ALAMOS GOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts are expressed in United States dollars, unless otherwise stated)

This management's discussion and analysis ("MD&A") of the operating results and financial position of Alamos Gold Inc. and its subsidiaries ("the Company") is for the three and six-month periods ended June 30, 2009 compared with the three and six-month periods ended June 30, 2008. Together with the interim consolidated financial statements and related notes, the MD&A provides a detailed account and analysis of the Company's financial and operating performance. The Company's functional and reporting currency is the United States dollar. This MD&A is current to July 31, 2009 and should be read in conjunction with the Company's Annual Information Form and other corporate filings available at www.sedar.com ("SEDAR"). Management is responsible for the interim consolidated financial statements referred to in this MD&A, and provides officers disclosure certifications filed with securities commissions on SEDAR. The audit committee reviews the interim consolidated financial statements and MD&A, and recommends approval to the Company's Board of Directors.

The MD&A should be read in conjunction with the interim consolidated financial statements of the Company and related notes, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Refer to Note 2 of the December 31, 2008 audited consolidated financial statements for disclosure of the Company's significant accounting policies. Refer to Note 3 of the June 30, 2009 interim consolidated financial statements for a discussion of changes in accounting policies and presentation.

Note to U.S. Investors

All references to mineral reserves and resources contained in this MD&A are determined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators ("CSA") and Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standards. While the terms "mineral resource," "measured mineral resource," "indicated mineral resource," and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined terms under the Securities and Exchange Commission ("SEC") standards in the United States ("U.S."). As such, information contained in this MD&A concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. "Indicated mineral resource" and "inferred mineral resource" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

Overview

Alamos Gold Inc. is a publicly traded company on the Toronto Stock Exchange (TSX: AGI). The Company owns 100% of the 30,325-hectare Salamandra group of concessions located

in the state of Sonora in northwest Mexico. The Salamandra group of concessions includes the Mulatos mine (the "Mine") and several other prospective exploration targets throughout the district. The Mine produces gold in dore bars for shipment to a refinery. Gold may be sold in refined form or as dore. The Company achieved commercial production at the Mine on April 1, 2006.

The Salamandra group of concessions contains both advanced and grassroots exploration prospects. There are several advanced exploration projects, including both mineralization extensions and satellite deposits, in close proximity to existing mining operations that have the potential to add resources and reserve ounces to the global Mulatos deposit.

Proven and probable reserves as at December 31, 2008 were 47,654,000 tonnes grading 1.35 grams of gold per tonne of ore ("g/t Au") or approximately 2.05 million contained ounces of gold.

Second Quarter 2009 Highlights

During the three-month period ended June 30, 2009, the Company:

- Recognized record quarterly earnings of $13.0 million ($0.12 per share) compared to earnings of $6.2 million ($0.06 per share (diluted)) in the second quarter of 2008.
- Produced 42,000 ounces at a record low cash operating cost of $275 per ounce of gold sold (total cash cost inclusive of royalties of $324 per ounce of gold sold).
- Reported record quarterly revenues of $42.0 million, a 30% increase over revenues of $32.3 million in the comparable prior year period.
- Generated record cash flows from operating activities of $21.4 million or $0.20 per share compared to $15.2 million or $0.16 per share in the second quarter of 2008.
- Sold 45,420 ounces of gold, representing an increase of 28% over gold sales in the second quarter of 2008 of 35,482 ounces.
- Increased cash and short term investment balances by $21.8 million in the quarter to $140.8 million at June 30, 2009.
- Released a positive technical report validating the economic benefits of constructing a mill to process the Escondida high grade zone.
- Announced an increase in the 2009 exploration budget from $7 million to $10 million as well as significant exploration success, including the delineation of additional high-grade ore at Escondida, high-grade in-pit intercepts and the discovery of a significant extension to the Puerto del Aire zone.

Subsequent to quarter-end, the Company:

- Advanced the Escondida high grade mill project by selecting a contractor to begin waste removal associated with development of the Escondida and Puerto del Aire zones within the greater Mulatos Pit.
- Raised its full year 2009 production target to between 160,000 and 170,000 ounces and lowered it total cash cost target to $335 per ounce.

Results of Operations

Gold production of 42,000 ounces in the second quarter of 2009 increased 9% over gold production of 38,500 ounces in the second quarter of 2008. Gold sales in the second quarter of 2009 increased 28% over the comparable period of 2008 to 45,420 ounces. The table

below outlines key quarterly production indicators during the second quarters of 2009 and 2008 and year-to-date:

Production summary	Q2 2009	Q2 2008	YTD 2009	YTD 2008
Ounces produced [1]	42,000	38,500	88,000	71,753
Ore mined (tonnes)	1,026,000	1,201,000	2,073,000	2,431,000
Waste mined (tonnes)	1,081,000	1,602,000	2,613,000	3,255,000
Total mined (tonnes)	2,107,000	2,803,000	4,686,000	5,686,000
Waste-to-ore ratio	1.05	1.33	1.26	1.34
Ore crushed (tonnes)	1,072,000	1,173,000	2,140,000	2,417,000
Ore mined per day (tonnes)	11,300	13,100	11,400	13,400
Ore crushed per day (tonnes)	11,800	12,800	11,800	13,300
Grade (g/t Au)	1.92	1.85	1.82	2.10

(1) Reported gold production for Q2 and YTD 2008 has been adjusted to reflect final refinery settlement. Reported gold production for Q2 and YTD 2009 is subject to final refinery settlement and may be adjusted.

In late 2008, the Company commissioned the drum agglomeration process with the expectation that this process would improve leach pad percolation and corresponding gold recoveries. In the first quarter of 2009, quarterly gold production reached a record level of 46,000 ounces. Second quarter 2009 gold production of 42,000 ounces continued to demonstrate the benefits of the agglomeration process. Higher gold production in 2009 has resulted from positive actual-to-budget recovery and grade variances that have more than offset the impact of lower than expected daily ore mined and crushed throughput.

