in June 2020.

Gold production from Young-Davidson is expected to decrease to approximately 150,000 ounces in 2020, as a result of the previously guided temporary downtime of the Northgate shaft in the first half of the year. Following completion of the tie-in in the first half of 2020, underground mining rates are expected to ramp up to 7,500 tpd by the end of 2020. This is expected to drive annual gold production above 200,000 ounces per year in 2021 and beyond. This production increase, combined with declining costs and capital spending, is expected to result in strong free cash flow growth from Young-Davidson starting in the second half of 2020.

Island Gold had another solid quarter producing 36,700 ounces, bringing year-to-date production to a record 111,800 ounces. The operation remains on track to meet or exceed full year production guidance of 135,000 to 145,000 ounces. Additionally, Island Gold generated a record \$26.8 million of mine-site free cash flow in the third quarter, bringing the year-to-date total to \$55.1 million, net of all capital and \$12.5 million of exploration spending. Island Gold's capital spending year-to-date has been below budget and is

expected to increase in the fourth quarter, focused on surface infrastructure designed to support the expanding operation and mine life. As a result, Island Gold's mine-site AISC is expected to increase in the fourth quarter of 2019 and into 2020.

During the second quarter, the Company was granted amendments to its existing operating permits allowing for an increase in throughput rates from 1,100 tpd to 1,200 tpd. Underground mining rates have increased 15% year-to-date, and are expected to ramp up to 1,200 tpd in 2020. In parallel, the Company is continuing with a large ongoing exploration program at Island Gold which has been successful in driving significant growth in Mineral Reserves and Resources. This growth and ongoing exploration success is being incorporated into a Phase III expansion study of the operation beyond 1,200 tpd, which is expected to be released in the first half of 2020.

Exploration remains a key focus at Island Gold. The exploration program continues to target three main areas within the deposit which extends over two-kilometres along strike. Results from surface exploration drilling have extended high-grade gold mineralization between the Eastern and Main extensions and the Company expects to add further high-grade Mineral Resources with the 2019 year end update.

Production from the Mulatos District totaled 32,700 ounces in the third quarter, bringing the year-to-date total to 107,900 ounces. Mining and stacking rates were impacted by abnormally high rainfall in September over a short period of time which temporarily restricted mining activities in the main Mulatos pit. While mining rates are expected to increase in the fourth quarter, gold production is expected to be similar to the third quarter. Total cash costs and mine-site AISC in the first nine months of the year have outperformed annual guidance, benefiting from higher grades mined and low-cost concentrate sales.

Construction of the higher grade, high return Cerro Pelon project is advancing on schedule, with ore stacking commencing in October. Development activities during the third quarter were focused on stripping of the open pit, and commissioning of the crushing and overland conveyor. Production from Cerro Pelon is expected toward the end of 2019, ahead of schedule.

In Turkey, the Company suspended all construction activities on the Kirazlı project, pending the renewal of its mining concessions which expired on October 13, 2019. Although the mining concessions have not been revoked and can be renewed following this expiration date, no further construction activities can be completed until the concessions have been renewed. The Company is working with the Turkish Department of Energy and Natural Resources on securing the renewal of the mining concessions which will allow for a resumption of construction activities. The renewal is required from the same government department that granted the Operating Permit for Kirazlı in March 2019.

Given the uncertainty around the timing of the concession renewal, initial production from Kirazlı has been delayed from previous guidance of late 2020. The Company will provide updated guidance on the construction schedule and budget for Kirazlı following the receipt of the concession renewal and resumption of construction activities.

The Company's long-term strategic objective is to generate increasing free cash flow through low-cost production growth from its existing operations and portfolio of development projects. With \$186 million of cash and cash equivalents, no debt, and growing cash flow from its operations, the Company is well positioned to fund its internal growth initiatives.

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 5,587 hectares 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,	
	2019	2018	2019	2018
Gold production (ounces)	50,000	49,000	140,000	129,100
Gold sales (ounces)	48,430	46,853	137,091	133,649
Financial Review (in millions)				
Operating Revenues	\$70.2	\$57.3	\$186.2	\$171.9
Cost of sales ⁽¹⁾	\$57.7	\$59.8	\$171.7	\$173.5
Earnings (loss) from operations	\$12.5	(\$2.5)	\$14.5	(\$1.6)
Cash provided by operating activities	\$27.3	\$24.0	\$73.8	\$73.9
Capital expenditures (sustaining) ⁽²⁾	\$8.6	\$9.5	\$29.8	\$25.0
Capital expenditures (growth) ⁽²⁾	\$15.3	\$12.6	\$43.1	\$38.5
Mine-site free cash flow ⁽²⁾	\$3.4	\$1.9	\$0.9	\$10.4
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$1,191	\$1,276	\$1,252	\$1,298
Total cash costs per ounce of gold sold ⁽²⁾	\$781	\$824	\$813	\$845
Mine-site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$960	\$1,029	\$1,033	\$1,034
Underground Operations				
Tonnes of ore mined	607,766	552,500	1,808,613	1,691,443
Tonnes of ore mined per day ("tpd")	6,606	6,005	6,625	6,196
Average grade of gold ⁽⁴⁾	2.62	2.59	2.53	2.44
Metres developed	2,817	2,811	8,594	9,034
Mill Operations				
Tonnes of ore processed	655,443	670,912	1,949,316	1,938,395
Tonnes of ore processed per day	7,124	7,293	7,140	7,100
Average grade of gold ⁽⁴⁾	2.48	2.43	2.40	2.28
Contained ounces milled	52,233	52,517	150,409	140,509
Average recovery rate	92%	93%	91%	92%

⁽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.

⁽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 50,000 ounces of gold in the third quarter of 2019, consistent with the same period in 2018 and an 11% increase from the second quarter of 2019, reflecting higher grades mined. With the strong third quarter, and year-to-date production of 140,000 ounces, the operation remains on track to achieve full year production guidance.

Underground mining rates of 6,606 tpd were above 2019 guidance and a 10% improvement from the third quarter of 2018. Mining rates have exceeded full year guidance of 6,500 tpd in every quarter this year, averaging 6,625 tpd year-to-date, a 7% increase from the same period in 2018. Underground grades mined of 2.62 g/t Au were in line with annual guidance and an improvement from the first half of the year. Grades mined are expected to remain at similar levels in the fourth quarter.

Mill throughput of 7,124 tpd was consistent with the third quarter of 2018 as milling rates continued to benefit from low-grade surface stockpiles which supplemented underground ore. Mill throughput in the fourth quarter is expected to decrease to match underground tonnes mined as the low-grade surface stockpiles have effectively been depleted. Mill recoveries of 92% in the quarter were in line with the prior year quarter and guidance.

Lower Mine Construction and Tie-In

The Company continued to make significant progress on construction of the lower mine during the third quarter which included the following highlights:

