

ALAMOS GOLD INC CLS A

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Alamos, AuRico to merge in \$1.5 bln deal

Alamos Gold (TSE:AGI) and AuRico Gold (TSE:AUG), two Canada-based gold miners, agreed to merge, creating a gold producer with a combined market capitalization of around \$1.5 billion and key producing projects in mining-friendly jurisdictions in Canada and Mexico.

Alamos and AuRico shareholders will each hold about 50 percent of the combined company, the companies said in a statement today.

Alamos shareholders will obtain one share of the combined company and \$0.0001 in cash, for each share held. AuRico shareholders will receive 0.5046 of the combined company's shares, for each share held.

Alamos also said it would buy about 27.9 million AuRico shares, or 9.9 percent of the company, in a private placement at \$2.99 per share for gross proceeds of about \$83.3 million.

The merger is expected to close in the second quarter.

The merged company would also own about five percent of another new company, to be named AuRico Metals, which will have about \$20 million in cash and a number of mining assets including the Kemess project in northern British Columbia.

The chief executives of Alamos and AuRico, who would remain in senior positions, said the deal will create a more diversified company operating in safe jurisdictions and provide their shareholders with an opportunity for significant growth.

"We are very pleased to bring this transaction forward to the benefit of both sets of shareholders," Alamos chief executive officers John McCluskey, who would be chief executive of the combined company.

AuRico chief executive Scott Perry, who will head the new AuRico Metals and be a director on the main company's board, said shareholders will benefit from a larger cash flow and potential to unlock value in the "highly prospective" Kemess project.

The combined company will produce 375,000 ounces to 425,000 ounces of gold this year and has the potential to exceed 700,000 ounces a year, they said.

Alamos operates the Mulatos mine in Mexico where it produced 140,500 ounces of gold last year, while AuRico's Young- Davidson project in northern Ontario had output of 156,753 ounces.

The deal is one of the biggest since Osisko Mining sold most of its assets for C\$3.9 billion to Yamana Gold (TSE:YRI) and Agnico Eagle Mines (TSE:AEM) in April last year to thwart a hostile takeover bid from Goldcorp (TSE:G).

Price: 7.34

Market Cap: \$2.87 billion

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: AGI

Listing: TSX

52 week High Low
10.12 4.99

Sector: Gold & silver

Website: www.alamosgold.com

Company Synopsis:

Alamos Gold Inc. is engaged in the acquisition, exploration, development and extraction of precious metals in Mexico and Turkey. The Company owns 100% of the 30,536 hectare Salamandra group of concessions located in the state of Sonora in northwest Mexico.

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Gold producers have been cutting costs, shedding assets or consolidating amid a slide in gold prices, which had fallen 8.4 percent in the past 12 months.

Alamos would receive \$28.4 million and AuRico would receive \$37.5 million in certain circumstances if the deal isn't completed.

Shares of AuRico climbed 8.5 percent to C\$4.10 at 10:08 a.m. in Toronto, while shares of Alamos gained 8.4 percent to C\$8.03.

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