Thursday, November 5, 2009

Alamos Gold Inc. Reports Third Quarter 2009 Financial Results: Record Earnings of $0.13 per Share and Record-Low Total Cash Costs of $314 Per Ounce

Toronto, Ontario - Alamos Gold Inc. (TSX: AGI) ("Alamos" or the "Company") is pleased to report its financial and operating results for the third quarter ended September 30, 2009, as well as provide an update on recent exploration activities and comment on the Company's outlook for the remainder of 2009.

All amounts are in United States dollars, unless stated otherwise.

Q3 2009 Highlights

- Produced 42,500 ounces of gold at a record-low cash operating cost of $272 per ounce of gold sold, with total cash cost (including the 5% royalty) of $314 per ounce;
- Sold 43,201 ounces of gold at an average realized gold price of $956 per ounce for total revenues of $41.3 million;
- Record quarterly earnings of $14.1 million or $0.13 per share;
- Record cash flows from operating activities of $22.7 million of $0.21 per share;
- Increased cash and short-term investment balances to a record high of $154 million.

In addition, during the third quarter, Alamos announced the potential acquisition of two advanced-stage gold exploration properties in the Biga mineral district in northwestern Turkey for consideration of $40 million in cash and the issuance of four million shares of the Company. The potential acquisition is subject to due diligence activities, which are currently underway.

Mine operations continued to out-perform subsequent to quarter-end, with October 2009 production of 19,500 ounces setting a new record for monthly gold production.

This release should be read in conjunction with Alamos's interim consolidated financial statements for the three and nine-month periods ended September 30, 2009 and 2008 and associated Management Discussion and Analysis ("MD&A"), which are available from the Company's website, www.alamosgold.com, in the "Investors" section under "Annual & Quarterly Reports", or via the following links:

Link to Financials

Link to MDA

Financial Results

The Company generated record earnings and cash flows in the third quarter of 2009. Earnings of $14.1 million or $0.13 per share, increased significantly over earnings of $8.3 million or $0.09 per share in the third quarter of 2008. Cash flows from operating activities were a record $22.7 million ($0.21 per share). During the quarter, the Company sold 43,201 ounces at an average realized gold price of $956 per ounce, compared to sales of 41,293 ounces at an average realized price of $901 per ounce in the third quarter of 2008.

Key financial metrics for the third quarter of 2009 compared to the third quarter of 2008, and on a year-to-date basis to September 30, 2009 and 2008 are presented at the end of this release in Table 1.

Operating Results

As previously announced, the Company produced 42,500 ounces in the third quarter of 2009, an increase of 7% over gold production of 39,900 ounces in the comparable period of 2008. Record-low cash operating cost of $272 per ounce, and total cash cost (including the 5% royalty) of $314 per ounce, resulted from continued recovery improvements and operational efficiencies. During the third quarter, daily crusher throughput averaged 12,200 tonnes per day, consistent with both the prior period of 2008 and budgeted levels for the third quarter rainy season. The grade of ore stacked on the leach pad in the third quarter of 1.68 grams per tonne of gold ("g/t Au") was consistent with budgeted levels and slightly above the block model grade. Gold production in the month of October benefited from the installation of the new phase of the inter-lift liner that was completed in the second quarter of the year. The resulting increase in gold recovery time contributed to establishing a new monthly production record of 19,500 ounces.

Key operational metrics and production statistics for the third quarter of 2009 compared to the third quarter of 2008, and on a year-to-date basis to September 30, 2009 and 2009 are presented at the end of this press release in Tables 2 and 3.

Exploration Update

Third quarter exploration activities were focused on the conversion of inferred to measured and indicated resources at Gap, additional drilling at the Puerto del Aire Extension and geological modeling to support resource estimation at Cerro Pelon.

At Gap, the Company has drilled a total of 21,750 metres in 105 holes to-date in 2009. The results of this drilling have been to successfully confirm the Company's expectations of continuity of mineralization from the El Victor zone through the Gap zone to Escondida. In addition, drilling at Gap has resulted in the identification of potential new high grade zones, as well as new resources not previously included in the Company's 2008 inferred resource estimate.

The Company's investment in exploration for the nine months ended September 30, 2009 totalled $7.2 million. Full year exploration spending is expected to achieve the 2009 budget of $10 million. To-date in 2009, the Company has completed over 64,000 metres of drilling in 324 holes.

Exploration activities in the fourth quarter of 2009 will focus on extending and delineating the recently discovered Puerto del Aire Extension zone and continued resource definition at Gap. Geological modelling conducted at Cerro Pelon in the third quarter of 2009 will support a resource estimate that the Company expects to announce in the fourth quarter. In addition, in early November the Company began resource definition drilling at San Carlos with the objective being to upgrade inferred resource ounces to the measured and indicated categories. The Company is also finalizing field work and compiling data in preparation for a drilling program at El Carricito, a prospective regional target

Agi Dagi and Kirazli Gold Projects Acquisition Update

On September 23, 2009, the Company announced that it has entered into a Memorandum of Understanding (“MOU”) providing for Alamos to acquire 100% of the Agi Dagi and Kirazli gold projects from Fronteer Development Corp. ("Fronteer") and Teck Resources Limited ("Teck"), through the acquisition of certain Turkish subsidiaries held by Teck and Fronteer.

Agi Dagi and Kirazli are advanced-stage gold exploration projects that form part of the Biga Mineral District, a recently established gold-copper mineral district, which is located in the Biga Peninsula of northwestern Turkey. The Biga Mineral District features a growing number of high-sulfidation epithermal gold and associated porphyry copper-gold deposits.

Under the terms of the MOU, Alamos is to pay a total of US$40 million and issue a total of four million shares to the vendors in consideration for these two projects. In addition to statutory compensation that may apply to the projects, a third party has a 2% Net Smelter Return Royalty on production from the Agi Dagi project.

Completion of the transaction is subject to an exclusive 60-day due diligence period, the execution of definitive agreements, and the approval of Alamos' Board of Directors and the Toronto Stock Exchange (“TSX”). Due diligence is ongoing and is expected to be completed within the 60-day period.

Outlook

The third quarter of 2009 was characterized by record earnings, cash flows from operations, and record-low costs per ounce. With continuing record results from mine operations, including record monthly gold production of 19,500 ounces in October, the Company is now confident that it will achieve the top end of its production guidance of 170,000 ounces.

While mining operations are producing record results, projects are ongoing to potentially further increase production rates. The project to close the existing crushing circuit is expected to be completed in November. This will ensure that 100% of the material stacked on the leach pad meets the optimal size for gold recovery. The Company expects to realize additional recovery increases from this project, starting in 2010.

A scoping study was completed in late October evaluating the potential capital costs and related benefits of increasing crusher throughput by as much as 33% from the current level of approximately 750 tonnes per hour, to 1,000 tonnes per hour. The Company is in the process of evaluating the results of this study.

Ongoing expansion activities at current operations include the development of the Escondida zone of the Mulatos Pit. The mining contractor is on schedule and gold production from the high grade mill is expected late in 2011.

The Company continues to strengthen its financial position: debt-free with $154 million in cash and short-term investments at the end of the third quarter and strong cash flows from operations. This financial strength will continue to allow the Company to finance its immediate capital, development and exploration plans, as well as provide significant funding for development of additional projects through acquisitions.

About Alamos

Alamos is a Canadian-based gold producer with operations, exploration, and development activities in Mexico. The Company employs over 450 people in Mexico and is committed to the highest standards of environmental management, social responsibility, and health and safety for its employees and neighbouring communities. Alamos has over $154 million dollars on hand, is debt-free, and unhedged to the price of gold. Alamos' common shares are traded on the Toronto Stock Exchange under the symbol "AGI".

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The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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.

Cautionary Note

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. This News Release includes certain "forward-looking statements". All statements other than statements of historical fact included in this release, including without limitation statements regarding forecast gold production, gold grades, recoveries, waste-to-ore ratios, total cash costs, potential mineralization and reserves, exploration results, and future plans and objectives of Alamos, are forward-looking statements that involve various risks and uncertainties. These forward-looking statements include, but are not limited to, statements with respect to mining and processing of mined ore, achieving projected recovery rates, anticipated production rates and mine life, operating efficiencies, costs and expenditures, changes in mineral resources and conversion of mineral resources to proven and probable reserves, and other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management.

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. A mineral resource which is classified as “inferred” or “indicated” has a great amount of uncertainty as to its existence and economic and legal feasibility. It cannot be assumed that any or 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 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.

There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Alamos’ expectations include, among others, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of gold and silver, as well as those factors discussed in the section entitled “Risk Factors” in Alamos’ Annual Information Form. Although Alamos has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Table 1: Financial Highlights

	Q3 2009	Q3 2008	YTD 2009	YTD 2008
Cash provided by operating activities before changes in non-cash working capital (000) [1]	$21,247	$13,854	$58,526	$37,882
Changes in non-cash working capital (000)	$1,464	$5,457	$2,302	$11,427
Cash provided by operating activities (000)	$22,711	$19,311	$60,828	$49,309
Earnings before income taxes (000)	$19,389	$11,546	$49,777	$30,341
Earnings (000)	$14,115	$8,346	$35,881	$20,241
Earnings per share				
- basic	$0.13	$0.09	$0.34	$0.21
- diluted	$0.13	$0.09	$0.33	$0.21
Weighted average number of common shares outstanding				
- basic	108,560,000	95,714,000	105,937,000	95,226,000
- diluted	110,229,000	97,183,000	107,904,000	96,862,000

[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.

Table 2: Production Summary [1]

Production summary	Q3 2009	Q3 2008	YTD 2009	YTD 2008
Ounces produced [2]	42,500	39,900	130,500	111,653
Ore crushed (tonnes)	1,119,000	1,133,000	3,259,000	3,550,000
Grade (g/t Au)	1.68	1.98	1.77	2.06
Contained ounces stacked	60,439	72,123	185,455	235,113
Ratio of ounces produced to contained ounces stacked	70%	55%	70%	47%
Ore mined (tonnes)	1,155,000	1,168,000	3,228,000	3,599,000
Waste mined (tonnes)	751,000	1,399,000	3,364,000	4,654,000
Total mined (tonnes)	1,906,000	2,567,000	6,592,000	8,253,000
Waste-to-ore ratio	0.65	1.20	1.04	1.29
Ore crushed per day (tonnes)	12,200	12,300	11,900	13,300
Ore mined per day (tonnes)	12,600	12,700	11,800	13,400

[1] Certain numbers may not compute due to the effects of rounding and truncation.
[2] Reported gold production for Q3 and YTD 2008 has been adjusted to reflect final refinery settlement. Reported gold production for Q3 and YTD 2009 is subject to final refinery settlement and may be adjusted.

Table 3: Costs per Tonne Summary

Costs per tonne summary	Q3 2009	Q3 2008	YTD 2009	YTD 2008
Mining cost per tonne of material (ore and waste)	$2.15	$1.88	$1.81	$1.67
Waste-to-ore ratio	0.65	1.20	1.04	1.29
Mining cost per tonne of ore	$3.54	$4.13	$3.70	$3.84
Crushing/conveying cost per tonne of ore	$1.66	$1.95	$1.70	$2.10
Processing cost per tonne of ore	$2.62	$2.24	$2.54	$2.28
Mine administration cost per tonne of ore	$1.88	$1.84	$1.70	$1.67
Total cost per tonne of ore	$9.70	$10.16	$9.64	$9.89

Figure 1: Mulatos Pit Area