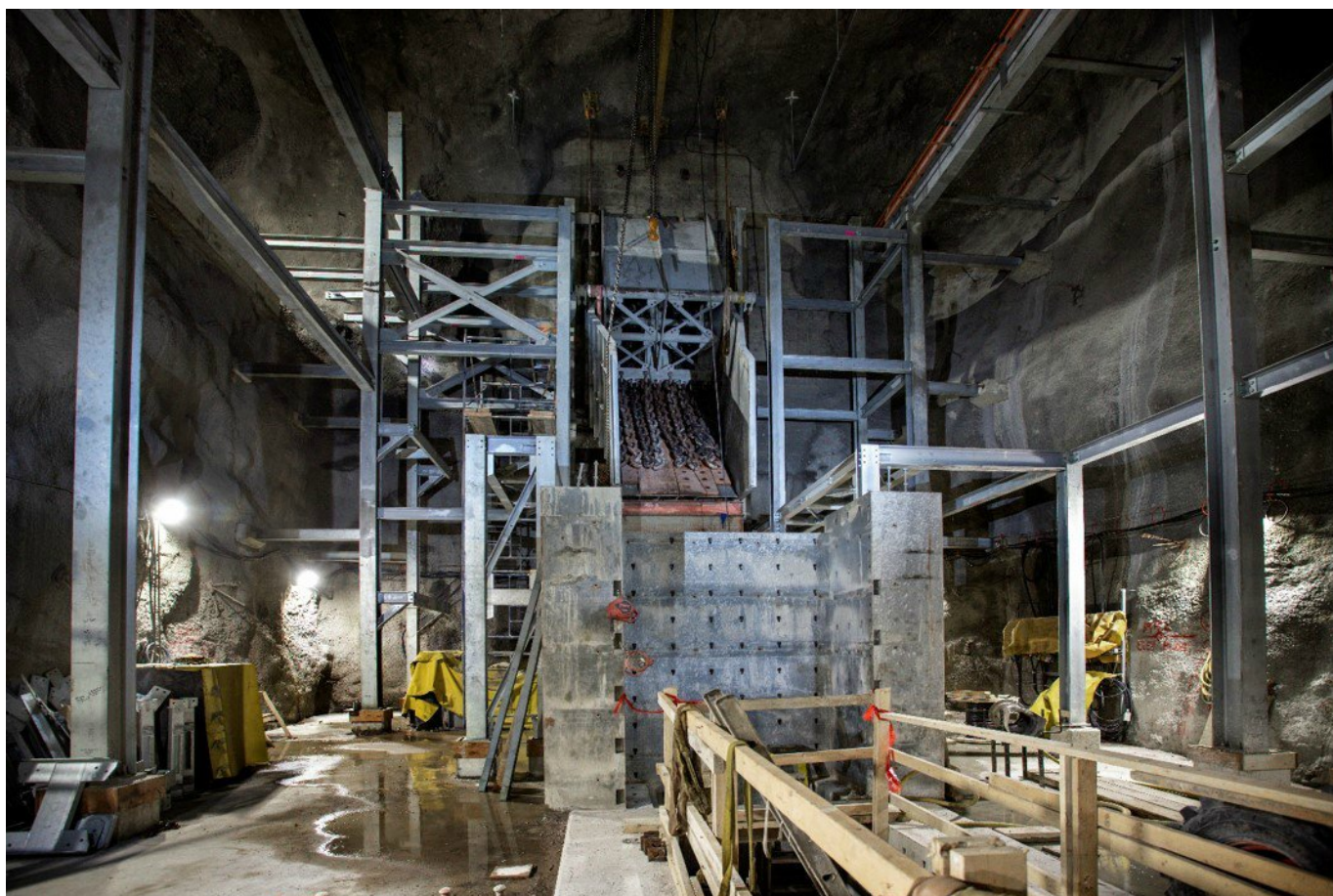
- Ore passes from the upper mine feeding the coarse ore bin at the crusher are over 60% complete, with completion expected by the end of the fourth quarter
- The crusher room excavation is complete, with chutes, steel, and the crane installed
- Installation of the vibratory feeder is under way, and the physical installation of the crusher unit is expected in December
- Shaft bottom steel, ore and waste bins at the Northgate shaft, and the loading pocket have been completed
- Installation of the hangers and trays for the main conveyor from the crusher loadout level to the top of the shaft bins has commenced.

As the lower mine expansion nears completion, approximately three months of downtime of the Northgate shaft will be required to facilitate the tie-in of the upper and lower mines. With the excavation work complete and mechanical installations underway, the Company remains on schedule to shut down the Northgate shaft in March 2020, with the tie-in completed in June 2020.

Lower mine loading pocket



Lower mine crusher



Financial Review

Third quarter revenues of \$70.2 million were 23% above the prior year quarter, reflecting higher realized gold prices. For the first nine months of 2019, revenues of \$186.2 million were \$14.3 million higher than the prior year period, attributable to both more ounces sold and higher realized prices.

Cost of sales (which includes mining and processing costs, royalties, and amortization expense) of \$57.7 million were consistent with the comparative quarter of 2018, as were underground mining costs of CAD\$51 per tonne. Cost of sales for the first nine months of 2019 were \$171.7 million, consistent with the prior year period.

Total cash costs of \$781 per ounce in the third quarter were 5% below the comparative period and in line with annual guidance. Total cash costs improved significantly in the third quarter compared to the first half of the year, resulting from higher grades mined, and lower mining and milling costs. For the first nine months of 2019, total cash costs of \$813 per ounce were 4% lower than the prior year period. Total cash costs in the fourth quarter are expected to be in line with the third quarter reflecting similar mining rates and grades.

Mine-site AISC of \$960 per ounce in the third quarter were lower than the comparative quarter of 2018 and in line with annual guidance, reflecting the timing of sustaining capital expenditures. Mine-site AISC for the nine month period were \$1,033 per ounce, consistent with the prior year.

Capital expenditures were \$23.9 million in the third quarter. This included \$8.6 million of sustaining capital and \$15.3 million of growth capital. Growth capital spending was focused on construction of the new TIA1 tailings facility and continued lower mine construction. For the nine month period, capital expenditures of \$72.9 million were focused on lower mine construction, lateral development in the upper and lower mines, and construction of the new TIA1 tailings facility.

Young-Davidson generated \$3.4 million of mine-site free cash flow in the third quarter, higher than the same period of 2018 due to more ounces sold, a higher gold price, improved operating costs and lower capital spending. On a year-to-date basis, mine-site

free cash flow was \$0.9 million. Since 2016, Young-Davidson has generated sufficient cash flow from operations to finance all of its capital spending, including the lower mine expansion.

Island Gold

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

Island Gold Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Gold production (ounces)	36,700	22,000	111,800	76,800
Gold sales (ounces)	37,209	20,561	110,094	75,321
Financial Review (in millions)				
Operating Revenues	\$54.0	\$25.3	\$149.1	\$97.6
Cost of sales ⁽¹⁾	\$32.0	\$22.3	\$93.0	\$77.8
Earnings from operations	\$21.6	\$2.7	\$55.3	\$19.4
Cash provided by operating activities	\$40.6	\$13.9	\$99.3	\$59.6
Capital expenditures (sustaining) ⁽²⁾	\$7.1	\$7.8	\$18.4	\$12.2
Capital expenditures (growth) ⁽²⁾	\$2.4	\$5.3	\$14.1	\$24.6
Capital expenditures (capitalized exploration) ⁽²⁾	\$4.3	\$4.7	\$11.7	\$12.5
Mine-site free cash flow ⁽²⁾	\$26.8	(\$3.9)	\$55.1	\$10.3
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$860	\$1,085	\$845	\$1,033
Total cash costs per ounce of gold sold ⁽²⁾	\$503	\$671	\$490	\$597
Mine-site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$693	\$1,051	\$658	\$759
Underground Operations				
Tonnes of ore mined	89,959	74,892	277,614	241,644
Tonnes of ore mined per day ("tpd")	978	814	1,017	885
Average grade of gold ⁽⁴⁾	10.81	8.96	12.22	9.12
Metres developed	1,211	1,591	4,200	4,917
Mill Operations				
Tonnes of ore processed	102,564	93,454	307,364	264,335
Tonnes of ore processed per day	1,115	1,016	1,126	968
Average grade of gold ⁽⁴⁾	11.12	8.22	11.49	9.27
Contained ounces milled	36,675	24,708	113,560	78,793
Average recovery rate	97%	96%	97%	97%

⁽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.

⁽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").

Island Gold produced 36,700 ounces in the third quarter, marking a 67% increase from the third quarter of 2018 driven by higher mining and milling rates, as well as higher grades mined. For the first nine months of 2019, Island Gold produced a record 111,800 ounces, positioning the operation to meet the high end of annual guidance of 135,000 to 145,000 ounces. The operation generated record mine-site free cash flow of \$26.8 million in the quarter, bringing the year-to-date total to \$55.1 million.

Underground mining rates were 978 tpd in the third quarter, a 20% improvement from the third quarter of 2018, but lower than annual guidance. Underground mining rates in the quarter were impacted by a transition to a new underground development contractor, which temporarily impacted mining rates. Underground grades mined averaged 10.81 g/t Au in the third quarter, in line with annual guidance and 20% higher than the third quarter of 2018. Year-to-date grades mined of 12.22 g/t Au are above guided levels due to a combination of positive grade reconciliations and mine sequencing.