The Company has budgeted for recoveries of approximately 60% in 2009. Production results to date indicate that recoveries are exceeding this level. The ratio of the number of ounces produced to the number of contained ounces stacked on the leach pad (hereafter referred to as the "recovery ratio") was 63% in the second quarter of 2009 and 70% on a year-to-date basis in 2009. The twelve-month trailing average recovery ratio has been steadily increasing throughout 2009. Comparing gold production for the period from July 1, 2008 to June 30, 2009 to the number of contained ounces stacked on the leach pad during the same period indicates a twelve-month trailing average recovery ratio at June 30, 2009 of 63%. The Company attributes higher recoveries to improved leach pad percolation resulting from both the ongoing installation of inter-lift liners and better than budgeted results from the drum agglomeration process. In addition, the Company has focused on improving the consistency of the crusher discharge size, which can adversely impact crusher throughput but has greater recovery benefits.

The grade of ore mined and stacked in the second quarter of 2009 of 1.92 g/t Au exceeded the budgeted level of 1.6 g/t Au by approximately 20%. The reconciliation of mined blocks to the block model continues to reflect both positive tonnes and grade variances. For the second quarter of 2009, the reconciliation of mined blocks to the block model was +24%, +12% and +39% for tonnes, grade and ounces respectively. In addition to a positive grade variance,

positive tonnes variances in recent quarters have resulted from modeled waste being identified as ore. Since the start of mining activities in 2005, the project-to-date reconciliation is -3%, +10%, + 6% for tonnes, grade and ounces. Positive reconciliation variances indicate that the Company is mining more gold than what was indicated in the reserve model. The result is higher gold production, an extension of mine life, a lower waste-to-ore ratio and corresponding lower cash operating costs.

Positive grade variances do not indicate that future mined grades will be lower such that the higher grades that the Company has experienced in recent periods will be offset by lower future grades in order to arrive at the average reserve grade for the Mulatos Pit of 1.35 g/t Au. Rather, the higher than modeled grades that the Company has encountered result from the nature of the Mulatos deposit. Recent production has been primarily from vuggy silica, which is often well-fractured, and contains higher grade gold concentrations in friable earthy iron oxides in fractures. The fracture-hosted gold is the primary source of the improved grade and was not possible to adequately quantify from surface drilling due to both the orientation and fracture density and distribution. Historical underground drilling by previous operators traversed more of the fracture zones and resulted in significantly higher grade in bulk rounds. These higher grades approximate the grades that the Company has been recently mining, but were not used in model estimation given their inconsistency with the surface drilling data. Once the Company begins mining in areas outside of vuggy silica, grades are expected to more closely approximate modeled grades. The fact that the Company has realized higher grades while mining in vuggy silica does not imply that grades outside of vuggy silica will be lower than modeled.

Ore mined per day in the second quarter of 2009 averaged 11,300 tonnes and was 14% lower than the 13,100 tonnes per day reported in the corresponding period of 2008. Daily crusher throughput during the second quarter of 2009 averaged 11,800 tonnes per day, or 8% lower than in the second quarter of 2008. Both mine and crusher throughput were also below budgeted levels of 13,400 tonnes per day. Outside of efforts to improve crusher product size at the expense of throughput, the largest single source of lower than budgeted throughput in the second quarter of 2009 was a Mexican Presidential Order that resulted in mine operations being shutdown for a period of five consecutive days in an effort to mitigate the impact of any potential outbreaks of the H1N1-strain of the influenza virus.

The following table compares costs per tonne for the periods indicated of 2009 and 2008:

Costs per tonne summary	**Q2 2009**	**Q2 2008**	**YTD 2009**	**YTD 2008**
Mining cost per tonne of material (ore and waste)	$1.93	$1.67	$1.67	$1.58
Waste-to-ore ratio	1.05	1.33	1.26	1.34
Mining cost per tonne of ore	$3.97	$3.90	$3.78	$3.70
Crushing/conveying cost per tonne of ore	$1.65	$2.11	$1.72	$2.17
Processing cost per tonne of ore	$2.74	$2.39	$2.50	$2.30
Mine administration cost per tonne of ore	$1.65	$1.71	$1.61	$1.59
Total cost per tonne of ore	$10.01	$10.11	$9.61	$9.76

Total cost per tonne of ore in the second quarter of 2009 was $10.01, consistent with $10.11 incurred in the same period of 2008. The marginally lower cost per tonne of ore in the second quarter of 2009 was due to a number of factors, including a lower waste-to-ore ratio and the effect of a weaker Mexican peso, offset by lower throughput and higher processing costs. Mining cost per tonne of ore was adversely impacted in the second quarter of 2009 by a one-time charge of $0.4 million related to in-pit drilling that was completed to define the lower boundaries of the Mulatos Pit.

Mining cost per tonne of material was $1.93 in the current period or 16% higher than $1.67 in the second quarter of 2008, primarily resulting from a 25% decrease in the tonnes of total material mined as well as the additional costs associated with in-pit reserve definition drilling.

Crushing and conveying cost per tonne of ore in the second quarter of 2009 was $1.65. This represented a 22% decrease compared to the prior year period and is primarily attributable to cost savings realized from the conveying and stacking system. Additional costs associated with the new stage of crushing and an enhanced preventative maintenance schedule have been more than offset by costs savings associated with the elimination of truck-hauling and loading ore on the leach pad.

Processing cost per tonne of ore in the second quarter of 2009 was $2.74 compared to $2.39 in the same period of 2008. Processing costs include expenditures incurred with respect to the leach pad, gold recovery plant and refining activities. The increase is partly attributable to a general increase in the per unit cost of key consumables such as cyanide and lime, while consumption for lime has decreased and cyanide consumption has increased. Another significant increase in processing costs has resulted from the commissioning of the drum agglomeration process, which has resulted in adding cement to the Company's processing cost structure. Although processing costs have trended higher, the benefits associated with the drum agglomeration process are higher recoveries, increased gold production and corresponding revenues. Subsequent to quarter-end, the Company was able to renegotiate its cyanide purchase contract, resulting in a significant 35% decrease in per tonne cyanide costs that should contribute to lower processing costs in future periods.

