



Alamos Gold Announces Friendly Acquisition of Argonaut Gold

Unlocking Value Through the Creation of One of Canada's Largest and Lowest Cost Gold Mines

TORONTO, ONTARIO, CANADA, March 27, 2024 /EINPresswire.com/ -- Alamos Gold Inc. ("Alamos") (TSX:AGI; NYSE:AGI) and Argonaut Gold Inc. ("Argonaut") (TSX:AR) are pleased to announce that they have entered into a definitive agreement (the "Agreement") whereby Alamos will acquire all of the issued and outstanding shares of Argonaut pursuant to a court approved plan of arrangement (the "Transaction").

As part of the Transaction, Alamos will acquire Argonaut's Magino mine, located adjacent to its Island Gold mine in Ontario, Canada. The integration of the two operations is expected to create one of the largest and lowest cost gold mines in Canada. Through the use of shared infrastructure, Alamos expects to unlock significant value with immediate and long-term synergies expected to total approximately US\$515 million. The addition of Magino is expected to increase Alamos' combined gold production to over 600,000 ounces per year, with longer term production potential of over 900,000 ounces per year. The combination materially enhances Alamos' position as a leading, Canadian focused, intermediate producer, with growing production and declining costs.

Concurrently with the Transaction, Argonaut's assets in the United States and Mexico will be spun out to its existing shareholders as a newly created junior gold producer ("SpinCo"). SpinCo will own the Florida Canyon mine in the United States, as well as the El Castillo Complex, the La Colorada operation, and the Cerro del Gallo project, located in Mexico.

Under the terms of the Agreement, each Argonaut common share outstanding will be exchanged for 0.0185 Alamos common shares and 1 share of SpinCo (the "Exchange Ratio"). The Exchange Ratio implies estimated total consideration of C\$0.40 per Argonaut common share, or US\$325 million. This represents a 34% premium based on Argonaut's and Alamos' closing prices on March 26, 2024 on the Toronto Stock Exchange ("TSX"), and a 41% premium based on both companies' 20-day volume-weighted average prices. Total consideration includes C\$0.34 of Alamos common shares, based on the closing price of Alamos common shares on the TSX on March 26, 2024, and SpinCo common shares with an estimated value of C\$0.06. Alamos expects to issue approximately 20.3 million common shares as part of the Transaction, representing an equity value of approximately US\$276 million on a fully diluted in-the-money basis, and an enterprise value of US\$516 million.

Upon completion of the Transaction, existing Alamos and Argonaut shareholders will own approximately 95% and 5% of the pro forma company, respectively.

Transaction Highlights

- Creation of one of Canada's largest, lowest cost and most profitable gold mines – combined Magino and Island Gold mines are expected to produce approximately 280,000 ounces in 2024, and increase to over 400,000 ounces per year at first quartile costs, following the completion of the Phase 3+ Expansion in 2026. The two deposits contain Mineral Reserves of 4.1 million ounces, and total Mineral Reserves and Resources of 11.5 million ounces supporting a mine life of more than 19 years, with significant exploration upside
- Immediate value creation – the combination of Island Gold and Magino is expected to unlock pre-tax synergies of approximately US\$515 million over the life of mine. This includes operating synergies of US\$375 million, through the use of the larger centralized mill and tailings facility at Magino, and capital savings of US\$140 million with the mill and tailings expansions at Island Gold no longer required
- Enhances position as a leading intermediate gold producer – combined near-term gold production is expected to increase approximately 25% to over 600,000 ounces per year, with longer term growth potential to over 900,000 ounces per year, at declining costs
- Leading Canadian exposure supporting a low political risk profile – with 88% of the combined Company's net asset value supported by its Canadian assets, solidifying Alamos' position as the 3rd largest gold producer in Canada
- Longer-term upside potential – significant further upside potential at both Magino and Island Gold through an expansion of a single optimized milling complex at Magino
- Stronger financial capacity – to complete the ramp up and optimization of the Magino mine, unlocking the full potential of the operation. Stronger overall cash flow generation to support portfolio of organic growth projects, including the Phase 3+ Expansion at Island Gold, and Lynn Lake

"This is a logical and attractive transaction for both companies. The combination of the adjacent Island Gold and Magino mines will immediately unlock tremendous value, with significant longer-term upside through further optimizations of the combined operation, and ongoing exploration success. Both assets complement each other well with large Mineral Reserve and Resource bases, long mine lives, and existing infrastructure that can support the bright future for the larger combined operation. Together, Island Gold and Magino will create one of the largest and most profitable mines in Canada, further enhancing our leading position as a Canadian focused intermediate gold producer," stated John A. McCluskey, President and CEO of Alamos Gold.

“After considering a broad range of alternatives, we believe this Transaction provides a unique opportunity to place Magino in the hands of a well-capitalized and well-run company, who will be able to realize significant synergies given the proximity of the adjacent Island Gold Mine. We believe with adequate capital and an optimal expansion at Magino, the mine will deliver significant value to all stakeholders. We are grateful to our team at Magino for their significant contribution and hard work during mine and mill ramp-up. Similarly, we thank our exceptional teams in Mexico and Nevada for their continued hard work throughout the years,” stated Richard Young, President and CEO of Argonaut Gold.

Read the full news release here: <https://alamosgold.info/3xk8CuA>

Tune in to our webcast at 8:30am ET as the Alamos Gold and Argonaut Gold Senior Leadership teams discuss details of our acquisition announcement: <https://alamosgold.info/4cqroR8>

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