Mill throughput increased to 1,115 tpd in the third quarter, a 10% increase compared to the prior year quarter, reflecting the completion of the Phase I expansion of the mill in 2018. Milling rates exceeded mining rates, as tonnes mined in the quarter were supplemented with existing high-grade surface stockpiles. Mill recoveries were 97% in the third quarter, in line with the prior year quarter and guidance.

Financial Review

Island Gold generated record revenues of \$54.0 million in the third quarter, an increase of 113% compared to the prior year period, reflecting significantly more ounces sold and a higher realized gold price. For the first nine months of 2019, revenues of \$149.1 million were \$51.5 million higher than the prior year period, primarily attributable to more ounces sold.

Cost of sales (includes mining and processing costs, royalties, and amortization expense) of \$32.0 million in the third quarter were 43% higher than the comparative period, reflecting more ounces sold and higher unit mining costs. Cost of sales decreased 21% on a per ounce basis, driven by higher grades mined and lower amortization. Cost of sales for the first nine months of 2019 of \$93.0 million increased 20% from the prior year period due to higher gold sales.

Total cash costs were \$503 per ounce in the third quarter, a 25% improvement from the comparative quarter, driven by higher grades mined partially offset by higher mining costs. Unit mining costs increased to CAD\$171 per tonne in the quarter due to higher contractor and maintenance costs. Total cash costs were consistent with guidance in the quarter. For the first nine months of 2019, total cash costs of \$490 per ounce were 18% lower than the prior year period due to higher grades mined.

Mine-site AISC of \$693 per ounce in the third quarter were below the full year guidance range of \$730 to \$770 per ounce, reflecting lower sustaining capital spending. Mine-site AISC for the first nine months of 2019 of \$658 per ounce were 13% lower than the prior year period and below guidance as \$18.4 million of sustaining capital, or only 50% of the full year budget, had been incurred through the first nine months of the year. As a result, Island Gold's mine-site AISC is expected to increase in the fourth quarter of 2019 and into 2020.

Total capital expenditures were \$13.8 million in the third quarter, with spending focused on lateral development, mining equipment, and capitalized exploration. This included \$7.1 million of sustaining capital and \$6.7 million of growth capital (inclusive of \$4.3 million of capitalized exploration). For the nine month period, total capital expenditures and capitalized exploration was \$44.2 million, consistent with the prior year period. Capital spending is expected to be at the highest level of the year in the fourth quarter.

Island Gold generated record mine-site free cash flow of \$26.8 million during the third quarter driven by strong gold production, high operating margins, and lower capital spending. Through the first nine months of 2019, Island Gold has generated \$55.1 million of mine-site free cash flow, net of all capital and ongoing investment in exploration.

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 28,972 hectares of mineral concessions in close proximity to the Mulatos mine. The mine achieved commercial production in 2006. Having produced its two millionth ounce of gold in March 2019, the Mulatos mine is no longer subject to a third party royalty on production.

Mulatos Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Gold production (ounces)	32,700	43,300	107,900	139,900
Gold sales (ounces)	31,164	42,300	107,369	136,285
Financial Review (in millions)				
Operating Revenues	\$45.1	\$51.5	\$144.7	\$175.2
Cost of sales ⁽¹⁾	\$33.5	\$41.9	\$103.1	\$134.7
Earnings from operations	\$10.6	\$8.0	\$38.9	\$33.9
Cash provided by operating activities	\$7.2	\$16.1	\$31.0	\$56.3
Capital expenditures (sustaining) ⁽²⁾	\$2.1	\$2.1	\$5.3	\$4.7
Capital expenditures (growth) ⁽²⁾	\$10.8	\$4.4	\$39.4	\$16.5
Capital expenditures (capitalized exploration) ⁽²⁾	\$—	\$0.3	\$—	\$2.3
Mine-site free cash flow, before changes in working capital	(\$5.7)	\$9.3	(\$13.7)	\$32.8
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$1,075	\$991	\$960	\$988
Total cash costs per ounce of gold sold ⁽²⁾	\$866	\$771	\$772	\$784
Mine site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$979	\$846	\$861	\$847
Open Pit & Underground Operations				
Tonnes of ore mined - open pit ⁽⁴⁾	1,664,898	1,904,534	5,608,221	6,360,911
Total waste mined - open pit	1,361,660	1,108,953	5,036,918	4,958,609
Total tonnes mined - open pit	3,026,558	3,490,021	10,645,139	13,000,643
Waste-to-ore ratio (operating)	0.63	0.58	0.66	0.78
Tonnes of ore mined - underground	—	9,280	—	45,258
Crushing and Heap Leach Operations				
Tonnes of ore stacked	1,628,401	1,465,876	5,466,393	5,018,456
Average grade of gold processed ⁽⁵⁾	0.81	0.96	0.92	0.89
Contained ounces stacked	42,667	45,043	161,450	143,310
Mill Operations				
Tonnes of high-grade ore milled	—	29,806	—	91,680
Average grade of gold processed ⁽⁵⁾	—	6.07	—	6.70
Contained ounces milled	—	5,815	—	19,744
Total contained ounces stacked and milled	42,667	50,858	161,450	163,054
Average recovery rate	77%	85%	67%	86%
Ore crushed per day (tonnes) - combined	17,700	16,300	20,000	18,700

⁽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.

⁽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 32,700 ounces in the third quarter of 2019, bringing year-to-date production to 107,900 ounces. Third quarter production decreased compared to the prior year period as a result of lower contained ounces stacked in the period, as well as the cessation of mining from the San Carlos underground deposit in the third quarter of 2018.

The Company is currently mining from the Mulatos, Victor, and San Carlos open pits, and recently completed mining of La Yaqui Phase I. Mining and stacking rates were impacted by abnormally high rainfall in September over a short period of time which temporarily restricted mining activities in the main Mulatos pit, as well as the wind-down of mining activities at La Yaqui Phase I.

Total crusher throughput averaged 17,700 tpd for a total of 1,628,401 tonnes stacked in the third quarter at a grade of 0.81 g/t Au. Fourth quarter production at Mulatos is expected to be similar to the third quarter, as lower contained ounces stacked in the third quarter and the completion of mining at La Yaqui Phase I are expected to be partially offset by stacking of ore from Cerro Pelon.

During the third quarter, the Company completed mining activities at the La Yaqui Phase I project. Over a two-year period starting in the third quarter of 2017, La Yaqui Phase I gold production totaled approximately 60,000 ounces and the project generated over \$35 million of free cash flow (net of construction capital of \$12.5 million). The project was constructed on time and on budget, demonstrating the strength of the Company's mine-building team at Mulatos, as well as the high-return potential of the satellite projects that exist at Mulatos, including Cerro Pelon and La Yaqui Grande.

Financial Review

Third quarter revenues of \$45.1 million were \$6.4 million lower than the prior year quarter, primarily due to lower grades mined and no contribution from the San Carlos underground in 2019. For the first nine months of 2019, revenues of \$144.7 million were \$30.5 million lower than the prior year period.

Cost of sales (includes mining and processing costs, royalties, and amortization expense) were \$33.5 million in the third quarter, lower than the prior year period due to a lower number of tonnes mined and ounces sold. Amortization expense of \$209 per ounce was below the prior year period but in line with annual guidance. Cost of sales for the first nine months of 2019 were \$103.1 million, 23% lower due to lower tonnes mined and the completion of underground operations in the prior year period.

Total cash costs of \$866 per ounce in the third quarter were higher than the prior year quarter, due to lower grades mined and higher mining and processing costs. For the first nine months of 2019, total cash costs of \$772 per ounce were consistent with the prior year period, and below annual guidance, as the Company benefited from higher grades mined than planned. The Company expects total cash costs in the fourth quarter to be consistent with the third quarter.

Mine-site AISC of \$979 per ounce in the third quarter were higher than the prior year quarter, as a result of higher total cash costs. Mine-site AISC for the first nine months of 2019 of \$861 per ounce were in line with the prior year period. The Company expects full year 2019 mine-site AISC to be consistent with guidance.

Capital spending in the third quarter was focused on expansion projects at Mulatos, including development of the Cerro Pelon open pit and commissioning of the crusher, as well as completion of a leach pad expansion. Total capital spending for the quarter was \$12.9 million, of which \$2.1 million was sustaining capital. For the nine month period, capital expenditures of \$44.7 million were \$21.2 million higher than the prior year period as the Company has invested \$17.7 million in 2019 constructing the Cerro Pelon mine.