Mine administration cost per tonne of ore in the three months ended June 30, 2009 was $1.65, consistent with $1.71 incurred in the same period of 2008.

Cash operating costs of $275 per ounce of gold sold in the second quarter of 2009 were 24% lower than the $361 reported in the second quarter of 2008. Cash operating costs per ounce have decreased to record low levels due primarily to higher recoveries. In addition, operating costs have benefited from a weaker Mexican peso and continuous mine improvement projects.

Cautionary Non-GAAP Statements

The Company believes that investors use certain indicators to assess gold mining companies. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with GAAP. "Cash flow from operating activities before changes in non-cash working capital" is a non-GAAP performance measure which could provide an indication of the Company's ability to generate cash flows from operations, and is calculated by adding back the change in non-cash working capital to "Cash provided by (used for) operating activities" as presented on the Company's

consolidated statements of cash flows. "Mining cost per tonne of ore" is a non-GAAP performance measure which could provide an indication of the mining and processing efficiency and effectiveness at the Mine. It is determined by dividing the relevant mining and processing costs by the tonnes of ore processed in the period. "Cost per tonne of ore" is usually affected by operating efficiencies and waste-to-ore ratios in the period. "Cash operating costs per ounce" and "total cash costs per ounce" as used in this analysis are non-GAAP terms 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. These non-GAAP terms are also used to assess the ability of a mining company to generate cash flow from operations. There may be some variation in the method of computation of "cash operating costs per ounce" as determined by the Company compared with other mining companies. In this context, "cash operating costs per ounce" reflects the cash operating costs allocated from in-process and dore inventory associated with ounces of gold sold in the period. "Cash operating costs per ounce" may vary from one period to another due to operating efficiencies, waste-to-ore ratios, grade of ore processed and gold recovery rates in the period. "Total cash costs per ounce" includes "cash operating costs per ounce" plus applicable royalties. Cash operating costs per ounce and total cash costs per ounce are exclusive of exploration costs.

Financial Highlights

A summary of the Company's financial results for the three and six-month periods ended June 30, 2009 and 2008 are presented below:

	Q2 2009	Q2 2008	YTD 2009	YTD 2008
Cash provided by operating activities before changes in non-cash working capital (000) [1]	$22,222	$12,653	$37,280	$24,030
Changes in non-cash working capital (000)	($790)	$2,545	$837	$5,970
Cash provided by operating activities (000)	$21,432	$15,198	$38,117	$30,000
Earnings before income taxes (000)	$18,921	$9,641	$30,389	$18,795
Earnings (000)	$12,969	$6,191	$21,767	$11,895
Earnings per share				
- basic	$0.12	$0.07	$0.21	$0.13
- diluted	$0.12	$0.06	$0.20	$0.12
Weighted average number of common shares outstanding				
- basic	107,604,000	95,221,000	104,603,000	94,980,000
- diluted	110,439,000	97,412,000	106,722,000	97,072,000

[1] A non-GAAP measure calculated as cash provided by operating activities as presented on the consolidated statements of cash flows and adding back changes in non-cash working capital.

The Company reported strong financial results in the second quarter of 2009, generating record quarterly cash from operating activities before changes in non-cash working capital of $22.2 million, and $21.4 million ($0.20 per share) after changes in non-cash working capital. The $21.4 million cash provided by operating activities represents a 41% increase over the $15.2 million ($0.16 per share (basic)) generated in the second quarter of 2008.

The Company recognized earnings before income taxes of $18.9 million in the second quarter of 2009, a 96% increase compared to $9.6 million reported in the same period of 2008.

The Company recorded earnings of $13.0 million or $0.12 per share in the second quarter of 2009 compared to $6.2 million or $0.06 per share (diluted) in the corresponding period of 2008.

Gold Sales

Details of gold sales are presented below:

	Q2 2009	Q2 2008	YTD 2009	YTD 2008
Gold sales (ounces)	45,420	35,482	85,478	70,091
Gold sales revenues (000)	$41,978	$32,337	$77,498	$63,366
Realized gold price per ounce	$924	$911	$907	$904
Average gold price for period (London PM Fix)	$922	$896	$915	$910

Gold sales revenues of $42.0 million in the second quarter of 2009 represented a 30% increase over the same period of 2008 primarily as a result of a 28% increase in the number of ounces sold. The number of ounces sold increased in the three months ended June 30, 2009 compared to the same period of 2008 as a result of higher gold production.

The Company realized an average gold price of $924 per ounce in the second quarter of 2009, compared to an average London PM Fix spot gold price of $922 during the period. The Company generally enters into forward gold sales contracts in order to match sales contracts with the next expected delivery. The Company's objective is to realize a gold sales price consistent with the average London PM Fix spot gold price. Periodically however, the Company may enter into forward gold sales contracts for future deliveries within a six-month future period in order to fix a gold price that management believes is attractive. At the current time, apart from short-term forward gold sales activity, the Company is fully leveraged to changes in the price of gold.

Assessment of Gold Market

The Company's realized gold price in the second quarter of 2009 was $924 per ounce. The market price of gold continues to exhibit significant volatility. As at July 31, 2009, the average quarter to-date gold price was $934, and the average year-to-date gold price was $918. At these levels, the Company realizes an operating cash margin (before taxes and corporate and administrative costs) of approximately $600 per ounce.

Operating Expenses and Operating Margins

Mine operating costs allocated to ounces sold are summarized in the following table for the periods indicated:

	Q2 2009	Q2 2008	YTD 2009	YTD 2008
Gold production (ounces) [1]	42,000	38,500	88,000	71,753
Gold sales (ounces)	45,420	35,482	85,478	70,091
Cash operating costs (000)[2]	**$12,487**	**$12,816**	**$24,740**	**$25,499**
- Per ounce sold	**$275**	**$361**	**$289**	**$363**
Royalties and production taxes (000)[3]	$2,245	$1,579	$4,131	$3,233
Total cash costs (000)[4]	**$14,732**	**$14,395**	**$28,871**	**$28,732**
- Per ounce sold	**$324**	**$405**	**$338**	**$409**
Amortization (000)	$5,694	$4,811	$10,789	$9,422
Accretion expense (000)	$83	$77	$169	$159
Total production costs (000)[5]	**$20,509**	**$19,283**	**$39,829**	**$38,313**
- Per ounce sold	**$452**	**$543**	**$466**	**$546**
- Realized gold price per ounce	$924	$911	$907	$904
- Operating cash margin per ounce [6]	$600	$506	$569	$495

(1) Reported gold production is subject to final refinery settlement.

