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Alamos Signs New Land Agreement on Mulatos Property

Toronto, Ontario – May 28th, 2004 - Alamos Gold Inc. ("Alamos Gold") through its Mexican subsidiary Minas de Oro Nacional S.A. de C.V. ("MON") has reached a new surface rights agreement with the Mulatos Ejido, the local community that owns the surface rights to land surrounding the Mulatos Gold Deposit. The new agreement, which was approved yesterday by the Agrarian Court for the State of Sonora, supersedes the former surface rights agreement reached between the community and Placer Dome Inc. in 1995.

An official assembly of the Ejido was held on May 22nd, to vote on the approval of the new agreement. Fifty-one of the seventy eight community members attended the meeting, representing 65.4% of the eligible voters. The new agreement received unanimous approval from the assembly. The Assistant General Attorney for Agrarian Affairs for the State of Sonora was present at the meeting and acted as counsel for the Ejido.

Highlights of the new agreement include the settlement of two outstanding law suits currently before a court of appeal, an agreement for the rental of 1,200 hectares of land for a ten year term, and the granting of the right to MON to negotiate the outright purchase of the same 1,200 hectares of land from the individual possessors of the land. The Ejido is further committed to hold a meeting on June 29th to approve the privatization of the 1,200 hectares of land and to agree to transfer title of the 1,200 hectares of land to MON.

The former agreement, reached between the Ejido and Placer Dome Inc. in 1995 was the subject of two legal disputes filed by the Ejido Mulatos in the Agrarian Court of Sonora State in 2002 and 2003. The Court rendered a split decision on the law suits in August of 2003, wherein it up-held the validity of the surface use agreement and the right of MON to adjust the amount of land leased from the Ejido according to the requirements of the project. However the Court found that MON was liable for a total of $680,000 in lease fees for the years 2002 and 2003, due to the fact that MON did not follow certain procedures in making the land and payment reductions for those years. Alamos filed an appeal on this aspect of the decision. The new agreement filed with the

Court on May 28th, ends the appeal and settles all maters pertaining to the 2002 and 2003 lawsuits.

In order to understand the objectives of the new agreement a brief explanation of land ownership in the Mulatos area is required. Title to the land on which Alamos Gold wants to build a mine is owned by the Ejido Mulatos, but in practice, all but 70 hectares of the 1,200 hectares of land required for the mine and future expansions is utilized by 12 individuals, so-called "possessors". The 1,200 hectares in question includes the land covering all known ore deposits in the Mulatos area and all the land required for the crushing plant, waste dumps, recovery plant, and heap leach pad sites for the life of the mine.

The Company, having taken over the 1995 surface agreement from Placer Dome, has leased the land from the Ejido, but no compensation agreements have been reached with the individual possessors. The 1995 agreement with the Ejido required that possessors be compensated for use of their land, but this compensation was limited to actual disturbance, loss of revenue, or destruction of property. Since this would amount to very little compensation this was deemed insufficient by the possessors, and they were not satisfied.

Alamos Gold determined that the best way to resolve the issue was to purchase the surface rights from the possessors. The first step toward this goal has been achieved. Since the land is owned collectively by the Ejido and not by the possessors, the approval of the Ejido was required in order to enter into negotiations with the individual possessors. The agreement of the Ejido was further required to privatize the land and transfer title after purchase agreements are in place. The new agreement of May 28th, in fact grants MON the right to enter into purchase agreements with the individual possessors and commits the Ejido to approve the purchases, privatize the land and transfer the land title to MON upon completion. Discussions with the 12 individual possessors of land are in progress.

Under the terms of the new agreement, MON made a payment of US$780,000 to the Ejido before a judge of the Agrarian Court yesterday in Hermosillo. A second payment of $780,000 will be made on June 29th. Until purchase agreements are concluded with the possessors of the 1,200 hectares of land and the approval of the privatization and title transfer is granted, the tenure of MON on the land is deemed to be a lease arrangement with a term of ten years, expiring in 2012. MON is deemed to have prepaid the Ejido for the leased land through 2012. The lease arrangement can be extended indefinitely on the same terms with the allowance of an inflation factor.

Once the purchase agreements are concluded with the possessors and subsequently approved for privatization and title transfer by the Ejido on June 29th, MON will own the 1,200 hectares of land in fee simple, and no further obligations to the Ejido will remain.

It is expected that an additional 8 to 10 months will be required for the privatization process to work its way through the Agrarian Court after which MON will have registered title of the land.

This new agreement is binding on all members of the Ejido and precludes the Ejido, its lawyers, individual Ejidatarios or their legal representatives from commencing any legal action against MON over land issues covered by the agreement. Furthermore the agreement allows Alamos Gold to continue with development and operations at the mine site.

Alamos Gold's common shares are traded on the TSX Venture Exchange under the symbol "AGI".

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