Mulatos reported negative mine-site free cash-flow of \$5.7 million in the third quarter due to significant investment in growth projects. Mine-site free-cash flow is expected to be neutral for the remainder of the year as construction of Cerro Pelon is completed.

El Chanate

The El Chanate mine is located northeast of the town of Caborca in the state of Sonora, Mexico. El Chanate ceased mining activities in October 2018 and transitioned to residual leaching and therefore only financial metrics have been included in the below table.

El Chanate Financial and Operational Review

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Gold production (ounces)	2,500	9,700	12,700	33,600
Gold sales (ounces)	2,589	9,687	13,000	33,463
Financial Review (in millions)				
Operating Revenues	\$3.6	\$12.6	\$17.1	\$44.0
Cost of sales ⁽¹⁾	\$4.1	\$13.6	\$17.6	\$46.3
Loss from operations	(\$0.5)	(\$1.0)	(\$0.5)	(\$2.3)
Cash (used in) provided by operating activities	(\$1.0)	(\$2.6)	\$1.2	(\$1.8)
Capital expenditures	\$—	\$0.2	\$—	\$0.5
Mine-site free cash flow ⁽²⁾	(\$1.0)	(\$2.8)	\$1.2	(\$2.3)
Cost of sales, including amortization per ounce of gold sold ⁽¹⁾	\$1,584	\$1,404	\$1,354	\$1,384
Total cash costs per ounce of gold sold ⁽²⁾	\$1,429	\$1,301	\$1,254	\$1,285
Mine site all-in sustaining costs per ounce of gold sold ^{(2),(3)}	\$1,506	\$1,332	\$1,277	\$1,312

⁽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.

⁽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.

El Chanate produced 2,500 ounces of gold in the third quarter, in line with budget. The Company expects full year production to be approximately 15,000 ounces, in line with the low end of annual guidance. Effective October 1, 2019, the operation ceased residual leaching and is transitioning to reclamation activities with rinsing of the leach pad. The Company expects to recover up to 4,000 ounces over the next year through rinsing of the leach pad for reclamation purposes.

Financial Review

Third quarter revenues of \$3.6 million were lower than the prior year quarter due to fewer ounces sold, as mining activities and stacking of ore to the leach pad ceased in 2018. Total cash costs and mine-site AISC in the third quarter were \$1,429 and \$1,506 per ounce, respectively, increasing from the prior year period due to higher fixed costs.

El Chanate generated negative mine-site free cash flow of \$1.0 million in the quarter and positive mine-site free cash flow of \$1.2 million year to date. The Company has transitioned to reclamation activities and expects to partially offset the cost of reclamation through ounces recovered from rinsing of the leach pad.

Third Quarter 2019 Development Activities

Kirazlı (Çanakkale, Turkey)

On October, 14, 2019, the Company suspended all construction activities on its Kirazlı project pending the renewal of its Turkish mining concessions which expired on October 13, 2019. Although the mining concessions have not been revoked and can be renewed following this expiration date, no further construction activities can be completed until the concessions have been renewed.

There has been false information about the project circulated through social media, which resulted in project opposition and related protests. The Company continues to share correct information about the project and dispel this misinformation.

The Company has met all the regulatory requirements and conditions for the concessions to be renewed and reasonably expected the renewal by the expiration date. The communities local to the Kirazlı project remain supportive. As such, the Company is working with the Turkish Department of Energy and Natural Resources on securing the renewal of the mining concessions which will allow for a resumption of construction activities. The renewal is required from the same government department that granted the Operating Permit for Kirazlı in March 2019.

Given the uncertainty around the timing of the concession renewal, initial production from Kirazlı has been delayed from previous guidance of late 2020. The Company will provide updated guidance on the construction schedule and budget for Kirazlı following the receipt of the concession renewal and resumption of construction activities.

During the third quarter of 2019, the Company spent \$12.8 million at Kirazlı, bringing year-to-date spending to \$19.1 million. Of the spending for the year, approximately \$15.0 million was directly related to construction activities, with the rest related to administrative expenses and working capital adjustments.

As outlined in the 2017 Feasibility Study, Kirazlı has an expected 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.

Mulatos District (Sonora, Mexico)

Cerro Pelon

During the third quarter, construction activities were substantially completed, with the Cerro Pelon crushing circuit and conveyor commissioned in October. Major activities in the quarter included:

- Installation and testing of the crushing circuit
- Construction of the overland conveyor and agglomerators
- Construction of the grasshopper conveying system
- Pre-stripping of the open pit

The Company spent \$6.7 million at Cerro Pelon in the third quarter, bringing year-to-date spending to \$17.7 million. The Company expects to commence stacking ore from the Cerro Pelon pit in the fourth quarter of this year, with production expected late in 2019.

Cerro Pelon pit



Cerro Pelon crushing circuit



La Yaqui Grande

The Company received approval of the environmental impact assessment ("MIA") for La Yaqui Grande during the second quarter and the Change in Land Use permit in July 2019. The Company has completed detailed engineering to support the project design and economics. The Company plans to finalize the project economics and announce a construction decision in early 2020. During the third quarter the Company invested \$2.3 million on La Yaqui Grande, bringing year-to-date spending to \$4.2 million.

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 at average mine-site all-in sustaining costs of \$745 per ounce.

The project economics were detailed in the 2017 Feasibility Study (12.5% IRR at a \$1,250 per ounce gold price; 18% IRR at a \$1,400 per ounce gold price). Since the release of the 2017 Feasibility Study, the Company has undertaken several initiatives designed to improve the project economics. These include a detailed review of construction capital, the evaluation of various production scenarios and the inclusion of the results of more detailed engineering.

Development spending in the third quarter of \$1.1 million and year-to-date of \$2.5 million was related to project optimization activities. Ongoing development spending will be focused on 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.

Third Quarter 2019 Exploration Activities

Island Gold (Ontario, Canada)

The 2019 exploration program continues to target three main areas within the Island Gold Deposit which extends over two kilometres along strike. During the first nine months of 2019, the surface and underground exploration drilling programs focused 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, Western, and Eastern Extension areas were testing high-grade, east-plunging shoots outside of existing Mineral Reserves and Resources.

The 2019 exploration budget includes 48,000 metres ("m") of surface directional exploration drilling, 30,000 m of underground exploration drilling and 900 m of exploration drift development.

Surface exploration drilling

A total of 11 holes (12,312 m) were completed in the third quarter as part of the directional exploration drilling program. 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 that was 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 Company released highlights from the surface drilling program in a press release on September 11, 2019, which included the following intercepts:

- 34.28 g/t Au (24.95 g/t cut) over 8.36 m;
- 12.30 g/t Au (12.30 g/t cut) over 6.67 m;
- 6.31 g/t Au (6.31 g/t cut) over 8.10 m;
- 16.61 g/t Au (14.48 g/t cut) over 7.27 m;
- 5.98 g/t Au (5.98 g/t cut) over 5.24 m;
- 3.21 g/t Au (3.21 g/t cut) over 4.83 m; and
- 2.36 g/t Au (2.36 g/t cut) over 9.41 m

Underground exploration drilling

During the third quarter of 2019, a total of 11,903 m of underground exploration drilling was completed in 46 holes from the 340, 620 and 840 levels. The objective of the underground drilling is to identify new Mineral Resources close to existing Mineral Resource or Reserve blocks. A total of 142m of underground exploration drift development was completed on the 620 and 840 levels during the third quarter of 2019.

The Company released highlights from the underground exploration drilling program in a press release on September 11, 2019, which included the following intercepts:

- 63.94 g/t Au (22.24 g/t cut) over 12.33 m;
- 27.82 g/t Au (20.71 g/t cut) over 7.60 m;
- 8.47 g/t Au (8.47 g/t cut) over 3.95 m;
- 9.58 g/t Au (9.58 g/t cut) over 4.30 m;
- 13.48 g/t Au (13.48 g/t cut) over 2.09 m;
- 11.12 g/t Au (11.12 g/t cut) over 2.19 m;
- 11.78 g/t Au (11.78 g/t cut) over 2.38 m; and
- 5.24 g/t Au (5.24 g/t cut) over 6.21 m

Total exploration expenditures during the third quarter of 2019 were \$4.7 million, of which \$4.3 million was capitalized. Year-to-date, \$12.5 million was spent, of which \$11.7 million was capitalized.