(2) ”Cash operating costs” is a non-GAAP measure which includes all direct mining costs, refining and transportation costs and by-product credits. “Cash operating costs” is equivalent to mining and processing costs as reported in the Company’s financial statements, which is presented net of inventory adjustments.

(3) Production royalties are included as of April 1, 2006 at 5% of net precious metals revenues (as determined in accordance with the royalty agreement).

(4) ”Total cash costs” is a non-GAAP measure which includes all “cash operating costs” and royalties and production taxes. “Total cash costs” is equivalent to mining and processing costs and royalties as reported in the Company’s financial statements.

(5) ”Total production costs” is a non-GAAP measure which includes all “total cash costs”, amortization, and accretion of asset retirement obligations. “Total production costs” is equivalent to mining and processing costs, royalties, amortization and accretion of asset retirement obligations as reported in the Company’s financial statements.

(6) “Operating cash margin per ounce” is a non-GAAP measure which is calculated as the difference between the Company’s gold sales and mining and processing and royalty expenses as reported in the Company’s financial statements.

Amortization was $125 per ounce of gold sold in the second quarter of 2009, marginally lower than the $136 per ounce in the comparable period of 2008. A significant portion of the Company’s amortization expense is calculated on a units-of-production basis. An updated reserve estimate was prepared as at December 31, 2008 and reported during the first quarter of 2009. The new reserve estimate increased the mine life significantly, resulting in lower per unit amortization in 2009.

Production from the Mine is subject to a sliding scale production royalty. At current gold prices above $400, the royalty is calculated at a rate of 5% of the value of gold and silver production, less certain deductible refining and transportation costs. The royalty is calculated based on the daily average London PM Fix gold market prices, not actual prices realized by the Company. With the achievement of commercial production on April 1, 2006, the Mine's production to a maximum of two million ounces of gold is subject to royalty. As at June 30, 2009, the royalty was paid or accrued on approximately 420,000 ounces of applicable gold production. Royalty expense for the second quarter of 2009 was $2.2 million compared to $1.6 million in the second quarter of 2008 due to higher production applicable to royalty and an increase in the average market price of gold.

Exploration

The Company's accounting policy for exploration costs requires that exploration spending that does not meet the criteria for mine development be expensed as incurred. Total exploration spending in the second quarter of 2009 was $1.5 million compared to $0.5 million in the second quarter of 2008. Of the $1.5 million invested in exploration activities in the second quarter of 2009, $0.5 million was charged to operations related to drilling at the Puerto del Aire extension and Cerro Pelon, administration costs ($0.1 million) and various other projects ($0.1 million). Capitalized exploration costs in the second quarter totaled $0.8 million and were composed primarily of costs associated with the delineation of additional high grade zones at Escondida, as well as drilling at Gap.

Corporate and Administrative

Corporate and administrative expenses of $1.4 million were incurred in the second quarter of 2009 compared to $0.9 million in the second quarter of 2008. Higher corporate and administrative costs in 2009 compared to 2008 reflect increased headcount at both the Company's head office in Toronto and administration office in Hermosillo, Mexico. Corporate and administrative costs in 2009 are expected to be approximately $5.0 million, exclusive of unusual items.

Stock-based Compensation

Stock-based compensation expense in the second quarter of 2009 was $2.3 million compared to $1.5 million in the comparable period of 2008. The value of stock-based compensation expense is added to the contributed surplus account within shareholders' equity, resulting in no net effect on total shareholders' equity.

In order to promote employee retention, all stock option grants are subject to vesting provisions under which 20% of all stock options granted vest on the date of grant and 20% at each subsequent six-month period. The vesting provisions result in the calculated market value of stock option grants being charged to expense in accordance with the vesting terms of the option.

Stock-based compensation expense in the second quarter of 2009 was significantly higher than in the same period of 2008 even though the number of options granted was comparable. The stock options granted in the second quarter of 2009 had an average calculated Black-Scholes fair value of $3.44 per option compared to $2.27 for the options granted in the second quarter of 2008. As a result, amortization of the grant fair value was higher in the three-month period ended June 30, 2009 than in the comparable period of 2008.

Based on the amortization of the fair value of existing stock option grants only, stock-based compensation expense for 2009 is expected to be approximately $6.0 million. However, any additional stock option grants in 2009 will increase this expense.

Accretion

Accretion expense includes accretion of the Company's asset retirement and property acquisition obligation liabilities.

The asset retirement obligation liability on the Company's balance sheet of $4.0 million at June 30, 2009 reflects the discounted value of the amount the Company expects to incur on closure of the mine including reclamation and reforestation activities. The Company's estimate of the expected future costs associated with mine closure and reclamation is based on a mine closure plan presented in a report prepared by an independent third-party consultant adjusted by management to account for expected inflation rates. Accretion represents the increase in the liability due to the passage of time. Accretion of asset retirement obligation expense in the second quarter of 2009 was $69,000 compared to $56,000 in the second quarter of 2008.

Employee Future Benefits

The Company is required to recognize employee future benefit liabilities associated with its Mexican work force. On an annual basis, the Company hires an independent consultant to review and calculate the liability for seniority premiums and termination benefits in accordance with Mexican Labor Law. As at June 30, 2009, the Company had accrued an employee future benefit liability of $0.6 million. Employee future benefits expense of $67,000 in the second quarter of 2009 is a non-cash charge reflecting the increase in the present value of the employee future benefit liability.

Interest Income

Interest income in the three-month period ended June 30, 2009 was $433,000, compared to $73,000 in the same period of 2008. The higher interest income in the current period was attributable to higher average cash balances; partially as a result of the February 2009 bought-deal financing which increased the Company's cash balances by approximately $62 million. The Company expects interest income to increase further in the third quarter; however, current interest rates on deposit accounts are at historic lows.

Foreign Exchange Gain

The Company recognized a foreign exchange gain of $1.5 million during the second quarter of 2009 compared to a foreign exchange loss of $0.2 million in the same period of 2008. During the second quarter of 2009, the value of both the Mexican peso and the Canadian dollar strengthened compared to the United States dollar. During the period, the Company's net Mexican peso-denominated assets exceeded its net Mexican peso-denominated liability position, resulting in significant unrealized foreign exchange gains on revaluation. In addition, the exercise of stock options during the second quarter of 2009 resulted in an increase to the Company's Canadian dollar denominated cash balance, creating a net Canadian dollar asset exposure that resulted in a foreign exchange gain.

Income Taxes

Tax expense in the second quarter of 2009 was $6.0 million compared to $3.5 million in the same period of 2008. The Single Rate Tax Law (minimum tax) that came into effect in Mexico at the start of 2008 did not contribute to a higher tax expense in the second quarter of 2009, but may in future periods. The Company is now cash taxable in Mexico and must calculate and provide for tax installments on a monthly basis. The Company satisfies its tax liability through periodic installment payments, as well as by offsetting refundable value-added tax owed from the Mexican government against its tax payable liability.

The general statutory income tax rate in Mexico is 28%. In Canada, the combined federal and provincial statutory income tax rate is approximately 33%. The effective tax rate in the second quarter of 2009 (calculated as a percentage of earnings before income tax) was 31% compared to 36% in the second quarter of 2008. The effective tax rate for the six-month period ended June 30, 2009 was 28%. The effective tax rate results from a number of factors, many of which are difficult to forecast.

Summary of Quarterly Results

The following table summarizes quarterly results for the past eight quarters. Quarterly gold production has been adjusted to reflect final settlements, where applicable.

	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Gold production (ounces)	21,670	31,390	33,253	38.500	39,900	39,347	46,000	42,000
Gold sales (ounces)	23,170	27,029	34,609	35,482	41,293	40,176	40,058	45,420
Gold sales ($000)	15,590	20,683	31,030	32,337	37,207	32,400	35,521	41,978
Earnings from operations ($000)	1,062	830	9,423	10,175	11,387	8,708	11,743	17,111
Earnings (loss) ($000)	117	(260)	5,703	6,191	8,346	9,140	8,797	12,969
Earnings (loss) ($ per share) – basic/diluted	0.00	(0.00)	0.06	0.07/ 0.06	0.09	0.10	0.09	0.12

The Company began commercial production at the Mulatos mine in the second quarter of 2006. Gold production, gold sales and earnings have generally trended higher over the past eight quarters as the Company has optimized mining operations and benefited from rising gold prices. Higher realized gold prices and gold sales resulted in improved financial results in each consecutive quarter of 2008. Generally, third quarter operating and financial results could represent seasonal lows if the anticipated rainy season in northern Mexico is significantly worse than average.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, short term investments, amounts receivable, accounts payable and accrued liabilities and current and future income tax liabilities, some of which are denominated in Canadian dollars or Mexican pesos. The Company is exposed to financial gains or losses as a result of foreign exchange movements against the United States dollar.

The Company's cash and cash equivalents may be invested in short-term liquid deposits or investments which provide a revised rate of interest upon maturity. At June 30, 2009, the majority of the Company's reported cash and cash equivalents were held in bank deposit accounts or 30-day term deposits. The Company's short term investments are generally term deposits with an initial term-to-maturity greater than 90 days.

In addition to United States dollar costs, the Company also incurs operating costs denominated in both the Canadian dollar and the Mexican peso. Accordingly, the Company's operating costs are affected by changes in the foreign exchange rates of those currencies.

The Company has elected not to hedge its exposure to fluctuations in the Canadian dollar by buying fixed rate forward contracts in Canadian dollars. Corporate and administrative costs associated with the Company's head office in Toronto are denominated in Canadian dollars. A 10% increase in the value of the Canadian dollar against the United States dollar could increase the Company's reported corporate and administrative costs by approximately $0.5 million annually.

The Company has exposure to monetary assets and liabilities denominated in Mexican pesos. Significant cash balances, outstanding amounts receivable, accounts payable or tax liabilities denominated in Mexican pesos expose the Company to foreign exchange gains or losses. The Company has acquired additional monetary assets denominated in Mexican pesos to, at a minimum offset its balance sheet exposure to changes in the Mexican peso/United States dollar exchange rate resulting from its Mexican peso-denominated taxes payable and future tax liability balances.

Despite a 7% appreciation in the average value of the Mexican peso compared to the United States dollar in the second quarter of 2009 compared to the first quarter of 2009, the Mexican peso has weakened significantly over the past year. As the Mexican peso weakens against the United States dollar, the Company's operating costs (as reported in equivalent United States dollars) decrease. A 10% decline in the value of the Mexican peso compared to the United States dollar could reduce the Company's mining and processing costs and increase earnings before income taxes by approximately $2.5 million annually. Conversely, a 10% strengthening in the value of the Mexican peso could decrease earnings before income taxes by the same amount.

Investment in Mineral Property, Plant and Equipment

A breakdown of the cash invested in mineral property, plant and equipment for the three and six-months ended June 30, 2009 is presented below:

	Q2 2009 ($000)	YTD 2009 ($000)
Operations capital		
Construction	1,416	2,328
Close crushing circuit project	816	1,130
Component changes	288	929
Mobile equipment	128	274
Pit design and slope stability	158	410
Other	624	1,275
	3,430	6,346
Development		
Escondida high-grade mill development	1,184	1,581
Acquisitions and Mulatos relocation	265	354
Capitalized exploration costs	819	2,611
	2,268	4,546
Cash invested in mineral property, plant and equipment	**5,698**	**10,892**

Capital spending in the second quarter of 2009 included spending on construction activities focused on the leach pad, advancing the Escondida high-grade mill development and closing the crushing circuit projects, as well as capitalized exploration spending.