Mulatos District (Sonora, Mexico)

The Company has a large exploration package covering 28,972 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 is focused on earlier stage prospects throughout the wider district.

In the third quarter of 2019, the Company invested \$1.0 million in exploration activities within the Mulatos District, and has invested \$2.7 million year-to-date. Spending in the quarter primarily related to mapping and re-logging, and administrative costs.

Lynn Lake (Manitoba, Canada)

Regional exploration continued in the third quarter of 2019 including mapping, prospecting, till sampling, and soil sampling programs focused on a series of prospective targets across the Lynn Lake Greenstone Belt.

Spending in the third quarter totaled \$1.4 million, bringing the year-to-date spend to \$3.7 million. A total of \$6.0 million is budgeted for the Lynn Lake project in 2019.

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 2019, the Company realized an average gold price of \$1,448 per ounce, below the average London PM Fix price of \$1,472 per ounce.

As at September 30, 2019, the Company hedged 50,025 ounces for the remainder of 2019 ensuring an average minimum gold price of \$1,298 per ounce and participation up to an average gold price of \$1,421 per ounce. The contracts settle monthly through the fourth quarter of 2019. In addition, the Company has hedged 47,550 ounces for the first half of 2020 ensuring an average minimum gold price of \$1,404 per ounce and participation up to an average gold price of \$1,633 per ounce.

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 2019, the Canadian dollar averaged approximately \$1.32 CAD to \$1 US dollar compared to \$1.34 CAD to \$1 USD in the second quarter of 2019. The Mexican peso ("MXN") averaged 19.42 MXN to \$1 US dollar in the third quarter of 2019 compared to 19.12 MXN to \$1 US dollar in the second quarter of 2019.

The Company recorded \$nil foreign exchange gain or loss in the third quarter related to translation of the Company's net monetary assets resulting from changes in period-end foreign exchange rates. During the third quarter, the Canadian dollar period end spot price weakened 1% relative to the US dollar, decreasing to \$1.32 CAD to \$1 US dollar at September 30th compared to \$1.31 CAD to \$1 USD at June 30, 2019. Similarly, the Mexican peso ("MXN") period end spot price weakened 2% during the third quarter to 19.71 MXN to \$1 US dollar from 19.23 MXN to \$1 US dollar at June 30, 2019.

During the quarter, the movement of the CAD and MXN rates generated a foreign exchange loss of \$6.5 million on the revaluation of monetary tax and deferred tax balances, which is recorded within deferred tax expense.

The Company actively manages its currency exposure through a hedging program, which resulted in a realized foreign exchange gain of \$0.2 million in the quarter and a gain of \$0.9 million year-to-date. The Company applies hedge accounting; accordingly, these realized gains have been applied to benefit operating and capital costs at the operating mines, which has improved mine-site all-in sustaining costs for the period.

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,	
	2019	2018	2019	2018
Gold production (ounces)	121,900	124,000	372,400	379,400
Gold sales (ounces)	119,392	119,401	367,554	378,718
Operating Revenues	\$172.9	\$146.7	\$497.1	\$488.7
Cost of sales ⁽¹⁾	\$127.3	\$137.6	\$385.4	\$432.3
Earnings from operations	\$37.5	\$0.6	\$84.4	\$28.7
Net earnings (loss)	\$17.7	\$7.2	\$58.1	(\$1.1)
Adjusted net earnings ⁽²⁾	\$23.4	(\$1.9)	\$51.4	\$15.3
Earnings per share, basic	\$0.05	\$0.02	\$0.15	\$0.00
Adjusted earnings per share ⁽²⁾	\$0.06	\$0.00	\$0.13	\$0.04
Total assets			\$3,331.1	\$3,333.4
Total non-current liabilities			550.1	533.0
Cash flow from operations	\$67.9	\$45.2	\$182.6	\$166.5
Dividends per share, declared and paid	0.01	0.01	0.03	0.02
Average realized gold price per ounce	\$1,448	\$1,229	\$1,352	\$1,290
Cost of sales per ounce of gold sold, including amortization ⁽¹⁾	\$1,066	\$1,152	\$1,049	\$1,141
Total cash costs per ounce of gold sold ⁽²⁾	\$730	\$817	\$720	\$813
All-in sustaining costs per ounce of gold sold ⁽²⁾	\$950	\$1,048	\$944	\$992

⁽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.

Review of Third Quarter Financial Results

Operating Revenue

During the third quarter of 2019, the Company sold 119,392 ounces of gold for total revenue of \$172.9 million, an 18% increase from the prior year period due to an increase in realized gold prices. The average realized gold price in the quarter was \$1,448 per ounce compared to \$1,229 per ounce in the prior year.

Cost of Sales

Cost of sales were \$127.3 million in the third quarter of 2019, a 7% decrease compared to the prior year period, driven by lower mining and processing costs, and lower royalties.

Mining and Processing

Mining and processing costs were \$83.0 million compared to \$92.8 million in the prior year period. This decline was attributable to lower operating costs at Island Gold and Young-Davidson, and the completion of mining activities at El Chanate in the fourth quarter of 2018.

Consolidated total cash costs for the quarter were \$730 per ounce compared to \$817 per ounce in the prior year period. Low cost production growth at Island Gold, combined with higher mining rates and higher grades mined at Young-Davidson, contributed to an 11% decrease in total cash costs compared to the prior year period.

AISC were \$950 per ounce in the quarter, a 9% decrease from the prior year period, primarily driven by lower total cash costs.

Royalties

Royalty expense was \$4.2 million in the quarter, lower than the prior year period of \$4.8 million, as the 5% Mulatos royalty commitment ceased in the first quarter of 2019, partially offset by a higher number of ounces sold at Island Gold and a higher gold price.

Amortization

Amortization of \$40.1 million in the quarter was consistent with the prior year period expense of \$40.0 million. On a per ounce basis, amortization of \$336 per ounce was consistent with both the prior year period and guidance.

Earnings from Operations

The Company recognized earnings from operations of \$37.5 million in the quarter, higher than the prior year period due to higher realized gold prices combined with lower mining and processing and royalty expense, driving stronger margins.

Net Earnings

The Company reported net earnings of \$17.7 million in the quarter, compared to net earnings of \$7.2 million in the same period of 2018, driven by improved gross margins, partially offset by the impact of foreign exchange on tax expense. On an adjusted basis, earnings of \$23.4 million or \$0.06 per share increased compared to the prior year driven by higher gross margins. Adjusted earnings reflect adjustments for other gains and losses, as well as foreign exchange movements related to the Canadian dollar and Mexican Peso, which generated foreign exchange losses of \$6.5 million recorded within both foreign exchange and deferred income taxes.

Review of Nine Month Financial Results

Operating Revenue

For the first nine months of 2019, the Company sold 367,554 ounces of gold for total revenue of \$497.1 million, a 2% increase compared to the prior year period. This was primarily driven by higher realized gold prices, partially offset by less ounces sold at El Chanate as the operation transitioned to residual leaching at the end of 2018. Current year revenue benefited from a higher realized gold price of \$1,352 per ounce in the year compared to \$1,290 per ounce in 2018, a \$23.5 million impact.

Cost of Sales

Year-to-date, cost of sales were \$385.4 million, compared to \$432.3 million in the prior year period driven by lower mining and processing costs, royalties and amortization charges.

Mining and Processing

Mining and processing costs decreased to \$251.6 million from \$291.0 million in the prior year period, primarily due to lower operating costs at Young-Davidson and Mulatos which drove down total cash costs for the period, and the completion of mining activities at El Chanate.

Consolidated total cash costs per ounce to date in 2019 decreased 11% to \$720 per ounce compared to \$813 per ounce in the prior year period. The decline in total cash costs was driven by low cost production growth at Island Gold, and lower operating costs and higher grades mined at both Young-Davidson and Mulatos. Year-to-date total cash costs at Mulatos are significantly lower than guidance as the operation has benefited from higher grades mined and unbudgeted sales of concentrate.