Operations Capital
During the second quarter, the Company invested $0.7 million to complete construction of the new inter-lift liner area. Leach pad stacking began on this area in the third quarter of 2009. The inter-lift liner is expected to continue to contribute to improved leach pad percolation and corresponding recoveries.

In addition, the Company invested $0.8 million in the second quarter of 2009 on engineering and consulting fees related to closing the existing crushing circuit. The total budget for this project is $9 million and the Company expects to be operating a closed circuit crushing system by the fourth quarter of 2009. Closing the crushing circuit will produce a crusher discharge size of 100% passing 3/8th's of an inch, which is expected to increase recoveries by between four and seven percentage points.

Other key capital spending in the second quarter of 2009 included $0.3 million in scheduled component changes, $0.2 million related to pit slope stability testing, $0.1 million in mobile equipment and $0.6 million in other spending.

Development

In the second quarter, the Company spent approximately $1.2 million upgrading the power house in order to support the planned construction of the Escondida mill. During the quarter, the Company released the results of a technical report (“KDE Report”) evaluating the Escondida high-grade mill project. Based solely on the proven and probable reserves of the milling ore, the KDE Report confirmed that the development and processing of the Escondida high-grade zone is economically robust, and that 90% or more of the high-grade Escondida ore is recoverable in a crushing, grinding, and gravity milling operation. The KDE Report recommends constructing a 500 tpd mill, leaching the mill tailings, and indicates that processing high-grade Escondida ore using a gravity circuit will be profitable. Other key findings of the KDE Report were:

- Gravity recovery: 90%
- Gravity plus leach recovery: 99.4% when ground to 88 microns (which is based on laboratory testing results and thus operating results may be less)
- Initial capital cost: $17.5-million (including 20% contingency)
- Operating costs: $12.08 per tonne of ore (or $39.62 per ounce of gold)

In addition to processing potentially higher grade ore than the reserve grade, it may be possible to add to the mine life of the mill project. The recent discoveries of a southwest extension to the Escondida high-grade zone and the new northeast Escondida high-grade zone are expected to provide additional ore for mill processing. Other projects, such as San Carlos, show evidence of high-grade ore with similar characteristics to the high-grade Escondida ore.

Subsequent to the end of the second quarter of 2009, the Company selected a contractor to remove the waste overlying the Escondida and Puerto del Aire zones of the Mulatos Pit. The contractor has begun to mobilize personnel and equipment to site. The negotiated cost per tonne is $1.53, approximately 8% below the Company’s second quarter 2009 internal mining cost per tonne of material.

Exploration

Exploration activities throughout 2009 have continued to focus on near-mine reserve expansion and regional exploration targets. In May 2009, the annual exploration budget was increased from $7 million to $10 million to reflect continued exploration success.

Exploration activities at Mulatos in the second quarter of 2009 progressed significantly with up to three core and three reverse-circulation ("RC") rigs active throughout the quarter. Exploration expenditures were $1.5 million in the second quarter, of which $0.7 million was expensed and $0.8 million of spending at Escondida and Gap was capitalized as mine development. Year-to-date, the Company has completed over 44,000 metres ("m") of drilling in over 230 drill holes. For comparative purposes, the Company drilled 36,800 m in 203 drill holes during 2008. Exploration activities were focused on the following mineralized zones during the second quarter of 2009:

Zone	Location	Stage
Escondida	Directly north of the active Mulatos Pit	Resource definition and development
Gap	Northeast of the Mulatos Pit	Resource definition
Puerto del Aire ("PdA")	Adjacent to northeast side of the Mulatos Pit	Resource definition
Puerto del Aire Extension	0.8 kilometres northeast of the Mulatos Pit	Resource definition
Cerro Pelon	2.5 kilometres southwest of the current leach pad facilities	Resource definition
El Carricito	15 kilometres southwest of the Mulatos Pit	Early stage prospect

Escondida
The Company discovered the high-grade Escondida Hanging Wall Zone ("high-grade Escondida") in late 2005. A technical report assessing the economics of milling high-grade ore from Escondida was released in May 2009, and the Company is proceeding with plans to develop the Escondida zone.

During the second quarter of 2009, the Company completed a drilling program at Escondida aimed at improving confidence in the existing gold resource. This program has resulted in the discovery of a new high-grade zone to the northeast as well as a southwest extension of the high-grade Escondida zone. These zones were not accounted for in the Company's December 31, 2008 reserve and resource statement, but are both expected to be incorporated into the Company's 2009 reserve and resource statement as part of the Mulatos Pit.

The newly discovered high-grade zone is located 100 m northeast of the faulted limit of the Main Escondida Zone and overlain by 125 m to 150 m of cover. Drilling has fully delineated this zone and the drill-indicated dimensions have increased to 70 m along strike, 50 m in width, and up to 15 m thick. Although this new zone is deeper than the high-grade Escondida zone, it is expected to increase the life of the high-grade milling operation.

The southwest extension zone is located at a depth of 70 to 80 m with drilling indicating a localized extension of the high-grade Escondida zone. Drill-indicated dimensions are 30 m along strike, 30 m in width, and up to 8 m thick. Drilling results suggest that this extension has been fully delineated. This extension is shallower than the high-grade Escondida zone and is also expected to add to the mine-life of the high-grade Escondida zone.

Gap
A comprehensive review of 2007 drill data in the El Victor area revealed that an area between El Victor and Gap required additional drilling. Currently, the resource model indicates that this area between El Victor and Gap is barely mineralized, but that there is potential for higher-grade material in the upper portion of the zone. The objective of the drill program at Gap is to convert inferred resources to the measured and indicated categories, and to expand the areas of known mineralization.

Core drilling on 50-metre spaced lines was conducted in the Gap zone in the first quarter of 2009. New road access to support infill drilling on 25 m centres is currently being established, with drilling expected to resume in the third quarter of 2009.

Favourable drill results in this area could extend the El Victor resource into the Gap zone and potentially extend the Victor pit design further to the southwest. The planned infill drilling program is also anticipated to confirm the continuity between the Escondida, Gap, El Victor, and San Carlos areas, outlining a single 2.1-kilometre, southwest to northeast trending mineralized horizon.