For the first nine months of 2019, AISC decreased to \$944 per ounce from \$992 per ounce in the prior year period. The decrease was primarily driven by the reduction in total cash costs, partially offset by higher sustaining capital expenditures.

Royalties

Royalty expense in the first nine months of 2019 of \$13.0 million was 23% lower than \$16.8 million recorded in the prior year period, primarily due to the completion of the third-party royalty commitment at Mulatos in the first quarter of 2019.

Amortization

Amortization of \$120.8 million in 2019 was lower than the prior year period due to fewer ounces sold in the current year. On a per ounce basis amortization was \$329 per ounce, in line with guidance and the prior year period.

Earnings from Operations

The Company recognized earnings from operations of \$84.4 million for 2019, compared to earnings of \$28.7 million in the same period of 2018. The substantial increase in earnings from operations was driven by higher gold prices, and increased production from the high margin Island Gold operation.

Net Earnings

For the first nine months, the Company reported net earnings of \$58.1 million, compared to a net loss of \$1.1 million in the same period of 2018, driven by improved margins. On an adjusted basis, earnings of \$51.4 million or \$0.13 per share for the year were higher than the prior year period. Adjusted net earnings reflect adjustments for other gains, as well as foreign exchange movements related to the Canadian dollar and Mexican Peso, which generated foreign exchange gains of \$4.9 million in 2019 recorded within both foreign exchange gain and deferred income taxes.

Consolidated Expenses and Other

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Exploration expense	(\$1.9)	(\$2.4)	(\$5.0)	(\$8.5)
Corporate and administrative expense	(4.5)	(4.9)	(14.6)	(13.9)
Share-based compensation expense	(1.7)	(1.2)	(7.7)	(5.3)
Finance expense	(0.9)	(1.0)	(2.1)	(2.8)
Foreign exchange gain (loss)	—	0.7	0.3	(2.7)
Other gain	0.8	0.4	2.5	1.7

Exploration

Exploration expense mainly relates to expenditures on early-stage exploration projects and corporate exploration support. Exploration expense incurred in the third quarter of 2019 related to exploration activities at Mulatos and corporate support, as the majority of spending at Island Gold was capitalized in the quarter. For the first nine months of 2019, exploration expense of \$5.0 million primarily related to Mulatos and corporate exploration support.

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 were consistent with the prior year quarter. For the first nine months of 2019, corporate and administrative costs were higher than the prior year due to higher personnel costs and travel but were consistent with annual guidance of \$20 million for 2019.

Share-based compensation

Share-based compensation expense was \$1.7 million in the third quarter and was consistent with the prior year period. For the first nine months of 2019, share-based compensation of \$7.7 million was higher than the prior year period due to the impact of an increasing share price on the mark-to-market revaluation of long-term incentive grants.

Finance expense

Finance expense was consistent with the prior year period and budget.

Foreign exchange gain

During the quarter, a foreign exchange gain of \$nil was recorded, as there was minimal impact of the Canadian dollar and Mexican peso relative to the US dollar on the foreign denominated net monetary assets and liabilities. On a year-to-date basis, the Company recorded a \$0.3 million foreign exchange gain.

The Company applies hedge accounting to 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 realized a gain of \$0.2 million on settled contracts, which was applied against mining and processing costs and capital expenditures. In addition, a mark-to-market loss of \$0.6 million on the outstanding hedge position, net of tax, 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 gains

During the third quarter, the Company recorded other gains of \$0.8 million compared to a gain of \$0.4 million in the prior year period. For the first nine months of 2019, the gain of \$2.5 million relates to the sale of non-core royalties to Metalla for \$8.0 million, partially offset by the unrealized mark-to-market losses on gold collar contracts and other one-time charges.

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 2019, the Company recognized a current tax expense of \$18.5 million and a deferred tax expense of \$8.5 million, compared to a current tax expense of \$17.9 million and a deferred tax expense of \$8.1 million in the same period of 2018. Current income tax expense in 2019 was primarily related to income tax and mining taxes in Mexico. The deferred tax expense was primarily driven by changes to foreign exchange rates during the period.

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 functional currency financial statements. The total foreign exchange impact recorded within taxes in the first nine months of 2019 was an \$4.6 million recovery (2018 - \$14.7 million expense).

Financial Condition

	September 30, 2019	December 31, 2018	
Current assets	\$377.5	\$380.0	Overall, current assets have remained consistent compared to the prior year. The decrease in cash and cash equivalents is mainly attributable to the repurchase and cancellation of \$11.4 million of common shares and payment of \$11.7 million in dividends during the year. This was partially offset by increased ore inventory and the sale of non-core royalties.
Long-term assets	2,953.6	2,885.2	Long-term assets have increased from the prior year primarily as investments in capital expenditures were offset by amortization charges during the period.
Total assets	\$3,331.1	\$3,265.2	
Current liabilities	\$123.6	\$124.9	Current liabilities are consistent with the prior period.
Non-current liabilities	550.1	538.0	Non-current financial liabilities are consistent with the prior period.
Total liabilities	\$673.7	\$662.9	
Shareholders' equity	\$2,657.4	\$2,602.3	Shareholders' equity for the period increased as a result of net earnings generated in the period, partially offset by dividends paid and the repurchase and cancellation of common shares.
Total liabilities and equity	\$3,331.1	\$3,265.2	

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, 2019, the Company had cash and cash equivalents of \$185.6 million and \$16.9 million in equity securities compared to \$206.0 million and \$7.8 million, respectively, at December 31, 2018. 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 \$602.5 million at September 30, 2019 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,	
	2019	2018	2019	2018
Cash flow provided by operating activities	\$67.9	\$45.2	\$182.6	\$166.5
Cash flow used in investing activities	(66.8)	(55.1)	(192.3)	(135.1)
Cash flow provided by (used in) financing activities	1.7	(1.2)	(11.2)	(6.2)
Effect of foreign exchange rates on cash	(0.4)	0.8	0.5	(1.2)
Net increase (decrease) in cash	2.4	(10.3)	(20.4)	24.0
Cash and cash equivalents, beginning of period	183.2	235.1	206.0	200.8
Cash and cash equivalents, end of period	\$185.6	\$224.8	\$185.6	\$224.8

Cash flow provided by operating activities

In the third quarter of 2019, operating activities generated cash flow of \$67.9 million compared to \$45.2 million in the same period in 2018, a 50% increase resulting from improved margins at the Company's operating sites. Cash flow provided by operations before working capital and taxes paid was \$79.8 million in the third quarter, compared to \$41.6 million in the prior year period. For the first nine months of 2019, operating activities generated \$182.6 million compared to \$166.5 million in the prior year period, as a result of higher realized gold prices and operating margins, partially offset by lower gold sales.

Cash flow used in investing activities

For the third quarter of 2019, capital expenditures of \$66.3 million were higher than expenditures of \$55.1 million incurred in the same period in 2018. Capital expenditures were higher at Young-Davidson, focused on the lower mine development and the new life-of-mine tailings facility. In addition, Mulatos capital spending increased, focused on construction of the Cerro Pelon project. For the first nine months of 2019, the Company invested \$190.7 million in capital expenditures compared to \$160.0 million in the prior year period.

Cash flow used in financing activities

During the first quarter of 2019, the Company initiated a quarterly dividend (from semi-annual in the prior year) of \$0.01 per share. For the three and nine months ended September 30, 2019, the Company paid \$3.9 million and \$11.7 million, respectively.

On a year-to-date basis, the Company repurchased and cancelled 2,748,352 common shares under the NCIB at a cost of \$11.4 million or \$4.17 per share.

In the second quarter, the Company completed a Canadian Development Expense ("CDE") and Canadian Exploration Expense ("CEE") flow-through financing for gross proceeds of \$7.5 million at a premium to the share price on the date of issuance. As a result, the Company issued 1,132,169 shares.

Credit Facility

In 2018, the Company completed an 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 a 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, 2019, the Company is in compliance with the covenants and the Facility is fully undrawn.

Outstanding Share Data

	October 29, 2019
Common shares	391,190,054
Stock options	4,688,043
Deferred share units	685,487
Performance share units	1,075,081
Restricted share units	2,101,020
	399,739,685

Related party transactions

There were no related party transactions during the year other than those disclosed in the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2019.

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, 2019, 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.

The following gold collar contracts are outstanding as of September 30, 2019:

Period Covered	Contract type	Ounces subject to contract	Average purchase put option	Average sold call option
Q4 2019	Collars	50,025	\$1,298	\$1,421
H1 2020	Collars	47,550	\$1,404	\$1,633

The fair value of these contracts was a liability of \$3.7 million at September 30, 2019 (December 31, 2018 - liability of \$0.1 million).

For the three and nine months ended September 30, 2019, the Company realized losses of \$3.1 million related to the settlement of option contracts (for the three and nine months ended September 30, 2018 - gain of \$nil and \$4.5 million). The Company recorded unrealized losses of \$0.3 million and \$3.6 million, for the three and nine months ended September 30, 2019 (for the three and nine months ended September 30, 2018 unrealized gain of \$3.3 million and a loss of \$3.6 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, 2019, 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, and are summarized as follows:

Canadian dollar contracts

Period Covered	Contract type	Contracts (CAD\$ Millions)	Average minimum rate (USD/CAD)	Average maximum rate (USD/CAD)
Q4 2019	Collars	93.0	1.30	1.35
Q1 - Q2 2020	Collars	63.0	1.31	1.37

Mexican Peso contracts

Period Covered	Contract type	Contracts (MXN Millions)	Average minimum rate (MXN/USD)	Average maximum rate (MXN/USD)
Q4 2019	Collars	300.0	19.81	22.37
Q1 - Q3 2020	Collars	1,005.0	19.57	22.12

The fair value of these contracts was an asset of \$0.8 million at September 30, 2019 (December 31, 2018 - liability of \$4.7 million). For the three and nine months ended September 30, 2019, the Company realized gains on foreign currency derivative instruments of \$0.2 million and \$0.9 million and an unrealized loss of \$1.3 million and unrealized gain of \$6.5 million, respectively (for the three and nine months ended September 30, 2018 - realized gains of \$nil and \$4.5 million and unrealized gains of \$3.3 million and \$1.0 million, respectively).

Fuel contracts

The Company enters into option contracts to economically hedge against the risk of an increase in the price of diesel fuel. These option contracts are for the purchase of New York Harbour Ultra Low Sulfur Diesel ("ULSD") contracts, which settle on a monthly basis. The Company believes this is an appropriate manner to manage price risk.

As at September 30, 2019, the Company has hedged 680,000 gallons of diesel at a range of \$1.83 to \$2.09 per gallon.

For the three and nine months ended September 30, 2019, the Company has an unrealized loss of \$nil and a gain of \$0.5 million, respectively, recorded in accumulated other comprehensive loss related to the fuel hedges.

Summary of Quarterly Financial and Operating Results

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Gold ounces produced	121,900	125,200	125,300	125,600	124,000	126,500	128,900	120,300
Gold ounces sold	119,392	128,457	119,705	131,161	119,401	129,272	130,045	126,786
Operating Revenues	\$172.9	\$168.1	\$156.1	\$163.1	\$146.7	\$168.9	\$173.1	\$161.7
Earnings (loss) from operations	\$37.5	\$28.2	\$18.7	(\$51.3)	\$0.6	\$9.6	\$18.5	\$17.1
Net earnings (loss)	\$17.7	\$23.6	\$16.8	(\$71.5)	\$7.2	(\$8.9)	\$0.6	(\$4.7)
Earnings (loss) per share, basic	\$0.05	\$0.06	\$0.04	(\$0.18)	\$0.02	(\$0.02)	\$0.00	(\$0.01)
Earnings before interest, taxes, depreciation and amortization ⁽¹⁾	\$78.4	\$69.1	\$60.5	\$43.0	\$41.7	\$51.9	\$58.6	\$47.8
Cash provided by operating activities	\$67.9	\$72.3	\$42.4	\$47.4	\$45.2	\$62.5	\$58.8	\$48.6
Average realized gold price	\$1,448	\$1,309	\$1,304	\$1,244	\$1,229	\$1,307	\$1,331	\$1,275

⁽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.

Since the acquisition of Island Gold in the fourth quarter of 2017, quarterly revenues have been consistent, with fluctuations resulting from changes in the gold price for the period, which has trended higher over the past three quarters.

Earnings from operations and cash flow from operating activities have improved since Q4 2017 as a result of a higher gold price and lower operating costs, resulting in higher margins on ounces produced. Earnings from operations and net income in the fourth quarter of 2018 were impacted by one-time, non-cash items, including a non-cash inventory impairment charge at El Chanate.

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,	
	2019	2018	2019	2018
Net earnings (loss)	\$17.7	\$7.2	\$58.1	(\$1.1)
Adjustments:				
Foreign exchange (gain) loss	—	(0.7)	(0.3)	2.7
Other gain	(0.8)	(0.4)	(2.5)	(1.7)
Unrealized foreign exchange loss (gain) recorded in deferred tax expense	6.5	(8.0)	(4.6)	14.7
Other income and mining tax adjustments	—	—	0.7	0.7
Adjusted net earnings	\$23.4	(\$1.9)	\$51.4	\$15.3
Adjusted earnings per share - basic and diluted	\$0.06	\$—	\$0.13	\$0.04

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,	
	2019	2018	2019	2018
Cash flow from operating activities	\$67.9	\$45.2	\$182.6	\$166.5
Add back: Changes in working capital and cash taxes	11.9	(3.6)	28.6	(7.6)
Cash flow from operating activities before changes in working capital and cash taxes	\$79.8	\$41.6	\$211.2	\$158.9

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,	
	2019	2018	2019	2018
Cash flow from operating activities	\$67.9	\$45.2	\$182.6	\$166.5
Less: mineral property, plant and equipment expenditures	(66.3)	(55.1)	(190.7)	(160.0)
Company-wide free cash flow	\$1.6	(\$9.9)	(\$8.1)	\$6.5

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,	
	2019	2018	2019	2018
<i>(in millions)</i>				
Cash flow from operating activities	\$67.9	\$45.2	\$182.6	\$166.5
Less: operating cash flow used by non-mine site activity	(6.2)	(6.2)	(22.7)	(21.5)
Cash flow from operating mine-sites	\$74.1	\$51.4	\$205.3	\$188.0
Mineral property, plant and equipment expenditure	\$66.3	\$55.1	\$190.7	\$160.0
Less: capital expenditures from development projects, and corporate	(15.7)	(8.2)	(28.9)	(23.2)
Capital expenditure from mine-sites	\$50.6	\$46.9	\$161.8	\$136.8
Total mine-site free cash flow	\$23.5	\$4.5	\$43.5	\$51.2

Young-Davidson Mine-Site Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions)</i>				
Cash flow from operating activities	\$27.3	\$24.0	\$73.8	\$73.9
Mineral property, plant and equipment expenditure	(23.9)	(22.1)	(72.9)	(63.5)
Mine-site free cash flow	\$3.4	\$1.9	\$0.9	\$10.4

Mulatos Mine-Site Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions)</i>				
Cash flow from operating activities	\$7.2	\$16.1	\$31.0	\$56.3
Mineral property, plant and equipment expenditure	(12.9)	(6.8)	(44.7)	(23.5)
Mine-site free cash flow	(\$5.7)	\$9.3	(\$13.7)	\$32.8

Island Gold Mine-Site Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions)</i>				
Cash flow from operating activities	\$40.6	\$13.9	\$99.3	\$59.6
Mineral property, plant and equipment expenditure	(13.8)	(17.8)	(44.2)	(49.3)
Mine-site free cash flow	\$26.8	(\$3.9)	\$55.1	\$10.3

El Chanate Mine-Site Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions)</i>				
Cash flow from operating activities	(\$1.0)	(\$2.6)	\$1.2	(\$1.8)
Mineral property, plant and equipment expenditure	—	(0.2)	—	(0.5)
Mine-site free cash flow	(\$1.0)	(\$2.8)	\$1.2	(\$2.3)