Puerto del Aire

The Puerto del Aire (“PdA”) resource area is adjacent to the northeast side of the Mulatos pit, with a minor fault offset, from where mining is currently ongoing. PdA is subparallel to and approximately 400 metres south of the Escondida to San Carlos mineralized trend. Drilling in 2008 and 2009 focused on extending the zone 450 metres from the Estrella deposit to the northeast, outlining a northeastward-plunging zone of vuggy silica alteration that is up to 80 metres thick below post-mineral volcanic cover.

Puerto del Aire Extension

Early in the second quarter of 2009, a step-out core drill hole collared 320 metres northeast from the last mineralized intercept (or approximately 800 metres from the Mulatos pit) encountered a 99-metre thick zone of intense silica alteration having characteristics similar to both the Escondida high grade and the Puerto del Aire zones. Assay results from five wide-spaced holes confirmed that the zones of intense silica alteration are mineralized with gold. These results established a new mineralized zone that is sub-parallel to the Escondida to El Victor trend, and is an extension of PdA.

This mineralized extension of PdA has complex geology, is open in all directions, and appears to have a minimum drill-indicated strike length of 500 m, a width of at least 150 m, and ranges in thickness from 40 m to 122 m. Typically, mineralization begins about 200 m below surface and appears to grade in the range of 1-2 g/t Au, with localized high-grade zones.

Contained within the mineralized zone, drill hole 09PA144 yielded a new high-grade discovery. Drill hole 09PA144 encountered 50.30 m of high-grade mineralization grading 10.06 g/t Au, including a 16.77-m interval grading 27.16 g/t Au. The nearest drill hole, 09PA150, which is located 55 m to the south of drill hole 09PA144, encountered 3.04 m of high-grade material grading 14.66 g/t Au within a 19.81-m interval grading 2.77 g/t Au.

This high-grade zone occurs near the top of the silicified interval, similar to the Escondida high-grade zone, but appears to be a new type of mineralization within the Mulatos District. That is, the altered silica is extremely cryptocrystalline, sulfide-deficient, and has no associated copper, arsenic, or silver.

Drilling is ongoing with three rigs, and continues to focus on trying to define the limits of the new high-grade discoveries, in-fill drilling between the areas of known mineralization, and expanding the limits of this new zone with the intention of finding additional zones of high-grade mineralization.

Cerro Pelon

Cerro Pelon was discovered in 2008 following a program of geological mapping and geochemical sampling, once again demonstrating the potential to find additional deposits in close proximity to the Company’s exisiting mine operations. Cerro Pelon contains oxidized gold-bearing vuggy silica that starts at surface and is geologically similar to the Mulatos deposit.

In the second quarter of 2009, definition and infill drilling on 25-m centres was completed. The 2009 core drilling program has delineated a continuous oxidized zone of gold-bearing vuggy silica that is 250 m long, 30 m to 80 m wide, and 70 m to 150 m thick with grades averaging between 2 and 3 g/t Au. Drill hole intercepts have outlined a crescent-shaped mineralized zone, with the eastern half removed by faulting.

A resource estimate for Cerro Pelon is expected to be completed before year-end, and the majority of resources are expected to be classified within the measured and indicated categories.

El Carricito

Reconnaissance geologic mapping and sampling continues at El Carricito with the objective of the 2009 program being to generate drill targets for testing. The area covered by geological mapping has been extended to approximately 80% of the El Carricito concession, and additional soil geochemical sampling is ongoing over areas of intense argillic and silicic alteration on the western side of the concession.

Liquidity and Capital Resources

During the second quarter of 2009, the Company's cash balance increased $14.8 million. At June 30, 2009, the Company had $140.8 million in cash and cash equivalents and short term investments compared to $43.8 million at December 31, 2008.

The Company's working capital surplus increased from $63.0 million at December 31, 2008 to $157.1 million at June 30, 2009.

Cash flows from operating activities in the second quarter of 2009 were $21.4 million or $0.20 per share. The Company reinvested $5.7 million in capital and exploration in the second quarter, primarily focused on inter-lift liner construction, closing the crushing circuit and upgrading the powerhouse to support the Escondida high-grade mill. Proceeds from stock option exercises added $5.1 million to the Company's cash balances during the quarter.

The Company's cash position has also benefited from the reduction in the carrying value of in-process leach pad inventories. These inventories represent costs that are incurred in the process of converting mineralized ores into partially refined precious metals, and are charged to cost of sales when refined metal is sold. Due to the increased speed of recovery associated with finer crushing, reduced throughput and the use of inter-lift liners which minimize solution retention, the estimate of total recoverable ounces remaining to be leached from the pad ore has decreased. In addition, lower operating costs associated with more efficient mining operations and a decrease in the value of the Mexican peso have resulted in the average cost of recoverable ounces in inventory also declining. The net effect is that approximately $5.5 million has been removed from in-process inventory and converted to cash since December 31, 2008.

With cash and short term investment balances of $140.8 million, working capital of $157.1 million and no debt, the Company is well positioned to support aggressive exploration spending on its existing properties, further development of the Mulatos Pit, and acquisitions.

Conversion to International Financial Reporting Standards ("IFRS")

Effective Februrary 13, 2008, the Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011.

The Company has completed a preliminary IFRS diagnostic and has developed an IFRS project plan. The Company will develop a comprehensive conversion implementation plan, which will include a detailed assessment of the impact of the conversion on the consolidated financial statements and related disclosures. The plan will also consider the impact of the conversion of the Company's information technology systems, internal controls over financial reporting, performance measurement systems, disclosure controls and procedures and other business activities that may be influenced by GAAP measurements.

The Company is currently performing an analysis of the significant IFRS-GAAP differences with respect to the Company's financial statements and disclosures. The Company will quantify the potential effect of these differences as part of the conversion implementation plan. Certain key members of the finance department of the Company have or will be attending in-depth training sessions regarding significant IFRS-GAAP differences with a particular focus on how they apply to entities in the mining industry.