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,	
	2019	2018	2019	2018
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$83.0	\$92.8	\$251.6	\$291.0
Royalties	4.2	4.8	13.0	16.8
Total cash costs	\$87.2	\$97.6	\$264.6	\$307.8
Gold ounces sold	119,392	119,401	367,554	378,718
Total cash costs per ounce	\$730	\$817	\$720	\$813
Total cash costs	\$87.2	\$97.6	\$264.6	\$307.8
Corporate and administrative ⁽¹⁾	4.5	4.9	14.6	13.9
Sustaining capital expenditures ⁽²⁾	17.8	19.6	53.5	42.4
Share-based compensation	1.7	1.2	7.7	5.3
Sustaining exploration	1.4	1.1	4.2	3.9
Accretion of decommissioning liabilities	0.8	0.7	2.2	2.2
Total all-in sustaining costs	\$113.4	\$125.1	\$346.8	\$375.5
Gold ounces sold	119,392	119,401	367,554	378,718
All-in sustaining costs per ounce	\$950	\$1,048	\$944	\$992

⁽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,	
	2019	2018	2019	2018
<i>(in millions)</i>				
Capital expenditures per cash flow statement	\$66.3	\$55.1	\$190.7	\$160.0
Less: non-sustaining capital expenditures at:				
Young-Davidson	(15.3)	(12.6)	(43.1)	(38.5)
Mulatos	(10.8)	(4.7)	(39.4)	(18.8)
Island Gold	(6.7)	(10.0)	(25.8)	(37.1)
Corporate and other	(15.7)	(8.2)	(28.9)	(23.2)
Sustaining capital expenditures	\$17.8	\$19.6	\$53.5	\$42.4

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$36.6	\$37.8	\$108.5	\$110.3
Royalties	1.2	0.8	2.9	2.6
Total cash costs	\$37.8	\$38.6	\$111.4	\$112.9
Gold ounces sold	48,430	46,853	137,091	133,649
Total cash costs per ounce	\$781	\$824	\$813	\$845
Total cash costs	\$37.8	\$38.6	\$111.4	\$112.9
Sustaining capital expenditures	8.6	9.5	29.8	25.0
Exploration	0.1	—	0.3	0.1
Accretion of decommissioning liabilities	—	0.1	0.1	0.2
Total all-in sustaining costs	\$46.5	\$48.2	\$141.6	\$138.2
Gold ounces sold	48,430	46,853	137,091	133,649
Mine-site all-in sustaining costs per ounce	\$960	\$1,029	\$1,033	\$1,034

Mulatos Total Cash Costs and Mine-site AISC Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$26.7	\$29.9	\$80.0	\$97.2
Royalties	0.3	2.7	2.9	9.7
Total cash costs	\$27.0	\$32.6	\$82.9	\$106.9
Gold ounces sold	31,164	42,300	107,369	136,285
Total cash costs per ounce	\$866	\$771	\$772	\$784
Total cash costs	\$27.0	\$32.6	\$82.9	\$106.9
Sustaining capital expenditures	2.1	2.1	5.3	4.7
Exploration	0.8	0.6	2.4	2.3
Accretion of decommissioning liabilities	0.6	0.5	1.8	1.6
Total all-in sustaining costs	\$30.5	\$35.8	\$92.4	\$115.5
Gold ounces sold	31,164	42,300	107,369	136,285
Mine-site all-in sustaining costs per ounce	\$979	\$846	\$861	\$847

Island Gold Total Cash Costs and Mine-site AISC Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$16.0	\$12.5	\$46.8	\$40.5
Royalties	2.7	1.3	7.2	4.5
Total cash costs	\$18.7	\$13.8	\$54.0	\$45.0
Gold ounces sold	37,209	20,561	110,094	75,321
Total cash costs per ounce	\$503	\$671	\$490	\$597
Total cash costs	\$18.7	\$13.8	\$54.0	\$45.0
Sustaining capital expenditures	7.1	7.8	18.4	12.2
Total all-in sustaining costs	\$25.8	\$21.6	\$72.4	\$57.2
Gold ounces sold	37,209	20,561	110,094	75,321
Mine-site all-in sustaining costs per ounce	\$693	\$1,051	\$658	\$759

El Chanate Total Cash Costs and Mine-site AISC Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<i>(in millions, except ounces and per ounce figures)</i>				
Mining and processing	\$3.7	\$12.6	\$16.3	\$43.0
Total cash costs	\$3.7	\$12.6	\$16.3	\$43.0
Gold ounces sold	2,589	9,687	13,000	33,463
Total cash costs per ounce	\$1,429	\$1,301	\$1,254	\$1,285
Total cash costs	\$3.7	\$12.6	\$16.3	\$43.0
Sustaining capital expenditures	—	0.2	—	0.5
Accretion of decommissioning liabilities	0.2	0.1	0.3	0.4
Total all-in sustaining costs	\$3.9	\$12.9	\$16.6	\$43.9
Gold ounces sold	2,589	9,687	13,000	33,463
Mine-site all-in sustaining costs per ounce	\$1,506	\$1,332	\$1,277	\$1,312

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,	
	2019	2018	2019	2018
Net earnings (loss)	\$17.7	\$7.2	\$58.1	(\$1.1)
Add back:				
Finance expense	0.9	1.0	2.1	2.8
Amortization	40.1	40.0	120.8	124.5
Deferred income tax expense (recovery)	15.9	(10.7)	8.5	8.1
Current income tax expense	3.8	4.2	18.5	17.9
EBITDA	\$78.4	\$41.7	\$208.0	\$152.2

Additional GAAP Measures

Additional GAAP measures are presented on the face of the Company's consolidated statements of comprehensive income (loss) 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, 2019 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2018, except as listed below.

Accounting Policies and Changes

The accounting policies applied in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2018, with the exceptions listed in note 2 of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, and below.

The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2019:

The Company has adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. The objective of IFRS 16 is to recognize substantially all leases on balance sheet for lessees. IFRS 16 requires lessees to recognize a "right-of-use" asset and a lease liability calculated using a prescribed methodology. The Company has adopted IFRS 16 using the modified retrospective approach which does not require restatement of comparative periods. Comparative information has not been restated and continues to be reported under IAS 17, Leases ("IAS 17"), and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4").

Refer to note 2 of the the condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, for detail on the IFRS 16 accounting policy and transitional disclosure.

The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") on January 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments.

The effect of uncertain tax treatments are recognized at the most likely amount or expected value. The adoption of IFRIC 23 had no impact on the condensed interim consolidated financial statements.

Internal Control over Financial Reporting

Management is responsible for the design, implementation and operating effectiveness of internal control over financial reporting. Under the supervision of the Chief Executive Officer and Chief Financial Officer, management evaluated the effectiveness of the Company's internal control over financial reporting as of September 30, 2019. 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 internal control procedures at the end of the period covered by this MD&A, management determined internal control over financial reporting was appropriately designed as at September 30, 2019.

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, 2019 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. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2019 and have concluded that these disclosure controls and procedures were appropriately designed.

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 resources 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 interim 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 or incorporates by reference "forward-looking statements" and "forward-looking information" as defined under applicable Canadian and U.S. securities legislation. All statements, other than statements of historical fact, which address events, results, outcomes or developments 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", "intend", "estimate", "forecast", "budget", "target", "outlook", "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.

Such 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.

Alamos cautions that 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; changes in our credit rating; any decision to declare a quarterly dividend; employee and community relations (including maintaining social license to operate in Turkey); litigation and administrative proceedings; disruptions affecting operations; availability of and increased costs associated with mining inputs and labour; development delays at the Kirazlı project or 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 and maintaining necessary licenses and permits, including the necessary licenses, permits, authorizations and/or approvals from the appropriate regulatory authorities for the Company's development stage and operating assets, including the renewal of the Company's mining concessions in Turkey; the timely resumption of construction and development at the Kirazlı project; labour and contractor availability (and being able to secure the same on favourable terms); contests over title to properties; expropriation or nationalization of property; inherent risks and hazards associated with mining including environmental hazards, industrial accidents, unusual or unexpected formations, pressures and cave-ins; changes in national and local government legislation (including tax legislation), controls or regulations 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, protests and other 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's ability to achieve the expectations set forth in the forward-looking statements contained in this MD&A are set out in the Company's 40-F/Annual Information Form for the year ended December 31, 2018 under the heading "Risk Factors", which is available on the SEDAR website at www.sedar.com or on EDGAR at www.sec.gov. 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.