Internal Control over Financial Reporting

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed and operate effectively in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Changes to Internal Control over Financial Reporting

There have been no significant changes to internal control over financial reporting in the three-month period ended June 30, 2009.

Disclosure Controls

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2009 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Off-Balance Sheet Arrangements

The Company may enter into gold forward and/or gold and foreign currency option contracts which could, in certain circumstances, be classified as off-balance sheet arrangements. Due to the nature of the contracts entered into and in accordance with the Company's accounting policy, the mark-to-market value of these contracts is recorded on the balance sheet. At June 30, 2009, the Company had no gold forward contracts outstanding. However, the Company had certain gold and foreign currency option contracts outstanding at June 30, 2009. The mark-to-market gain associated with these contracts at June 30, 2009 was $28,000 and was recognized in other income and classified within accounts payable and accrued liabilities on the Company's balance sheet.

Commitments Table

The following table summarizes the Company's contractual obligations at June 30, 2009:

Payments due by period ($000)

Contractual Obligations	Total	Less than 1 year	2 – 3 years	4 – 5 years	More than 5 years
Operating lease	1,260	252	504	504	-
Employee future benefits [1]	1,178	-	-	-	1,178
Asset retirement obligations	7,804	-	-	-	7,804
Property acquisition obligations	1,081	405	505	171	-
	11,323	**657**	**1,009**	**675**	**8,982**

[1] Certain termination benefits are provided to Mexican employees on involuntary termination at the end of the life of the mine, as mandated by Mexican Labor Law. In certain circumstances, the Company must also pay other contractual termination or severance benefits, the timing and amount of which are contingent on factors outside of the Company's control.

Contractual obligations also exist with respect to royalties; however gold production subject to royalty cannot be ascertained with certainty and the royalty rate varies with the gold price. Based on the current gold price and rates of production, quarterly royalty expense is expected to be in the range of $1.8 to $2.2 million per quarter.

The Company has signed relocation contracts with certain property owners and possessors in the town of Mulatos. The amount and timing of expected future relocation benefit and property acquisition payments to the residents of Mulatos who had signed contracts with the Company as at June 30, 2009 are presented in the table above. Although future relocation, property acquisition and legal costs may be material, the Company cannot currently determine the expected timing, outcome of negotiations or costs associated with the relocation of the remaining property owners and possessors and potential land acquisitions.

The Company has recently awarded the contract to develop the Escondida and Puerto del Aire zones of the Mulatos Pit. The expected cost per tonne associated with waste removal is $1.53. Based on the total tonnes of waste expected to be removed, the value of this contract is in excess of $40 million. The Company expects that the pre-strip contract will be complete by late in 2011; however, the detailed waste removal plan has not yet been approved.

Outstanding Share Data

The table below describes the terms associated with the Company's outstanding and diluted share capital:

	July 31, 2009
Common shares	
- Common shares outstanding	108,475,406
Stock options	
- Average exercise price CDN$7.70; Approximately 63% vested	6,795,500
Total	**115,270,906**

Outlook

The Company continues to outperform, with the second quarter characterized by record revenues, earnings, cash flows from operations and record low cash costs per ounce. Gold production in the second quarter continued to demonstrate that the operational improvements implemented in prior periods are resulting in actual recoveries exceeding the Company's budgeted rate of 60% for 2009. As a result of these production improvements, the Company is revising its 2009 gold production guidance upwards from between 145,000 and 160,000 ounces, to between 160,000 and 170,000 ounces of gold

The Company reported record low total cash costs (including the 5% royalty) of $324 in the second quarter of 2009 ($338 year-to-date). Higher recoveries combined with operational efficiencies have contributed to a significant reduction in the Company's cash costs per ounce. The Company expects that it will be able to continue to benefit from lower costs throughout the remainder of 2009. Accordingly, the Company is also revising its full year 2009 total cash cost guidance downward from $350 per ounce to $335 per ounce (including the royalty at 5% of an assumed $900 per ounce gold price or $45 per ounce).

Capital spending in the third quarter will focus on closing the existing crushing circuit. Once completed, this is expected to further increase production and reduce cash costs through improved recoveries.

The contractor has mobilized and equipment is being delivered to site to begin the pre-strip of the Mulatos Pit required for mining of the Escondida high-grade zone. Mill engineering and planning is also underway.

The Company has retained external consultants to prepare a scoping study evaluating the potential capital costs associated with increasing crusher throughput up to 33% from the current level of approximately 750 tonnes per hour to 1,000 tonnes per hour. While this project is in the preliminary stages, a significant increase in crusher throughput could result in a substantially higher rate of gold production and correspondingly lower costs per ounce than would otherwise be possible at existing throughput levels.

Exploration activities in the third quarter of 2009 will continue to focus on extending and delineating the newly discovered Puerto del Aire Extension zone, continuing with resource definition and development at Gap, compilation and modeling at Cerro Pelon in preparation for

a resource estimate to be completed during the second half of the year, and pursuing drill target definition at the prospective El Carricito regional target.

The Company continues to strengthen its financial position, debt-free with $140.8 million in cash and short term investments at the end of the second quarter and strong cash flows from operations. This financial strength will allow the Company to finance its existing capital and exploration plans, as well as provide significant funding for development of additional projects through potential acquisitions.

Forward-Looking Statements

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

This MD&A contains forward-looking statements concerning the Company's plans for its properties and other matters within the meaning of Section 21E of the Securities Exchange Act of the United States. Forward-looking statements include, but are not limited to: statements with respect to anticipated commencement dates of mining expansions; potential expansion costs; operations; projected quantities of future metal production; anticipated production rates and mine life; operating efficiencies; costs and expenditures and conversion of mineral resources to proven and probable reserves; and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning proven and probable reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral resources or mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Exploration results that include geophysics, sampling and drill results on wide spacings may not be indicative of the occurrence of a mineral deposit. Such results do not provide assurance that further work will establish sufficient grade, continuity, metallurgical characteristics and economic potential to be classed as a category of mineral resource. It cannot be assumed that all or any part of an "indicated mineral resource" or "inferred mineral resource" will ever be upgraded to a higher category of resource. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements.