

SECURITIES AND EXCHANGE COMMISSION

FORM F-10

Registration statement for securities of certain Canadian issuers under the Securities Act of 1933

Filing Date: **2013-01-14**
SEC Accession No. [0001193125-13-011386](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

ALAMOS GOLD INC

CIK: [1178819](#) | IRS No.: **000000000**

Type: **F-10** | Act: **33** | File No.: [333-186004](#) | Film No.: **13526773**

SIC: **1400** Mining & quarrying of nonmetallic minerals (no fuels)

Business Address

*SUITE 1400
400 BURRARD STREET
VANCOUVER A1 00000
6046431787*

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM F-10
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ALAMOS GOLD INC.

(Exact name of Registrant as specified in its charter)

British Columbia
(Province or other Jurisdiction of
Incorporation or Organization)

1040
(Primary Standard Industrial
Classification Code Number, if applicable)

Not Applicable
(I.R.S. Employer
Identification Number, if applicable)

**2200 - 130 Adelaide Street West
Toronto, Ontario M5H 3P5
(416) 368-9932**

(Address and telephone number of Registrant's principal executive offices)

**Torys LLP
1114 Avenue of the Americas
23rd Floor
New York, NY 10036
Attention: Mile T. Kurta
(212) 880-6000**

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

COPIES TO:

**Torys LLP
1114 Avenue of the Americas
23rd Floor
New York, NY 10036
Attention: Mile T. Kurta
(212) 880-6000**

**Torys LLP
79 Wellington Street West
Suite 3000
Box 270, TD Centre
Toronto, Ontario, Canada
M5K 1N2
Attention: Kevin M. Morris
(416) 865-0040**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

Province of Ontario, Canada

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box below):

- A. ☒ upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. ☐ at some future date (check appropriate box below)
- ☐ pursuant to Rule 467(b) on () at () (designate a time not sooner than seven calendar days after filing).
 - ☐ pursuant to Rule 467(b) on () at () (designate a time seven calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ().
 - ☐ pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
 - ☐ after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee
Common Shares, without par value	30,217,850	US\$264,181,771.95	US\$36,034.39

- Represents the maximum number of Alamos Gold Inc. ("Alamos") common shares, without par value, estimated to be issuable upon consummation of the exchange offer (the "Offer") for all of the issued and outstanding common shares (the "Common Shares") of Aurizon Mines Ltd. (assuming full conversion of all outstanding convertible and exercisable securities for Common Shares), other than any Common Shares owned directly or indirectly by Alamos and its affiliates.
- Estimated solely for the purpose of calculating the registration fee in accordance with General Instruction II.H to Form F-10. The proposed maximum offering price is equal to the product of (i) US\$3.24, which is the average of high and low sale prices of the Common Shares as reported on the NYSE MKT on December 24, 2012, and (ii) 175,431,302, which is the estimated number of outstanding Common Shares (assuming full conversion of all outstanding convertible and exercisable securities for Common Shares), other than any Common Shares owned directly or indirectly by Alamos and its affiliates, less cash consideration. For the purposes of calculating the cash consideration payable in the Offer, an exchange rate of Cdn\$0.9868 = US\$1.00 (the Bank of Canada noon rate on January 9, 2013) was used.

If, as a result of stock splits, stock dividends or similar transactions, the number of securities purported to be registered on this Registration Statement changes, the provisions of Rule 416 under the Securities Act of 1933, as amended, shall apply to this Registration Statement.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

Item 1. Home Jurisdiction Document

This registration statement on Form F-10 (this “Registration Statement”) is filed by Alamos Gold Inc., a corporation existing under the laws of British Columbia (“Alamos” or the “Registrant”).

This Registration Statement relates to the offer to purchase (the “Offer”) by Alamos for all of the issued and outstanding common shares (the “Common Shares”) of Aurizon Mines Ltd. (assuming full conversion of all outstanding convertible and exercisable securities for Common Shares), other than any Common Shares owned directly or indirectly by Alamos and its affiliates. The Offer is subject to the terms and conditions set forth in Alamos’ Offer and Circular dated January 14, 2013 (the “Offer and Circular”), a copy of which is attached hereto as Exhibit 1.1.

The information set forth in the Offer and Circular, including all schedules, exhibits and annexes thereto, is hereby expressly incorporated herein by reference in response to all items of information required to be included in, or covered by, a Registration Statement on Form F-10, and is supplemented by the information specifically provided herein.

Item 2. Additional Information.

See the financial statements included or incorporated by reference in the Offer and Circular.

Item 3. Informational Legends.

See “Notice to Shareholders Outside Canada” in the Offer and Circular.

Item 4. Incorporation of Certain Information by Reference.

See “Documents Incorporated by Reference” in Section 22 of the Offer and Circular. As required by this Item, the Offer and Circular provides that copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Legal of Alamos at 2200 - 130 Adelaide Street West, Toronto, Ontario, M5H 3P5 (telephone (416) 368-9932) and are also available electronically on SEDAR at www.sedar.com.

Item 5. List of Documents filed with the Commission.

See “Documents Filed as Part of the Registration Statement” in Section 23 of the Offer and Circular.

PART II
INFORMATION NOT REQUIRED TO BE DELIVERED TO
OFFEREES OR PURCHASERS

INDEMNIFICATION OF DIRECTORS OR OFFICERS.

Alamos Gold Inc. is subject to the provisions of the *Business Corporations Act* (British Columbia) (the “Act”).

Under Section 160 of the Act, an individual who:

is or was a director or officer of the Registrant,

is or was a director or officer of another corporation (i) at a time when the corporation is or was an affiliate of the Registrant, or (ii) at the request of the Registrant, or

at the request of the Registrant, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

and includes, the heirs and personal or other legal representatives of that individual (collectively, an “eligible party”), may be indemnified by the Registrant against a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, a proceeding (an “eligible penalty”) in which, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Registrant or an associated corporation, (a) the eligible party is or may be joined as a party, or (b) the eligible party is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding (“eligible proceeding”) to which the eligible party is or may be liable. Section 160 of the Act also permits the Registrant to pay the expenses actually and reasonably incurred by an eligible party after the final disposition of the eligible proceeding.

Under Section 161 of the Act, the Registrant must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by the eligible party in respect of that proceeding if the eligible party (a) has not been reimbursed for those expenses, and (b) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the Act, the Registrant may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of that proceeding; provided the Registrant must not make such payments unless it first receives from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited by Section 163 of the Act, the eligible party will repay the amounts advanced.

Under Section 163 of the Act, the Registrant must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the Act, as the case may be, if any of the following circumstances apply:

if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, the Registrant was prohibited from giving the indemnity or paying the expenses by its memorandum or articles;

if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, the Registrant is prohibited from giving the indemnity or paying the expenses by its memorandum or articles;

if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the Registrant or the associated corporation, as the case may be; or

in the case of an eligible proceeding other than a civil proceeding, if the eligible party did not have reasonable grounds for believing that the eligible party’s conduct in respect of which the proceeding was brought was lawful.

If an eligible proceeding is brought against an eligible party by or on behalf of the Registrant or by or on behalf of an associated corporation, the Registrant must not either indemnify the eligible party against eligible penalties to which the eligible party is or may be

liable in respect of the proceeding, or, after the final disposition of an eligible proceeding, pay the expenses of the eligible party under Sections 160, 161 or 162 of the Act in respect of the proceeding.

II-1

Under Section 164 of the Act, the Supreme Court of British Columbia may, on application of the Registrant or an eligible party, order the Registrant to indemnify the eligible party or to pay the eligible party's expenses, despite Sections 160 to 163 of the Act.

The articles of a company may affect its power or obligation to give an indemnity or pay expenses. As indicated above, this is subject to the overriding power of the Supreme Court of British Columbia under Section 164 of the Act.

Under the articles of Alamos Gold Inc., subject to the provisions of the Act, the Registrant must indemnify a director, former director or alternate director of the Registrant and the heirs and legal personal representatives of all such persons against all eligible penalties to which such person is or may be liable, and the Registrant must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Registrant on the terms of the indemnity contained in the Registrant's articles. The failure of a director, alternate director or officer of the Registrant to comply with the Act or the articles of the Registrant does not invalidate any indemnity to which such person is entitled under the Registrant's articles.

Under the articles of Alamos Gold Inc., the Registrant may purchase and maintain insurance for the benefit of any eligible party against any liability incurred by such party as a director, alternate director, officer, employee or agent or person who holds or held an equivalent position.

Insofar as indemnification for liabilities under the United States Securities Act of 1933 may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

EXHIBITS

The following exhibits have been filed as part of this Registration Statement:

EXHIBIT NUMBER	DESCRIPTION
1.1	Offer and Circular dated January 14, 2013.*
1.2	Letter of Transmittal.*
1.3	Notice of Guaranteed Delivery.*
1.4	Press Release dated January 14, 2013.*
1.5	Newspaper Advertisement dated January 14, 2013.*
4.1	Annual Information Form, dated March 29, 2012, for the Year Ended December 31, 2011.*
4.2	Annual Audited Consolidated Financial Statements for the Year Ended December 31, 2011, including Consolidated Statements of Financial Position as at December 31, 2011, December 31, 2010 and January 1, 2010 and Consolidated Statements of Comprehensive Income and Changes in Equity and Cash Flows for the Years Ended December 31, 2011 and December 31, 2010 and Related Notes, together with the Auditors' Report thereon, contained therein.*
4.3	Management's Discussion and Analysis for the Annual Audited Consolidated Financial Statements for the Year Ended December 31, 2011.*
4.4	Unaudited Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2012, together with the Notes thereto.*
4.5	Management's Discussion and Analysis for the Unaudited Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2012.*
4.6	Management Information Circular, dated April 26, 2012, in connection with the Annual Meeting of Shareholders Held on May 31, 2012.*
5.1	Consent of Ernst & Young LLP.*
5.2	Consent of Torys LLP.*
5.3	Consent of Joseph M. Keane.*
5.4	Consent of Marc Jutras.*
5.5	Consent of Marc A. Jutras.*
5.6	Consent of Kenneth J. Balleweg.*
5.7	Consent of Herbert E. Welhener.*
5.8	Consent of Herbert E. Welhener.*
5.9	Consent of Mark A. Odell.*
5.10	Consent of Russell A. Browne.*
5.11	Consent of Russell A. Browne.*
5.12	Consent of Susan E. Ames.*
5.13	Consent of Dawn H. Garcia.*
5.14	Consent of Carl E. Defilippi.*
5.15	Consent of Michal Dobr.*

- 5.16 Consent of Dennis Ferrigno.*
- 5.17 Consent of Allen Ray Anderson.*
- 5.18 Consent of Pedro C. Repetto.*
- 6.1 Powers of Attorney (included on the signature pages of this Registration Statement).

* Filed herewith.

PART III

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

ITEM 1. UNDERTAKING.

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Securities and Exchange Commission (the "Commission") staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to this Form F-10 or to transactions in said securities.

ITEM 2. CONSENT TO SERVICE OF PROCESS.

Concurrently with the filing of this Registration Statement on Form F-10, the Registrant will file with the Commission a written irrevocable consent and power of attorney on Form F-X.

Any change to the name or address of the agent for service of the Registrant shall be communicated promptly to the Commission by amendment of the Form F-X referencing the file number of this Registration Statement.

III-1

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-10 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Toronto, Province of Ontario, Country of Canada, on January 14, 2013.

ALAMOS GOLD INC.

By: /s/ Matthew Howorth
Name: Matthew Howorth
Title: VP, Legal & Corporate Secretary

POWERS OF ATTORNEY

Each person whose signature appears below constitutes and appoints Matthew Howorth his/her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign any or all amendments (including amendments to be declared effective in accordance with Rule 462(b) promulgated under the Securities Act of 1933, as amended, and post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, each acting alone, or his/her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933 this Registration Statement has been signed by the following persons in the following capacities and on January 14, 2013.

SIGNATURE	TITLE
<u>/s/ John A. McCluskey</u> John A. McCluskey	Chief Executive Officer (Principal Executive Officer)
<u>/s/ Jamie Porter</u> Jamie Porter	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ John A. McCluskey</u> John A. McCluskey	Director
<u>/s/ Paul Murphy</u> Paul Murphy	Director
<u>/s/ Kenneth Stowe</u> Kenneth Stowe	Director
<u>/s/ Anthony Garson</u> Anthony Garson	Director

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, as amended, the undersigned has signed this Registration Statement, solely in the capacity of the duly authorized representative of Alamos Gold Inc. in the United States, on January 14, 2013.

TORYS LLP

By: /s/ Mile T. Kurta

Name: Mile T. Kurta

Title: Partner

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
1.1	Offer and Circular dated January 14, 2013.*
1.2	Letter of Transmittal.*
1.3	Notice of Guaranteed Delivery.*
1.4	Press Release dated January 14, 2013.*
1.5	Newspaper Advertisement dated January 14, 2013.*
4.1	Annual Information Form, dated March 29, 2012, for the Year Ended December 31, 2011.*
4.2	Annual Audited Consolidated Financial Statements for the Year Ended December 31, 2011, including Consolidated Statements of Financial Position as at December 31, 2011, December 31, 2010 and January 1, 2010 and Consolidated Statements of Comprehensive Income and Changes in Equity and Cash Flows for the Years Ended December 31, 2011 and December 31, 2010 and Related Notes, together with the Auditors' Report thereon, contained therein.*
4.3	Management's Discussion and Analysis for the Annual Audited Consolidated Financial Statements for the Year Ended December 31, 2011.*
4.4	Unaudited Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2012, together with the Notes thereto.*
4.5	Management's Discussion and Analysis for the Unaudited Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2012.*
4.6	Management Information Circular, dated April 26, 2012, in connection with the Annual Meeting of Shareholders Held on May 31, 2012.*
5.1	Consent of Ernst & Young LLP.*
5.2	Consent of Torys LLP.*
5.3	Consent of Joseph M. Keane.*
5.4	Consent of Marc Jutras.*
5.5	Consent of Marc A. Jutras.*
5.6	Consent of Kenneth J. Balleweg.*
5.7	Consent of Herbert E. Welhener.*
5.8	Consent of Herbert E. Welhener.*
5.9	Consent of Mark A. Odell.*
5.10	Consent of Russell A. Browne.*
5.11	Consent of Russell A. Browne.*
5.12	Consent of Susan E. Ames.*
5.13	Consent of Dawn H. Garcia.*
5.14	Consent of Carl E. Defilippi.*
5.15	Consent of Michal Dobr.*
5.16	Consent of Dennis Ferrigno.*

- 5.17 Consent of Allen Ray Anderson.*
 - 5.18 Consent of Pedro C. Repetto.*
 - 6.1 Powers of Attorney (included on the signature pages of this Registration Statement).
-

* Filed herewith.

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment advisor, stockbroker, bank manager, accountant, lawyer or other professional advisor.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, Alamos or its agents may, in Alamos' sole discretion, take such action as Alamos may deem necessary to make the Offer in any jurisdiction and extend the Offer to Shareholders in such jurisdiction.

The Offer has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

Information has been incorporated by reference in the Offer and Circular from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Legal of Alamos at Suite 2200, 130 Adelaide Street West, Toronto, Ontario M5H 3P5 and (telephone (416) 368-9932) and are also available electronically on SEDAR at www.sedar.com.

January 14, 2013



ALAMOS GOLD INC.

ALAMOS GOLD INC. OFFER TO PURCHASE

all of the outstanding common shares of

AURIZON MINES LTD.

**for consideration per Common Share of, at the election of each holder,
Cdn\$4.65 in cash (the "Cash Alternative") or
0.2801 of an Alamos Share (the "Share Alternative"),
subject, in each case, to pro-ration as set out herein**

Alamos Gold Inc. ("Alamos") hereby offers (the "Offer") to purchase, on the terms and subject to the conditions set out herein, all of the issued and outstanding common shares (the "Common Shares") of Aurizon Mines Ltd. ("Aurizon"), other than any Common Shares held directly or indirectly by Alamos and its affiliates, and including any Common Shares that may become issued and outstanding after the date hereof but before the Expiry Time (as defined herein) upon the exercise, exchange or conversion of any Convertible Securities (as defined herein).

Each holder of Common Shares (each, a "Shareholder" and, collectively, the "Shareholders") may elect to receive either the Cash Alternative or the Share Alternative in respect of all of the Shareholder's Common Shares deposited under the Offer. The total amount of cash available under the Offer is limited to \$305,000,000 and the total number of common shares of Alamos (the "Alamos Shares") available for issuance under the Offer is limited to 23,500,000 Alamos Shares. Assuming that all Shareholders tendered to either the Cash Alternative or the Share Alternative, each Shareholder would be entitled to receive \$2.04 in cash and 0.1572 of an Alamos Share for each Common Share tendered (based on 175,431,302 Common Shares issued and outstanding on a fully diluted basis), subject to adjustment for fractional shares.

See Section 1 of the Offer, “The Offer”. In light of the total amount of Alamos Shares available under the Offer relative to the size of the Offer, it is unlikely that Shareholders who elect the Share Alternative will receive only share consideration for their Common Shares.

As of the date hereof, Alamos holds 26,507,283 Common Shares, over 16% of the issued and outstanding Common Shares. See Section 11 of the Circular, “Holdings of Securities of Aurizon” and Section 12 of the Circular “Trading in Securities of Aurizon”.

**The Offer is open for acceptance until 5:00 p.m. (Toronto time) on Tuesday, February 19, 2013
(the “Expiry Time”), unless extended or withdrawn.**

The Alamos Shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “AGI” and the OTC Pink Marketplace (the “OTC”) in the United States under the symbol “AGIGF”. Alamos has applied to the TSX to list the Alamos Shares offered hereunder on the TSX and has applied to list all of the Alamos Shares (including the Alamos Shares offered hereunder) on the New York Stock Exchange (the “NYSE”) under the symbol “AGI”. The Common Shares are listed on the TSX under the symbol “ARZ” and on the NYSE MKT under the symbol “AZK”.

The Offer represents a premium of approximately 40% and 39% based on the respective closing prices of \$3.33 and US\$3.39 for the Common Shares on the TSX and the NYSE MKT on January 9, 2013. The Offer represents a premium of approximately 37% based on the volume-weighted average price of the Common Shares on the TSX and the NYSE MKT for the 20 trading days ended January 9, 2013.

*The Depositary and Information Agent
for the Offer is:*

KINGSDALE SHAREHOLDER SERVICES INC.

*The Dealer Manager
for the Offer is:*

DUNDEE CAPITAL MARKETS

The Offer is subject to certain conditions, including, among other things, there being validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares which, together with the Common Shares held by Alamos and its affiliates, represents not less than 66²/₃% of the issued and outstanding Common Shares (calculated on a fully diluted basis). Subject to applicable laws, Alamos reserves the right to extend, withdraw or terminate the Offer and to not take up and pay for any Common Shares deposited under the Offer unless each of the conditions of the Offer is satisfied or waived at or prior to the Expiry Time. See Section 4 of the Offer, "Conditions of the Offer".

An investment in Alamos Shares is subject to certain risks. In assessing the Offer, Shareholders should carefully consider the risks described in Section 24 of the Circular, "Risk Factors Related to the Offer" and the risks described in Alamos' annual information form dated March 29, 2012 for the year ended December 31, 2011, which is incorporated by reference in the Offer and Circular (as defined herein).

Persons whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Registered Shareholders who wish to accept the Offer must properly complete and execute the accompanying Letter of Transmittal (printed on **YELLOW** paper), or a manually executed facsimile thereof, and deposit it, at or prior to the Expiry Time, together with certificate(s) or Direct Registration System (DRS) Advices representing their Common Shares and all other required documents, with Kingsdale Shareholder Services Inc. (the "**Depositary and Information Agent**") at its office in Toronto, Ontario specified in the Letter of Transmittal, in accordance with the instructions set out in the Letter of Transmittal (as set out in Section 3 of the Offer, "Manner of Acceptance – Letter of Transmittal"). Alternatively, registered Shareholders may accept the Offer by (i) following the procedures for book-entry transfer of Common Shares set out in Section 3 of the Offer, "Manner of Acceptance – Acceptance by Book-Entry Transfer", or (ii) following the procedure for guaranteed delivery set out in Section 3 of the Offer, "Manner of Acceptance – Procedure for Guaranteed Delivery", using the accompanying Notice of Guaranteed Delivery (printed on **GREEN** paper), or a manually executed facsimile thereof. Shareholders who hold their Common Shares with a bank, broker or other financial intermediary will not receive a Letter of Transmittal or Notice of Guaranteed Delivery, and should follow the instructions set out by such intermediary to tender their Common Shares.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent or if they make use of the services of a Soliciting Dealer (as defined herein) to accept the Offer.

The cash payments to Shareholders will be denominated in Canadian dollars. However, Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars by checking Box 2, Choice A of the Letter of Transmittal, in which case each such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted. A Shareholder electing to receive payment of the cash to which it is entitled under the Offer made in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of such Shareholder.

Questions and requests for assistance may be directed to the Depositary and Information Agent, Kingsdale Shareholder Services Inc., who can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com; or Dundee Capital Markets (the "**Dealer Manager**") and additional copies of this

document, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained, without charge, upon request from the Depositary and Information Agent or the Dealer Manager at their respective offices shown on the last page of this document, and are accessible on the Canadian Securities Administrators' website at www.sedar.com. This website address is provided for informational purposes only and no information contained on, or accessible from, this website is incorporated by reference herein unless otherwise provided.

The information contained in this document speaks only as of the date of this document. Alamos does not undertake to update any such information except as required by applicable Law. Information in the Offer and Circular related to Aurizon has been compiled from public sources.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by Alamos, the Depositary and Information Agent or the Dealer Manager.

NOTICE TO SHAREHOLDERS OUTSIDE CANADA

The Offer is subject to Section 14(d) of the U.S. Exchange Act, Regulation 14D promulgated by the SEC thereunder, Section 14(e) of the U.S. Exchange Act and Regulation 14E promulgated by the SEC thereunder. The offering of Alamos Shares pursuant to the Offer, however, is made by a Canadian issuer that is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare the Offer and Circular in accordance with the disclosure requirements of Canada. The Offer is subject to applicable disclosure requirements in Canada. Shareholders should be aware that such requirements are different from those of the United States and may differ from those in other jurisdictions. Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are subject to Canadian auditing standards and auditor independence rules, and thus may not be comparable to financial statements of United States companies or companies incorporated in other jurisdictions.

Shareholders in the United States should be aware that the disposition of Common Shares by them as described herein may have tax consequences in the United States, Canada and other jurisdictions. Such consequences may not be fully described herein and such holders are urged to consult their tax advisors. See Section 19 of the Circular, "Principal Canadian Federal Income Tax Considerations" and Section 20 of the Circular, "U.S. Federal Income Tax Considerations".

The enforcement by Shareholders of civil liabilities under U.S. federal or state securities laws or applicable laws in other jurisdictions may be affected adversely by the fact that Alamos is governed by the laws of Canada, that some of its officers and directors are residents of jurisdictions other than the United States, that the Dealer Manager and some of the experts named in the Circular are Canadian residents and that all or a substantial portion of the assets of Alamos and such persons may be located outside the United States or such other jurisdictions. The enforcement by Shareholders of civil liabilities under the securities laws of the United States or applicable laws in other jurisdictions may also be affected adversely by the fact that some of Aurizon's officers and directors are resident outside the United States or such other jurisdictions and that all or a substantial portion of the assets of Aurizon and Aurizon's officers and directors may be located outside the United States or such other jurisdictions. It may be difficult to compel Alamos or any of the aforementioned persons to subject itself to the judgment of a court in the United States or any such other jurisdiction.

THE ALAMOS SHARES AND THE OFFER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFER AND CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Alamos has filed with the United States Securities and Exchange Commission (the "SEC") a Registration Statement on Form F-10 (the "**Registration Statement**"), a Tender Offer Statement on Schedule TO (the "**Tender Offer Statement**") and other documents and information, and expects to mail the Offer and Circular to Shareholders. SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, THE TENDER OFFER STATEMENT AND THE OFFER AND CIRCULAR AND ANY OTHER RELEVANT DOCUMENTS TO BE FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and Shareholders will be able to obtain the documents free of charge at the SEC's website, www.sec.gov. In addition, documents filed with the SEC by Alamos will be available free of charge from Alamos. You should direct requests for documents to the Vice-President, Legal of Alamos at Suite 2200, 130 Adelaide Street West, Toronto, Ontario M5H 3P5, telephone (416) 368-9932. To obtain timely delivery, such documents should be requested not later than February 11, 2013, five business days before the Expiry Date.

This document does not generally address the income tax consequences of the Offer to Shareholders in any jurisdiction outside Canada or the United States. Shareholders in a jurisdiction outside Canada or the United States should be aware that the disposition of Common Shares may have tax consequences which may not be described herein. Accordingly, Shareholders outside Canada and the United States should consult their own tax advisors with respect to tax considerations applicable to them.

The Offer does not constitute an offer to sell or a solicitation of an offer to buy any securities in any state in the United States or any other jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made or directed to, nor is this document being mailed to, nor will deposits of Common Shares be accepted from or on behalf of, Shareholders in any state in the United States or any other jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such state or other jurisdiction. Alamos or its agents may, in its or their sole discretion, take such action as it or they may deem desirable to extend the Offer to Shareholders in any such state or other jurisdiction. Notwithstanding the foregoing, Alamos or its agents may elect not to complete such action in any given instance. Accordingly, Alamos cannot at this time assure Shareholders that otherwise valid tenders can or will be accepted from holders resident in all states in the United States and all other jurisdictions.

Unless otherwise indicated, all resource and reserve estimates included or incorporated by reference into the Offer and Circular have been prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “**CIM**”) - *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities

Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101 and the CIM standards. These definitions differ from the definitions in SEC Industry Guide 7 (“**SEC Industry Guide 7**”) under the U.S. Securities Act and the U.S. Exchange Act. Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101 and the CIM standards; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre- feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. See Section 24 of the Circular, “Risk Factors Related to the Offer – There are differences in U.S. and Canadian practices for reporting mineral reserves and resources”.

These standards differ significantly from the requirements of the SEC, and mineral reserve and mineral resource information contained or incorporated by reference herein may not be comparable to similar information disclosed by United States companies.

NOTICE TO HOLDERS OF CONVERTIBLE SECURITIES

The Offer is made only for Common Shares and is not made for any options or any other rights to acquire Common Shares (collectively, “**Convertible Securities**”). Any holder of Convertible Securities who wishes to accept the Offer should, subject to and to the extent permitted by the terms of such Convertible Securities and applicable Law, exercise, exchange or convert such Convertible Securities in order to obtain certificates representing Common Shares and deposit such Common Shares in accordance with the Offer. See Section 1 of the Offer, “The Offer”. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will have received certificates representing the Common Shares issuable upon such exercise, exchange or conversion in time for deposit prior to the Expiry Time, or in sufficient time to comply with the procedures described in Section 3 of the Offer, “Manner of Acceptance – Procedure for Guaranteed Delivery”.

The tax consequences to holders of Convertible Securities of exercising or not exercising such securities are not described in the Offer and Circular. Holders of such Convertible Securities should consult their own tax advisors with respect to the potential income tax consequences to them in connection with the decision to exercise or not exercise such securities.

REPORTING CURRENCY AND CURRENCY EXCHANGE RATE INFORMATION

Unless otherwise indicated, all references to “\$”, “Cdn\$” or “dollars” in the Offer and Circular are to Canadian dollars.

The following table sets forth the high and low exchange rates for one U.S. dollar expressed in Canadian dollars for each period indicated, the average of the exchange rate for each period indicated and the exchange rate at the end of such period, based upon the noon buying rates provided by the Bank of Canada:

Year Ended December 31

<u>2012</u>	<u>2011</u>	<u>2010</u>
-------------	-------------	-------------

High	1.0418	1.0604	1.0778
Low	0.9710	0.9449	0.9946
Rate at end of period	0.9949	1.0170	0.9946
Average rate for period	0.9996	0.9891	1.0299

The Bank of Canada noon rate of exchange on January 9, 2013 for Canadian dollars was US\$1.00 = Cdn\$0.9868.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in the Summary, the Offer and Circular, including under Section 3 of the Circular, “Background to the Offer”; Section 4 of the Circular, “Reasons to Accept the Offer”; Section 5 of the Circular, “Purpose of the Offer and Alamos’ Plans for Aurizon”; Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”; and Section 18 of the Circular, “Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer”, in addition to certain statements contained elsewhere in the Offer and Circular or incorporated by reference herein, are forward-looking statements, including within the meaning of the U.S. Exchange Act. All statements other than statements of historical fact included in the Offer and Circular or incorporated by reference herein, 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 that 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 that 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 risks related to the Offer, fluctuations in the value of the consideration; integration issues; the effect of the Offer on the market price of Alamos Shares; the exercise of dissent rights in connection with a Compulsory Acquisition or Subsequent Acquisition Transaction; the liquidity of the Common Shares; risks associated with Aurizon becoming a subsidiary of Alamos; differences in Shareholder interests; the reliability of the information regarding Aurizon; change of control provisions; risks associated with obtaining governmental and regulatory approvals; failure to maintain effective internal controls; the liquidity of Alamos Shares on the NYSE; the effect of the Offer on non-Canadian Shareholders; and risks related to the on-going business of Alamos, including 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 risk factors described in Section 24 of the Circular, “Risk Factors Related to the Offer” and in the section entitled “Risk Factors” that is included in Alamos’ annual information form dated March 29, 2012 incorporated by reference herein. 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.

NOTICE REGARDING AURIZON INFORMATION

Except as otherwise indicated herein, the information concerning Aurizon contained in the Offer and Circular has been taken from or is based upon publicly available information filed with Canadian securities regulators and other public sources available as at January 11, 2013. Aurizon has not reviewed the Offer and Circular and has not confirmed the accuracy and completeness of the information in respect of Aurizon contained herein. Neither Alamos, nor any person acting jointly or in concert with Alamos, nor any of the directors or officers of Alamos or such persons, assumes any responsibility for the accuracy or completeness of such information or any failure by Aurizon to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to Alamos or such persons. Except as otherwise indicated herein, Alamos has no means of verifying the accuracy or completeness of any of the information contained herein that is derived from publicly available information regarding Aurizon or whether there has been any failure by Aurizon to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

TABLE OF CONTENTS

	Page
SUMMARY TERM SHEET	I
SUMMARY	i
OFFER	1
1. The Offer	1
2. Time for Acceptance	3
3. Manner of Acceptance	4
4. Conditions of the Offer	8
5. Extension, Variation or Change of the Offer	12
6. Take-up of and Payment for Deposited Common Shares	13
7. Return of Deposited Common Shares	14
8. Withdrawal of Deposited Common Shares	14
9. Notices and Delivery	16
10. Changes in Capitalization, Dividends, Distributions and Liens	16
11. Mail Service Interruption	17
12. Other Terms of the Offer	17
CIRCULAR	19
1. Alamos	19
2. Aurizon	20
3. Background to the Offer	21
4. Reasons to Accept the Offer	22
5. Purpose of the Offer and Alamos' Plans for Aurizon	23
6. Share Purchase Agreements	24
7. Source of Funds	26
8. Summary of Alamos Historical and Pro Forma Financial Information	26
9. Certain Information Concerning Securities of Alamos	28
10. Certain Information Concerning Securities of Aurizon	32
11. Holdings of Securities of Aurizon	35
12. Trading in Securities of Aurizon	35
13. Commitments to Acquire Common Shares	36
14. Other Material Facts about Aurizon	36
15. Acquisition of Common Shares Not Deposited Under the Offer	36
16. Agreements, Commitments or Understandings	40

17.	Regulatory Matters	41
18.	Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer	43

TABLE OF CONTENTS

(continued)

	Page
19. Principal Canadian Federal Income Tax Considerations	44
20. U.S. Federal Income Tax Considerations	53
21. U.S. Securities Act and U.S. Exchange Act Requirements	59
22. Documents Incorporated by Reference	59
23. Documents Filed as Part of the Registration Statement	60
24. Risk Factors Related to the Offer	60
25. Statutory Rights	64
26. Financial Advisor, Dealer Manager and Soliciting Dealer Group	64
27. Depositary and Information Agent	65
28. Experts	65
29. Legal Matters	65
30. Directors Approval	65
GLOSSARY	66
SCHEDULE "A" DESCRIPTION OF THE KIRAZLI & AĞI DAĞI GOLD PROJECT	A-1
SCHEDULE "B" DESCRIPTION OF THE MULATOS MINE	B-1
SCHEDULE "C" COMPULSORY ACQUISITION PROVISIONS OF SECTION 300 OF THE BCBCA	C-1
SCHEDULE "D" UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS	D-1
SCHEDULE "E" CERTAIN INFORMATION REGARDING THE DIRECTORS AND EXECUTIVE OFFICERS OF ALAMOS	E-1
CONSENT OF TORYS LLP	F-1
CONSENT OF ERNST & YOUNG LLP	G-1
CERTIFICATE OF ALAMOS GOLD INC.	H-1

SUMMARY TERM SHEET

The following sets forth material information with respect to the Offer. The questions and answers below are not meant to be a substitute for the more detailed description and information contained in the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery. You are urged to read the entire Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery carefully prior to making any decision regarding whether or not to tender your Common Shares. We have included cross-references in this section to other sections of the Offer and Circular where you will find more complete descriptions of the topics mentioned below. Unless otherwise defined herein, capitalized terms have the meanings given to them in the Glossary.

Who is offering to buy my Common Shares?

Alamos, a corporation existing under the Laws of the Province of British Columbia, is a Canadian-based gold producer that owns and operates the Mulatos Mine in Mexico, and has exploration and development activities in Mexico and Turkey. The Alamos Shares are listed and trade on the TSX under the symbol “AGI” and are quoted on the OTC under the symbol “AGIGF”. Alamos’ head office is located at Suite 2200, 130 Adelaide Street West, Toronto, Ontario M5H 3P5 and its registered and records office is located at Suite 3350, Four Bentall Centre, 1055 Dunsmuir Street, P.O. Box 49222, Vancouver, British Columbia V7X 1L2.

See Section 1 of the Circular, “Alamos”.

What is Alamos proposing?

Alamos is offering to purchase all of the issued and outstanding Common Shares not currently held by Alamos and its affiliates, subject to the terms and conditions set forth in the Offer and Circular.

See Section 1 of the Offer, “The Offer” and Section 4 of the Offer, “Conditions of the Offer”.

What would I receive in exchange for my Common Shares?

For each Common Share you hold, Alamos is offering:

- (a) \$4.65 in cash under the Cash Alternative; or
- (b) 0.2801 of an Alamos Share under the Share Alternative,

in each case as elected by you in the applicable Letter of Transmittal or Notice of Guaranteed Delivery, and subject to pro-rata as more fully described in Section 1 of the Offer, “The Offer”.

The total amount of cash available under the Offer is limited to \$305,000,000 and the total number of Alamos Shares available for issuance under the Offer is limited to 23,500,000 Alamos Shares. Assuming that all Shareholders tendered to either the Cash Alternative or the Share Alternative, each Shareholder would be entitled to receive \$2.04 in cash and 0.1572 of an Alamos Share for each Common Share tendered (based on 175,431,302 Common Shares issued and outstanding on a fully diluted basis), subject to adjustment for fractional shares. For greater certainty, unless a Shareholder receives only cash consideration or only share consideration for all Common Shares tendered by the Shareholder, in all circumstances a Shareholder will receive a proportionate amount of cash and Alamos Shares as consideration for the Common Shares tendered by such Shareholder under the Offer. Applicable U.S. securities laws do not permit Alamos to have more than one Take-Up Date as a result of pro rating the consideration offered under the Offer. Alamos currently intends to seek such relief as may be available to permit it to take up Common Shares on more than one Take-Up Date; although, there can be no assurances that Alamos will be granted such relief.

Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted.

See Section 1 of the Offer, “The Offer”.

What are some of the significant conditions to the Offer?

The Offer is subject to several conditions, some of the most important of which are as follows:

There being validly deposited under the Offer and not withdrawn at the Expiry Time, such number of Common Shares which, together with Common Shares directly or indirectly held by Alamos and its affiliates, constitutes at least 66²/₃% of the total issued and outstanding Common Shares (calculated on a fully diluted basis);

Alamos having obtained all requisite approvals, including under the Competition Act, the HSR Act and requisite stock exchanges, and the applicable waiting period having expired or been terminated; and

Alamos having determined that there does not exist and there has not occurred, a Material Adverse Change.

The Offer is not subject to any financing condition.

See Section 4 of the Offer, “Conditions of the Offer”, for additional conditions of the Offer.

Why is Alamos making the Offer?

Alamos is making the Offer because it wants to acquire control of, and ultimately the entire equity interest in, Aurizon. If Alamos completes the Offer but does not then own 100% of the Common Shares, Alamos currently intends to acquire any Common Shares not deposited under the Offer in a second-step transaction. This transaction will take the form of a Compulsory Acquisition or a Subsequent Acquisition Transaction.

See Section 3 of the Circular, “Background to the Offer”, and Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”.

Why should Shareholders accept Alamos’ offer to buy Aurizon?

Alamos believes that the Offer will deliver superior value to Shareholders because:

Alamos is offering a significant premium to the market price for the Common Shares at the time Alamos’ intention to make an offer was announced;

the transaction will immediately create a new leading intermediate gold mining company with increased diversification, scale and liquidity;

Alamos offers the Shareholders the benefits of both the project development and operation expertise of the Alamos management team with a solid track record and proven experience in the gold industry as well as access to pro forma combined estimated cash and cash equivalents and short-term investments of approximately US\$209.7 million with which to advance projects without any near-term dilution;

Alamos’ balance sheet and operating cash flow will be available to support the strong growth profile of the combined company without an expectation of a need for any equity capital raisings; and

Shareholders who tender to the Offer for Alamos Shares will gain exposure to the world-class projects of Alamos including the producing Mulatos Mine in Mexico, one of the world’s most profitable gold mines, the advanced-stage Ağı Dağı and Kirazlı projects in Turkey and other earlier-stage exploration properties in both Mexico and Turkey, any future increases in value associated with the continued exploration and development of Aurizon’s portfolio of assets, as well as production at Aurizon’s flagship Casa Berardi Gold Mine.

See Section 4 of the Circular, “Reasons to Accept the Offer”.

What securities are being sought in the Offer?

Alamos is offering to purchase all of the issued and outstanding Common Shares. Based on publicly available information, Alamos believes that, as of December 18, 2012, there were 175,431,302 Common Shares issued and outstanding (on a fully diluted basis). The Offer includes Common Shares that may become outstanding after the date of the Offer, but prior to the Expiry Time, upon the exercise of any Convertible Securities. The Offer is not being made for any Convertible Securities or other rights to acquire Common Shares.

See Section 1 of the Offer, "The Offer".

How will Convertible Securities be treated in the Offer?

The Offer being is made only for outstanding Common Shares and not for any Convertible Securities. Any holder of such securities who wishes to accept the Offer must, to the extent permitted by the terms thereof and applicable Law, fully exercise, exchange or convert such securities sufficiently in advance of the Expiry Time of the Offer in order to obtain Common Shares that may be deposited in accordance with the terms of the Offer.

If Alamos takes up and pays for Common Shares tendered under the Offer and not validly withdrawn, it currently intends to implement a Compulsory Acquisition, a Subsequent Acquisition Transaction, or take such other action as may be available to Alamos. In the event that Alamos implements a Subsequent Acquisition Transaction, it may be structured in such a manner that the holders of Convertible Securities will, pursuant to the terms thereof, receive Alamos Shares upon the proper exercise or conversion of the Convertible Securities. The number of Alamos Shares to be issued and the exercise price therefor will reflect the exchange ratio used in the Offer. Alternatively, Alamos may take any other actions available to it to cause the exercise or termination of any remaining Convertible Securities.

Will fractional shares be issued in the Offer?

No. Alamos will not issue fractional Alamos Shares. Instead, where a Shareholder is to receive Alamos Shares as consideration under the Offer and the aggregate number of Alamos Shares to be issued to such Shareholder would result in a fraction of an Alamos Share being issuable, the number of Alamos Shares to be received by such Shareholder will be rounded down to the nearest whole Alamos Share and the amount of cash to be received by such Shareholder will correspondingly be rounded down to the nearest whole cent.

How many Alamos Shares could be issued pursuant to the Offer?

Alamos expects to issue approximately 23,500,000 Alamos Shares under the Offer based on the number of Common Shares issued and outstanding on a fully diluted basis as of January 9, 2013, as publicly disclosed by Aurizon and assuming that all of the Common Shares issued and outstanding as at January 9, 2013 (other than Common Shares held by Alamos or its affiliates) are acquired upon completion of the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, and assuming that all of the holders of in-the-money options of Aurizon elect to exercise their options in advance of the successful completion of the Offer.

See Section 1 of the Offer, "The Offer".

Will my ownership and voting rights as a shareholder of Alamos be the same as my ownership and voting rights as a shareholder of Aurizon?

As noted above, Alamos expects to issue approximately 23,500,000 Alamos Shares in connection with the Offer, which would result in there being a total of approximately 150,955,788 Alamos Shares issued and outstanding (based on the number of Alamos Shares issued and outstanding as at January 9, 2013), with Shareholders holding approximately 15.6% of the Alamos Shares on an issued basis. Each Common Share carries the right to one vote at meetings of Shareholders. Each Alamos Share carries the right to one vote at meetings of Alamos shareholders.

See Section 9 of the Circular, "Certain Information Concerning Alamos - Authorized and Outstanding Share Capital" and Section 25 of the Circular, "Risk Factors Related to the Offer".

How long do I have to decide whether to tender to the Offer?

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on February 19, 2013, or until such other time and date as is set out in a notice of variation of the Offer as Alamos determines, issued at any time and from time to time at its discretion.

See Section 2 of the Offer, "Time for Acceptance".

III

Can the Expiry Time for the Offer be extended?

Yes. Alamos may, in its sole discretion, elect to extend the Expiry Time for the Offer from the time referenced in the answer to the previous question. Under certain circumstances, Alamos may be required to extend the Expiry Time for the Offer under applicable Canadian and U.S. securities laws. If Alamos elects or is required to extend the Expiry Time for the Offer, it will publicly announce the variation and, if required by applicable Law, Alamos will mail you a copy of the notice of variation.

See Section 5 of the Offer, "Extension, Variation or Change to the Offer".

Alamos may also elect and reserve the right to provide a Subsequent Offering Period for the Offer. A Subsequent Offering Period, if one is provided, will be an additional period of time of no less than 10 days beginning after Alamos has accepted for purchase all Common Shares previously tendered during the Offer, during which period Shareholders may tender their Common Shares. There would be no condition to the Offer to purchase these tendered Common Shares. See "Time for Acceptance" in Section 2 of the Offer. Alamos will permit withdrawal of Common Shares tendered during a Subsequent Offering Period, if there is one, until such time as they are taken up.

See Section 8 of the Offer, "Withdrawal of Deposited Common Shares".

How do I tender my Common Shares?

If you hold Common Shares in your own name, you may accept the Offer by depositing certificates representing your Common Shares, together with a duly completed and signed Letter of Transmittal and all other documents required by the instructions to the Letter of Transmittal, at the office of the Depositary and Information Agent specified in the Letter of Transmittal. If your Common Shares are registered in the name of a nominee (commonly referred to as "in street name" or "street form"), you should contact your broker, investment dealer, bank, trust company or other nominee for assistance in tendering your Common Shares to the Offer. You should request your nominee to effect the transaction.

Shareholders may also accept the Offer pursuant to the procedures for book-entry transfer detailed in the Offer and Circular and have your Common Shares tendered by your nominee through CDS or DTC, as applicable. Shareholders are invited to contact the Depositary and Information Agent for further information regarding how to accept the Offer. The Depositary and Information Agent can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

See Section 3 of the Offer, "Manner of Acceptance".

What if I have lost my Common Share certificate(s) but wish to tender my Common Shares to the Offer?

You should complete your Letter of Transmittal as fully as possible and state in writing the circumstances surrounding the loss and forward the documents to the Depositary and Information Agent. The Depositary and Information Agent will forward a copy to the transfer agent for the Common Shares and such transfer agent will advise you of the replacement requirements, which must be completed and returned before the Expiry Time.

See Section 3 of the Offer, "Manner of Acceptance".

Will I be able to trade the Alamos Shares I receive?

You will be able to trade the Alamos Shares that you will receive under the Offer. Statutory exemptions allow such trading in Canada and upon the Registration Statement becoming effective in the United States, non- "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of Alamos will be able to trade their Alamos Shares received under the Offer in the United States. Alamos has applied to list the Alamos Shares offered to Shareholders pursuant to the Offer on the TSX and all of the Alamos Shares (including the Alamos Shares offered hereunder) on the NYSE.

If I accept the Offer, when will I receive the consideration for my Common Shares?

If the conditions of the Offer are satisfied or waived, and if Alamos consummates the Offer and takes up your Common Shares, you will receive the consideration for the Common Shares tendered to the Offer, based on whether you elected the Cash Alternative or the Share Alternative (subject to pro ration), promptly after the Expiry Time.

IV

See Section 6 of the Offer, "Take-Up and Payment for Deposited Common Shares".

Who is the Depositary and Information Agent under the Offer?

Kingsdale Shareholder Services Inc. is acting as Depositary and Information Agent under the Offer. The Depositary and Information Agent will be responsible for receiving certificates representing Common Shares and accompanying Letters of Transmittal and other documents. The Depositary and Information Agent is also responsible for receiving Notices of Guaranteed Delivery, giving notices, if required, and making payment for all Common Shares purchased by Alamos under the terms of the Offer. The Depositary and Information Agent will also facilitate book-entry tenders of Common Shares. Kingsdale Shareholder Services Inc. can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

See Section 27 of the Circular, "Depositary and Information Agent".

Will I be able to withdraw previously tendered Common Shares?

Yes. You may withdraw Common Shares previously tendered by you at any time (i) before Common Shares deposited under the Offer are taken up by Alamos under the Offer (including during any Subsequent Offering Period), (ii) if your Common Shares have not been paid for by Alamos within three business days after having been taken up, and (iii) in certain other circumstances.

See Section 8 of the Offer, "Withdrawal of Deposited Common Shares".

How do I withdraw previously tendered Common Shares?

You must send a notice of withdrawal to the Depositary and Information Agent prior to the occurrence of certain events and within the time periods set forth in Section 8 of the Offer, "Withdrawal of Deposited Common Shares", and the notice must contain specific information outlined therein.

See Section 8 of the Offer, "Withdrawal of Deposited Common Shares".

Will I have to pay any fees or commissions?

If you are the registered owner of your Common Shares and you tender your Common Shares directly to the Depositary and Information Agent, you will not have to pay brokerage fees or incur similar expenses. If you own your Common Shares through a broker or other nominee and your broker tenders the Common Shares on your behalf, your broker or nominee may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply.

What will happen if the Offer is withdrawn?

Unless all of the conditions to the Offer have been satisfied or waived at or prior to the Expiry Time, Alamos will not be obligated to take up and purchase Common Shares tendered to the Offer and Alamos may withdraw the Offer. If the Offer is withdrawn in this manner, all of your Common Shares that were deposited and not withdrawn will be returned to you with no payment.

How will a Shareholder be treated for Canadian federal income tax purposes?

A Shareholder who is a resident of Canada, who holds Common Shares as capital property and who sells such shares pursuant to the Offer will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of such shares exceed (or are less than) the total of the adjusted cost base to the Shareholder of such shares and any reasonable costs of disposition. However, a Shareholder who is an Eligible Holder and who elects (or is deemed to elect) the Share Alternative or elects the Cash Alternative but the prorating provisions of the Offer apply may, depending on the circumstances, obtain a full or partial tax-deferred "rollover" by making a joint election with Alamos in prescribed form pursuant to subsection 85(1) or, where the Shareholder is a partnership,

subsection 85(2) of the Tax Act (and the corresponding provisions of any applicable provincial legislation). A Shareholder who elects the Share Alternative may in certain circumstances obtain an automatic tax-deferred “rollover”.

A Shareholder who is not a resident of Canada generally will not be subject to tax under the Tax Act on any capital gain realized on a disposition of such Shareholder's Common Shares to the Offer unless such Common Shares are "taxable Canadian property" and are not "treaty-protected property" of such Shareholder.

The foregoing is a brief summary of Canadian federal income tax consequences only and is qualified by the description of Canadian federal income tax considerations in Section 19 of the Circular, "Principal Canadian Federal Income Tax Considerations". Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares pursuant to the Offer or a disposition of Common Shares pursuant to any Compulsory Acquisition or Subsequent Acquisition Transaction.

How will U.S. Holders of Common Shares be treated for U.S. federal income tax purposes?

Unless Aurizon amalgamates with a subsidiary of Alamos and certain other requirements are met, the disposition of Common Shares pursuant to the Offer for Alamos Shares and/or cash generally will be a taxable transaction for U.S. federal income tax purposes, and a U.S. Holder will recognize gain or loss on such disposition of Common Shares in an amount equal to the difference between (i) the sum of the fair market value of the Alamos Shares and cash received (both determined in U.S. dollars) and (ii) such U.S. Holder's adjusted tax basis in the Common Shares surrendered. If Aurizon amalgamates with a subsidiary of Alamos and certain other requirements are met, then, although there is limited authority and thus substantial uncertainty, the disposition of Common Shares pursuant to the Offer should qualify as an exchange pursuant to a tax-deferred reorganization under Section 368(a) of the Code, in which event a U.S. Holder would only recognize gain to the extent of cash (determined in U.S. dollars) received but would not recognize any loss. In addition, the specific U.S. federal income tax consequences to a U.S. Holder will depend on whether Aurizon has been a PFIC during a U.S. Holder's holding period for its Common Shares.

The foregoing summary is qualified in its entirety by the more detailed information under Section 20 of the Circular, "U.S. Federal Income Tax Considerations". Each U.S. Holder should consult an independent tax advisor regarding the U.S. federal income tax consequences of a disposition of Common Shares pursuant to the Offer.

Is Alamos' financial condition relevant to my decision to tender my Common Shares to the Offer?

Yes. Alamos Shares will be issued to Shareholders who validly tender their Common Shares, so you should consider Alamos' financial condition before you decide to tender your Common Shares to the Offer. In considering Alamos' financial condition, you should review the documents included and incorporated by reference in the Offer and Circular because they contain detailed business, financial and other information about Alamos.

See Section 1 of the Circular, "Alamos".

If I decide not to tender, how will my Common Shares be affected?

If Alamos takes up and pays for the Common Shares validly tendered under the Offer, Alamos currently intends to take such action as is necessary, including effecting a Compulsory Acquisition or a Subsequent Acquisition Transaction, to acquire any Common Shares not tendered. It is Alamos' current intention that the consideration to be offered for Common Shares under such Compulsory Acquisition or Subsequent Acquisition Transaction will be the same consideration offered pursuant to the Offer. In connection with such a transaction, you may have dissent rights. However, Alamos reserves the right not to complete a Compulsory Acquisition or a Subsequent Acquisition Transaction.

See Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer".

Will Aurizon continue as a public company?

If, as a result of the Offer and any subsequent transaction, the number of Shareholders is sufficiently reduced, Aurizon may become eligible to cease to be a reporting issuer in Canada and/or the United States. To the extent permitted by applicable Law, Alamos intends to delist the Common Shares from the TSX and the NYSE MKT and, where applicable, to cause Aurizon to cease to

be a public company in Canada and the United States. The rules and regulations of the TSX and NYSE MKT could also, upon the consummation of the Offer and/or a subsequent transaction, lead to the delisting of the Common Shares from such exchanges.

See Section 5 of the Circular, “Purpose of the Offer and Alamos’ Plans for Aurizon”.

What is the market value of my Common Shares?

On January 9, 2013, the closing price of the Common Shares listed on the TSX and NYSE MKT was \$3.33 and US\$3.39, respectively. The volume-weighted average price of the Common Shares on the TSX and NYSE MKT for the 20 trading days ended January 9, 2013 was \$3.40 and US\$3.45, respectively. Based on the closing prices of the Alamos Shares on the TSX on January 9, 2013, the Offer represented a premium of approximately 40% over the closing prices of the Common Shares on the TSX on the same date. Based on the volume-weighted average price of the Alamos Shares on the TSX and NYSE MKT for the 20 trading days ended January 9, 2013, the Offer represented a premium of approximately 37% over the volume-weighted average price of the Common Shares on the TSX and NYSE MKT for the same period.

Alamos urges you to obtain recent quotations for the Common Shares and Alamos Shares before deciding whether or not to tender your Common Shares to the Offer.

See Section 18 of the Circular, “Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer”.

If the Offer is successful will the board of directors and management of Aurizon change?

If the Offer is successful, it is anticipated that the current management of Alamos will manage Aurizon in place of Aurizon’s current management, and that the board of directors of Aurizon will be replaced by nominees of Alamos.

See Section 5 of the Circular, “Purpose of the Offer and Alamos’ Plans for Aurizon”.

Who can I call with questions about the Offer or for more information?

You can call our Depositary and Information Agent, Kingsdale Shareholder Services Inc., if you have questions or requests for additional copies of the Offer and Circular. Questions and requests should be directed to the following telephone numbers:

The Depositary and Information Agent for the Offers is:



By Registered Mail

The Exchange Tower
130 King Street West, Suite 2950,
P.O. Box 361
Toronto, Ontario
M5X 1E2

By Hand or by Courier

The Exchange Tower
130 King Street West, Suite 2950,
Toronto, Ontario
M5X 1E2

North American Toll Free Phone:

1-866-851-3214

E-mail: contactus@kingsdaleshareholder.com
Facsimile: 416-867-2271
Toll Free Facsimile: 1-866-545-5580
Outside North America, Banks and Brokers Call Collect: 416-867-2272



VIII

SUMMARY

The following is a summary only and is qualified in its entirety by the detailed provisions contained in the Offer and Circular. You should read the Offer and Circular in their entirety. Certain capitalized and other terms used in this summary, where not otherwise defined herein, are defined in the Glossary. All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.

Except as otherwise indicated herein, the information concerning Aurizon contained in the Offer and Circular has been taken from or is based upon publicly available information filed with Canadian securities regulators and other public sources available as at January 11, 2013. Aurizon has not reviewed the Offer and Circular and has not confirmed the accuracy and completeness of the information in respect of Aurizon contained herein. Neither Alamos, nor any person acting jointly or in concert with Alamos, nor any of the directors or officers of Alamos or such persons, assumes any responsibility for the accuracy or completeness of such information or any failure by Aurizon to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to Alamos or such persons. Except as otherwise indicated herein, Alamos has no means of verifying the accuracy or completeness of any of the information contained herein that is derived from publicly available information regarding Aurizon or whether there has been any failure by Aurizon to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

The Offer

Alamos is offering to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares, other than any Common Shares held directly or indirectly by Alamos and its affiliates, and including, for greater certainty, any Common Shares that may become issued and outstanding upon the exercise, exchange or conversion of Convertible Securities after the date hereof but prior to the Expiry Time, for consideration per Common Share of, at the election of the Shareholder:

- (a) \$4.65 in cash for each Common Share; or
- (b) 0.2801 of an Alamos Share for each Common Share,

subject, in each case, to pro-rata as set forth herein. The Offer is made only for Common Shares, and is not made for any other securities.

Assuming that all Shareholders tendered their Common Shares to either the Cash Alternative or the Share Alternative, each Shareholder would be entitled to receive \$2.04 in cash and 0.1572 of an Alamos Share for each Common Share tendered (based on 175,431,302 Common Shares issued and outstanding on a fully diluted basis), subject to adjustment for fractional shares, as described herein. For greater certainty, unless a Shareholder receives only cash consideration or only share consideration for all Common Shares tendered by the Shareholder, in all circumstances a Shareholder will receive a proportionate amount of cash and Alamos Shares as consideration for the Common Shares tendered by such Shareholder under the Offer. Applicable U.S. securities laws do not permit Alamos to have more than one Take-Up Date as a result of pro rating the consideration offered under the Offer. Alamos currently intends to seek such relief as may be available to permit it to take up Common Shares on more than one Take-Up Date; although, there can be no assurances that Alamos will be granted such relief.

The cash payments to Shareholders will be denominated in Canadian dollars. However, Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars by checking Box 2, Choice A of the Letter of Transmittal, in which case each such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted. A Shareholder electing to receive payment of the cash to which it is entitled under the Offer made in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of such Shareholder. The Depositary and Information Agent may receive a fee from its banking institution for referring foreign exchange transactions to it.

See Section 1 of the Offer, “The Offer”.

The obligation of Alamos to take up and pay for Common Shares pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer, “Conditions of the Offer”.

Time for Acceptance

The Offer is open for acceptance during the period commencing on the date hereof and ending at 5:00 p.m. (Toronto time) on Tuesday, February 19, 2013, or such later time or times and date or dates to which the Offer may be extended from time to time by Alamos, in accordance with Section 5 of the Offer, "Extension, Variation or Change of the Offer", unless the Offer is withdrawn by Alamos. Any decision to extend the Offer, including for how long, will be made prior to the Expiry Time. See Section 2 of the Offer, "Time for Acceptance".

Alamos

Alamos is a gold mining and exploration company engaged in exploration, mine development, and the mining and extraction of precious metals, primarily gold. Alamos' operating asset is the Mulatos Mine which was acquired in February 2003, and is located within the 30,536-hectare Salamandra Concessions in the state of Sonora, Mexico. In January 2010, Alamos acquired the development-stage Ağı Dağı and Kirazlı Projects in the Biga district of northwestern Turkey. In 2011, Alamos discovered the Çamyurt project, located approximately three kilometers from the Ağı Dağı Project, which Alamos believes has the potential to become a stand-alone mining project. Alamos is a public corporation that is listed on the TSX under the symbol "AGI" and has a quoted market value of approximately \$2.0 billion as of the close of trading on January 9, 2013. Alamos has applied to list the Alamos Shares on the NYSE under the symbol "AGI". Alamos is also quoted on the OTC under the symbol "AGIGF". Alamos expects that the Alamos Shares will cease being quoted on the OTC upon its listing on the NYSE.

Since the start of operations at the Mulatos Mine in Mexico in 2006, Alamos has focused on continued operating improvements and conducting exploration programs to increase reserves and resources. In 2012, the Mulatos Mine produced 200,000 ounces of gold. This represents the fifth consecutive year in which the Mulatos Mine has produced in excess of 150,000 ounces of gold. In the fiscal year ended December 31, 2012, Alamos generated revenues of \$329.4 million, compared to \$227.4 million in 2011. As at December 31, 2012, Alamos had in excess of \$350 million in cash and cash equivalents and short-term investments. As of the date hereof, Alamos owns 26,507,283 Common Shares. See Section 1 of the Circular, "Alamos".

Aurizon

Aurizon is a Canadian-based gold producer with operations and development activities in the Abitibi region of northwestern Québec. Since 1988, Aurizon has been involved in the acquisition, exploration, development and operation of a number of gold properties in North America. Aurizon owns 100% of the producing Casa Berardi Gold Mine and also owns a 100% interest in the Joanna Gold development project, a development-stage gold property on which a feasibility study has been commissioned for the Hosco deposit. In addition, Aurizon has staked mineral claims, and/or entered into agreements with junior exploration companies to acquire interests in several early stage exploration projects. Aurizon is a public corporation that is listed on the TSX under the symbol "ARZ" and on the NYSE MKT under the symbol "AZK" and has a quoted market value on the TSX and the NYSE MKT of approximately \$548 million and US\$558 million, respectively, as of the close of trading on January 9, 2013.

Aurizon's productions from the Casa Berardi Gold Mine in 2011, 2010 and 2009 were 163,845 ounces, 141,116 ounces and 159,261 ounces, respectively. Aurizon's principal product is gold, with gold sales currently accounting for all of Aurizon's revenues. See Section 2 of the Circular, "Aurizon".

Reasons to Accept the Offer

Shareholders should consider the following factors in making a decision to accept the Offer:

Significant Premium. Based on the closing price of \$16.60 per Alamos Share on the TSX on January 9, 2013, the consideration offered under the Offer has a value of \$4.65 per Common Share, representing a premium of approximately 40% and 39%, respectively, over the closing price of \$3.33 and US\$3.39 per Common Share on the TSX and NYSE MKT on January 9, 2013. Based on the volume-weighted average price of Alamos Shares on the TSX for the 20 trading days ended January 9, 2013, the Offer represents a premium of approximately 37% over the volume-weighted average price of the Common Shares on the TSX and NYSE MKT for the same period.

Creation of a Leading Intermediate Gold Company. The combination of Alamos and Aurizon will immediately create a new leading intermediate gold mining company with increased diversification, scale and liquidity. The combined entity is anticipated to have an estimated market capitalization of approximately US\$2.6 billion, with enhanced visibility among the international investor community as well as continued exposure

to the North American capital markets through listings on both the TSX and the NYSE. The combined company, with two steady producing, low cost mines located in stable jurisdictions, will be strongly positioned for growth.

Established, Well-funded, Shareholder Focused Team in Place. Alamos offers Shareholders the benefits of both the project development and operation expertise of the Alamos management team as well as access to pro forma combined estimated cash and cash equivalents and short-term investments of approximately US\$209.7 million with which to advance projects without any near-term dilution. Alamos will continue to be guided by a board of directors and management team with extensive project development, acquisition, operation and other relevant industry experience necessary to advance projects from the exploration stage through production and to create shareholder value by doing so.

Financial Capability to Secure Future of Aurizon's Assets. Alamos's balance sheet and operating cash flow will be available to support the strong growth profile of the combined company without an expectation of a need for any equity capital raisings. Alamos will remain unhedged and debt-free. Alamos is also well placed to take advantage of the exploration potential of the combined entity to unlock the upside potential for all shareholders. The Offer provides a much needed growth profile for Shareholders. Alamos expects to continue its strong dividend policy.

Exposure to Other Attractive Mineral Projects. Shareholders who tender to the Offer will gain exposure to the world-class projects of Alamos, including the producing Mulatos Mine in Mexico, one of the world's most profitable gold mines. Alamos also owns a 100% interest in the advanced-stage gold projects - the Ağı Dağı Project and the Kirazlı Project - in Turkey and has other earlier-stage exploration properties in both Mexico and Turkey. The significant production profile of the combined companies will allow Shareholders who receive Alamos Shares to increase their exposure to the strong gold price environment over the short to mid-term.

Management Track Record in Developing World-Class Gold Projects. Alamos has a management team with a solid track record and proven experience in the gold industry. The Alamos management team has demonstrated its ability, via the Mulatos Mine in Mexico, to identify, explore, finance, construct, commission and operate a world-class gold mine. It is also applying this experience to the development of Ağı Dağı Project and the Kirazlı Project in Turkey, which remain on track and on budget.

Opportunity for Continued Participation in Aurizon's Assets. To the extent that Shareholders receive Alamos Shares as part of their consideration under the Offer, they will benefit from any future increases in value associated with the continued exploration and development of Aurizon's portfolio of assets, as well as production at Aurizon's flagship Casa Berardi Gold Mine.

Opportunity to Elect Consideration. The Offer provides Shareholders with the opportunity to determine the consideration that they receive under the Offer, either the Cash Alternative or the Share Alternative, subject in each case to pro-rata. The Cash Alternative permits Shareholders to elect to receive up to 100% in cash consideration (subject to pro-rata) in exchange for their Common Shares to lock in the premium offered under the terms of the Offer, while the Share Alternative permits Shareholders to elect to receive up to 100% in Alamos Shares (subject to pro-rata) in exchange for their Common Shares and thereby maintain maximum exposure to the significant upside potential of the combined Alamos and Aurizon company going forward.

Opportunity to Defer Canadian Taxation on Capital Gains. To the extent that Shareholders receive Alamos Shares as consideration under the Offer, certain Shareholders will be entitled, depending on the circumstances, to a full or partial deferral of Canadian taxation on capital gains.

See Section 4 of the Circular, "Reasons to Accept the Offer".

Purpose of the Offer and Alamos' Plans for Aurizon

The purpose of the Offer is to enable Alamos to acquire, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares (other than Common Shares held directly or indirectly by Alamos and its affiliates, and which includes Common Shares which may become outstanding on the exercise, exchange or conversion of Convertible Securities prior to the Expiry Time).

If the conditions of the Offer are satisfied or waived and Alamos takes up and pays for the Common Shares validly deposited under the Offer and not properly withdrawn, Alamos intends to acquire any Common Shares not deposited under the Offer through a Compulsory Acquisition, if available, or to propose a Subsequent Acquisition Transaction, in each case for consideration per Common Share at least equal in value to and in the same form as the consideration paid by Alamos per Common Share under the Offer. The exact timing and details of any such transaction will depend upon a number of factors, including the number of Common Shares acquired pursuant to the Offer. Although Alamos intends to propose either a Compulsory Acquisition or a Subsequent Acquisition Transaction generally on the terms described herein, it is possible that, as a result of delays in Alamos' ability to effect such a transaction, information subsequently obtained by Alamos, changes in general economic or market conditions or in the business of Aurizon or other currently unforeseen circumstances, such a transaction may not be proposed, may be delayed or abandoned or may be proposed on different terms. Accordingly, Alamos reserves the right not to propose a Compulsory Acquisition or a Subsequent Acquisition Transaction, or to propose a Subsequent Acquisition Transaction on terms other than as described in the Circular. See Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer".

If the Offer is successful, it is anticipated that the current management of Alamos will manage Aurizon in place of Aurizon's current management, and that the board of directors of Aurizon will be replaced by nominees of Alamos. With the exception of the foregoing, Alamos has not developed any specific proposals with respect to Aurizon or its operations, or any changes in its assets, business strategies, management or personnel following the acquisition of the Common Shares pursuant to the Offer. Alamos believes there is strong cultural and professional compatibility between Aurizon's and Alamos' respective employees and it is Alamos' intention to integrate both teams following its acquisition of Aurizon.

If permitted by applicable Law, subsequent to the completion of the Offer and a Compulsory Acquisition or any Subsequent Acquisition Transaction, if necessary, Alamos intends to delist the Common Shares from the TSX and the NYSE MKT and to cause Aurizon to cease to be a reporting issuer under the securities laws of each of the provinces and territories of Canada in which it has such status and cease to be registered under the U.S. Exchange Act. See Section 18 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer".

See Section 5 of the Circular, "Purpose of the Offer and Alamos' Plans for Aurizon" and Section 18 of the Circular, "Effect of the Offer on the Market Price for and Listing of Common Shares and Status as a Reporting Issuer".

Manner of Acceptance

A Shareholder who wishes to accept the Offer must properly complete and execute the accompanying Letter of Transmittal (printed on **YELLOW** paper) and deposit it, at or prior to the Expiry Time, together with certificate(s) representing their Common Shares and all other required documents, with the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal in accordance with the instructions in the Letter of Transmittal. See Section 3 of the Offer, "Manner of Acceptance – Letter of Transmittal".

The cash payments to Shareholders will be denominated in Canadian dollars. However, Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars by checking the box set out in Box 2, Choice A of the Letter of Transmittal, in which case each such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted. A Shareholder electing to receive payment of the cash to which it is entitled under the Offer made in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of such Shareholder. The Depositary and Information Agent may receive a fee from its banking institution for referring foreign exchange transactions to it.

If a Shareholder wishes to accept the Offer and deposit its Common Shares under the Offer and the certificate(s) representing such Shareholder's Common Shares is (are) not immediately available, or if the certificate(s) and all other required documents cannot be provided to the Depositary and Information Agent at or prior to the Expiry Time, such Common Shares nevertheless may be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on

GREEN paper), or a manually executed facsimile thereof, in accordance with the instructions in the Notice of Guaranteed Delivery. See Section 3 of the Offer, “Manner of Acceptance – Procedure for Guaranteed Delivery”.

Shareholders may accept the Offer by following the procedures for book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Shareholders may also accept the Offer by following the procedure for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent’s Message in respect thereof, or a Letter of Transmittal, properly completed and executed in accordance with the instructions therein, with the signatures guaranteed, if required, and all other required documents, are received by the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Shareholders accepting the Offer through book-entry transfer must make sure such documents or Agent’s Message are received by the Depositary and Information Agent at or prior to the Expiry Time. See Section 3 of the Offer, “Manner of Acceptance – Acceptance by Book-Entry Transfer”.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent or if they make use of the services of a Soliciting Dealer to accept the Offer.

Persons whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Shareholders should contact the Depositary and Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and depositing Common Shares with the Depositary and Information Agent. The Depositary and Information Agent, can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

Conditions of the Offer

Alamos reserves the right to withdraw or terminate the Offer and not take up and pay for any Common Shares deposited under the Offer, or to extend the period of time during which the Offer is open for acceptance and postpone taking up and paying for any Common Shares deposited under the Offer, unless all of the conditions described in Section 4 of the Offer, “Conditions of the Offer”, are satisfied or waived by Alamos on or prior to the Expiry Time. These conditions include, among others, (i) there having been deposited under the Offer and not properly withdrawn at the Expiry Time such number of Common Shares which, together with the Common Shares held by Alamos and its affiliates, represents not less than 66²/₃% of the issued and outstanding Common Shares (calculated on a fully diluted basis), (ii) receipt of all governmental or regulatory approvals required to complete the Offer, including any necessary or desirable competition or anti-trust approvals and the expiry of any such applicable waiting periods, and (iii) the absence of any Material Adverse Change in relation to Aurizon. For a complete description of the conditions of the Offer, see Section 4 of the Offer, “Conditions of the Offer”.

Take-Up and Payment for Deposited Common Shares

If all the conditions of the Offer described in Section 4 of the Offer, “Conditions of the Offer”, have been satisfied or waived by Alamos at or prior to the Expiry Time, Alamos will take up Common Shares validly deposited under the Offer and not properly withdrawn promptly following the Expiry Time but in no event later than 10 days after the Expiry Time of the Offer and will pay for Common Shares taken up as soon as practicable thereafter, but in any event not later than three business days after taking up the deposited Common Shares. In accordance with applicable Law, Alamos will take up and pay for Common Shares in any Subsequent Offering Period within 10 days after such deposit. Applicable U.S. securities laws do not permit Alamos to have more than one Take-Up Date as a result of pro rating the consideration offered under the Offer. Alamos currently intends to seek such relief

as may be available to permit it to take up Common Shares on more than one Take-Up Date; although, there can be no assurances that Alamos will be granted such relief. See Section 6 of the Offer, “Take-Up of and Payment for Deposited Common Shares”.

Withdrawal of Deposited Common Shares

Common Shares deposited under the Offer may be withdrawn by or on behalf of the depositing Shareholder at any time before the Common Shares have been taken up by Alamos under the Offer (including during any Subsequent Offering Period) and in the other circumstances described in Section 8 of the Offer,

“Withdrawal of Deposited Common Shares”. Except as so indicated or as otherwise required or permitted by applicable Laws, deposits of Common Shares are irrevocable.

Acquisition of Common Shares Not Deposited Under the Offer

If, within four months after the date of the Offer, the Offer has been accepted by Shareholders who, in the aggregate, hold not less than 90% of the issued and outstanding Common Shares in respect of which the Offer was made as at the Expiry Time, other than Common Shares held at the date of the Offer by, or by a nominee for, Alamos or its affiliates, and Alamos acquires or is bound to take up and pay for such deposited Common Shares under the Offer, Alamos intends, to the extent possible, to acquire those Common Shares which remain outstanding held by those persons who did not accept the Offer pursuant to a Compulsory Acquisition. If the right of Compulsory Acquisition is not available for any reason, or if Alamos elects not to pursue such right, Alamos may pursue other means of acquiring, directly or indirectly, all of the Common Shares and other securities exercisable for or convertible or exchangeable into Common Shares in accordance with applicable Law, including by means of a Subsequent Acquisition Transaction. The detailed terms of any Subsequent Acquisition Transaction, including the timing of its implementation and the consideration to be received by Shareholders, would necessarily be subject to a number of considerations, including the number of Common Shares acquired pursuant to the Offer. See Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”.

Shareholders who do not deposit their Common Shares under the Offer will not be entitled to any right of dissent or appraisal. However, Shareholders who do not deposit their Common Shares under the Offer may have certain rights of dissent in the event Alamos acquires such Common Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction, including the right to seek judicial determination of the fair value of their Common Shares. See Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”.

Principal Canadian Federal Income Tax Considerations

A Shareholder who is a resident of Canada, who holds Common Shares as capital property and who sells such shares pursuant to the Offer will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of such shares exceed (or are less than) the total of the adjusted cost base to the Shareholder of such shares and any reasonable costs of disposition. However, a Shareholder who is an Eligible Holder and who elects (or is deemed to elect) the Share Alternative or elects the Cash Alternative but the prorating provisions of the Offer apply may, depending on the circumstances, obtain a full or partial tax-deferred “rollover” by making a joint election with Alamos in prescribed form pursuant to subsection 85(1) or, where the Shareholder is a partnership, subsection 85(2) of the Tax Act (and the corresponding provisions of any applicable provincial legislation). A Shareholder who elects the Share Alternative may in certain circumstances obtain an automatic tax-deferred “rollover”.

A Shareholder who is not a resident of Canada generally will not be subject to tax under the Tax Act on any capital gain realized on a disposition of such Shareholder’s Common Shares to the Offer unless such Common Shares are “taxable Canadian property” and are not “treaty-protected property” of such Shareholder.

The foregoing is a brief summary of Canadian federal income tax consequences only and is qualified by the description of Canadian federal income tax considerations in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”. Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares pursuant to the Offer or a disposition of Common Shares pursuant to any Compulsory Acquisition or Subsequent Acquisition Transaction.

United States Federal Income Tax Considerations

Unless Aurizon amalgamates with a subsidiary of Alamos and certain other requirements are met, the disposition of Common Shares pursuant to the Offer for Alamos Shares and/or cash generally will be a taxable transaction for U.S. federal income tax purposes, and a U.S. Holder will recognize gain or loss on such disposition of Common Shares in an amount equal to the difference between (i) the sum of the fair market value of the Alamos Shares and cash received (both determined in U.S. dollars) and (ii) such U.S. Holder’s adjusted tax basis in the Common Shares surrendered. If Aurizon amalgamates with a subsidiary of Alamos

and certain other requirements are met, then, although there is limited authority and thus substantial uncertainty, the disposition of Common Shares pursuant to the Offer should qualify as an exchange pursuant to a tax-deferred reorganization under Section 368(a) of the Code, in which event a U.S. Holder would only recognize gain to the extent of cash (determined in U.S.

dollars) received but would not recognize any loss. In addition, the specific U.S. federal income tax consequences to a U.S. Holder will depend on whether Aurizon has been a PFIC during a U.S. Holder's holding period for its Common Shares.

The foregoing is a very brief summary of certain United States federal income tax consequences of the Offer and is qualified in its entirety by Section 20 of the Circular, "U.S. Federal Income Tax Considerations", which provides a discussion of the material U.S. federal income tax considerations generally applicable to U.S. Holders. Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale or exchange of Common Shares pursuant to the Offer.

Risk Factors

An investment in Alamos Shares and the acquisition of Aurizon are subject to certain risks. In assessing the Offer, Shareholders should carefully consider the risks described in Section 24 of the Circular, "Risk Factors Related to the Offer" and the risks described in Alamos' annual information form dated March 29, 2012 for the year ended December 31, 2011, which is incorporated by reference in the Offer and Circular.

Depository and Information Agent

Alamos has engaged Kingsdale to act as the Depository and Information Agent to receive deposits of certificates representing Common Shares and accompanying Letters of Transmittal deposited under the Offer at its offices in Toronto, Ontario specified in the Letter of Transmittal and to provide information to Shareholders in connection with the Offer. In addition, Kingsdale will receive Notices of Guaranteed Delivery at its offices in Toronto, Ontario specified in the Notice of Guaranteed Delivery. Kingsdale will also be responsible for giving certain notices, if required, and for making payment for all Common Shares purchased by Alamos under the Offer. Kingsdale will also facilitate book-entry transfers of Common Shares. See Section 3 of the Offer, "Manner of Acceptance", and Section 27 of the Circular, "Depository and Information Agent".

Kingsdale will receive reasonable and customary compensation from Alamos for its services in connection with the Offer and will be reimbursed for certain out-of-pocket expenses.

Questions and requests for assistance may be directed to the Depository and Information Agent for the Offer, Kingsdale Shareholder Services Inc., at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

Financial Advisor and Soliciting Dealer Group

Alamos has retained Dundee Capital Markets Inc. to act as its financial advisor in connection with the Offer and to serve as the Dealer Manager for the Offer in Canada and the United States. The Dealer Manager may form a soliciting dealer group comprised of members of The Investment Dealers Association of Canada and members of Canadian stock exchanges to solicit acceptances of the Offer from persons resident in Canada. Depositing Shareholders will not be obligated to pay any fee or commission if they accept the Offer by using the services of the Dealer Manager or a Soliciting Dealer.

Please send any solicitation fees requests to the Depository and Information Agent no later than 30 business days after the Expiry Time. The Depository and Information Agent can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

No fee or commission will be payable by any Shareholder who transmits such Shareholder's Common Shares directly to the Depository and Information Agent or who makes use of the services of a Soliciting Dealer to accept the Offer.

See Section 26 of the Circular, "Financial Advisor, Dealer Manager and Soliciting Dealer Group".

OFFER

The accompanying Circular, which is incorporated into and forms part of the Offer, contains important information that should be read carefully before making a decision with respect to the Offer. Capitalized terms used in the Offer but not otherwise defined herein are defined in the accompanying Glossary. All currency amounts expressed herein, unless otherwise indicated, are expressed in Canadian dollars.

January 14, 2013

TO: THE HOLDERS OF COMMON SHARES OF AURIZON MINES LTD.

1. The Offer

Alamos is offering to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares, other than any Common Shares held directly or indirectly by Alamos and its affiliates, and including, for greater certainty, any Common Shares that may become issued and outstanding upon the exercise, exchange or conversion of Convertible Securities after the date hereof but prior to the Expiry Time, for consideration per Common Share of, at the election of the Shareholder:

- (a) \$4.65 in cash for each Common Share (the “**Cash Alternative**”); or
- (b) 0.2801 of an Alamos Share for each Common Share (the “**Share Alternative**”),

subject, in each case, to pro-rata as set forth below.

Assuming that all Shareholders tendered their Common Shares to either the Cash Alternative or the Share Alternative, each Shareholder would be entitled to receive \$2.04 in cash and 0.1572 of an Alamos Share for each Common Share tendered (based on 175,431,302 Common Shares issued and outstanding on a fully diluted basis), subject to adjustment for fractional shares, as described herein. In light of the total amount of cash available under the Offer relative to the size of the Offer, it is unlikely that Shareholders who elect to receive the Cash Alternative will receive only cash consideration for their Common Shares. Applicable U.S. securities laws do not permit Alamos to have more than one Take-Up Date as a result of pro rating the consideration offered under the Offer. Alamos currently intends to seek such relief as may be available to permit it to take up Common Shares on more than one Take-Up Date; although, there can be no assurances that Alamos will be granted such relief.

Any Shareholder who fails to complete the Letter of Transmittal and Notice of Guaranteed Delivery, if applicable, accompanying this Offer and Circular, electing the Cash Alternative or who does not properly elect either the Cash Alternative or the Share Alternative in the Letter of Transmittal and Notice of Guaranteed Delivery, if applicable, with respect to any Common Shares deposited by such Shareholder pursuant to the Offer will be deemed to have elected the Share Alternative.

Based on the closing price of \$16.60 per Alamos Share on the TSX on January 9, 2013, the Offer has a value of \$4.65 per Common Share, representing a premium of approximately 40% over the closing price of \$3.33 per Common Share on the TSX on January 9, 2013.

The maximum amount of cash payable by Alamos pursuant to the Offer shall not exceed \$305,000,000 and the maximum number of Alamos Shares issuable by Alamos pursuant to the Offer shall not exceed 23,500,000. The consideration payable under the Offer will be prorated on each Take-Up Date as necessary to ensure that the total aggregate consideration payable under the Offer and in any Compulsory Acquisition or Subsequent Acquisition Transaction does not exceed these maximum aggregate amounts and will be based on the number of Common

Shares acquired in proportion to the number of Common Shares to which the Offer relates. The actual consideration to be received by a Shareholder will be determined in accordance with the following:

- (a) the aggregate amount of cash that Alamos will pay as consideration for Common Shares acquired in respect of the Cash Alternative and the Share Alternative on any Take-Up Date shall not exceed the Maximum Take-Up Date Cash Consideration;
- (b) the aggregate number of Alamos Shares that Alamos will issue as consideration for Common Shares acquired in respect of the Cash Alternative and the Share Alternative on any Take-Up Date shall not exceed the Maximum Take-Up Date Share Consideration;
- (c) if, on any Take-Up Date, the aggregate cash consideration that would otherwise be payable by Alamos to Shareholders who elect to receive cash under the Cash Alternative in respect of their Common Shares to be taken up on such Take-Up Date exceeds the Maximum Take-Up Date Cash Consideration, the amount of cash consideration available to those Shareholders who have so elected the Cash Alternative will be allocated pro-rata (on a per share basis) among such Shareholders in an amount equal to the aggregate amount of the cash sought by each such Shareholder who so elected the Cash Alternative multiplied by a fraction, the numerator of which is the Maximum Take-Up Date Cash Consideration and the denominator of which is the aggregate amount of the cash consideration sought by those Shareholders who elected the Cash Alternative in respect of their Common Shares to be taken up on such Take-Up Date, and each such Shareholder will receive Alamos Shares, rounded down to the nearest whole number, as consideration for any balance which exceeds the amount of cash so allocated to the Shareholder (calculated by valuing each Alamos Share at \$16.60); and
- (d) if, on any Take-Up Date, the number of Alamos Shares that would otherwise be issuable to Shareholders who elect (or are deemed to elect) the Share Alternative in respect of their Common Shares to be taken up on such Take-Up Date exceeds the Maximum Take-Up Date Share Consideration, the number of Alamos Shares available to those Shareholders who have so elected (or are deemed to have elected) the Share Alternative will be allocated pro-rata (on a per share basis) among such Shareholders in an amount equal to the aggregate number of Alamos Shares sought by each such Shareholder who so elected (or is deemed to have elected) the Share Alternative in respect of its Common Shares to be taken up on such Take-Up Date multiplied by a fraction, the numerator of which is the Maximum Take-Up Date Share Consideration and the denominator of which is the aggregate number of Alamos Shares sought by those Shareholders who elected (or are deemed to have elected) the Share Alternative in respect of their Common Shares to be taken up on such Take-Up Date, rounded down to the nearest whole number, and each such Shareholder will receive cash as consideration for any balance which exceeds the number of Alamos Shares allocated to the Shareholder (calculated by valuing each Alamos Share at \$16.60).

For greater certainty, unless a Shareholder receives only cash consideration or only share consideration for all Common Shares tendered by the Shareholder, in all circumstances, including those described in paragraphs (c) and (d) above, a Shareholder will be deemed to have received a proportionate amount of cash and Alamos Shares as consideration for the Common Shares tendered by such Shareholder under the Offer.

Alamos and its affiliates currently own or control an aggregate of approximately 16% of the issued and outstanding Common Shares.

No fractional Alamos Shares will be issued pursuant to the Offer. Where a Shareholder is to receive Alamos Shares as consideration under the Offer and the aggregate number of Alamos Shares to be issued to such Shareholder would result in a fraction of an Alamos Share being issuable, the number of Alamos Shares to be received by such Shareholder will be rounded down to the nearest whole Alamos Share and the amount of cash to be received by such Shareholder will correspondingly be rounded down to the nearest whole cent. As a result of such rounding and such payments, it is possible that the actual number of Alamos Shares issued or the actual amount of cash paid in consideration for Common Shares, in the aggregate, may exceed the Maximum Share Consideration or Maximum Cash Consideration, respectively.

Shareholders who are Eligible Holders and who wish to make the necessary joint tax election(s) with Alamos to obtain a full or partial tax-deferred exchange for Canadian federal income tax purposes must elect

the Rollover Option in the Letter of Transmittal. See Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”.

The Offer is being made only for Common Shares, and is not being made for any other securities. Any holder of Convertible Securities who wishes to accept the Offer should, subject to and to the extent permitted by the terms of such securities and applicable Laws, exercise, exchange or convert such Convertible Securities in order to acquire Common Shares and then deposit those Common Shares on a timely basis in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will have received share certificates representing the Common Shares issuable upon such exercise, exchange or conversion in time for deposit prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer, “Manner of Acceptance – Procedure for Guaranteed Delivery”.

All cash amounts payable under the Offer will be paid in Canadian dollars. However, Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars by advising their broker or checking Box 2, Choice A of the Letter of Transmittal, in which case each such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted. A Shareholder electing to receive payment of the cash to which it is entitled under the Offer made in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of such Shareholder.

The obligation of Alamos to take up and pay for Common Shares pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer, “Conditions of the Offer”.

Shareholders who do not deposit their Common Shares under the Offer will not be entitled to any dissent or appraisal rights in connection with the Offer. However, Shareholders who do not deposit their Common Shares under the Offer may have certain rights of dissent or appraisal in the event Alamos acquires such Common Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction, including the right to seek judicial determination of the fair value of their Common Shares. See Section 15 of the Circular “Acquisition of Common Shares Not Deposited Under the Offer”.

Shareholders should contact the Depositary and Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and in depositing their Common Shares with the Depositary and Information Agent. The Depositary and Information Agent can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent or if they make use of the services of a Soliciting Dealer to accept the Offer.

Persons whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

2. Time for Acceptance

The Offer is open for acceptance during the period commencing on the date hereof and ending at 5:00 p.m. (Toronto time) on Tuesday, February 19, 2013, or such later time or times and date or dates to which the Offer may be extended from time to time by Alamos, in accordance with Section 5 of the Offer, “Extension, Variation or Change of the Offer”, unless the Offer is withdrawn by Alamos. Any decision to extend the Offer, including for how long, will be made prior to the Expiry Time. The Expiry Time may be subject to multiple extensions.

Alamos may provide a subsequent offering period (a “**Subsequent Offering Period**”). A Subsequent Offering Period, if one is provided, will be an additional period of no less than 10 days, beginning immediately after Alamos accepts for payment (subject to the requirement to promptly pay for) all the Common Shares tendered to the Offer, during which period Shareholders may tender their Common Shares, provided that, among other requirements, Alamos announces the results of the initial offering period of the Offer, including the approximate number and percentage of Common Shares deposited under the Offer, no later than 9:00 a.m. (Toronto time) on the next business day following the date upon which Alamos becomes entitled to take up Common Shares under

applicable Laws. Rule 14d-11(e) under the U.S. Exchange Act requires that during any Subsequent Offering Period the bidder immediately accepts for payment all securities as they are tendered. Alamos intends to request relief from the SEC to be permitted to take up and pay for Common Shares deposited during the Subsequent Offering Period within ten calendar days of the date the Common Shares were deposited, in accordance with Canadian Law and practice. Notwithstanding the provisions of Rule 14d-7(a)(2) under the U.S. Exchange Act relating to the ability of a purchaser in a tender offer to terminate withdrawal rights during a Subsequent Offering Period, Alamos will permit withdrawal of tendered Common Shares during a Subsequent Offering Period, if there is one, until the tendered Common Shares are taken up. See Section 8 of the Offer, “Withdrawal of Deposited Common Shares”.

3. Manner of Acceptance

Letter of Transmittal

The Offer may be accepted by delivering to the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal (printed on **YELLOW** paper) accompanying the Offer, so as to be received at or prior to the Expiry Time:

- (a) the certificate(s) or DRS Advice representing the Common Shares in respect of which the Offer is being accepted;
- (b) a Letter of Transmittal in the form accompanying the Offer (or a manually executed facsimile thereof), properly completed and duly executed in accordance with the instructions and rules set forth in the Letter of Transmittal (including a signature guarantee if required); and
- (c) all other documents required by the terms of the Offer and the Letter of Transmittal.

The Offer will be deemed to be accepted only if the Depositary and Information Agent has actually received these documents at or prior to the Expiry Time. Alternatively, Common Shares may be deposited under the Offer in compliance with the procedures for book-entry transfers set out below under the heading “Acceptance by Book-Entry Transfer” or in compliance with the procedures for guaranteed delivery set out below under the heading “Procedure for Guaranteed Delivery”.

Except as otherwise provided in the instructions and rules set out in the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered Shareholder represented by the certificate(s) deposited therewith, or if payment is to be issued to a person other than the registered Shareholder, the certificate(s) must be endorsed, or be accompanied by an appropriate share transfer power of attorney, in either case, duly and properly completed by the registered Shareholder, with the signature on the endorsement panel or share transfer power of attorney guaranteed by an Eligible Institution.

Participants in CDS or DTC should contact the Depositary and Information Agent with respect to the deposit of their Common Shares under the Offer. CDS and DTC will be issuing instructions to their participants as to the method of depositing such Common Shares under the terms of the Offer. See “Acceptance by Book-Entry Transfer” below.

Acceptance by Book-Entry Transfer

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS provided that a Book-Entry Confirmation through CDSX is received by the Depositary and Information Agent at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary and Information Agent has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Shareholder’s Common Shares into the Depositary and Information Agent’s account in accordance with CDS’ procedures for such transfer. Delivery of Common Shares to the Depositary and Information Agent by means of a book-entry transfer will constitute a valid tender of such Common Shares under the Offer. Shareholders, through their respective CDS participants who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary and Information Agent’s account with CDS, shall be deemed to have completed and delivered a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depositary and Information Agent are considered a valid tender of Common Shares in accordance with the terms of the Offer.

Shareholders who hold their Common Shares by book-entry through DTC may also accept the Offer by following the procedures for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent's Message in respect thereof, or a properly completed and duly executed Letter of Transmittal (or a manually executed facsimile thereof), together with any required signature guarantees, and all other required documents, are received by the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary and Information Agent has established an account at DTC for the purpose of the Offer. Any financial institution that is a participant in DTC's systems may cause DTC to make a book-entry transfer of a Shareholder's Common Shares into the Depositary and Information Agent's account in accordance with DTC's procedures for such transfer. However, as noted above, although delivery of Common Shares may be effected through book-entry transfer at DTC, either a Letter of Transmittal (or a manually executed facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in lieu of a Letter of Transmittal, and any other required documents, must, in any case, be received by the Depositary and Information Agent at its office in Toronto, Ontario prior to the Expiry Time.

Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the Depositary and Information Agent. Shareholders accepting the Offer through the procedure for book-entry transfer established by DTC must make sure such documents or Agent's Message are received by the Depositary and Information Agent at or prior to the Expiry Time.

Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Common Shares pursuant to the Offer and (a) the certificate(s) representing the Common Shares are not immediately available, (b) the Shareholder cannot complete the procedure for book-entry transfer of such Common Shares on a timely basis, or (c) the certificate(s) and all other required documents cannot be delivered to the Depositary and Information Agent at or prior to the Expiry Time, such Common Shares nevertheless may be deposited validly under the Offer provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution;
- (b) a Notice of Guaranteed Delivery printed on **GREEN** paper (or a manually executed facsimile thereof) in the form accompanying the Offer, properly completed and duly executed, including the guarantee of delivery by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time; and
- (c) the certificate(s) representing deposited Common Shares, in proper form for transfer, together with a Letter of Transmittal (or a manually executed facsimile thereof), properly completed and duly executed, together with any required signature guarantees, and all other documents required by the Letter of Transmittal (or, in the case of a book-entry transfer, a Book-Entry Confirmation with respect to the deposited Common Shares and, in the case of DTC accounts, a Letter of Transmittal or a manually executed facsimile thereof, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in lieu of a Letter of Transmittal), are received by the Depositary and Information Agent at or prior to 5:00 p.m. (Toronto time) on the third trading day on the TSX after the Expiry Time. To constitute delivery for the purpose of satisfying a guaranteed delivery, the Letter of Transmittal and accompanying share certificate(s) must be delivered to the Toronto, Ontario office of the Depositary and Information Agent.

If a Shareholder delivers a Notice of Guaranteed Delivery in respect of Common Shares deposited with a subsequent Letter of Transmittal, the election (or deemed election) made in that Notice of Guaranteed Delivery as to the consideration to be received will supersede any election made in such subsequent Letter of Transmittal.

The Notice of Guaranteed Delivery may be delivered by mail, hand or courier or transmitted by facsimile transmission to the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

General

In all cases, payment for Common Shares deposited and taken up by Alamos will be made only after timely receipt by the Depositary and Information Agent of (a) certificates representing the Common Shares, as applicable (or, in the case of a book-entry transfer to the Depositary and Information Agent, a Book-Entry Confirmation for the Common Shares, as applicable), (b) a Letter of Transmittal (or a manually executed facsimile thereof), properly completed and duly executed, covering such Common Shares with the signatures guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal (or (i) in the case of a book-entry transfer to the Depositary and Information Agent through CDS, a Book-Entry Confirmation for the Common Shares, and (ii) in the case of a book-entry transfer to the Depositary and Information Agent through DTC, a Book-Entry Confirmation for the Common Shares and an Agent's Message or a Letter of Transmittal if an Agent's Message is not deliverable), and (c) all other required documents.

If a share certificate has been lost or destroyed, the Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss and a contact telephone number, to the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal. The Depositary and Information Agent will forward a copy to the transfer agent for the Common Shares and such transfer agent will advise you of the replacement requirements, which must be properly completed and returned before the Expiry Time.

The method of delivery of certificates representing Common Shares, the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing those documents. Alamos recommends that such documents be delivered by hand to the Depositary and Information Agent and a receipt obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary and Information Agent before the Expiry Time. Delivery will only be effective upon actual physical receipt by the Depositary and Information Agent.

Persons whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of any Common Shares deposited under the Offer will be determined by Alamos in its sole discretion. Depositing Shareholders agree that such determination shall be final and binding. Alamos reserves the absolute right to reject any and all deposits that it determines not to be in proper form or that may be unlawful to accept under the Laws of any applicable jurisdiction. Alamos reserves the absolute right to waive any defects or irregularities in the deposit of any Common Shares. There shall be no duty or obligation of Alamos, the Depositary and Information Agent or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred by any of them for failure to give any such notice. Alamos' interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery will be final and binding.

Alamos reserves the right to permit the Offer to be accepted in a manner other than that set out in this Section 3.

Under no circumstance will interest accrue or any amount be paid by Alamos or the Depositary and Information Agent by reason of any delay in making payments for Common Shares to any person on account of Common Shares accepted for payment under the Offer.

Shareholders should contact the Depositary and Information Agent, the Dealer Manager, a Soliciting Dealer or a broker or dealer for assistance in accepting the Offer and depositing Common Shares with the Depositary and Information Agent.

Dividends and Distributions

Subject to the terms and conditions of the Offer and subject, in particular, to Common Shares being validly withdrawn by or on behalf of a depositing Shareholder, and except as provided below, by accepting the Offer pursuant to the procedures set forth herein, a

Shareholder deposits, sells, assigns and transfers to Alamos all right, title and interest in and to the Common Shares covered by the Letter of Transmittal or book-entry transfer (the

“**Deposited Shares**”) and in and to all rights and benefits arising from such Deposited Shares including, without limitation, any and all dividends, distributions, payments, securities, property or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Shares or any of them after January 14, 2013 (being the date of the Offer), including, without limitation, any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests and any securities, property or other interests for which such Deposited Shares may be exercised, exchanged or converted (collectively, “**Distributions**”).

Power of Attorney

The execution of a Letter of Transmittal or the making of a book-entry transfer in accordance with Section 3 of the Offer, “Manner of Acceptance – Acceptance by Book-Entry Transfer”, irrevocably appoints each officer of Alamos and any other person designated by Alamos in writing as the true and lawful agent, attorney and attorney-in-fact and proxy of the holder of the Deposited Shares deposited pursuant to the Offer and purchased by Alamos (the “**Purchased Shares**”), and with respect to any and all Distributions thereon which may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Purchased Shares or any of them after January 14, 2013 except as otherwise indicated in Section 10 of the Offer, “Changes in Capitalization, Dividends, Distributions and Liens”.

Such power of attorney shall be effective on or after the date that Alamos takes up and pays for the Purchased Shares, with full power of substitution and resubstitution (such powers of attorney, being coupled with an interest, being irrevocable), to, in the name of and on behalf of such Shareholder:

- (a) register or record the transfer and/or cancellation of Purchased Shares and Distributions on the appropriate registers maintained by or on behalf of Aurizon;
- (b) for so long as any such Purchased Shares are registered or recorded in the name of such Shareholder, to exercise any and all rights of such Shareholder including, without limitation, the right to vote, execute and deliver, as and when requested by Alamos, any instruments of proxy, authorizations, resolutions or consents in form and on terms satisfactory to Alamos in respect of any Purchased Shares and Distributions, to revoke any such instrument, authorization, resolution or consent, or to designate in any such instrument, authorization, resolution or consent any person or persons as the proxyholder of such Shareholder in respect of such Purchased Shares or Distributions for all purposes including, without limitation, in connection with any meeting (whether annual, special or otherwise or any adjournments or postponements thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Aurizon;
- (c) execute, endorse and negotiate any cheques or other instruments representing any Distributions payable to or to the order of, or endorsed in favour of, a holder of Purchased Shares or Distributions;
- (d) exercise any rights of a holder of Purchased Shares and Distributions with respect to such Purchased Shares and Distributions; and
- (e) execute all such further and other documents, transfers or other assurances as may be necessary or desirable in the sole judgment of Alamos to effectively convey such Purchased Shares and Distributions to Alamos, all as specified in the Letter of Transmittal.

A Shareholder who executes a Letter of Transmittal (or who deposits Common Shares by making a book-entry transfer) also agrees, effective on and after the date Alamos takes up and pays for Purchased Shares, not to vote any of the Purchased Shares or Distributions at any meeting (whether annual, special or otherwise or any adjournments or postponements thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Aurizon and not to exercise any or all of the other rights or privileges attached to the Purchased Shares or Distributions and agrees to execute and deliver to Alamos any and all instruments of proxy, authorizations or consents, in form and on terms satisfactory to Alamos, in respect of all or any of the Purchased Shares or Distributions, and to designate in such instruments of proxy the person or persons specified by Alamos as the proxy or the proxy nominee or nominees of the holder in respect of the Purchased Shares or Distributions. Upon such appointment, all prior

proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney-in-fact) or consents given by the holder of such Purchased Shares or Distributions with respect thereto shall be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.

Further Assurances

A Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal or book-entry transfer to execute, upon request of Alamos, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Shares or Distributions to Alamos and acknowledges that all authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such holder and shall, to the extent permitted by Law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Shareholder.

Formation of Agreement; Depositing Shareholders' Representations and Warranties

The acceptance of the Offer pursuant to the procedures described above will constitute a binding agreement between the depositing Shareholder and Alamos, effective immediately following the time at which Alamos takes up Common Shares deposited by such Shareholder, upon the terms and subject to the conditions of the Offer, including the depositing Shareholder's representation and warranty that: (i) such person has full power and authority to deposit, sell, assign and transfer the Common Shares (and any Distributions) being deposited and all interests therein and has not sold, assigned or transferred or agreed to sell, assign or transfer any of such Common Shares or Distributions (or interests therein) to any other person, (ii) such Shareholder depositing the Common Shares (and any Distributions), or on whose behalf such Common Shares (and any Distributions) are being deposited, has good title to and is the beneficial owner of the Common Shares (and any Distributions) being deposited within the meaning of applicable Laws, (iii) the deposit of such Common Shares (and any Distributions) complies with applicable Laws, and (iv) when such deposited Common Shares (and any Distributions) are taken up and paid for by Alamos, Alamos will acquire good title thereto free and clear of all liens, restrictions, charges, encumbrances, claims, adverse interests, equities and rights of other persons.

4. Conditions of the Offer

Notwithstanding any other provision of the Offer, and subject to applicable Laws, Alamos shall have the right to withdraw or terminate the Offer and not take up and pay for any Common Shares deposited under the Offer, or to extend the period of time during which the Offer is open for acceptance and postpone taking up and paying for any Common Shares deposited under the Offer, unless all of the following conditions are satisfied or waived by Alamos at or prior to the Expiry Time:

- (a) there shall have been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares, which, together with the Common Shares directly or indirectly held or controlled by Alamos and its affiliates, represents not less than $66\frac{2}{3}\%$ of the issued and outstanding Common Shares (calculated on a fully diluted basis);
- (b) neither Aurizon nor any of its entities shall have, on or after January 11, 2013, taken any action, or authorized, recommended, proposed or announced the intention to take any action, having the effect of impairing the ability of Alamos to acquire Aurizon, otherwise diminishing the expected economic value to Alamos of the acquisition of Aurizon or making it inadvisable, in Alamos' reasonable judgment, for Alamos to proceed with the Offer and/or with the taking up and paying for Common Shares under the Offer, including, but not limited to:
 - (i) issuing, selling or authorizing any additional Common Shares, shares of any other class or series in the capital of Aurizon or any of its subsidiaries, other voting securities or any securities convertible into, or options, rights or warrants, conditional or otherwise, to acquire, any of the foregoing, or any other securities or rights in respect of, in lieu of, or in substitution or exchange for, any shares in Aurizon's or any of its subsidiaries' share capital (except for issuances upon the exercise of stock options to acquire Common Shares required by law to be settled in Common Shares issued and outstanding as of the date of the Offer under Aurizon's existing publicly disclosed stock option, incentive and other compensatory plans for directors, officers and employees of Aurizon, in accordance with the terms of such stock options and plans as publicly disclosed prior to the date of the Offer);

-
- (ii) acquiring or otherwise causing a reduction in the number of, or authorizing or proposing the acquisition or other reduction in the number of, outstanding Common Shares or other securities of Aurizon or any of its entities;
 - (iii) declaring, paying, authorizing or making any payment, distribution or dividend on any of Aurizon's securities;
 - (iv) altering or proposing to alter any material term of any outstanding security;
 - (v) issuing or selling, or authorizing or proposing the issuance or sale of, any debt securities or otherwise incurring, authorizing, committing to incur or proposing the incurrence of any debt or the making of any loans or advances or guaranteeing or becoming otherwise responsible for any liabilities or obligations of any other person;
 - (vi) any acquisition from a third party of material assets or of securities of any third party by Aurizon or any of its entities;
 - (vii) any action or event with respect to, or any agreement, proposal, offer or understanding relating to, any sale, disposition, spin-out or other dealing with any of the assets of Aurizon or any of its entities (other than any such sale, disposition or other dealing between Aurizon and any entity which is a wholly owned subsidiary of Aurizon as of the date of the Offer or in the ordinary course of business and consistent with past practice);
 - (viii) any action or event related to any take-over bid (other than the Offer), merger, amalgamation, statutory arrangement, recapitalization, business combination, share exchange, material joint venture or similar transaction involving Aurizon or any of its entities;
 - (ix) making or committing to make any material capital expenditure by Aurizon or any of its entities (other than as publicly disclosed prior to January 11, 2013);
 - (x) adopting, amending, varying, modifying or taking any other action with respect to any bonus, profit sharing, incentive, salary or other compensation, equity based award, pension, retirement, deferred compensation, severance, change in control, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any officer, director or employee, or similar rights or other benefits;
 - (xi) waiving, releasing, granting, transferring or amending any rights of material value under (x) any existing material contract in respect of any material joint ventures or material properties or projects, or (y) any other material licence, lease, permit, authorization, concession, contract, agreement, instrument or other document (other than in the ordinary course of business consistent with past practice and only if so doing would not, in the sole judgment of Alamos, adversely affect Aurizon or its entities considered individually or on a consolidated basis);
 - (xii) entering into or completing any material transaction;
 - (xiii) any change to Aurizon's constituting documents; and
 - (xiv) any proposal, plan or intention to do any of the foregoing, either publicly announced or communicated by Aurizon or any of its entities, or any agreement to engage in any of the foregoing (collectively, a "**Material Adverse Change**");
- (c) Aurizon shall not have adopted a shareholder rights plan that provides rights to the Shareholders to purchase any securities of Aurizon as a result of the Offer or any Subsequent Acquisition Transaction, or if any such shareholder rights plan is adopted, it shall not and will not adversely affect the Offer or Alamos, either before or on consummation of the Offer, or the purchase of any Common Shares under any Subsequent Acquisition Transaction;

- (d) the Competition Act Approval, the HSR Condition and all other governmental or regulatory approvals, waiting or suspensory periods, waivers, permits, consents, authorizations, reviews, orders, rulings, decisions, and exemptions (including in Canada, the United States or elsewhere)

and including, among others, those required by any stock exchanges or other securities, competition or regulatory authorities) that, in Alamos' reasonable judgment, are necessary or desirable to complete the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction (including to issue and list on the TSX and NYSE the Alamos Shares to be issued pursuant to the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction), shall have been obtained or concluded or, in the case of any applicable waiting or suspensory periods, expired or been waived or terminated, each on terms and conditions satisfactory to Alamos in its reasonable judgment;

- (e) Alamos shall have determined in its reasonable judgment that (x) no inquiry, act, action, suit or proceeding has been threatened, taken or commenced before or by any domestic or foreign court or tribunal or other Governmental Authority or by any elected or appointed public official or private person in Canada or elsewhere (whether or not having the force of Law), and (y) no Law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of Law) will have been proposed, enacted, promulgated or applied, in the case of either (x) or (y):
 - (i) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by, or the sale to, Alamos of any of the Common Shares or the right of Alamos to own Aurizon or exercise full rights of ownership over the Common Shares;
 - (ii) which, if the Offer was consummated, could, in the reasonable judgment of Alamos, adversely affect Alamos, any of its entities or its or their assets considered individually or on a consolidated basis, or which, whether or not the Offer was consummated, could, in the reasonable judgment of Alamos, adversely affect Aurizon or any of its entities considered individually or on a consolidated basis; or
 - (iii) which may challenge, prevent, prohibit or make uncertain the ability of, or make it inadvisable for, Alamos or its entities to proceed with, make or maintain the Offer to take up and pay for Common Shares deposited under the Offer or to complete a Compulsory Acquisition or a Subsequent Acquisition Transaction;
- (f) Alamos shall have determined in its reasonable judgment that there shall not exist any prohibition at Law against Alamos making the Offer or taking up and paying for Common Shares deposited under the Offer or completing any Compulsory Acquisition or Subsequent Acquisition Transaction;
- (g) Alamos shall have determined in its reasonable judgment that there shall not have occurred (or if such shall have previously occurred, there shall not have been generally disclosed or disclosed to Alamos) any actual or threatened change (including any announcement, governmental or regulatory initiative or any condition, event, circumstance or development involving a prospective change) with respect to the business, assets, operations, capitalization, condition (financial or otherwise), prospects, results of operations, cash flows, properties, licences, permits, rights or privileges, whether contractual or otherwise, or liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise) of, or with respect to the regulatory regime applicable to, Aurizon or any of its entities which is or may be materially adverse to Aurizon or any of its entities or to the value of the Common Shares to Alamos;
- (h) Alamos shall have determined in its reasonable judgment that there shall not have occurred, developed or come into effect or existence (or if there does exist or shall have occurred, developed or come into effect or existence, there shall not have been generally disclosed or disclosed to Alamos) any event, action, state of affairs, condition or occurrence of national or international consequence or any Law or regulation or change thereof, action, inquiry or other occurrence of any nature whatsoever that materially adversely affects or would reasonably be expected to materially adversely affect the financial, banking or capital markets generally;
- (i) Aurizon shall have disclosed to Alamos and publicly filed all material information, documents and reports in relation to Aurizon, and all material contracts, agreements, indentures and other instruments to which Aurizon or any of its entities is a party or by which they or any of their respective assets is subject, as may be required by applicable Law (including for greater certainty

the SEDAR Filer Manual in relation to public filings in Canada) and the securities regulatory authorities in any of the provinces or territories of Canada and in the United States;

- (j) Alamos shall have determined in its reasonable judgment that (i) no right, franchise, concession, permit, lease or licence of Aurizon or any of its entities has been or may be impaired or otherwise adversely affected or threatened to be impaired or adversely affected, whether as a result of Alamos making the Offer or taking up and paying for Common Shares under the Offer or completing a Compulsory Acquisition or a Subsequent Acquisition Transaction or otherwise, and (ii) no covenant, term or condition exists in any contract, agreement, indenture or other instrument to which Aurizon or any of its entities is a party or by which they or any of their respective assets is subject, which in the case of either (i) or (ii) might make it inadvisable for Alamos to proceed with the Offer and the taking up and paying for Common Shares deposited under the Offer or a Compulsory Acquisition or a Subsequent Acquisition Transaction;
- (k) neither Aurizon nor any of its entities shall have amended, or permitted any of its entities to amend, any related party arrangements disclosed in Aurizon's audited consolidated financial statements for the year ended December 31, 2011, or have entered into any other or new related party arrangements;
- (l) Alamos shall not have become aware of any untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any document filed by or on behalf of Aurizon or any of its entities with any securities commission or similar securities regulatory authority in any of the provinces or territories of Canada or in the United States, which Alamos shall have determined in its sole judgment is materially adverse or would reasonably be materially adverse to Aurizon or its entities or which, if the Offer, a Compulsory Acquisition or any Subsequent Acquisition Transaction were consummated would be materially adverse to Alamos or its entities or Aurizon or its entities;
- (m) Alamos shall have determined in its reasonable judgment (i) that there has not occurred any change in the compensation paid or payable by Aurizon or any of its entities to its directors, officers or employees including the granting of additional shares, stock options or bonuses, and (ii) that Aurizon has publicly disclosed all material terms of any agreement or arrangement with its directors, officers or employees with respect to change of control or severance arrangements, including the amount of any severance or termination payments payable thereunder;
- (n) Alamos shall have been provided with, or been given access to, in a timely manner, all non-public information relating to Aurizon and its affiliates and subsidiaries, including access to management of Aurizon, as has been or may on or after the date of the Offer be given, provided or made available by Aurizon or any of its affiliates or subsidiaries to any other potential acquiror considering (or seeking such information in order to consider) any take-over bid, merger, amalgamation, statutory arrangement, recapitalization, business combination, share exchange, joint venture or similar transaction involving Aurizon or any of its affiliates or subsidiaries on substantially the same terms and conditions as have been imposed on or as may be imposed on any such other potential acquiror, provided that no such term or condition shall be imposed on Alamos that would be inconsistent with or would render Alamos unable to make the Offer or a revised offer, to take up and pay for any Common Shares deposited under the Offer or a revised offer or to complete the acquisition of the Common Shares pursuant to the terms of the Offer or to effect a Compulsory Acquisition or a Subsequent Acquisition Transaction; and
- (o) all third party consents that Alamos may reasonably consider to be necessary or desirable as a result of the change of control of Aurizon pursuant to the Offer shall have been obtained on terms satisfactory to Alamos in its reasonable judgment.

The foregoing conditions are for the exclusive benefit of Alamos and may be asserted by Alamos at any time, regardless of the circumstances giving rise to such assertion, including any action or inaction by Alamos. Each of the foregoing conditions is independent of and in addition to each other such condition. Alamos may waive any of the foregoing conditions with respect to the Offer in its reasonable discretion, in whole or in part, at any time and

from time to time, both before and after the Expiry Time, without prejudice to any other rights that Alamos may have. The failure by Alamos at any time to exercise or assert any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right that may be asserted at any time and from time to time by Alamos.

Any waiver of a condition or the withdrawal of the Offer will be effective upon written notice, or other communication confirmed in writing, by Alamos to that effect to the Depositary and Information Agent at its principal office in Toronto, Ontario. Alamos, after giving any such notice, will make a public announcement of such waiver or withdrawal, and will cause the Depositary and Information Agent, if required by Law, as soon as practicable thereafter to notify the Shareholders, in the manner set forth in Section 11 of the Offer, "Notices and Delivery". If the Offer is withdrawn, Alamos will not be obligated to take up or pay for any Common Shares deposited under the Offer and the Depositary and Information Agent will promptly return all documents tendered to the Depositary and Information Agent under the Offer including certificates representing deposited Common Shares, Letters of Transmittal, Notices of Guaranteed Delivery and related documents to the parties by whom they were deposited. See Section 7 of the Offer, "Return of Deposited Common Shares".

Any determination by Alamos concerning any events or other matters described in this Section 4 will be final and binding upon all persons for purposes of the Offer.

5. Extension, Variation or Change of the Offer

The Offer is open for acceptance until, but not after, the Expiry Time, subject to extension or variation in Alamos' sole discretion, unless the Offer is withdrawn by Alamos.

Alamos reserves the right, in its sole discretion, at any time and from time to time while the Offer is open for acceptance, to extend the Expiry Time for the Offer or to vary the Offer by giving written notice, or other communication confirmed in writing, of such extension or variation to the Depositary and Information Agent at its principal office in Toronto, Ontario and by causing the Depositary and Information Agent as soon as practicable thereafter, if required by applicable Law, to communicate such notice in the manner set forth in Section 11 of the Offer, "Notices and Delivery", to all Shareholders whose Common Shares have not been taken up prior to such extension or variation. Alamos will, as soon as possible after giving notice of an extension or variation to the Depositary and Information Agent, make a public announcement of the extension or variation to the extent and in the manner required by applicable Law. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary and Information Agent at its principal office in Toronto, Ontario.

If the terms of the Offer are varied (other than a variation consisting solely of a waiver of a condition of the Offer), the Offer will not expire before 10 business days after the notice of such variation has been given to Shareholders, unless otherwise permitted by applicable Law and subject to abridgement or elimination of that period pursuant to such orders or other forms or relief as may be granted by Canadian courts or applicable securities regulatory authorities. In addition, notwithstanding the foregoing, if Alamos makes a material change in the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, Alamos will disseminate additional offer materials and extend the Offer to the extent required by Rules 14d-4(d), 14d-6(c) and 14e-1 under the U.S. Exchange Act. Under the U.S. Exchange Act, the minimum period during which an offer must remain open following material changes in the terms of such offer, other than a change in consideration offered, percentage of securities sought or inclusion of or changes to a dealer's soliciting fee, will depend upon the facts and circumstances, including the materiality, of the changes. Generally, in the SEC's view, an offer should remain open for a minimum of five U.S. business days from the date the material change is first published, sent or given to shareholders and, if material changes are made with respect to information that approaches the significance of the consideration offered, percentage of securities sought or a dealer's soliciting fee, a minimum of ten U.S. business days is required to allow for adequate dissemination of information to shareholders and investor response.

Accordingly, if, prior to the Expiry Time, Alamos decreases the number of Common Shares being sought, increases or decreases the consideration offered pursuant to the Offer or increases or decreases a dealer's soliciting fee, and if the Offer is scheduled to expire at any time earlier than the tenth U.S. business day from the date that notice of such increase or decrease is first published, sent or given to Shareholders, the Offer will be extended at least until the expiration of such tenth U.S. business day. The requirement to

extend the Offer will not apply to the extent that the number of U.S. business days remaining between the occurrence of the change and the then-

scheduled Expiry Time equals or exceeds the minimum extension period that would be required because of such amendment.

If at any time before the Expiry Time, or at any time after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer and Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of Alamos or of an affiliate of Alamos, unless it is a change in a material fact relating to the Alamos Shares), Alamos will give written notice of such change to the Depositary and Information Agent at its principal office in Toronto, Ontario and will cause the Depositary and Information Agent, if required by applicable Law, to provide as soon as practicable thereafter a copy of such notice in the manner set forth in Section 9 of the Offer, "Notices and Delivery", to all Shareholders whose Common Shares have not been taken up pursuant to the Offer at the date of the occurrence of the change, if required by applicable Law. Alamos will as soon as practicable after giving notice of a change in information to the Depositary and Information Agent make a public announcement of the change in information to the extent and in the manner required by applicable Law. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary and Information Agent at its principal office in Toronto, Ontario.

Notwithstanding the foregoing, but subject to applicable Laws, the Offer may not be extended by Alamos if all of the terms and conditions of the Offer, except those waived by Alamos, have been fulfilled or complied with, unless Alamos first takes up all Common Shares deposited under the Offer and not properly withdrawn.

During any such extension or in the event of any variation of the Offer or change in information, all Common Shares previously deposited and not taken up or properly withdrawn will remain subject to the Offer and may be accepted for purchase by Alamos in accordance with the terms hereof. An extension of the Expiry Time, a variation of the Offer or a change in information does not constitute a waiver by Alamos of its rights under Section 4 of the Offer, "Conditions of the Offer".

If the consideration being offered for the Common Shares under the Offer is increased, the increased consideration will be paid to all depositing Shareholders whose Common Shares are taken up under the Offer, whether or not such Common Shares were taken up before the increase.

6. Take-up of and Payment for Deposited Common Shares

Upon the terms and subject to the conditions of the Offer (including the conditions specified in Section 4 of the Offer, "Conditions of the Offer"), Alamos will take up Common Shares validly deposited under the Offer and not properly withdrawn promptly following the Expiry Time but in no event later than 10 days after the Expiry Time and will pay for Common Shares taken up as soon as practicable thereafter, but in any event not later than three business days after taking up the deposited Common Shares. In accordance with applicable Law, Alamos will take up and pay for Common Shares deposited under the Offer in any Subsequent Offering Period within 10 days after such deposit. Alamos will be deemed to have taken up and accepted for payment Common Shares validly deposited and not properly withdrawn pursuant to the Offer if, as and when Alamos gives written notice, or other communication confirmed in writing, to the Depositary and Information Agent at its offices in Toronto, Ontario to that effect.

Subject to applicable Law, Alamos expressly reserves the right in its sole discretion to delay taking up and paying for any Common Shares or to terminate the Offer and not take up or pay for any Common Shares pursuant to the Offer if any condition specified in Section 4 of the Offer, "Conditions of the Offer", is not satisfied or waived by Alamos, by giving written notice thereof, or other communication confirmed in writing, to the Depositary and Information Agent at its principal office in Toronto, Ontario. Alamos also expressly reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Common Shares in order to comply, in whole or in part, with any applicable Law.

Alamos will pay for Common Shares validly deposited under the Offer and not withdrawn by providing the Depositary and Information Agent with sufficient funds (by wire transfer or other means satisfactory to the Depositary and Information Agent) and certificates or direct registration for Alamos Shares for transmittal to depositing Shareholders. Under no circumstances will interest accrue or be paid by Alamos or the Depositary and Information Agent to persons depositing Common Shares on the purchase price of Common Shares purchased by Alamos, regardless of any delay in making such payments.

The Depositary and Information Agent will act as the agent of persons who have deposited Common Shares in acceptance of the Offer for the purposes of receiving payment from Alamos and transmitting such payment to such persons, and receipt of payment by the Depositary and Information Agent will be deemed to constitute receipt of payment by persons depositing Common Shares under the Offer.

Settlement with each Shareholder who has deposited (and not properly withdrawn) Common Shares under the Offer will be made by the Depositary and Information Agent issuing or causing to be issued a cheque (except for payments in excess of \$25 million, which will be made by wire transfer, as set out in the Letter of Transmittal) payable in Canadian funds and delivering or causing to be delivered certificates or direct registration representing Alamos Shares, in the amounts to which the person depositing Common Shares is entitled. Unless otherwise directed by the Letter of Transmittal, the cheque and certificates will be issued in the name of the registered holder of the Common Shares so deposited. Unless the person depositing the Common Shares instructs the Depositary and Information Agent to hold the cheque and certificates for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque and certificates will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal. If no such address is specified, the cheque and certificates will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of Aurizon. Cheques and certificates mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Pursuant to applicable Laws, Alamos may, in certain circumstances, be required to make withholdings from the amount otherwise payable to a Shareholder.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent or if they make use of the services of a Soliciting Dealer to accept the Offer. However, a broker or other nominee that is not a Soliciting Dealer and through whom a Shareholder owns Common Shares may charge a fee to tender any such Common Shares on behalf of the Shareholder. Shareholders should consult their brokers or nominees to determine whether any charges will apply.

7. Return of Deposited Common Shares

Any Deposited Shares not taken up and paid for by Alamos pursuant to the terms and conditions of the Offer for any reason will be returned to the depositing Shareholder promptly following the Expiry Time or the termination or withdrawal of the Offer, by either: (a) returning the deposited certificates representing the Common Shares not purchased (and other relevant documents) or (b) in the case of Common Shares deposited by book-entry transfer pursuant to the procedures set forth under Section 3 of the Offer, “Manner of Acceptance – Acceptance by Book-Entry Transfer”, such Common Shares will be credited to the depositing Shareholder’s account maintained by CDS or DTC, as applicable. Certificates (and any other relevant documents) will be forwarded by first-class mail in the name of and to the address specified by the Shareholder in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the share register maintained by Aurizon or its transfer agent, promptly after the termination of the Offer.

8. Withdrawal of Deposited Common Shares

Except as otherwise stated in this Section 8 or as otherwise required by applicable Laws, all deposits of Common Shares pursuant to the Offer are irrevocable. Unless otherwise required or permitted by applicable Laws, any Common Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Shareholder:

- (a) at any time before the Deposited Shares have been taken up by Alamos pursuant to the Offer;
- (b) if the Deposited Shares have not been paid for by Alamos within three business days after having been taken up;
- (c) at any time before the expiration of ten days from the date upon which either:
 - (i) a notice of change relating to a change that has occurred in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of Alamos or of an affiliate of Alamos, unless it is a change in a material fact relating to the Alamos Shares), in the event

that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or

-
- (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Common Shares where the Expiry Time is not extended for more than ten days, or a variation consisting solely of a waiver of a condition of the Offer),

is mailed, delivered or otherwise properly communicated to the Depositary and Information Agent (subject to abridgement of that period pursuant to such order or orders or other forms of relief as may be granted by applicable courts or securities regulatory authorities) and only if such Deposited Shares have not been taken up by Alamos in advance of the receipt of such communication by the Depositary and Information Agent; or

- (d) at any time after 60 days from the commencement of the Offer, provided that the Deposited Shares have not been taken up by Alamos prior to the receipt by the Depositary and Information Agent of the notice of withdrawal with respect to such Deposited Shares.

Withdrawals of Deposited Shares must be effected by notice of withdrawal made by or on behalf of the depositing Shareholder and must be actually received by the Depositary and Information Agent at the place of deposit before such Deposited Shares are taken up and paid for. Notice of withdrawal: (a) must be made by a method, including facsimile transmission, that provides the Depositary and Information Agent with a written or printed copy, (b) must be signed by or on behalf of the person who signed the Letter of Transmittal (or Notice of Guaranteed Delivery) accompanying the Deposited Shares that are to be withdrawn, (c) must specify such person's name, the number of Deposited Shares to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the Deposited Shares to be withdrawn, and (d) must be actually received by the Depositary and Information Agent at the place of deposit of the applicable Deposited Shares (or Notice of Guaranteed Delivery in respect thereon). Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions and rules set out therein), except in the case of Common Shares deposited for the account of an Eligible Institution.

Alternatively, if Common Shares have been deposited pursuant to the procedures for book-entry transfer, as set out under Section 3 of the Offer, "Manner of Acceptance – Acceptance by Book-Entry Transfer", any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Common Shares and otherwise comply with the procedures of CDS or DTC, as applicable.

All questions as to the validity (including, without limitation, timely receipt) and form of notices of withdrawal will be determined by Alamos in its sole discretion, and such determination will be final and binding. There will be no obligation on the Depositary and Information Agent, Alamos or any other person to provide notice of any defect or irregularity in any notice of withdrawal and no such person will incur any liability for failure to give such notice.

Wherever the Offer calls for documents to be delivered by or on behalf of Shareholders to a particular office of the Depositary and Information Agent, those documents will not be considered delivered unless and until they have been physically received at the particular office at the address listed in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable. Withdrawals may not be rescinded and any Deposited Shares properly withdrawn will be deemed not validly deposited for the purposes of the Offer but may be re-deposited at any subsequent time prior to the Expiry Time by following any of the procedures described in Section 3 of the Offer, "Manner of Acceptance".

If Alamos extends the period of time during which the Offer is open, is delayed in taking up or paying for Deposited Shares or is unable to take up or pay for Deposited Shares for any reason, then, without prejudice to Alamos' other rights, Deposited Shares may, subject to applicable Laws, be retained by the Depositary and Information Agent on behalf of Alamos and such Deposited Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as set forth in this Section 8 or pursuant to applicable Laws.

A withdrawal of Deposited Shares can only be accomplished in accordance with the foregoing procedures. The withdrawal will take effect only upon actual receipt by the Depositary and Information Agent of the properly completed and executed written notice of withdrawal.

Persons whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Notwithstanding the provisions of Rule 14d-7(a)(2) under the U.S. Exchange Act relating to the ability of a purchaser in a tender offer to terminate withdrawal rights during a Subsequent Offering Period, Alamos will permit withdrawal of tendered Common Shares during a Subsequent Offering Period, if there is one.

In addition to the foregoing rights of withdrawal, Shareholders in certain provinces and territories of Canada are entitled to statutory rights of rescission or to damages, or both, in certain circumstances. See Section 25 of the Circular, "Statutory Rights".

9. Notices and Delivery

Without limiting any other lawful means of giving notice, any notice to be given by Alamos or the Depositary and Information Agent pursuant to the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the registered Shareholders at their addresses as shown on the registers maintained by or on behalf of Aurizon and will be deemed to have been received on the first business day following the date of mailing. For this purpose, "business day" means any business day other than a Saturday or Sunday or statutory holiday in the jurisdiction to which the notice is mailed. These provisions apply notwithstanding any accidental omission to give notice to any one or more Shareholders and notwithstanding any interruption of mail service in any relevant jurisdiction following mailing. In the event of any interruption of mail service following mailing, Alamos intends to make reasonable efforts to disseminate the notice by other means, such as publication.

Except as otherwise required or permitted by applicable Law, if post offices in Canada are not open for the deposit of mail, any notice that Alamos or the Depositary and Information Agent may give or cause to be given to Shareholders under the Offer will be deemed to have been properly given and to have been received by Shareholders if (i) it is given to the TSX and the NYSE MKT for dissemination through their respective facilities, (ii) it is published once in the National Edition of *The Globe and Mail* or *The National Post*, together with *The Wall Street Journal* or *The New York Times*, and in *La Presse* or (iii) it is given to the Canada Newswire Service and the Dow Jones News Service for dissemination through their respective facilities.

The Offer and Circular and accompanying Letter of Transmittal and Notice of Guaranteed Delivery will be mailed to registered Shareholders by first class mail, postage prepaid, or made available in such other manner as is permitted by applicable Laws and Alamos will use its reasonable efforts to furnish such documents to brokers, investment advisors, banks and similar persons whose names, or the names of whose nominees, appear in the registers maintained by or on behalf of Aurizon in respect of the Common Shares or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of Common Shares where such listings are received.

These Shareholder materials are being sent to both registered and non-registered owners of securities of Aurizon. If you are a non-registered owner, and Alamos or its agent has sent these materials directly to you, Alamos believes your name and address and information about your holdings of securities of Aurizon have been obtained in accordance with applicable regulatory requirements from the intermediary holding such securities on your behalf.

Wherever the Offer calls for documents to be delivered to the Depositary and Information Agent, such documents will not be considered delivered unless and until they have been physically received by the Depositary and Information Agent at its offices in Toronto, Ontario specified in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable. Wherever the Offer calls for documents to be delivered by or on behalf of Shareholders to a particular office of the Depositary and Information Agent, those documents will not be considered delivered unless and until they have been physically received at the particular office at the address listed in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable.

10. Changes in Capitalization, Dividends, Distributions and Liens

If, on or after the date of the Offer, Aurizon should divide, combine, reclassify, consolidate, convert or otherwise change any of the Common Shares or its capitalization, issue any Common Shares, or issue, grant or sell any securities convertible into Common Shares, or disclose that it has taken or intends to take any such action, then Alamos may, in its sole discretion and without prejudice to its rights under Section 4 of the Offer, “Conditions of the Offer”, make such adjustments as it considers appropriate to the purchase price and other terms of the Offer

(including, without limitation, the type of securities offered to be purchased and the amount payable therefor) to reflect such division, combination, reclassification, consolidation, conversion, issuance, grant, sale or other change. See Section 5 of the Offer, “Extension, Variation or Change of the Offer”.

Common Shares and any Distributions acquired under the Offer shall be transferred by the Shareholders and acquired by Alamos free and clear of all liens, restrictions, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including, without limitation, the right to any and all dividends, distributions, payments, securities, property, rights, assets or other interests which may be accrued, declared, paid, issued, distributed, made or transferred on or after the date of the Offer on or in respect of the Common Shares, whether or not separated from the Common Shares.

If, on or after the date of the Offer, Aurizon should declare, set aside or pay any dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with respect to any Common Shares, which is or are payable or distributable to Shareholders on a record date prior to the date of transfer into the name of Alamos or its nominee or transferee on the securities register maintained by or on behalf of Aurizon in respect of Common Shares accepted for purchase under the Offer, then (and without prejudice to Alamos’ rights under Section 4 of the Offer, “Conditions of the Offer”): (a) in the case of any such cash dividends, distributions or payments that in an aggregate amount do not exceed the cash consideration per Common Share payable, the amount of the dividends, distributions or payments will be received and held by the depositing Shareholder for the account of Alamos until Alamos pays for such Common Shares and the purchase price per Common Share payable by Alamos pursuant to the Offer will be reduced by the amount of any such dividend, distribution or payment, and (b) in the case of any such cash dividends, distributions or payments that in an aggregate amount exceeds the cash consideration per Common Share payable by Alamos pursuant to the Offer, or in the case of any non-cash dividend, distribution, payment, securities, property, rights, assets or other interests, the whole of any such dividend, distribution or payment of securities, property, rights, assets or other interests (and not simply the portion that exceeds the purchase price per Common Share payable by Alamos under the Offer) will be received and held by the depositing Shareholder for the account of Alamos and will be promptly remitted and transferred by the depositing Shareholder to the Depositary and Information Agent for the account of Alamos, accompanied by appropriate documentation of transfer. Pending such remittance, Alamos will be entitled to all rights and privileges as the owner of any such dividend, distribution or payment of securities, property, rights, assets or other interests and may withhold the entire purchase price payable by Alamos under the Offer or deduct from the consideration payable by Alamos under the Offer the amount or value thereof, as determined by Alamos in its sole discretion.

The declaration or payment of any such dividend or distribution may have tax consequences not described in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations” or in Section 20 of the Circular, “U.S. Federal Income Tax Considerations”. Shareholders should consult their own tax advisors in respect of any such dividend or distribution.

11. Mail Service Interruption

Notwithstanding the provisions of the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, cheques, certificates and any other relevant documents will not be mailed if Alamos determines that delivery thereof by mail may be delayed. Persons entitled to cheques, certificates or any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary and Information Agent to which the deposited certificates for Common Shares were delivered until such time as Alamos has determined that delivery by mail will no longer be delayed. Alamos will provide notice of any such determination not to mail made under this Section 11 as soon as reasonably practicable after the making of such determination and in accordance with Section 9 of the Offer, “Notices and Delivery”. Notwithstanding Section 6 of the Offer, “Take-up of and Payment for Deposited Common Shares”, cheques, certificates and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Shareholder at the appropriate office of the Depositary and Information Agent.

12. Other Terms of the Offer

Alamos reserves the right to transfer or assign, in whole or in part from time to time, to one or more of its entities, the right to purchase all or any portion of the Common Shares deposited pursuant to the Offer, but any such transfer or assignment will not relieve Alamos of its obligations under the Offer and will in no way prejudice the rights of persons depositing Common Shares to receive prompt payment for Common Shares validly deposited and taken up pursuant to the Offer.

The Offer and all contracts resulting from acceptance of the Offer will be governed by and construed in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein. Each party to an agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

No broker, dealer or other person (including the Dealer Manager, any member of any soliciting dealer group formed by the Dealer Manager or the Depositary and Information Agent) has been authorized to give any information or to make any representation or warranty on behalf of Alamos or any of its entities in connection with the Offer other than as contained in the Offer and Circular, Letter of Transmittal and Notice of Guaranteed Delivery and, if any such information, representation or warranty is given or made, it must not be relied upon as having been authorized.

Alamos, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer and Circular, Letter of Transmittal and Notice of Guaranteed Delivery, the validity of any acceptance of the Offer and the validity of any withdrawal of Common Shares.

The provisions of the Circular, Letter of Transmittal and Notice of Guaranteed Delivery accompanying the Offer, including the rules and instructions contained therein, as applicable, are incorporated into and form part of the terms and conditions of the Offer.

Where the Offer provides that the time for the taking of any action, the doing of anything or the end of any period, expires or falls upon a day that is not a business day, the time shall be extended and action may be taken, the thing may be done or the period shall end as the case may be, on the next business day.

The Offer and the accompanying Circular together constitute the take-over bid circular required under Canadian provincial securities legislation with respect to the Offer. Shareholders are urged to refer to the accompanying Circular for additional information relating to the Offer.

Dated: January 14, 2013

ALAMOS GOLD INC.

(Signed) JOHN A MCCLUSKEY
President and Chief Executive Officer

CIRCULAR

This Circular is furnished in connection with the accompanying Offer dated January 14, 2013 by Alamos to purchase all of the issued and outstanding Common Shares other than Common Shares held directly or indirectly by Alamos and its affiliates, and including Common Shares that may become outstanding on the exercise of Convertible Securities. The terms and provisions of the Offer are incorporated into and form part of this Circular. Terms defined in the Offer and the Glossary and not otherwise defined in this Circular shall have the respective meanings given thereto in the Offer and the Glossary unless the context otherwise requires. All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.

Except as otherwise indicated herein, the information concerning Aurizon contained in this Circular has been taken from or is based upon publicly available information filed with the Canadian securities regulators, the SEC and other public sources available as at January 11, 2013. Aurizon has not reviewed the Offer and Circular and has not confirmed the accuracy and completeness of the information in respect of Aurizon contained herein. Neither Alamos nor any person acting jointly or in concert with Alamos nor any of the directors or officers of Alamos or such persons, assumes any responsibility for the accuracy or completeness of such information or any failure by Aurizon to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to Alamos or such persons. Except as otherwise indicated herein, Alamos has no means of verifying the accuracy or completeness of any of the information contained herein that is derived from Aurizon's publicly available information or whether there has been any failure by Aurizon to disclose events or facts that may have occurred or may affect the significance or accuracy of any information.

1. Alamos

Alamos was formed by the amalgamation of Alamos Minerals, a company incorporated under the laws of the Province of British Columbia, and National Gold Corporation, a company incorporated under the laws of the Province of Alberta, and continued into the Province of British Columbia under the former *Company Act* (British Columbia) on February 21, 2003, with the resulting amalgamated company continuing under the name "Alamos Gold Inc.". The *Business Corporations Act* (British Columbia) (the "BCBCA") came into force on March 29, 2004, and on July 15, 2004, after obtaining shareholder approval, Alamos altered its Notice of Articles to increase its authorized capital from 1,000,000,000 common shares without par value to an unlimited number of common shares without par value and adopted new articles that take advantage of certain business flexibilities available under the BCBCA. Alamos is a public corporation that is listed on the TSX under the symbol "AGI" and has a quoted market value of approximately \$2.0 billion as of the close of trading on January 9, 2013. Alamos has applied to list the Alamos Shares on the NYSE under the symbol "AGI". Alamos is also quoted on the OTC under the symbol "AGIGF". Alamos expects that the Alamos Shares will cease being quoted on the OTC upon its listing on the NYSE.

Alamos is a gold mining and exploration company engaged in exploration, mine development, and the mining and extraction of precious metals, primarily gold. Alamos' operating asset is the Mulatos mine (the "**Mulatos Mine**") which was acquired in February 2003, and is located within the 30,536-hectare Salamandra Concessions in the state of Sonora, Mexico. In January 2010, Alamos acquired the development-stage Ağrı Dağı and Kirazlı projects (the "**Ağrı Dağı Project**" and the "**Kirazlı Project**", respectively) in the Biga district of northwestern Turkey. In 2011, Alamos discovered the Çamyurt project, located approximately three kilometers from the Ağrı Dağı Project, which Alamos believes has the potential to become a stand-alone mining project.

Since the start of operations at the Mulatos Mine in Mexico in 2006, Alamos has focused on continued operating improvements and conducting exploration programs to increase reserves and resources. In 2012, the Mulatos Mine produced 200,000 ounces of gold. This represents the fifth consecutive year in which the Mulatos Mine has produced in excess of 150,000 ounces of gold. In the fiscal year ended December 31, 2012, Alamos generated revenues of \$329.4 million, compared to \$227.4 million in 2011. As at December 31, 2012, Alamos had in excess of \$350 million in cash and cash equivalents and short-term investments.

As of the date hereof, Alamos owns 26,507,283 Common Shares.

In the past five years, Alamos has not been convicted in a criminal proceeding and has not been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree

or final order enjoining Alamos from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws, or a finding of any violation of U.S. federal or state securities laws.

Certain information concerning the directors and executive officers of Alamos is attached as Schedule “E” to this Offer and Circular.

In connection with the listing of the Alamos Shares on the NYSE and the filing of the Registration Statement, Alamos will become subject to the reporting requirements of the U.S. Exchange Act and in accordance therewith will file reports and other information with the SEC. Under a multi-jurisdictional disclosure system adopted by U.S. and Canadian securities regulators, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. Alamos will be exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of proxy statements, and its officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the U.S. Exchange Act. Reports and other information filed by Alamos may be inspected and copied at the public reference facilities maintained by the SEC at Room 1580, 100 F Street, NE, Washington, D.C. 20549. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the SEC at 100 F Street, NE, Washington, D.C. 20549. Prospective investors may call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities or visit the SEC’s website at www.sec.gov.

The Registration Statement filed with the SEC concerning the Offer, including the exhibits, and Alamos’ reports and other information filed under the U.S. Exchange Act are available to the public free of charge at the SEC’s website at www.sec.gov.

Recent Developments

The Kirazlı Project and the Ağı Dağı Project

On August 9, 2012, Alamos filed with the Canadian securities regulatory authorities a technical report pursuant to NI 43-101F1 with respect to the Kirazlı Project and the Ağı Dağı Project entitled “NI 43-101 Technical Report Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 with an effective date of June 30, 2012. For more information regarding the Kirazlı Project and the Ağı Dağı Project, see Schedule “A”, “Description of the Kirazlı & Ağı Dağı Gold Project”.

The Mulatos Mine

On January 14, 2013, Alamos filed with the Canadian securities regulatory authorities a technical report pursuant to NI 43-101F1 with respect to the Mulatos Mine entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012. For more information regarding the Mulatos Mine, see Schedule “B”, “Description of the Mulatos Mine”.

Alamos Q4 2012 Production Results and 2013 Guidance

On January 8, 2013, Alamos issued a press release summarizing fourth quarter and full year 2012 production results from the Mulatos Mine as well as operating, development and exploration plans for 2013. In the fourth quarter of 2012, the Mulatos Mine produced a record 67,800 ounces of gold, 41% higher than the previous quarterly production record of 48,200 ounces. Full year 2012 gold production was 200,000 ounces, achieving production guidance.

Gold production at the Mulatos Mine for 2013 is expected to be between 180,000 and 200,000 ounces at a cash operating cost (exclusive of the 5% royalty) between \$415 and \$435 per ounce of gold sold. Capital spending in Mexico in 2013 is budgeted at approximately \$40.7 million, while development spending in Turkey is forecast to be approximately \$69.3 million. Total exploration spending is budgeted to be \$21.6 million, split evenly between Mexico and Turkey.

2. Aurizon

Aurizon is a corporation organized under the laws of the Province of British Columbia. Aurizon was incorporated on April 18, 1988 under the *Company Act* (British Columbia). Effective August 24, 1988, Aurizon acquired all of the assets and assumed all of the liabilities of two predecessor companies, D’Or Val Mines Ltd. and Perron Gold Mines Ltd., pursuant to a statutory plan of arrangement. On March 14, 2005, Aurizon transitioned under the BCBCA. On May 15, 2007, Aurizon altered its Notice of Articles to increase its

authorized capital to an unlimited number of Common Shares, and to remove the “Pre-existing Company Provisions” which were part of Aurizon’s Notice of Articles by virtue of the regulations under the BCBCA. As a result of removal of the “Pre-

existing Company Provisions” the threshold for the number of votes required to pass a special resolution was decreased from 75% to two-thirds of the votes cast in person or by proxy at a meeting of Shareholders. Aurizon adopted new articles on May 15, 2007 and again on May 10, 2012. Aurizon is a public corporation that is listed on the TSX under the symbol “ARZ” and on the NYSE MKT under the symbol “AZK” and has a quoted market value on the TSX and the NYSE MKT of approximately \$548 million and US\$558 million, respectively, as of the close of trading on January 9, 2013.

Aurizon is a Canadian-based gold producer with operations and development activities in the Abitibi region of northwestern Québec. Since 1988, Aurizon has been involved in the acquisition, exploration, development and operation of a number of gold properties in North America. Aurizon owns 100% of the producing Casa Berardi gold mine (the “**Casa Berardi Gold Mine**”) and also owns a 100% interest in the Joanna Gold development project, a development-stage gold property on which a feasibility study for the Hosco deposit was completed in 2012. In addition, Aurizon has staked mineral claims, and/or entered into agreements with junior exploration companies to acquire interests in several early stage exploration projects.

Aurizon’s production from the Casa Berardi Gold Mine in 2011, 2010 and 2009 were 163,845 ounces, 141,116 ounces and 159,261 ounces, respectively. Aurizon’s principal product is gold, with gold sales currently accounting for all of Aurizon’s revenues.

The head and registered office of Aurizon is located at Suite 1120, Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2, Canada, tel: (604) 687-6600.

For further information regarding Aurizon, refer to Aurizon’s filings with the Canadian securities regulatory authorities which may be obtained through the SEDAR website at www.sedar.com. Aurizon is also an SEC registrant and accordingly files or furnishes to the SEC certain documents, which are available at www.sec.gov.

Previous Distributions of Common Shares

On April 29, 2009, Aurizon completed a bought deal equity financing of 9,708,000 Common Shares at a purchase price of \$5.15 per Common Share for aggregate gross proceeds of \$50,000,000. With the exception of the foregoing, to the knowledge of Alamos after reasonable inquiry, there have been no distributions of Common Shares during the 5 years preceding the Offer.

3. Background to the Offer

The management and board of directors of Alamos regularly review the activities of other mining companies with the objective of identifying strategic alternatives and other opportunities, including business combination transactions and other commercial transactions that may support Alamos’ corporate strategy and enhance shareholder value. As part of this ongoing review process, in the third quarter of 2008, Alamos identified the strategic opportunity presented by a merger with Aurizon.

In the third quarter of 2008, the President and Chief Executive Officer of Alamos, Mr. John A. McCluskey, contacted, Mr. David Hall, who at that time was the President and Chief Executive Officer of Aurizon, in an attempt to initiate a dialogue to determine whether the parties could devise a mutually beneficial transaction at that time.

In November of 2008, Alamos and Aurizon entered into a mutual confidentiality and standstill agreement (the “**2008 Confidentiality Agreement**”). Aurizon did not however provide Alamos with access to any confidential information regarding Aurizon or its assets. A site visit to the Casa Berardi Gold Mine was not arranged. As a result, Alamos was unable to complete its review of Aurizon’s confidential information. The 2008 Confidentiality Agreement expired in November of 2010.

In September of 2010, Mr. McCluskey once again contacted Mr. Hall, in an attempt to advance discussions regarding a consensual transaction between Aurizon and Alamos. Mr. Hall indicated at the time that Aurizon did not wish to pursue discussions with Alamos regarding a potential business combination transaction.

In August of 2011, Mr. McCluskey once again contacted Mr. Hall, in an attempt to advance discussions regarding a consensual transaction between Aurizon and Alamos.

On September 1, 2011, Mr. Hall wrote to Mr. McCluskey indicating that Aurizon did not wish to pursue discussions with Alamos regarding a potential business combination transaction.

Later on September 1, 2011, Mr. McCluskey wrote in response to Mr. Hall reiterating the strategic merits of merging the two companies, and proposing further dialogue to that end. No further response was received from Aurizon.

In October of 2012, the board of directors and certain members of management of Alamos discussed the merits, risks and opportunities associated with an acquisition of Aurizon and the potential value to be created for Alamos shareholders. Mr. McCluskey also reviewed Aurizon's past unwillingness to engage in meaningful discussions despite Alamos' repeated expressions of its desire to proceed with a negotiated transaction. Following this meeting, Alamos consulted with its external financial and legal advisors regarding a potential unsolicited offer for Aurizon.

Through a series of resolutions passed on November 1, 2012, November 15, 2012 and December 4, 2012, the board of directors of Alamos authorized management to acquire Common Shares on the TSX for investment purposes if such Common Shares were obtainable under normal market conditions. Since November 1, 2012, Alamos has purchased 3,000,000 Common Shares under normal market conditions through the TSX, all of which Common Shares Alamos currently holds.

On January 9, 2013, the board of directors of Alamos met to discuss in further detail the process and merits of the proposed transaction with Aurizon, and based on the proceedings to date, the board of directors of Alamos, after consulting with management of Alamos as well as external financial and legal advisors, indicated that they were in favour of Alamos taking its offer directly to the Shareholders, and approved, *inter alia*, the making of the Offer.

On January 10, January 11 and January 13, 2013, Alamos entered into the Share Purchase Agreements (as defined herein) with the Vendors (as defined herein) in respect of their respective shareholdings in Aurizon. In aggregate, Alamos acquired 23,507,283 Common Shares through the Share Purchase Agreements, representing approximately 13.4% of the issued and outstanding Common Shares (on a fully diluted basis). As at the date of the Offer, Alamos owns 26,507,283 Common Shares, representing over 16% of the issued and outstanding Common Shares.

On January 13, 2013, Mr. McCluskey notified Mr. Hall that Alamos believed that its proposal was compelling for Shareholders, and that Alamos had decided to make the Offer directly to them.

The intention to make the Offer was announced by Alamos by way of press release prior to the opening of the TSX on January 14, 2013. Also on January 14, 2013, an advertisement containing a summary of the Offer was published in *The Globe and Mail* and *La Presse*, the Offer and the Circular was delivered to Aurizon, and the Offer commenced.

4. Reasons to Accept the Offer

Shareholders should consider the following factors in making a decision to accept the Offer:

Significant Premium. Based on the closing price of \$16.60 per Alamos Share on the TSX on January 9, 2013, the consideration offered under the Offer has a value of \$4.65 per Common Share, representing a premium of approximately 40% and 39%, respectively, over the closing price of \$3.33 and US\$3.39 per Common Share on the TSX and NYSE MKT on January 9, 2013. Based on the volume-weighted average price of Alamos Shares on the TSX for the 20 trading days ended January 9, 2013, the Offer represents a premium of approximately 37% over the volume-weighted average price of the Common Shares on the TSX and NYSE MKT for the same period.

Creation of a Leading Intermediate Gold Company. The combination of Alamos and Aurizon will immediately create a new leading intermediate gold mining company with increased diversification, scale and liquidity. The combined entity is anticipated to have an estimated market capitalization of approximately US\$2.6 billion, with enhanced visibility among the international investor community as well as continued exposure to the North American capital markets through listings on both the TSX and the NYSE. The combined company, with two steady producing, low cost mines located in stable jurisdictions, will be strongly positioned for growth.

Established, Well-funded, Shareholder Focused Team in Place. Alamos offers Shareholders the benefits of both the project development and operation expertise of the Alamos management team as well as access to pro forma combined estimated cash and cash equivalents and short-term investments of approximately US\$209.7 million with which to advance projects without any near-term dilution. Alamos will continue to be guided by a board of directors and management team with extensive project development, acquisition, operation and other relevant industry experience necessary to advance projects from the exploration stage through production and to create shareholder value by doing so.

Financial Capability to Secure Future of Aurizon's Assets. Alamos's balance sheet and operating cash flow will be available to support the strong growth profile of the combined company without an expectation of a need for any equity capital raisings. Alamos will remain unhedged and debt-free. Alamos is also well placed to take advantage of the exploration potential of the combined entity to unlock the upside potential for all shareholders. The Offer provides a much needed growth profile for Shareholders. Alamos expects to continue its strong dividend policy.

Exposure to Other Attractive Mineral Projects. Shareholders who tender to the Offer will gain exposure to the world-class projects of Alamos, including the producing Mulatos Mine in Mexico, one of the world's most profitable gold mines. Alamos also owns a 100% interest in the advanced-stage gold projects - the Ağrı Dağı Project and the Kirazlı Project - in Turkey and has other earlier-stage exploration properties in both Mexico and Turkey. The significant production profile of the combined companies will allow Shareholders who receive Alamos Shares to increase their exposure to the strong gold price environment over the short to mid-term.

Management Track Record in Developing World-Class Gold Projects. Alamos has a management team with a solid track record and proven experience in the gold industry. The Alamos management team has demonstrated its ability, via the Mulatos Mine in Mexico, to identify, explore, finance, construct, commission and operate a world-class gold mine. It is also applying this experience to the development of Ağrı Dağı Project and the Kirazlı Project in Turkey, which remain on track and on budget.

Opportunity for Continued Participation in Aurizon's Assets. To the extent that Shareholders receive Alamos Shares as part of their consideration under the Offer, they will benefit from any future increases in value associated with the continued exploration and development of Aurizon's portfolio of assets, as well as production at Aurizon's flagship Casa Berardi Gold Mine.

Opportunity to Elect Consideration. The Offer provides Shareholders with the opportunity to determine the consideration that they receive under the Offer, either the Cash Alternative or the Share Alternative, subject in each case to pro-rata. The Cash Alternative permits Shareholders to elect to receive up to 100% in cash consideration (subject to pro-rata) in exchange for their Common Shares to lock in the premium offered under the terms of the Offer, while the Share Alternative permits Shareholders to elect to receive up to 100% in Alamos Shares (subject to pro-rata) in exchange for their Common Shares and thereby maintain maximum exposure to the significant upside potential of the combined Alamos and Aurizon company going forward.

Opportunity to Defer Canadian Taxation on Capital Gains. To the extent that Shareholders receive Alamos Shares as consideration under the Offer, certain Shareholders will be entitled, depending on the circumstances, to a full or partial deferral of Canadian taxation on capital gains.

5. Purpose of the Offer and Alamos' Plans for Aurizon

Purpose of the Offer

The purpose of the Offer is to enable Alamos to acquire, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares (other than Common Shares held directly or indirectly by Alamos and its affiliates and which includes Common Shares which may become outstanding on the exercise, exchange or conversion of Convertible Securities). The effect of the Offer is to give to Shareholders the opportunity to receive, at

the election of each Shareholder, \$4.65 in cash or 0.2801 of an Alamos Share, in each case, subject to pro-rata as set out herein, for each Common Share tendered to the Offer, representing a premium of approximately 40% over the closing price of \$3.33 per Common Share on the TSX on January 9, 2013.

If the conditions of the Offer are satisfied or waived and Alamos takes up and pays for the Common Shares validly deposited under the Offer and not properly withdrawn, Alamos intends to acquire any Common Shares not deposited under the Offer through a Compulsory Acquisition, if available, or to propose a Subsequent Acquisition Transaction, in each case for consideration per Common Share at least equal in value to and in the same form as the consideration paid by Alamos per Common Share under the Offer. The exact timing and details of any such transaction will depend upon a number of factors, including the number of Common Shares acquired pursuant to the Offer. Although Alamos intends to propose either a Compulsory Acquisition or a Subsequent Acquisition Transaction generally on the terms described herein, it is possible that, as a result of delays in Alamos' ability to effect such a transaction, information subsequently obtained by Alamos, changes in general economic or market conditions or in the business of Aurizon or other currently unforeseen circumstances, such a transaction may not be proposed, may be delayed or abandoned or may be proposed on different terms. Accordingly, Alamos reserves the right not to propose a Compulsory Acquisition or a Subsequent Acquisition Transaction, or to propose a Subsequent Acquisition Transaction on terms other than as described in the Circular. See Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer".

Plans for Aurizon

If the Offer is successful, it is anticipated that the current management of Alamos will manage Aurizon in place of Aurizon's current management, and that the board of directors of Aurizon will be replaced by nominees of Alamos. With the exception of the foregoing, Alamos has not developed any specific proposals with respect to Aurizon or its operations, or any changes in its assets, business strategies, management or personnel following the acquisition of the Common Shares pursuant to the Offer. Alamos believes there is strong cultural and professional compatibility between Aurizon's and Alamos' respective employees and it is Alamos' intention to integrate both teams following its acquisition of Aurizon.

If permitted by applicable Law, subsequent to the completion of the Offer and a Compulsory Acquisition or any Subsequent Acquisition Transaction, if necessary, Alamos intends to delist the Common Shares from the TSX and the NYSE MKT and to cause Aurizon to cease to be a reporting issuer under the securities laws of each of the provinces and territories of Canada in which it has such status and cease to be registered under the U.S. Exchange Act. See Section 18 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer".

These plans are based on information currently available to Alamos. Except as otherwise indicated herein, Alamos has so far had an opportunity to review only publicly available information about Aurizon filed with Canadian securities regulatory authorities and the SEC. As a result, the foregoing plans for Alamos' business are of a general nature and may change if more information becomes available.

6. Share Purchase Agreements

The following is a summary only of the material provisions of the Share Purchase Agreements (as defined herein) and does not purport to be complete and is qualified in its entirety by reference to the Share Purchase Agreements, which will be filed with the Canadian securities regulatory authorities and the SEC and be publicly available under Aurizon's profile on the SEDAR website at www.sedar.com and on the SEC's website at www.sec.gov.

Pursuant to share purchase agreements (the "**Share Purchase Agreements**") entered into between Alamos and certain current and former Shareholders (each, a "**Vendor**"), each Vendor, as investment manager having investment authority over accounts ("**Accounts**") that hold Common Shares (the "**Subject Shares**"), agreed, on behalf of the Accounts, to sell, transfer and assign, and Alamos agreed to purchase, all of each Vendor's right, title and interest in and to the Subject Shares free and clear of all Encumbrances (as defined below).

For the purposes of the Share Purchase Agreements, "Encumbrances" means all liens, charges, encumbrances, hypothecs, pledges, mortgages, security interests of any nature, adverse claims, options, rights of pre-emption, and any other rights of others.

The purchase price (the “**Purchase Price**”) payable by Alamos to each Vendor, on behalf of the Accounts, for the Subject Shares is \$4.65 per Common Share. The Purchase Price was satisfied by the delivery of Alamos Shares (the “**Consideration Shares**”), at an exchange ratio of 0.2801 of a Consideration Share for each Subject Share. The consideration offered under this Offer is at least equal to the consideration paid under the Share Purchase Agreements, on a per share basis, and is in the same form of consideration (Alamos Shares) or, to the extent elected by Shareholders or as a result of any proration, is at least the cash equivalent of such consideration.

The following table sets forth the names of each Vendor, the number of Common Shares sold to Alamos pursuant to such Vendor’ s Share Purchase Agreement, the number of Consideration Shares received by each Vendor and the date on which the transaction occurred.

Vendor	Number of Common Shares sold	Number of Consideration Shares received	Date of transaction
Montrusco Bolton Investments Inc. (“Montrusco”)	6,138,783	1,719,465	January 10, 2013
Van Eck Associates Corporation	5,009,100	1,403,048	January 11, 2013
Dynamic Precious Metals Fund and Dynamic Strategic Gold Class (“Dynamic”)	5,359,400	1,501,167	January 13, 2013
Precious Metals and Minerals Fund, a Series of USAA Mutual Funds Trust (“USAA”)	7,000,000	1,960,700	January 13, 2013

Pursuant to each Vendor’ s Share Purchase Agreement, Alamos agreed that, if at any time in the 12-month period following the date of the Share Purchase Agreement any person or persons acting jointly or in concert acquires all or substantially all of the assets of Aurizon and its subsidiaries or acquires all of the Common Shares (a “Price Protection Transaction”), it would pay to each Vendor the Adjustment Payment (as defined below).

The “Adjustment Payment” will be equal to:

- (i) if Alamos or any of its affiliates or any person acting jointly or in concert with Alamos completes a Price Protection Transaction, an additional amount on account of each Subject Share equal to the amount by which the consideration received by the holders of the Common Shares pursuant to the Price Protection Transaction (the “Transaction Consideration”) exceeds the greater of Cdn.\$4.65 per Common Share and 0.2801 Consideration Share, and
- (ii) if any other person or entity completes a Price Protection Transaction, an additional amount on account of each Subject Share that is equal to 85% (or 100% with respect to USAA’ s Share Purchase Agreement) of the difference between the amount by which the Transaction Consideration exceeds the greater of Cdn.\$4.65 per Common Share and 0.2801 Consideration Share.

Each of Dynamic and Montrusco agreed that, for a period of 12 months following the date of its Share Purchase Agreement, it would not, without the prior written consent of Alamos, which consent may be given on such terms and conditions as Alamos may determine: (i) in any manner acquire, agree to acquire or make any proposal or offer to acquire, directly or indirectly, any unissued or outstanding securities of Aurizon or propose or offer to enter into, directly or indirectly, any amalgamation, plan of arrangement, merger or business combination involving Aurizon and its affiliates or to purchase, directly or indirectly, all or substantially all of the assets of Aurizon and its subsidiaries, taken as a whole; (ii) directly or indirectly “solicit” or participate or join with any person in the “solicitation” of any “proxies” (as such terms are defined in the Securities Act) to vote, or seek to influence any person with respect to the voting of, any voting securities of Aurizon; (iii) otherwise act alone or jointly or in concert with others to seek to control or to influence the management, the board of directors or policies of Aurizon; (iv) solicit, facilitate or encourage any transaction to acquire assets of Aurizon and/or one or more of its subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Aurizon and its subsidiaries, taken as a whole, or acquire 20% or more of the Common Shares (an “Acquisition Transaction”) other

than a transaction by Alamos or any of its affiliates or any person acting jointly or in concert with Alamos; (v) enter into, continue or participate in any discussions or negotiations regarding an Acquisition Transaction, or furnish to any other person any information with respect to the business of Aurizon or its properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Transaction or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person (other than Alamos or any of its affiliates or any person acting jointly or in concert with Alamos) to do or seek to do any of the foregoing; or (vi) advise, assist, encourage or act jointly or in concert with any other person in connection with any of the foregoing, other than Alamos or any of its affiliates or any person acting jointly or in concert with Alamos.

In connection with each Vendor's Consideration Shares, Alamos agreed (i) to prepare and file within 15 days of the closing of each Share Purchase Agreement in one or more Canadian jurisdictions a preliminary prospectus and such other related documents as may be reasonably necessary to be filed in connection with such preliminary prospectus; (ii) as soon as possible after any comments of the applicable securities commissions have been satisfied with respect thereto, to prepare and file a final prospectus; (iii) to use commercially reasonable efforts to cause a receipt to be issued for such final prospectus as soon as possible; and (iv) to take all other steps and proceedings that may be reasonably necessary in order to permit the qualification of the Consideration Shares for distribution by registrants who comply with the relevant provisions of applicable Canadian securities laws.

7. Source of Funds

Alamos' obligation to purchase the Common Shares deposited under the Offer is not subject to any financing condition.

The maximum amount of cash payable under the Offer will be \$305,000,000. Fees and expenses of the Offer are approximately \$10 million. All such funds are available and will be paid from Alamos' cash on hand.

8. Summary of Alamos Historical and Pro Forma Financial Information

The following tables present a summary of certain historical audited consolidated financial information in respect of Alamos as at and for the years ended December 31, 2011 and 2010 and certain historical unaudited interim consolidated financial information in respect of Alamos as at and for the three and nine months ended September 30, 2012. Alamos' financial statements as at and for such periods are incorporated by reference in the Offer and Circular. Copies of Alamos' financial statements and related notes incorporated herein by reference can be found at www.sedar.com.

The tables also present Alamos' unaudited pro forma consolidated financial information as at and for the nine months ended September 30, 2012 and for the year ended December 31, 2011 (with respect to the Statement of Comprehensive Income only) after giving effect to Alamos' acquisition of all of the Common Shares pursuant to the Offer. This information is derived from and should be read in conjunction with the financial statements of Alamos and the related notes to those financial statements incorporated by reference herein. The historical financial information for Aurizon as at and for the three- and nine- month periods ended September 30, 2012 and as at and for the years ended December 31, 2011 and 2010 has, for the purposes of the unaudited pro forma consolidated financial statements of Alamos for such periods, been derived from Aurizon's audited and unaudited consolidated financial statements, which can be found at www.sedar.com and www.sec.gov. See note 1 of the unaudited pro forma consolidated financial statements attached as Schedule "D" hereto for information as to how the unaudited pro forma consolidated financial statements were derived. The unaudited pro forma consolidated statements of financial position have been prepared from the unaudited consolidated statement of financial position of Alamos as at September 30, 2012 and gives pro forma effect to the acquisition of Aurizon by Alamos as if the transaction occurred on such date. The unaudited pro forma consolidated statements of comprehensive income for the nine-month period ended September 30, 2012

and for the year ended December 31, 2011 have been prepared from the unaudited consolidated statement of comprehensive income of Alamos for the nine months ended September 30, 2012 and from the audited consolidated statement of comprehensive income of Alamos for the year ended December 31, 2011 and gives pro forma effect to the acquisition of Aurizon by Alamos as if the transaction occurred on September 30, 2012 and January 1, 2011, respectively.

In preparing the unaudited pro forma consolidated financial information, management of Alamos has made certain assumptions that affect the amounts reported in the unaudited pro forma consolidated financial information. The summary unaudited pro forma consolidated financial information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon consummation of the transaction contemplated by the Offer will differ from the pro forma information presented below. Where possible through the review of publicly available information, the effect of harmonization of accounting policies or practices between Alamos and Aurizon was calculated, where the impact was potentially material and could be reasonably estimated. Any potential synergies that may be realized after consummation of the transaction have been excluded from the unaudited pro forma consolidated financial information. The unaudited pro forma consolidated financial information set forth below is extracted from and should be read in conjunction with the unaudited pro forma consolidated financial statements of Alamos and accompanying notes attached as Schedule "D" to the Offer and Circular.

Alamos Summary of Financial Information and Pro Forma Financial Information
(in millions of US\$)

	Year Ended December 31,			Nine Months Ended September 30,		
			Pro Forma			Pro Forma
	2010	2011	2011	2011	2012	2012
Statement of Comprehensive Income Data						
Revenues	\$189,272	\$227,364	\$490,314	\$156,231	\$222,426	\$388,861
Earnings from operations	\$80,055	\$106,238	\$124,275	\$70,515	\$110,802	\$110,580
Earnings for the period	\$63,795	\$60,081	\$64,665	\$38,787	\$80,050	\$81,051
Comprehensive income	\$62,463	\$60,333	\$64,143	\$38,630	\$79,160	\$79,597
Ratio of earnings to fixed charges	\$-(1)	\$-(1)	\$-(1)	\$-(1)	\$-(1)	\$-(1)

Note:

(1) There were no fixed charges during the reported period.

	As at		As at September 30,		
	December 31,				Pro Forma
	2010	2011	2011	2012	2012
Balance Sheet Data					
Cash and cash equivalents	\$146,334	\$169,471	\$153,551	\$287,042	\$179,860
Short-term investments	\$41,846	\$53,088	\$54,056	\$29,869	\$29,869
Other current assets	\$44,584	\$52,083	\$72,063	\$61,546	\$93,445
Property, plant and equipment and other non-current assets	\$273,672	\$324,582	\$297,646	\$328,279	\$1,192,294
	\$506,436	\$599,224	\$577,316	\$706,736	\$1,495,468
Current liabilities	\$18,194	\$23,512	\$28,652	\$39,897	\$68,454

Non-current liabilities	\$35,113	\$42,162	\$40,093	\$49,964	\$337,340
Total shareholders' equity	<u>\$453,129</u>	<u>\$533,550</u>	<u>\$508,571</u>	<u>\$616,875</u>	<u>\$1,089,674</u>
	<u>\$506,436</u>	<u>\$599,224</u>	<u>\$577,316</u>	<u>\$706,736</u>	<u>\$1,495,468</u>

Comparative Per Share Information

The following table sets forth, for the periods indicated, the basic earnings and diluted earnings, and cash dividends declared per Alamos Share and Common Share, respectively, on a historical basis. The conversion ratio is 0.2801 of a Alamos Share for each Common Share assuming full pro ration.

	Year Ended December 31, 2011			Nine Months Ended September 30, 2012		
	Aurizon Cdn\$/ share	Alamos US\$/ share	Pro Forma Alamos US\$/share	Aurizon Cdn\$/share	Alamos US\$/share	Pro Forma Alamos US\$/share
Per Share Data						
Basic earnings per share	\$0.27	\$0.51	\$0.45	\$0.14	\$0.67	\$0.55
Diluted earnings per share	\$0.27	\$0.51	\$0.44	\$0.14	\$0.66	\$0.55
Dividends declared per share	\$-	\$0.12	\$0.10	\$-	\$0.20	\$0.16
Book value per share	\$1.98	\$4.55	N/A	\$2.15	\$5.16	\$7.40

9. Certain Information Concerning Securities of Alamos

Authorized and Outstanding Share Capital

Alamos is authorized to issue an unlimited number of Alamos Shares without par value. Each Alamos Share is entitled to one vote at meetings of holders of Alamos Shares. As of the date hereof, Alamos has a total of 127,455,788 Alamos Shares issued and outstanding. Alamos Shares are traded on the TSX under the symbol "AGI". Alamos has applied to list the Alamos Shares on the NYSE under the symbol "AGI". Alamos is also quoted on the OTC under the symbol "AGIGF". Alamos expects that the Alamos Shares will cease being quoted on the OTC upon its listing on the NYSE.

All Alamos Shares are of the same class and rank equally as to voting rights, dividends and participation in assets of Alamos on wind-up or dissolution. There are no pre-emptive rights or conversion rights, and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds; however, Alamos' articles provide that Alamos may, if authorized by a resolution of the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution and subject to the BCBCA. Provisions as to creation, modification, amendment or variation of such rights or such provisions are contained in the BCBCA.

Dividends

On March 4, 2011, Alamos announced that it had increased its semi-annual dividend to \$0.05 per share payable on May 2, 2011 to shareholders of record on April 15, 2011. The semi-annual dividend was increased again to \$0.07 on September 15, 2011, and further increased to \$0.10 per share on February 24, 2012. This represents a 233% increase since the first semi-annual dividend was declared in the first quarter of 2010. In 2012, Alamos paid a total of \$24.0 million in dividends.

Payment of any future dividends will be at the discretion of Alamos' board of directors, after taking into account many factors, including Alamos' operating results, financial condition and current and anticipated cash needs.

Subject to the provisions of the BCBCA, the board of directors of Alamos may declare dividends payable to Alamos' shareholders according to their respective rights and interest in Alamos. Dividends may be paid in money or property or by issuing fully paid Alamos Shares.

Only Shareholders who receive Alamos Shares as consideration under the Offer and beneficially own such Alamos Shares on a dividend record date will be entitled to receive dividends on their Alamos Shares.

Trading Price and Volume of Alamos Shares

On January 11, 2013, the closing prices of Alamos Shares on the TSX and the OTC were \$16.92 and US\$17.17, respectively. The following table sets forth the reported high and low daily trading prices and the aggregate volume of trading of Alamos Shares on the TSX and the OTC during the periods indicated:

Monthly Price Range and Trading Volumes:

	Trading of Alamos Shares on the TSX		
	High (\$)	Low (\$)	Volume (#)
2012			
January	21.00	16.95	11,157,274
February	20.54	18.13	11,832,312
March	18.71	15.79	20,573,401
April	18.78	16.65	6,692,174
May	19.30	15.67	7,361,227
June	20.00	14.07	12,429,284
July	17.11	13.84	10,124,888
August	19.12	15.40	7,494,863
September	19.95	17.66	6,705,657
October	19.96	18.03	6,804,478
November	19.95	18.12	4,429,815
December	18.79	16.98	3,571,732

2013

January 1 to 11	17.89	16.41	1,986,896
-----------------	-------	-------	-----------

	Trading of Alamos Shares on the OTC		
	High (US\$)	Low (US\$)	Volume (#)
2012			
January	21.00	16.59	80,695
February	20.57	18.35	130,143
March	18.79	15.95	75,941
April	18.83	16.94	118,918
May	19.53	15.52	137,453
June	19.20	13.73	1,134,103
July	16.81	13.81	69,502
August	19.23	15.52	81,075
September	20.28	18.18	171,911
October	20.26	18.14	150,572
November	19.84	18.24	63,388

December	18.82	17.11	73,260
2013			
January 1 to 11	18.07	16.65	18,850

Quarterly Price Range and Trading Volumes:

	Trading of Alamos Shares on the TSX		
	High (\$)	Low (\$)	Volume (#)
2011			
January - March	19.97	14.77	32,986,614
April - June	16.44	13.26	28,664,182
July - September	20.15	14.33	37,717,692
October - December	19.04	14.34	28,078,812
2012			
January - March	21.00	15.79	43,562,987
April - June	20.00	14.07	26,482,685
July - September	19.95	13.84	24,325,408
October - December	19.96	16.98	14,806,025
2013			
January 1 - January 11	17.89	16.41	1,986,897

	Trading of Alamos Shares on the OTC		
	High (US\$)	Low (US\$)	Volume (#)
2011			
January - March	19.56	14.89	1,025,095
April - June	17.04	13.63	924,258
July - September	20.06	13.98	896,080
October - December	19.07	13.50	548,829
2012			
January - March	21.00	15.95	286,779
April - June	19.53	13.73	1,390,474
July - September	20.28	13.81	322,488
October - December	20.26	17.11	287,220
2013			
January 1 - January 11	18.07	16.65	18,850

Prior Sales of Alamos Shares

For the 12-month period prior to the date hereof, Alamos has issued or granted Alamos Shares and securities convertible into Alamos Shares listed in the table set forth below:

Date Issued or Granted	Security	Price Per Security (\$)	Number (#)
January 3, 2012	Alamos Shares	14.58	40,000
January 4, 2012	Alamos Shares	14.05	1,200
January 11, 2012	Alamos Shares	13.84	44,000
January 17, 2012	Alamos Shares	14.05	2,400
January 20, 2012	Alamos Shares	7.84	600
January 23, 2012	Alamos Shares	9.83	1,000
January 25, 2012	Alamos Shares	7.84	5,000

January 26, 2012	Alamos Shares	12.84	145,500
January 27, 2012	Alamos Shares	13.07	88,400
January 30, 2012	Alamos Shares	9.45	139,500
January 31, 2012	Alamos Shares	13.39	115,900
February 2, 2012	Alamos Shares	7.75	130,000
February 6, 2012	Alamos Shares	14.92	10,000

February 9, 2012	Alamos Shares	7.84	7,500
March 8, 2012	Alamos Shares	7.29	100,000
March 16, 2012	Alamos Shares	7.29	100,000
March 29, 2012	Alamos Shares	7.29	35,000
April 2, 2012	Alamos Shares	14.92	10,000
April 4, 2012	Alamos Shares	7.29	140,000
April 13, 2012	Alamos Shares	9.80	2,000
April 16, 2012	Alamos Shares	14.05	1,800
May 3, 2012	Alamos Shares	14.34	35,000
May 24, 2012	Alamos Shares	10.99	195,100
June 1, 2012	Alamos Shares	13.62	99,800
June 4, 2012	Alamos Shares	14.05	6,000
June 6, 2012	Alamos Shares	12.46	18,000
July 30, 2012	Stock options	16.30	840,000
August 7, 2012	Alamos Shares	9.80	9,000
August 9, 2012	Alamos Shares	9.80	9,000
August 13, 2012	Alamos Shares	14.05	1,800
August 15, 2012	Alamos Shares	9.83	5,500
August 21, 2012	Alamos Shares	11.59	105,100
August 22, 2012	Alamos Shares	14.24	3,000
August 23, 2012	Alamos Shares	12.25	110,000
August 24, 2012	Alamos Shares	11.85	105,500
August 31, 2012	Alamos Shares	14.05	6,000
September 6, 2012	Alamos Shares	14.92	10,000
September 7, 2012	Alamos Shares	14.22	53,000
September 14, 2012	Alamos Shares	14.92	52,300
September 18, 2012	Alamos Shares	14.21	54,100
September 19, 2012	Alamos Shares	14.55	66,400
September 20, 2012	Alamos Shares	14.67	87,200
September 21, 2012	Alamos Shares	14.24	40,000
September 24, 2012	Alamos Shares	14.05	600
September 25, 2012	Alamos Shares	14.24	5,500
September 28, 2012	Alamos Shares	14.58	34,500
October 1, 2012	Alamos Shares	15.41	40,000
October 4, 2012	Alamos Shares	15.66	29,500
October 5, 2012	Alamos Shares	14.26	36,000
October 9, 2012	Alamos Shares	14.05	3,600
October 15, 2012	Alamos Shares	14.24	12,000
October 30, 2012	Alamos Shares	12.63	22,100
November 1, 2012	Alamos Shares	14.05	3,000
November 9, 2012	Alamos Shares	14.58	30,800
November 12, 2012	Alamos Shares	14.47	14,200
November 19, 2012	Alamos Shares	14.92	15,000
November 29, 2012	Alamos Shares	14.92	30,000
November 30, 2012	Alamos Shares	14.92	20,000
January 10, 2013	Alamos Shares	16.60	1,719,465
January 11, 2013	Alamos Shares	16.60	1,403,048
January 13, 2013	Alamos Shares	16.60	3,461,867

Consolidated Capitalization of Alamos

The following table sets forth Alamos' consolidated capitalization as at September 30, 2012, the date of Alamos' most recent unaudited condensed interim consolidated financial statements, and further adjusted to give effect to the Offer. The table should be read in conjunction with the unaudited condensed interim consolidated financial statements of Alamos as at and for the three and nine months ended September 30, 2012, including the notes thereto, and management's discussion and analysis thereof and the unaudited pro forma consolidated financial statements contained in or incorporated by reference in the Offer and Circular.

	As at September 30, 2012	As at September 30, 2012 after giving effect to the Offer
	(All dollar amounts in thousands of U.S. dollars)	
Alamos share capital	388,606	871,571
Alamos Shares outstanding	120,615,208	148,394,036
Cash and short-term investments	316,911	209,729 (1)(2)
Long-term debt	-	- (2)

(1) Adjusted for estimated transaction costs of the Offer.

(2) Aurizon amounts incorporated are as at September 30, 2012, the date of Aurizon's most recent interim consolidated financial statements.

10. Certain Information Concerning Securities of Aurizon

Authorized and Outstanding Share Capital

Aurizon is authorized to issue an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value issuable in series, of which a maximum of 8,050,000 Series "A" Convertible Preferred Shares and 1,135,050 Series "B" Convertible Preferred Shares may be issued. Based on information contained in Aurizon's management's discussion and analysis for the three and nine months ended September 30, 2012 and a press release issued by Aurizon on December 18, 2012, as at December 18, 2012, 164,532,827 Common Shares (175,431,302 Common Shares on a fully diluted basis), and no preferred shares, Series "A" Convertible Preferred Shares or Series "B" Convertible Preferred Shares of Aurizon were issued and outstanding.

Shareholders are entitled to receive notice of and to attend and to cast one vote per Common Share at all meetings of Shareholders. Shareholders, subject to the prior rights, if any, of the holders of any other class of shares of Aurizon, are entitled to receive, on a pro-rata basis, such dividends, if any, in any financial year as and when declared by the board of directors in its sole discretion from funds legally available therefor. In the event of the liquidation, dissolution or winding-up of Aurizon, Shareholders are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Aurizon, on a pro-rata basis, the net assets of Aurizon after payment of all debts and other liabilities.

The preferred shares are convertible and redeemable on the terms set forth in the articles of Aurizon, are issuable in series and rank in priority to the Common Shares on a winding-up, dissolution or liquidation in respect of a fixed amount determined in accordance with the articles of Aurizon and thereafter the preferred shares are not entitled to any further distribution of the assets of Aurizon. The board of directors may determine the designation, rights, and restrictions of each series of preferred shares, before their issue.

Dividends

To date, Aurizon has not paid any dividends or made any distributions on its securities. According to publicly available information, there are no restrictions on Aurizon's ability to pay dividends.

Trading Price and Volume of Common Shares

On January 11, 2013, the closing prices of Common Shares on the TSX and the NYSE MKT were \$3.41 and US\$3.46, respectively.

The following tables set forth the reported high and low daily trading prices and the aggregate volume of trading of the Common Shares on the TSX and the NYSE MKT during the periods indicated:

Monthly Price Range and Trading Volumes

	Trading of Common Shares on the TSX		
	High (\$)	Low (\$)	Volume (#)
2012			
January	5.70	4.90	4,963,089
February	5.75	5.09	6,588,276
March	5.35	4.35	9,156,264
April	5.44	4.42	5,998,346
May	5.55	3.88	8,073,148
June	5.51	4.40	6,499,992
July	4.84	4.25	4,008,380
August	4.54	3.80	6,762,476
September	5.23	4.03	8,722,876
October	5.18	4.47	6,242,032
November	4.78	3.60	11,088,286
December	3.81	3.15	7,995,345
2013			
January 1 to 11	3.57	3.24	1,846,409

	Trading of Common Shares on the NYSE MKT		
	High (US\$)	Low (US\$)	Volume (#)
2012			
January	5.70	4.86	9,604,971
February	5.77	5.08	11,592,336
March	5.37	4.37	16,526,769
April	5.55	4.45	10,519,616
May	5.57	3.82	14,487,280
June	5.31	4.25	16,888,465
July	4.78	4.13	7,930,014
August	4.59	3.83	9,374,521
September	5.37	4.08	16,305,859
October	5.30	4.49	9,133,496
November	4.81	3.61	8,769,783
December	3.87	3.19	16,442,374
2013			
January 1 to 11	3.63	3.28	4,107,331

Quarterly Price Range and Trading Volumes

	Trading of Common Shares on the TSX		
	High (\$)	Low (\$)	Volume (#)
2011			
January - March	7.58	5.90	24,147,486
April - June	7.03	5.04	23,613,953
July - September	7.25	5.22	27,528,636
October - December	6.50	4.66	22,489,994
2012			
January - March	5.75	4.35	20,707,629
April - June	5.55	3.88	20,571,486
July - September	5.23	3.80	19,493,732
October - December	5.18	3.15	25,325,663
2013			
January 1 - January 11	3.57	3.24	1,846,409

	Trading of Common Shares on the NYSE		
	High (US\$)	Low (US\$)	Volume (#)
2011			
January - March	7.77	5.91	41,835,173
April - June	7.35	5.11	44,054,503
July - September	7.25	5.01	52,432,622
October - December	6.46	4.53	36,776,237
2012			
January - March	5.77	4.37	37,724,076
April - June	5.57	3.82	41,895,361
July - September	5.37	3.83	33,610,394
October - December	5.30	3.19	34,345,653
2013			
January 1 - January 11	3.63	3.28	4,107,331

Convertible Securities

The following information is based on information contained in Aurizon's annual information form for the financial year ended December 31, 2011, as updated to reflect more current information made publicly available by Aurizon as of the date hereof with respect to the foregoing:

Common Share Options

Aurizon has a formalized stock option plan for the granting of incentive stock options to the executive officers, senior managers, employees, directors and consultants of Aurizon. On May 10, 2012, the Shareholders approved an amendment to Aurizon's stock option plan to increase the maximum aggregate number of securities reserved for issuance under the stock option plan from 7% to 10% of the issued and outstanding Common Shares at the time of the grant (unless otherwise approved by Shareholders).

During the financial year ended December 31, 2011, Aurizon granted 2,541,500 incentive stock options to purchase an equivalent number of Common Shares at a weighted average exercise price of \$6.11 per Common Share.

As at November 7, 2012, there were 8,936,475 Common Shares underlying unexercised stock options, representing approximately 5.1% of Aurizon's outstanding share capital (on a fully diluted basis), with an average exercise price of \$5.65 per Common Share. On December 18, 2012, Aurizon granted an additional 1,962,000 stock options to acquire an aggregate of 1,962,000 Common Shares at an exercise price of \$3.61 per share. The Common Shares underlying the 1,962,000 stock options granted on December 18, 2012, together with the Common Shares underlying the 8,936,475 unexercised stock options outstanding as at November 7, 2012, represents approximately 6.2% of Aurizon's outstanding share capital.

11. Holdings of Securities of Aurizon

Alamos and its affiliates beneficially own, directly or indirectly, 26,507,283 Common Shares, representing over 16% of the issued and outstanding Common Shares. Aside from the foregoing, none of Alamos, or any directors or officers of Alamos beneficially own, or exercise control or direction over, any Aurizon securities. To the knowledge of Alamos, after reasonable enquiry, no securities of Aurizon are beneficially owned, nor is control or direction exercised over any of such securities, by any associate or affiliate of an insider of Alamos, any insider of Alamos other than a director or officer of Alamos or any person acting jointly or in concert with Alamos.

12. Trading in Securities of Aurizon

During the 12-month period preceding the date of the Offer, Alamos and its directors and officers have made the following purchases of Common Shares, at the respective prices and on the respective dates set out in the following table. For purchases made through facilities of the TSX (i) all such purchases were affected in the normal course, (ii) any broker acting for Alamos in respect of such purchases performed only customary broker functions and received no more than the usual fees or commissions in regard to such purchases, (iii) Alamos and all persons or companies acting on behalf of Alamos did not solicit or arrange for the solicitation of offers to sell Common Shares, except for solicitations by Alamos or members of the Soliciting Dealer Group (as defined herein) pursuant to the Offer, and (iv) to the knowledge of Alamos, no seller of Common Shares (or any person or company acting for such seller) solicits or arranges for the solicitation of offers to buy Common Shares. For purchases made pursuant to the Share Purchase Agreements, the consideration offered under the Offer is at least equal to the consideration paid under the Share Purchase Agreements, on a per share basis, and is in the same form of consideration (Alamos Shares) or, to the extent elected by Shareholders or as a result of any proration, is at least the cash equivalent of such consideration. See Section 6 of the Circular, "Share Purchase Agreements" for a description of the Share Purchase Agreements.

Date	Person	No. of Common Shares	Price per Common Share	Principal Exchange Where Trade Occurred
November 8, 2012	Alamos	30,000	\$4.10	TSX
November 9, 2012	Alamos	200,000	\$4.05	TSX
November 12, 2012	Alamos	120,000	\$4.03	TSX
November 13, 2012	Alamos	50,000	\$4.00	TSX
November 14, 2012	Alamos	300,000	\$3.90	TSX
November 15, 2012	Alamos	230,000	\$3.76	TSX
November 16, 2012	Alamos	100,000	\$3.81	TSX
November 19, 2012	Alamos	95,000	\$3.86	TSX
November 20, 2012	Alamos	110,100	\$3.88	TSX
November 21, 2012	Alamos	264,900	\$3.87	TSX

December 4, 2012	Alamos	106,500	\$3.59	TSX
December 5, 2012	Alamos	114,000	\$3.59	TSX
December 6, 2012	Alamos	579,500	\$3.60	TSX
December 7, 2012	Alamos	363,700	\$3.68	TSX
December 10, 2012	Alamos	112,300	\$3.69	TSX

December 11, 2012	Alamos	49,000	\$3.68	TSX
December 12, 2012	Alamos	175,000	\$3.75	TSX
January 10, 2013	Alamos	6,138,783	\$4.65	N/A
January 11, 2013	Alamos	5,009,100	\$4.65	N/A
January 13, 2013	Alamos	12,359,400	\$4.65	N/A

Other than as set out above, to the knowledge of Alamos, after reasonable enquiry, neither Alamos nor any of its directors or officers, any associate or affiliate of an insider of Alamos, any insider of Alamos other than a director or officer of Alamos or any person acting jointly or in concert with Alamos, purchased or sold any securities of Aurizon during the six-month period preceding the date of the Offer.

No person referred to under this Section 12 will receive any direct or indirect benefit from the consummation of the Offer or from accepting or refusing to accept the Offer, other than the consideration available to any Shareholder who participates in the Offer.

13. Commitments to Acquire Common Shares

Other than pursuant to the Offer, neither Alamos nor, to the knowledge of Alamos, after reasonable enquiry, any of its directors or officers, any associate or affiliate of an insider of Alamos, any insider of Alamos other than a director or officer of Alamos or any person acting jointly or in concert with Alamos, has entered into any agreements, commitments or understandings to acquire any securities of Aurizon.

14. Other Material Facts about Aurizon

As of the date hereof, except as described herein, Alamos has no knowledge of any material fact concerning the securities of Aurizon that has not been generally disclosed by Aurizon, or any other matter that is not disclosed in the Offer and Circular and that has not previously been generally disclosed, and that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

15. Acquisition of Common Shares Not Deposited Under the Offer

It is Alamos' current intention that if it takes up and pays for Common Shares deposited under the Offer and, if feasible in accordance with the terms of the Common Shares and applicable Law, it will enter into one or more transactions to enable Alamos or an affiliate of Alamos to acquire all Common Shares not acquired under the Offer. There is no assurance that such a transaction will be completed and Alamos expressly reserves the right not to propose a Compulsory Acquisition or a Subsequent Acquisition Transaction (such terms as defined herein).

Compulsory Acquisition

If, within four months after the date of the Offer, the Offer has been accepted by Shareholders who, in the aggregate, hold not less than 90% of the issued and outstanding Common Shares in respect of which the Offer was made as at the Expiry Time, other than Common Shares held at the date of the Offer by, or by a nominee for, Alamos or its affiliates (as such term is defined in the BCBCA) and Alamos acquires or is bound to take up and pay for such deposited Common Shares under the Offer, Alamos intends, to the extent possible and in compliance with all applicable Laws, to acquire those Common Shares which remain outstanding held by those persons who did not accept the Offer (and each person who subsequently acquires any such Common Shares) (“**Offerees**”) pursuant to the provisions of Section 300 of the BCBCA on the same terms (including the price offered per Common Share) as the Common Shares acquired under the Offer (a “**Compulsory Acquisition**”). Holders of Convertible Securities must exercise, exchange or convert those securities into Common Shares before any payment for underlying Common Shares will be made.

To exercise its statutory right of Compulsory Acquisition, Alamos must send written notice (the “**Offeror’s Notice**”) to each Offeree of such proposed acquisition within five months after the date of the Offer. If the Offeror’s Notice is sent to an Offeree under Subsection 300(3) of the BCBCA, Alamos is entitled and bound to acquire all of the Common Shares of that Offeree that were involved in the Offer for the same price and on the same terms contained in the Offer, unless the Supreme Court of British Columbia (the “**Court**”) orders otherwise on an application made by that Offeree within two months after the date of the Offeror’s Notice to that Offeree. Pursuant to any such application by an Offeree, the Court may fix the price and terms of payment for the Common Shares held by the Offeree and make any such consequential orders and give such directions as the Court considers

appropriate. Unless the Court orders otherwise (or, if an application to the Court has been made pursuant to the provisions described in the immediately preceding sentence, at any time after that application has been disposed of), Alamos must, not earlier than two months after the date of the Offeror's Notice, send a copy of the Offeror's Notice to Aurizon and must pay or transfer to Aurizon the amount or other consideration representing the price payable by Alamos for the Common Shares that are referred to in the Offeror's Notice. On receiving the copy of the Offeror's Notice and the amount or other consideration representing the price payable for the Common Shares referred to in the Offeror's Notice, Aurizon must register Alamos as a Shareholder with respect to those Common Shares subject to the Offeror's Notice. Any such amount received by Aurizon for the Common Shares is required to be paid into a separate account at a savings institution and, together with any other consideration so received, must be held by Aurizon, or by a trustee approved by the Court, in trust for the persons entitled to that sum.

The foregoing is a summary only of the statutory right of Compulsory Acquisition which may become available to Alamos and is qualified in its entirety by the provisions of Section 300 of the BCBCA, the full text of which is attached as Schedule "C" to this Circular. Section 300 of the BCBCA is complex and may require strict adherence to notice and timing provisions, failing which rights may be lost or altered. Shareholders who wish to be better informed about Section 300 and other provisions of the BCBCA should consult their legal advisors.

The income tax consequences to a Shareholder of a Compulsory Acquisition may differ from the income tax consequences to such Shareholder of having its Common Shares acquired pursuant to the Offer. See Section 19 of the Circular "Principal Canadian Federal Income Tax Considerations" and Section 20 of the Circular, "U.S. Federal Income Tax Considerations".

Compelled Acquisition

If not less than 90% of the issued and outstanding Common Shares are acquired by or on behalf of Alamos and its affiliates, any Offeree will be entitled, in certain circumstances and in accordance with the BCBCA, to require Alamos to acquire such Offeree's Common Shares.

Section 300 of the BCBCA provides that if Alamos has not sent the Offeror's Notice to each Offeree within one month after becoming entitled to do so, Alamos must send a written notice to each Offeree stating that, within three months after receiving such written notice, such Offeree may require Alamos to acquire the Common Shares of that Offeree that were involved in the Offer. If an Offeree requires Alamos to acquire such Offeree's Common Shares in accordance with these provisions, Alamos must acquire those Offeree's Common Shares for the same price and on the same terms contained in the Offer (a "Compelled Acquisition").

The foregoing is a summary only of the statutory right of Compelled Acquisition which may become available to Offerees and is qualified in its entirety by the provisions of Sections 300(9) and 300(10) of the BCBCA, the full text of which is attached as Schedule "C" to this Circular. Sections 300(9) and 300(10) of the BCBCA are complex and may require strict adherence to notice and timing provisions, failing which such rights may be lost or altered. Shareholders who wish to be better informed about these and other provisions of the BCBCA should consult their legal advisors.

The income tax consequences to a Shareholder of a Compelled Acquisition may differ from the income tax consequences to such Shareholder of having such Shareholder's Common Shares acquired pursuant to the Offer. See Section 19 of the Circular, "Principal Canadian Federal Income Tax Considerations" and Section 20 of the Circular, "U.S. Federal Income Tax Considerations".

Subsequent Acquisition Transaction

If Alamos acquires less than 90% of the Common Shares under the Offer, or the right of Compulsory Acquisition described above is not available for any reason, or if Alamos elects not to pursue such right, Alamos currently intends, depending on the number of Common Shares taken up and paid for under the Offer, to pursue other means of acquiring, directly or indirectly, all of the outstanding Common Shares and other securities exercisable for or convertible or exchangeable into Common Shares in accordance with applicable Law, including, by way of example, by means of an arrangement, reclassification, consolidation, amalgamation, merger or other combination of Aurizon with Alamos or one or more of Alamos' entities, on such terms and conditions as Alamos, at the time, believes to be appropriate (each, a "Subsequent Acquisition Transaction"). To effect such Subsequent Acquisition Transaction,

Alamos currently intends to cause a special meeting of Shareholders to be called to consider such a transaction. The detailed terms of any Subsequent Acquisition Transaction, including the timing of

its implementation and the consideration to be received by the Shareholders, would necessarily be subject to a number of considerations, including the number of Common Shares acquired pursuant to the Offer. Alamos' current intention is that the consideration to be paid to Shareholders pursuant to any Subsequent Acquisition Transaction would be equal in amount to and in the same form as that payable under the Offer; however, it is possible that, as a result of the number of Common Shares acquired under the Offer, delays in Alamos' ability to effect such a transaction, information hereafter obtained by Alamos with respect to Aurizon or its business, changes in general economic, industry, regulatory or market conditions or in the business of Aurizon, or other currently unforeseen circumstances, such a transaction may not be so proposed, or may be proposed on different terms or delayed or abandoned. Alamos expressly reserves the right not to propose a Compulsory Acquisition or Subsequent Acquisition Transaction involving Aurizon and reserves the right to propose other means of acquiring, directly or indirectly, all of the issued and outstanding Common Shares in accordance with applicable Laws, including a Subsequent Acquisition Transaction on terms not described in the Circular.

If a Subsequent Acquisition Transaction were to be consummated, Shareholders may, under the BCBCA, have the right to dissent and demand payment of the fair value of their Common Shares. This right, if the statutory procedures are complied with, could lead to judicial determination of the fair value required to be paid to those dissenting holders for their Common Shares. The fair value of the Common Shares so determined could be more or less than the amount paid per security pursuant to the Subsequent Acquisition Transaction or the Offer. Any such judicial determination of the fair value of the Common Shares could be based upon considerations other than, or in addition to, the market price of the Common Shares.

Shareholders should consult their legal advisors for a determination of their legal rights with respect to any Subsequent Acquisition Transaction.

The income tax consequences to a Shareholder of a Subsequent Acquisition Transaction may differ from the income tax consequences to such Shareholder of having such Shareholder's Common Shares acquired pursuant to the Offer. See Section 19 of the Circular, "Principal Canadian Federal Income Tax Considerations" and Section 20 of the Circular, "U.S. Federal Income Tax Considerations".

Securities Law Requirements for Business Combinations

Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") may deem a Subsequent Acquisition Transaction to be a "business combination" if such Subsequent Acquisition Transaction would result in the interest of a Shareholder being terminated without the consent of the holder, irrespective of the nature of the consideration provided in substitution therefor. Alamos expects that any Subsequent Acquisition Transaction relating to Common Shares will be a "business combination" under MI 61-101. In certain circumstances, the provisions of MI 61-101 may also deem certain types of Subsequent Acquisition Transactions to be "related party transactions". However, if the Subsequent Acquisition Transaction is a "business combination" carried out in accordance with MI 61-101 or an exemption therefrom, the "related party transaction" provisions therein do not apply to such transaction. Alamos intends to carry out any such Subsequent Acquisition Transaction in accordance with MI 61-101, or any successor provisions, or exemptions therefrom, such that the "related party transaction" provisions of MI 61-101 would not apply to such Subsequent Acquisition Transaction.

MI 61-101 provides that, unless exempted, an issuer proposing to carry out a business combination is required to prepare a valuation of the affected securities (and any non-cash consideration being offered therefor) and provide to the holders of the affected securities a summary of such valuation. An exemption is available under MI 61-101 for certain business combinations completed within 120 days after the expiry of a formal take-over bid where the consideration that security holders would be entitled receive under the business combination is at least equal in value to and is in the same form as the consideration that tendering security holders were entitled to receive in the take-over bid, provided that certain disclosure is given in the take-over bid disclosure documents (and which disclosure has been provided herein). Alamos currently intends that the consideration offered per Common Share under any Subsequent Acquisition Transaction proposed by it would be the same consideration offered to the Shareholders under the Offer and that such Subsequent Acquisition Transaction will be completed no later than 120 days after the Expiry Date and, accordingly, Alamos expects to rely on these exemptions.

Depending on the nature and terms of the Subsequent Acquisition Transaction, the provisions of the BCBCA and Aurizon's constating documents may require the approval of 66 ²/₃% of the votes cast by holders of the issued and outstanding Common Shares at a meeting duly called and held for the purpose of approving the Subsequent Acquisition Transaction. MI 61-101 also requires that, in addition to any other required security holder approval, in

order to complete a business combination, the approval of a simple majority of the votes cast by “minority” shareholders of each class of affected securities who are entitled to vote, as described below, must be obtained unless an exemption is available or discretionary relief is granted by applicable securities regulatory authorities. If, however, following the Offer, Alamos and its affiliates beneficially own 90% or more of the Common Shares at the time the Subsequent Acquisition Transaction is agreed to, the requirement for minority approval under MI 61-101 would not apply to the transaction if an enforceable appraisal remedy or substantially equivalent right is made available to minority shareholders.

In relation to the Offer and any business combination, the “minority” shareholders entitled to vote will be, unless an exemption is available or discretionary relief is granted by applicable securities regulatory authorities, all Shareholders other than Alamos, any “interested party” (within the meaning of MI 61-101), certain “related parties” of Alamos or of any other “interested party” (in each case within the meaning of MI 61-101) and any “joint actor” (within the meaning of MI 61-101) with any of the foregoing persons. MI 61-101 also provides that Alamos may treat Common Shares acquired under the Offer as “minority” shares and vote them, or consider them voted, in favour of such business combination if, among other things: (a) the business combination is completed not later than 120 days after the Expiry Date, (b) the consideration per security in the business combination is at least equal in value to and in the same form as the consideration paid under the Offer; (c) the Shareholder who tendered such Common Shares to the Offer was not (i) a “joint actor” (within the meaning of MI 61-101) with Alamos in respect of the Offer, (ii) a direct or indirect party to any “connected transaction” (within the meaning of MI 61-101) to the Offer, or (iii) entitled to receive, directly or indirectly, in connection with the Offer, a “collateral benefit” (within the meaning of MI 61-101) or consideration per Common Share that is not identical in amount and form to the entitlement of the general body of Shareholders in Canada; and (d) certain disclosure is provided in the take-over bid disclosure documents (which disclosure has been provided herein). Alamos currently intends that the consideration offered per Common Share under any Subsequent Acquisition Transaction proposed by it would be the same consideration offered to the Shareholders under the Offer and that such Subsequent Acquisition Transaction will be completed no later than 120 days after the Expiry Date and all disclosure required in connection with any such Subsequent Acquisition Transaction has been provided in this Circular. Alamos intends to cause Common Shares acquired under the Offer to be voted in favour of any such transaction and, where permitted by MI 61-101, to be counted as part of any minority approval required in connection with any such transaction. To the knowledge of Alamos after reasonable inquiry, it is anticipated that Common Shares held by Alamos, or an “interested” party and the directors and executive officers of Alamos that beneficially own Common Shares as listed under Section 12 of the Circular, “Trading in Securities of Aurizon”, will not be included for purposes of any “minority” shareholder approval. As a result, 26,507,283 votes attaching to outstanding Common Shares (representing approximately 16% of the issued and outstanding Common Shares) will not be included for the purposes of such calculation.

Rule 13e-3 under the U.S. Exchange Act is applicable to certain “going-private” transactions in the United States and may under certain circumstances be applicable to a Compulsory Acquisition or a Subsequent Acquisition Transaction. Alamos believes that Rule 13e-3 under the U.S. Exchange Act should not be applicable to a Compulsory Acquisition or a Subsequent Acquisition Transaction unless the Compulsory Acquisition or the Subsequent Acquisition Transaction, as the case may be, is consummated more than one year after the termination of the Offer. If applicable, Rule 13e-3 under the U.S. Exchange Act would require, among other things, that certain financial information concerning Aurizon and certain information relating to the fairness of the Compulsory Acquisition or the Subsequent Acquisition Transaction, as the case may be, and the consideration offered to minority Shareholders be filed with the SEC and distributed to minority Shareholders before the consummation of any such transaction.

The foregoing discussion of certain provisions of the U.S. Exchange Act is not a complete description of the U.S. Exchange Act or such provisions thereof and is qualified in its entirety by the reference to the U.S. Exchange Act.

Other Alternatives

If, following completion of the Offer, Alamos does not effect a Compulsory Acquisition or a Subsequent Acquisition Transaction, or if Alamos proposes a Subsequent Acquisition Transaction but cannot promptly obtain any required approvals, Alamos will evaluate its other available alternatives. Such alternatives could include, to the extent permitted by applicable Law, purchasing additional Common Shares or other securities in the open market, in private negotiated transactions, in another take-over bid or exchange offer or otherwise. Subject to applicable Law,

any additional purchases of Common Shares could be at a price greater than, equal to or less than the price paid for Common Shares under the Offer and could be for cash, securities and/or other consideration. Alternatively, Alamos may take no action to acquire additional Common Shares or other securities, or may sell or otherwise dispose of any or all Common Shares acquired pursuant to the Offer or otherwise. Such transactions may be effected on terms and at prices then determined by Alamos which may vary from the price paid for Common Shares under the Offer.

The income tax consequences to a Shareholder of such alternatives may differ from the income tax consequences to such Shareholder of having such Shareholder's Common Shares acquired pursuant to the Offer. See Section 19 of the Circular, "Principal Canadian Federal Income Tax Considerations" and Section 20 of the Circular, "U.S. Federal Income Tax Considerations".

Legal and Judicial Developments

On February 1, 2008, MI 61-101 came into force in the Provinces of Ontario and Québec, introducing harmonized requirements for enhanced disclosure, independent valuations and majority of minority security holder approval for specified types of transactions. See "– Securities Law Requirements for Business Combinations" above.

Certain judicial decisions may also be considered relevant to any business combination that may be proposed or effectuated subsequent to the expiry of the Offer. Prior to the adoption of MI 61-101 (or its predecessors), Canadian courts had, in a few instances, granted preliminary injunctions to prohibit transactions which involved certain business combinations. The trend both in legislation and in Canadian jurisprudence has been towards permitting business combinations to proceed subject to compliance with procedures designed to ensure substantive fairness to minority shareholders.

Shareholders should consult their legal advisors for a determination of their legal rights with respect to any transaction which may constitute a business combination.

Valuation Exemption

Alamos and its affiliates currently own approximately 26,507,283 Common Shares, representing over 16% of the issued and outstanding Common Shares. Accordingly, the Offer is an "insider bid" within the meaning of certain Canadian provincial securities legislation and MI 61-101, as Alamos has, or is deemed to have, beneficial ownership of, or control over, directly or indirectly, more than 10% of the securities of Aurizon carrying more than 10% of the voting rights attached to all of Aurizon's outstanding voting securities.

The applicable securities legislation and MI 61-101 require that a formal valuation of the securities that are the subject of the bid be prepared by an independent valuator and filed with the applicable securities regulatory authorities and that a summary of the formal valuation and an outline of every prior valuation of the offeree issuer made within 24 months preceding the date of the Offer, including a description of the source and circumstances under which it was made, be included in the take-over bid circular in respect of the "insider bid" (collectively, the "**Valuation Requirements**"), subject to certain exemptions.

In accordance with section 2.4(1)(a) of MI 61-101, Alamos is exempt from the Valuation Requirements in the Provinces of Québec and Ontario on the basis that neither Alamos nor any of its joint actors has, or has had within the preceding 12 months, any board or management representation in respect of Aurizon, or has knowledge of any material information concerning Aurizon or its securities that has not been generally disclosed.

Since the time the initial Share Purchase Agreements were entered into, Alamos does not know, after reasonable inquiry, of any material information in respect of Aurizon or its securities that has not been generally disclosed and, if generally disclosed, could reasonably be expected to increase the consideration. To the knowledge of Alamos and its directors and executive officers, after reasonable inquiry, no prior valuation (as such term is defined in MI 61-101) has been made in respect of Aurizon in the 24 months preceding the date of the Offer.

16. Agreements, Commitments or Understandings

There are no agreements, commitments or understandings made or proposed to be made between Alamos and any of the directors or officers of Aurizon and no payment or other benefit is proposed to be made or given by Alamos to any of the directors or officers of Aurizon by way of compensation for loss of office or for remaining in or retiring from office as a result of the Offer.

Other than the Share Purchase Agreements described in Section 6 of the Circular, “Share Purchase Agreements”, there are no agreements, commitments or understandings between Alamos and any Shareholder with respect to the Offer or between Alamos and any person with respect to any securities of Aurizon in relation to the Offer.

There are no agreements, commitments or understandings between Alamos and Aurizon relating to the Offer and Alamos is not aware of any agreements, commitments or understandings that could affect control of Aurizon.

17. Regulatory Matters

Based upon an examination of publicly available information available to Alamos, Alamos is not aware of any governmental licences or regulatory permits that appear to be material to the business of Aurizon which might be adversely affected by Alamos’ acquisition of Common Shares pursuant to the Offer. Also, except as described below or elsewhere in the Offer and Circular based upon an examination of publicly available information, Alamos is not aware of any material approval or other action by any federal, provincial, state or foreign government or administrative or regulatory agency that would be required prior to the acquisition of Common Shares pursuant to the Offer.

Competition Laws

Based upon an examination of publicly available information relating to the business of Aurizon, Alamos does not reasonably expect the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction, as applicable, to give rise to material competition/anti-trust concerns in any jurisdiction. However, Alamos cannot be assured that no such concerns will arise.

Competition Act (Canada)

Under the *Competition Act* (Canada) (the “**Competition Act**”), a transaction that exceeds certain financial thresholds (a “**Notifiable Transaction**”) requires prior notification to the Commissioner unless the Commissioner issues an advance ruling certificate (an “**ARC**”) or waives the filing obligation in respect of the transaction. If a transaction is a Notifiable Transaction, it may not be completed until the applicable statutory waiting period has expired or been terminated, or the Commissioner has either issued an ARC or otherwise waived the filing obligation. The applicable statutory waiting period expires 30 days following the day of the filing of a pre-merger notification under the Competition Act (or earlier if the Commissioner issues an ARC in advance) (unless that 30th day falls on a weekend, in which case the waiting period expires on the next business day) or, if during that 30-day period the Commissioner issues a request for additional information (a “**Supplementary Information Request**”), 30 days following the day on which the information requested under a Supplementary Information Request has been received by the Commissioner and certified complete (unless that 30th day falls on a weekend, in which case the waiting period expires on the next business day).

In cases where the Commissioner wishes to challenge a merger, he may apply to the Competition Tribunal in respect of a “merger” (as defined under the Competition Act), and if the Competition Tribunal finds that the merger is likely to prevent or lessen competition substantially, the Competition Tribunal may issue an order to, among other things, prohibit the merger in whole or in part.

Alternatively, where the Commissioner is satisfied that he would not have sufficient grounds to apply to the Competition Tribunal under the merger provisions of the Competition Act, the Commissioner may issue an ARC in respect of that transaction. If the transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal under the merger provisions of the Competition Act in respect of the transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued. The Commissioner may, in lieu of issuing an ARC, issue a “no action” letter, wherein the Commissioner indicates that he does not intend, at that time, to bring an application to the Competition Tribunal under the merger provisions of the Competition Act but reserves the right to do so within one year of closing as permitted under the Competition Act.

Based upon an examination of publicly available information available to Alamos, Alamos is currently of the view that the transactions contemplated by the Offer may constitute a Notifiable Transaction and a “merger” under the Competition Act. Therefore, if no new information becomes available to Alamos, Alamos currently intends to shortly submit a request for an ARC, or in the alternative

a waiver from the filing obligation and a no action letter, with respect to the Offer. Alamos also currently intends to file a pre-merger notification with the

Commissioner, in which case Aurizon will also be required to make a pre-notification filing within ten days of being notified by the Commissioner of Alamos' filing.

The obligation of Alamos to complete the Offer is, among other things, subject to the condition (i) that the Commissioner shall have issued (and not rescinded or amended) an ARC under Section 102 of the Competition Act with respect to the transactions contemplated by the Offer and any Compulsory Acquisition, Subsequent Acquisition Transaction or other alternative transactions; or (ii) that: (a) the waiting period under Section 123 of the Competition Act shall have expired or been terminated or the notification requirement shall have been waived pursuant to Section 113(c) of the Competition Act, and (b) the Commissioner shall have advised Alamos in writing (and not rescinded or amended such advice, referred to herein as a "no action" letter) that the Commissioner does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the transactions contemplated by the Offer and any Compulsory Acquisition, Subsequent Acquisition Transaction or other alternative transactions, and the form of and any terms and conditions to any such advice are satisfactory to Alamos in its sole judgment (the "**Competition Act Approval**"). See Section 4 of the Offer, "Conditions of the Offer".

HSR Act

Under the United States *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended (the "**HSR Act**"), and the rules that have been promulgated thereunder by the Federal Trade Commission (the "**FTC**"), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "**Antitrust Division**") and the FTC and certain waiting period requirements have been satisfied. The obligation of Alamos to complete the Offer may be subject to such requirements (the "**HSR Condition**").

Based upon an examination of publicly available information available to Alamos, Alamos is currently of the view that the transactions contemplated by the Offer may be subject to the HSR Act. Therefore, if no new information becomes available to Alamos, Alamos currently intends to shortly submit a Premerger Notification and Report Form under the HSR Act with the FTC and the Antitrust Division.

Under the provisions of the HSR Act applicable to the Offer, the acquisition of Common Shares pursuant to the Offer may not be consummated until the expiration of a 30-calendar day waiting period following the filing by Alamos, unless such waiting period is earlier terminated by the FTC and the Antitrust Division or extended by a request from the FTC or the Antitrust Division for additional information or documentary material prior to the expiration of the waiting period (a "**Second Request**"). There can be no assurance, however, that the 30-day HSR Act waiting period will be terminated early. If either the FTC or the Antitrust Division were to issue a Second Request to Alamos with respect to the Offer, the waiting period with respect to the Offer would expire at 11:59 p.m. Toronto time, on the 30th calendar day after the date of substantial compliance with such Second Request unless either (i) the FTC or the Antitrust Division seeks, and is granted, a court order further extending the waiting period or (ii) the HSR Act waiting period is earlier terminated by the FTC and the Antitrust Division. If the acquisition of Common Shares is delayed pursuant to a Second Request, the Offer may, but need not, be extended and, in any event, the purchase of and payment for Common Shares will be deferred until 30 days after the request is complied with, unless the waiting period is sooner terminated by the FTC and the Antitrust Division. Only one extension of such waiting period pursuant to a request for additional information is authorized by the HSR Act and the rules promulgated thereunder, except by court order. Unless Alamos determines that the transactions contemplated by the Offer are not subject to the HSR Act, it is a condition to the Offer that any waiting period under the HSR Act applicable to the Offer expire or be terminated. See Section 4 of the Offer, "Conditions of the Offer".

Securities Regulatory Matters

The distribution of the Alamos Shares under the Offer is being made pursuant to statutory exemptions from the prospectus and dealer registration requirements under applicable Canadian securities laws. While the resale of Alamos Shares issued under the Offer is subject to restrictions under the securities laws of certain Canadian provinces and territories, Shareholders in such provinces and territories generally will be able to rely on statutory exemptions from such restrictions.

Alamos has filed the Registration Statement with the SEC registering the issuance of the Alamos Shares offered to U.S. Shareholders pursuant to the Offer as required by the U.S. Securities Act. The resale of the Alamos Shares offered to U.S. Shareholders

by persons that are not “affiliates” (as defined in Rule 144 under the U.S. Securities Act) of Alamos will not be required to be registered in the United States. However, Alamos Shares acquired by “affiliates” (as defined in Rule 144 under the U.S. Securities Act) of Alamos may be resold only in a

transaction registered under the U.S. Securities Act or in accordance with the requirements of Rule 144 or another exemption from the registration requirements of the U.S. Securities Act. In general, an “affiliate” (as defined in Rule 144 under the U.S. Securities Act) of Alamos is an officer or director of Alamos, a shareholder who beneficially owns more than 10% of the issued and outstanding Alamos Shares or other individuals or entities that, directly or indirectly, through one or more intermediaries, control, or are controlled by or are under common control with Alamos.

This document does not constitute a registration statement covering resales of securities by persons who are otherwise restricted from selling their shares under the U.S. Securities Act.

The Offer is being made in compliance with applicable Canadian and U.S. rules governing take-over bids and tender offers, respectively, or applicable exemptions therefrom.

Stock Exchange Listing

In connection with the Offer, Alamos expects to issue up to approximately 23,500,000 Alamos Shares, representing approximately 18.4% of the Alamos Shares issued and outstanding on a non-diluted basis immediately prior to the completion of the Offer. Alamos intends to apply to list such Alamos Shares on the TSX. Alamos has applied to list the Alamos Shares (including the Alamos Shares offered hereunder) on the NYSE. Listing will be subject to fulfillment of all of the applicable listing requirements and the approval of the TSX and the NYSE.

U.S. Securities and Exchange Commission Relief Requested

Alamos intends to request from the SEC certain exemptions from rules under the U.S. Exchange Act with respect to the Offer. Alamos intends to request relief from Rule 14d-11(e) under the U.S. Exchange Act to be permitted to take up and pay for Common Shares deposited during the Subsequent Offering Period within ten calendar days of the date the Common Shares were deposited, in accordance with Canadian Law and practice. Alamos also intends to request relief from Rule 14d-11(e) and Rule 14d-10(a)(2) under the U.S. Exchange Act to permit the use of pro rating the consideration offered under the Offer on more than one Take-Up Date. There can be no assurance that Alamos will be granted such relief.

18. Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer

The purchase of Common Shares by Alamos pursuant to the Offer will reduce the number of Common Shares that might otherwise trade publicly, as well as the number of Shareholders and, depending on the number of Common Shares acquired by Alamos under the Offer, would likely adversely affect the liquidity and market value of the remaining Common Shares held by the public.

The rules and regulations of the TSX and the NYSE MKT establish certain criteria which, if not met, could upon successful completion of the offer, lead to the delisting of the Common Shares from such exchanges. Among such criteria are the number of Shareholders, the number of Common Shares publicly held and the aggregate market value of the Common Shares publicly held. Depending on the number of Common Shares purchased under the Offer, it is possible that the Common Shares would fail to meet the criteria for continued listing on the TSX and the NYSE MKT. If this were to happen, the Common Shares could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for the Common Shares. In addition, the termination of the registration of the Common Shares under the U.S. Exchange Act would substantially reduce the information required to be furnished by Aurizon to the Shareholders and to the SEC and would make certain provisions of the U.S. Exchange Act no longer applicable to Aurizon, such as the requirements of Rule 13e-3 under the U.S. Exchange Act with respect to “going private” transactions. Furthermore, the ability of “affiliates” (as defined in Rule 144 under the U.S. Securities Act) of Aurizon and persons holding “restricted securities” (as defined in Rule 144 under the U.S. Securities Act) of Aurizon to dispose of such securities pursuant to Rule 144 under the U.S. Securities Act and Rule 144A under the U.S. Securities Act may be impaired or eliminated.

If permitted by applicable Law, subsequent to the completion of the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction, Alamos intends to apply to delist the Common Shares from the TSX and the NYSE MKT.

If permitted by applicable Law, subsequent to the completion of the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, Alamos intends to cause Aurizon to cease to be a reporting issuer or its equivalent under the securities laws of Canada and the United States.

19. Principal Canadian Federal Income Tax Considerations

In the opinion of Torgys LLP, counsel to Alamos, the following summary describes the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Tax Act**”) generally applicable to a Shareholder who, for purposes of the Tax Act, holds Common Shares and Alamos Shares received pursuant to the Offer as capital property, deals at arm’s length with, and is not affiliated with, Aurizon or Alamos and who sells Common Shares pursuant to the Offer or otherwise disposes of Common Shares pursuant to certain transactions described under Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”.

Common Shares and Alamos Shares generally will be considered capital property to a Shareholder for purposes of the Tax Act unless the Shareholder holds such shares in the course of carrying on a business of buying and selling securities or the Shareholder has acquired or holds them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Tax Regulations**”) in force prior to the date hereof, and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published in writing by the CRA. The summary takes into account all specific proposals to amend the Tax Act and the Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and assumes that all Tax Proposals will be enacted in the form proposed. However, there is no certainty that the Tax Proposals will be enacted in the form currently proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ materially from the Canadian federal income tax legislation or considerations described herein.

This summary is not applicable to persons holding Convertible Securities or other conversion or exchange rights to acquire Common Shares, or persons who acquired Common Shares on the exercise of employee stock options. In addition, this summary is not applicable to (i) “financial institutions” who are subject to the mark-to-market rules in the Tax Act, (ii) “specified financial institutions”, (iii) a person an interest in which would be a “tax shelter investment”, or (iv) persons who have elected to determine their “Canadian tax results” in a foreign currency pursuant to the “functional currency” reporting rules, all within the meaning of the Tax Act. All such persons should consult their own tax advisors.

Further, this summary is not applicable to a person that (i) is a corporation resident in Canada and (ii) is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Alamos Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in proposed section 212.3 of the Tax Act. Any such Shareholder should consult its own tax advisor.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Shareholder to whom the Offer is made. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Shareholders Resident in Canada

This part of the summary is applicable only to a Shareholder who, for purposes of the Tax Act and at all relevant times, is resident, or is deemed to be resident, in Canada (a “**Resident Shareholder**”). Certain Resident Shareholders whose Common Shares might not otherwise constitute capital property may be entitled to elect that such Common Shares be deemed capital property by making an irrevocable election under subsection 39(4) of the Tax Act to treat all “Canadian securities” (as defined in the Tax Act) owned by the Resident Shareholder as capital property. Resident Shareholders contemplating such an election should first consult their own tax advisors.

Exchange of Common Shares for Cash only or a Combination of Alamos Shares and Cash - No Tax Election

A Resident Shareholder whose Common Shares are exchanged for cash only or a combination of Alamos Shares and cash pursuant to the Offer and who does not make a valid Tax Election (as defined herein) will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Resident Shareholder's Common Shares immediately before the exchange.

For purposes of computing the capital gain or capital loss realized upon disposition of a Common Share to Alamos, a Resident Shareholder will be considered to have disposed of such Resident Shareholder's Common Share to Alamos for proceeds of disposition equal to the aggregate of the cash received in respect of such Common Share (including cash received in lieu of a fraction of a share) and the fair market value (determined at the time the Common Share is taken up and paid for) of Alamos Shares received from Alamos (if any), in consideration therefor.

The cost to the Resident Shareholder of any Alamos Shares acquired on the exchange will equal the fair market values, as at the time of the exchange, of the Common Shares disposed of by such Resident Shareholder, less the aggregate of the amount of cash received on the exchange. If the Resident Shareholder separately owns other Alamos Shares as capital property at that time, the adjusted cost base of all Alamos Shares owned by the Resident Shareholder as capital property immediately after the exchange will be determined by averaging the cost of the Alamos Shares acquired on the exchange with the adjusted cost base of those other Alamos Shares.

Exchange of Common Shares for Alamos Shares Only

In the case of a Resident Shareholder who elects the Share Alternative and who receives only Alamos Shares (except for cash in lieu of a fractional share, if applicable), a capital gain or capital loss that would otherwise be realized on the exchange of a Common Share for a Alamos Share may be deferred under the provisions of section 85.1 of the Tax Act.

In general, except where (a) such a Resident Shareholder has, in the Resident Shareholder's income tax return for the year of sale, included any portion of the gain or loss otherwise determined from the disposition of a Common Share, (b) such a Resident Shareholder has made a Tax Election, or (c) immediately after the exchange, such a Resident Shareholder or persons with whom such a Resident Shareholder does not deal at arm's length for purposes of the Tax Act or such a Resident Shareholder together with such persons either controls or beneficially owns shares of the capital stock of Alamos having a fair market value of more than 50% of the fair market value of all outstanding shares of the capital stock of Alamos, the Resident Shareholder will be deemed to have disposed of each of the Resident Shareholder's Common Shares for proceeds of disposition equal to the adjusted cost base of such share immediately before the disposition, and, in exchange therefor, will be deemed to have acquired Alamos Shares at a cost equal to such adjusted cost base. Pursuant to the CRA's current administrative practices, a Resident Shareholder who receives cash not exceeding \$200 in lieu of a fractional share will have the option of recognizing the capital gain or capital loss arising on the disposition of the fractional share or alternatively of reducing the adjusted cost base of the Alamos Shares acquired by the amount of cash so received.

If the Resident Shareholder separately owns other Alamos Shares as capital property at that time, the adjusted cost base of all Alamos Shares owned by the Resident Shareholder as capital property immediately after the exchange will be determined by averaging the cost of the Alamos Shares acquired on the exchange with the adjusted cost base of those other Alamos Shares.

The provisions described above with respect to the deferral of a capital gain or a capital loss will not apply to Resident Shareholders who elect to include in their income for the year of disposition any portion of the gain or loss otherwise determined. A Resident Shareholder who does include any such amount in income will be deemed to have disposed of all Common Shares for proceeds of disposition equal to the fair market value of Alamos Shares (and cash in lieu of a fractional share, if applicable) received in exchange therefor and to have acquired such Alamos Shares at a cost equal to their fair market value. It is not possible for a Resident Shareholder to elect such treatment on a portion only of the gain or loss otherwise realized on a disposition of Common Shares.

Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash - Tax Election

The following applies to a Resident Shareholder who is an Eligible Holder. An Eligible Holder who receives Alamos Shares only or a combination of cash and Alamos Shares under the Offer and who elects the Rollover Option in the Letter of Transmittal may obtain a full or partial tax deferral in respect of the disposition of Common Shares as a consequence of filing with the CRA (and, where applicable, with a provincial tax authority) a joint election made by the Eligible Holder and Alamos (the “**Tax Election**”) under subsection 85(1) of the Tax Act (or, in the case of a partnership, under subsection 85(2) of the Tax Act provided all members of the partnership jointly elect) and the corresponding provisions of any applicable provincial tax legislation.

So long as, at the time of the disposition, the adjusted cost base to an Eligible Holder of the holder’s Common Shares equals or exceeds the aggregate of the amount of any cash received as a result of such disposition by such holder, the Eligible Holder may select an Elected Amount so as to not realize a capital gain for the purposes of the Tax Act on the exchange. The “**Elected Amount**” means the amount selected by an Eligible Holder, subject to the limitations described below, in the Tax Election to be treated as the Eligible Holder’s proceeds of disposition of the Common Shares.

In general, where an election is made, the Elected Amount must comply with the following rules:

- (a) the Elected Amount may not be less than the aggregate of the amount of cash received by the Eligible Holder as a result of the disposition;
- (b) the Elected Amount may not be less than the lesser of the adjusted cost base to the Eligible Holder of the Common Shares disposed of, determined at the time of the disposition, and the fair market value of the Common Shares at that time; and
- (c) the Elected Amount may not exceed the fair market value of the Common Shares at the time of the disposition.

Where an Eligible Holder and Alamos make an election that complies with the rules above, the tax treatment to the Eligible Holder generally will be as follows:

- (a) the Common Shares will be deemed to have been disposed of by the Eligible Holder for proceeds of disposition equal to the Elected Amount;
- (b) if the Elected Amount is equal to the aggregate of the adjusted cost base to the Eligible Holder of the Common Shares, determined at the time of the disposition, and any reasonable costs of disposition, no capital gain or capital loss will be realized by the Eligible Holder;
- (c) to the extent that the Elected Amount exceeds (or is less than) the aggregate of the adjusted cost base of the Common Shares to the Eligible Holder and any reasonable costs of disposition, the Eligible Holder will in general realize a capital gain (or capital loss); and
- (d) the aggregate cost to the Eligible Holder of the Alamos Shares acquired as a result of the disposition will be equal to the amount, if any, by which the Elected Amount exceeds the aggregate of the amount of cash received by the Eligible Holder as a result of the disposition, and such cost will be averaged with the adjusted cost base of all other Alamos Shares held by the Eligible Holder immediately prior to the disposition for the purpose of determining thereafter the adjusted cost base of each Alamos Share held by such Eligible Holder.

Alamos has agreed to make a Tax Election pursuant to subsection 85(1) or subsection 85(2) of the Tax Act (and any similar provision of any provincial tax legislation) with an Eligible Holder at the amount determined by such Eligible Holder, subject to the limitations set out in subsection 85(1) or subsection 85(2) of the Tax Act (or any applicable provincial tax legislation).

A tax instruction letter providing certain instructions on how to complete the Tax Election forms may be obtained from the Depository and Information Agent by checking the appropriate box on the Letter of Transmittal

and delivering the Letter of Transmittal to the Depositary and Information Agent at or before the Expiry Time in accordance with the procedures set out in Section 3 of the Offer, “Manner of Acceptance – Letter of Transmittal”.

To make a Tax Election, an Eligible Holder must provide the necessary information in accordance with the procedures set out in the tax instruction letter within 60 days after the Expiry Time. The information will include the number of Common Shares transferred, the consideration received and the applicable Elected Amount for the purposes of such election. Subject to the information complying with the provisions of the Tax Act (and any applicable provincial income tax law), a copy of the election form containing the information provided will be signed by Alamos and returned to the Eligible Holder for filing with the CRA (or the applicable provincial tax authority). Each Eligible Holder is solely responsible for ensuring the Tax Election is completed correctly and filed with the CRA (and any applicable provincial tax authorities) by the required deadline.

Alamos will make a Tax Election only with an Eligible Holder, and at the amount selected by the Eligible Holder subject to the limitations set out in the Tax Act (and any applicable provincial tax legislation). Neither Alamos nor Aurizon will be responsible for the proper completion or filing of any election form and the Eligible Holder will be solely responsible for the payment of any late filing penalty. Alamos agrees only to execute any election form containing information provided by the Eligible Holder which complies with the provisions of the Tax Act (and any applicable provincial tax law) and to return such election form to the Eligible Holder for filing with the CRA (and any applicable provincial tax authority). At its sole discretion, Alamos may accept and execute an election form that is not received within the 60 day period; however, no assurances can be given that Alamos will do so. Accordingly, all Eligible Holders who wish to make a joint election with Alamos should give their immediate attention to this matter. **With the exception of execution of the election form by Alamos, compliance with the requirements for a valid Tax Election will be the sole responsibility of the Eligible Holder making the election.** Accordingly, none of Alamos, Aurizon or the Depositary and Information Agent will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to provide information necessary for the election in accordance with the procedures set out in the tax instruction letter, to properly complete any election or to properly file it within the time prescribed and in the form prescribed under the Tax Act (or the corresponding provisions of any applicable provincial tax legislation).

For the CRA (and where applicable the provincial revenue authorities) to accept a Tax Election without a late filing penalty being paid by an Eligible Holder, the election form must be received by such revenue authorities on or before the day that is the earliest of the days on or before which either Alamos or the Eligible Holder (or any partner thereof where the Eligible Holder is a partnership) is required to file an income tax return for the taxation year in which the disposition occurs. Alamos’ 2013 taxation year is scheduled to end on December 31, 2013, although Alamos’ taxation year may end earlier as a result of an event such as an amalgamation, and its tax return is required to be filed within six months from the end of the taxation year. Eligible Holders are urged to consult their own advisors as soon as possible respecting the deadlines applicable to their own particular circumstances. **However, regardless of such deadlines, information necessary for an Eligible Holder to make a Tax Election must be received by Alamos in accordance with the procedures set out in the tax instruction letter no later than 60 days after the Expiry Time.**

Any Eligible Holder who does not ensure that information necessary to make an election has been received in accordance with the procedures set out in the tax instruction letter within 60 days after the Expiry Time will not be able to benefit from the tax deferral provisions in subsections 85(1) and 85(2) of the Tax Act (or the corresponding provisions of any applicable provincial tax legislation). Accordingly, all Eligible Holders who wish to make a Tax Election with Alamos should give their immediate attention to this matter. The instructions for requesting a tax instruction letter are set out in the Letter of Transmittal. Eligible Holders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for further information respecting the Tax Election. Eligible Holders wishing to make the Tax Election should consult their own tax advisors. The comments herein with respect to the Tax Election are provided for general assistance only. The law in this area is complex and contains numerous technical requirements.

Taxation of Capital Gains and Capital Losses

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by it in that year. A Resident Shareholder will be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the

Resident Shareholder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back to any of the three

preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, subject to and in accordance with the detailed rules contained in the Tax Act.

The amount of any capital loss realized on the disposition of a Common Share or an Alamos Share by a Resident Shareholder that is a corporation may, to the extent and under the circumstances specified by the Tax Act, be reduced by the amount of any dividends received or deemed to have been received by the corporation on such share (or on a share for which such share is substituted or exchanged). Similar rules may apply where shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Shareholders to whom these rules may be relevant should consult their own advisors.

A Resident Shareholder that is throughout the year a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains realized, interest and certain dividends. Capital gains realized by a Resident Shareholder who is an individual or a trust, other than certain specified trusts, will be taken into account in determining liability for alternative minimum tax under the Tax Act.

Disposition of Common Shares Pursuant to a Compulsory Acquisition or Compelled Acquisition

As described in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Compulsory Acquisition” and “Acquisition of Common Shares Not Deposited Under the Offer – Compelled Acquisition”, Alamos may, in certain circumstances, acquire or be required to acquire Common Shares not deposited pursuant to the Offer pursuant to statutory rights of purchase under section 300 of the BCBCA. The income tax consequences to a Resident Shareholder of a disposition of Common Shares in such circumstances generally will be as described under the heading “– Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Cash only or a Combination of Alamos Shares and Cash – No Tax Election” above, “– Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares Only” above, or “– Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election” above, as the case may be, unless a Resident Shareholder exercises the right to go to court for a determination of fair value in a Compulsory Acquisition and is entitled to receive the fair value of the Resident Shareholder’s Common Shares. In this case, the proceeds of disposition for the Resident Shareholder’s Common Shares will be the amount (other than interest) determined by the court. The Resident Shareholder will be required to include in computing its income any interest awarded by the court in connection with a Compulsory Acquisition.

Resident Shareholders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Compulsory Acquisition or a Compelled Acquisition.

Disposition of Common Shares Pursuant to a Subsequent Acquisition Transaction

As described in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Subsequent Acquisition Transaction”, if Alamos does not acquire all of the Common Shares pursuant to the Offer or by means of a Compulsory Acquisition or a Compelled Acquisition, Alamos may propose other means of acquiring the remaining issued and outstanding Common Shares.

The income tax treatment of a Subsequent Acquisition Transaction to a Resident Shareholder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out and the consideration offered. Alamos may propose an amalgamation, arrangement, reorganization, consolidation, recapitalization, reclassification, continuance or other transaction. It is not possible to comment as to the tax treatment of a Subsequent Acquisition Transaction to a Resident Shareholder until the form of any Subsequent Acquisition Transaction is determined. However, the income tax consequences of a Subsequent Acquisition Transaction may differ from those arising on the disposition of Common Shares under the Offer and will depend on the particular form and circumstances of such alternative transaction. For example, a Resident Shareholder may, as a result of a Subsequent Acquisition Transaction, realize a capital gain or capital loss, be deemed to receive a dividend or incur both results. No opinion is expressed herein as to the income tax consequences of any such alternative transaction to a Resident Shareholder.

Resident Shareholders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

As described in Section 18 of the Circular, “Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer”, the Common Shares may cease to be listed on the TSX and the NYSE MKT following the completion of the Offer. Resident Shareholders are cautioned that, if the Common Shares are no longer listed on a “designated stock exchange” (which currently includes the TSX and the NYSE MKT) and Aurizon ceases to be a “public corporation” for purposes of the Tax Act, the Common Shares will not be qualified investments for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts (“TFSAs”). Resident Shareholders who hold the Common Shares in such trusts should consult their own tax advisors with respect to the potential income tax consequences to them in this regard.

Holding and Disposing of Alamos Shares

A Resident Shareholder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on the Alamos Shares. In the case of a Resident Shareholder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Alamos as eligible dividends in accordance with the provisions of the Tax Act. A dividend received (or deemed to be received) by a Resident Shareholder that is a corporation will generally be deductible in computing the corporation’s taxable income.

A Resident Shareholder that is a “private corporation”, as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 33¹/₃% under Part IV of the Tax Act on dividends received (or deemed to be received) on the Alamos Shares to the extent such dividends are deductible in computing the Resident Shareholder’s taxable income for the taxation year.

The disposition or deemed disposition of Alamos Shares by a Resident Shareholder (other than to Alamos) will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the Resident Shareholder immediately before the disposition. See “– Disposition of Common Shares Pursuant to the Offer – Taxation of Capital Gains and Capital Losses” above for a general description of the treatment of capital gains and losses under the Tax Act.

Eligibility for Investment

Alamos Shares will be qualified investments under the Tax Act for a trust governed by an RRSP, RRIF, registered education savings plan, registered disability savings plan, deferred profit sharing plan or a TFSA, at any particular time, provided that, at that time, the Alamos Shares are listed on a “designated stock exchange” (which currently includes the TSX and the NYSE) or Alamos is a “public corporation” as defined in the Tax Act.

Notwithstanding that Alamos Shares may be qualified investments, a holder of a TFSA or an annuitant of a RRSP or RRIF will be subject to a penalty tax if the Alamos Shares are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF. An Alamos Share will generally be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, does not deal at arm’s length with Alamos for purposes of the Tax Act or has a “significant interest” (for purposes of the “prohibited investment” rules in the Tax Act) in Alamos. Generally, Alamos Shares will not be a “prohibited investment” to such holder or annuitant, as the case may be, if, at the relevant time, at least 90% of the fair market value of all “equity” of Alamos is owned by persons dealing at arm’s length with such holder or annuitant, and certain other criteria are met. Holders of TFSAs and annuitants of RRSPs or RRIFs should consult their own advisors in this regard.

Shareholders Not Resident in Canada

This part of the summary is generally applicable to a Shareholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty, is neither resident nor deemed to be resident in Canada, and does not use or hold, and is not deemed to use or hold, Common Shares in connection with carrying on a business in Canada (a “**Non-Resident Shareholder**”). This part of the summary is not applicable to Non-Resident Shareholders that are insurers carrying on an insurance business in Canada and elsewhere.

Disposition of Common Shares Pursuant to the Offer

Exchange of Common Shares for Alamos Shares and/or Cash – No Tax Election

A Non-Resident Shareholder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Common Shares pursuant to the Offer unless those Common Shares constitute “taxable Canadian property” and are not “treaty-protected property” of the Shareholder.

Generally, a Common Share will not be “taxable Canadian property” to a Non-Resident Shareholder at a particular time provided that such share is listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX and the NYSE MKT) unless at any time during the 60-month period immediately preceding the disposition (i) the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm’s length, or the Non-Resident Shareholder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the capital stock of Aurizon, and (ii) more than 50% of the fair market value of the Common Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Tax Act), “timber resource properties” (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares may be deemed to be taxable Canadian property to the Non-Resident Shareholder. Non-Resident Shareholders whose Common Shares may constitute taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

Even if the Common Shares are taxable Canadian property to a Non-Resident Shareholder, a taxable capital gain or an allowable capital loss resulting from the disposition of the Common Shares will not be included in computing the Non-Resident Shareholder’s income for purposes of the Tax Act provided that the Common Shares constitute “treaty-protected property”, as defined in the Tax Act. Common Shares owned by a Non-Resident Shareholder will generally be treaty-protected property at the time of the disposition if the gain from the disposition of such shares would, because of an applicable income tax treaty or convention to which Canada is a signatory, be exempt from tax under the Tax Act.

In the event that the Common Shares constitute taxable Canadian property but not treaty-protected property to a particular Non-Resident Shareholder on the disposition thereof pursuant to the Offer, such Non-Resident Shareholder will realize a capital gain (or capital loss) generally in the circumstances and computed in the manner described above under “Shareholders Residents in Canada – Disposition of Common Shares pursuant to the Offer”. Such non-resident Shareholder, however, may be entitled to the automatic tax deferral provisions of section 85.1 of the Tax Act as described above where the Non-Resident Shareholder receives only Alamos Shares as consideration for depositing Common Shares to the Offer. If section 85.1 of the Tax Act applies, the Alamos Shares received in exchange for Common Shares that constituted taxable Canadian property to such Non-Resident Shareholder may be deemed to be taxable Canadian property to such Non-Resident Shareholder.

In the event that the Common Shares constitute taxable Canadian property and the disposition of such Common Shares by a Non-Resident Shareholder gives rise to a capital gain which is not exempt from Canadian tax under the terms of an applicable income tax treaty or convention, the income tax consequences as described above under “Shareholders Residents in Canada – Taxation of Capital Gains and Capital Losses” will generally apply. Non-Resident Shareholders whose Common Shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election

In the event that Common Shares constitute taxable Canadian property but not treaty-protected property to a particular Non-Resident Shareholder, and such Non-Resident Shareholder receives Alamos Shares only or a combination of cash and Alamos Shares, then the Non-Resident Shareholder will be an Eligible Holder and may

require Alamos to jointly execute for filing with the CRA a Tax Election for the purpose of allowing the Eligible Holder to achieve a full or partial income tax deferral for Canadian federal income tax purposes. Alamos will be required to execute the form and send it to the Eligible Holder only if the Eligible Holder complies with the requirements set forth under “Shareholders Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election” on the same basis as if the Non-Resident Shareholder were a Resident Shareholder thereunder. If the Eligible Holder complies with those requirements, generally the exchange may occur on a fully or partially income tax-deferred basis as described above under “Shareholders Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election” on the same basis as if the Non-Resident Shareholder were a Resident Shareholder thereunder.

The Alamos Shares that such Eligible Holders receive for the Common Shares will generally be deemed to be taxable Canadian property. Non-Resident Shareholders who are Eligible Holders should consult their own tax advisors in this regard.

Disposition of Common Shares Pursuant to a Compulsory Acquisition or Compelled Acquisition

As described in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Compulsory Acquisition” and “Acquisition of Common Shares Not Deposited Under the Offer – Compelled Acquisition”, Alamos may, in certain circumstances, acquire or be required to acquire Common Shares not deposited pursuant to the Offer pursuant to statutory rights of purchase under section 300 of the BCBCA.

A Non-Resident Shareholder whose Common Shares do not constitute taxable Canadian property will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of Common Shares by way of a Compulsory Acquisition or a Compelled Acquisition.

Whether a Common Share is considered to be taxable Canadian property at the time of a disposition by way of a Compulsory Acquisition or a Compelled Acquisition will generally be determined as described above (see “Shareholders Not Resident in Canada – Disposition of Common Shares Pursuant to the Offer”) except that more stringent rules may be applied where the Common Shares cease to be listed on a designated stock exchange (see “Shareholders Not Resident in Canada – Potential Delisting”).

A Non-Resident Shareholder whose Common Shares are taxable Canadian property for purposes of the Tax Act may be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of Common Shares by way of a Compulsory Acquisition or a Compelled Acquisition unless the Common Shares constitute treaty-protected property, such Non-Resident Shareholder receives only Alamos Shares as consideration for Common Shares of the Non-Resident Shareholder or a valid Tax Election is made in respect of the disposition of Common Shares by the Non-Resident Shareholder. See “Shareholders Not Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares and/or Cash – No Tax Election” or (if a valid Tax Election is made) “Shareholders Not Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election”.

Generally, where interest is paid or credited to a Non-Resident Shareholder in connection with a Compulsory Acquisition, the Non-Resident Shareholder will not be subject to Canadian withholding tax on such interest under the Tax Act.

Non-Resident Shareholders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Compulsory Acquisition or a Compelled Acquisition.

Disposition of Common Shares Pursuant to a Subsequent Acquisition Transaction

As described in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Subsequent Acquisition Transaction”, if Alamos does not acquire all of the Common Shares pursuant to the Offer or by means of a Compulsory Acquisition or a Compelled Acquisition, Alamos may propose other means of acquiring the remaining issued and outstanding Common Shares.

The income tax treatment of a Subsequent Acquisition Transaction to a Non-Resident Shareholder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out and the consideration

offered. Alamos may propose an amalgamation, arrangement, reorganization, consolidation, recapitalization, reclassification, continuance or other transaction. It is not possible to comment as to the income tax treatment of a Subsequent Acquisition Transaction to a Non-Resident Shareholder until the form of any Subsequent Acquisition Transaction is determined. However, the income tax consequences of a Subsequent Acquisition Transaction may differ from those arising on the sale of Common Shares under the Offer and will depend on the particular form and circumstances of such Subsequent Acquisition Transaction. For example, a Non-Resident Shareholder may, as a result of a Subsequent Acquisition Transaction, realize a capital gain or capital loss, be deemed to receive a dividend or incur both results. No opinion is expressed herein as to the tax consequences of any such Subsequent Acquisition Transaction to a Non-Resident Shareholder.

Dividends, including deemed dividends, paid or credited to a Non-Resident Shareholder will be subject to Canadian withholding tax at a rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Shareholder may be entitled under any applicable income tax treaty or convention. For example, in the case of a Non-Resident Shareholder that is a resident of the United States for purposes of, and is fully-entitled to the benefits under, the Canada-United States Income Tax Convention (1980), this rate will generally be reduced to 15%.

Non-Resident Shareholders should consult their own tax advisors for advice with respect to the income tax consequences to them of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

Potential Delisting

As described in Section 18 of the Circular, “Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer”, Common Shares may cease to be listed on the TSX and the NYSE MKT (or another designated stock exchange) following the completion of the Offer and may not be listed on the TSX or the NYSE MKT (or another designated stock exchange) at the time of their disposition pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction.

Non-Resident Shareholders who do not dispose of their Common Shares pursuant to the Offer are cautioned that Common Shares that are not listed on a designated stock exchange at the time of their disposition will be considered taxable Canadian property of the Non-Resident Shareholder, if at any time within the 60-month period immediately preceding the disposition, more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Tax Act), “timber resource properties” (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists).

Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares may be deemed to be taxable Canadian property.

If the Common Shares are taxable Canadian property of the Non-Resident Shareholder at the time of their disposition and are not treaty-protected property of the Non-Resident Shareholder for purposes of the Tax Act, the Non-Resident Shareholder may be subject to tax under the Tax Act in respect of any capital gain realized on the disposition. Furthermore, if the Common Shares are not listed on a recognized stock exchange at the time of their disposition and are not treaty-protected property of the Non-Resident Shareholder for purposes of the Tax Act, the notification and withholding provisions of section 116 of the Tax Act will apply to the Non-Resident Shareholder with the result that, among other things, unless Alamos has received a clearance certificate, pursuant to section 116 of the Tax Act, relating to the disposition of a Non-Resident Shareholder’s Common Shares, Alamos may deduct or withhold 25% from any payment made to the Non-Resident Shareholder and will remit such amount to the Receiver General of Canada on account of the Non-Resident Shareholder’s liability for tax under the Tax Act.

Non-Resident Shareholders should consult their own tax advisors in this regard.

Holding and Disposing of Alamos Shares

Dividends paid or deemed to be paid to a Non-Resident Shareholder on Alamos Shares will be subject to non-resident withholding tax at the rate of 25% unless the rate is reduced under the provisions of an applicable tax treaty or convention. For example, in the case of a Non-Resident Shareholder that is a resident of the United States for purposes of, and is fully-entitled to the benefits under, the Canada-United States Income Tax Convention (1980), this rate will generally be reduced to 15%.

A Non-Resident Shareholder will generally not be liable to Canadian income tax on a disposition or deemed disposition of Alamos Shares unless the Non-Resident Shareholder's Alamos Shares are, or are deemed to be, taxable Canadian property and are not treaty-protected property of the Non-Resident Shareholder at the time of disposition.

20. U.S. Federal Income Tax Considerations

United States Internal Revenue Service (“IRS”) Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, Shareholders are hereby notified that: (i) any discussion of United States federal tax issues contained or referred to in this Circular or in any document referred to herein is not intended or written to be used, and cannot be used by Shareholders, for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code of 1986, as amended (the “Code”); (ii) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) Shareholders should seek advice based on their particular circumstances from an independent tax advisor.

The following is a discussion, as of the date of this Circular, of certain material U.S. federal income tax considerations applicable to U.S. Holders (as defined below) as a result of (i) disposing of Common Shares pursuant to the Offer, and, if applicable, (ii) owning and disposing of Alamos Shares received in exchange for Common Shares pursuant to the Offer.

This summary is not, and is not intended to constitute, a complete description of all the potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of disposing of Common Shares pursuant to the Offer or, if applicable, owning and disposing of Alamos Shares. In addition, this summary does not take into account the individual circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences applicable to such holder. Accordingly, this summary is not intended to be legal or U.S. federal income tax advice with respect to any U.S. Holder. Each U.S. Holder should consult an independent tax advisor regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences of disposing of Common Shares pursuant to the Offer (or one of the subsequent transactions described in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”) and, if applicable, owning and disposing of Alamos Shares.

No ruling from the IRS or opinion of counsel has been or will be sought on any of the issues discussed below. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions described in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions described in this summary.

Scope of this Disclosure

This discussion is based on the Code, U.S. Treasury regulations promulgated thereunder, IRS rulings and official pronouncements, and judicial decisions, all as in effect on the date of this Circular and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the statements and conclusions set forth below and the U.S. federal income tax consequences to U.S. Holders. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation or regulations.

For purposes of this summary, a “**U.S. Holder**” means any beneficial owner of Common Shares or Alamos Shares that is: (i) a citizen or individual resident of the United States for U.S. federal tax purposes; (ii) a corporation or other entity treated as a corporation for U.S. federal tax purposes created or organized in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of its substantial decisions.

This summary does not address any aspect of United States taxation other than U.S. federal income taxation. This discussion applies only to U.S. Holders who hold Common Shares as capital assets within the meaning of Section 1221 of the Code. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to U.S. Holders in light of their particular circumstances, or that may apply to U.S. Holders subject to special treatment under U.S. federal income tax laws, including, without limitation, insurance companies, tax-exempt organizations, financial institutions, dealers in securities, traders in securities that elect mark-to-market

treatment, U.S. expatriates, persons who acquired Common Shares pursuant to the exercise of an employee stock option or right or otherwise as compensation, holders of options and warrants, persons who acquired Common Shares pursuant to Convertible Securities, persons who hold Common Shares as part of a straddle, hedge, constructive sale or conversion transaction, persons whose functional currency is not the U.S. dollar, persons that own or have owned, directly or indirectly or constructively, Common Shares or Alamos Shares representing 10% or more of the voting power of Aurizon or Alamos, and persons that own 5% or more (by voting power or value, taking into account certain attribution rules) of the Common Shares prior to disposing of them pursuant to the Offer. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described above, should consult an independent tax advisor regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences arising from and relating to the disposition of Common Shares pursuant to the Offer (or one of the subsequent transactions described in Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer") and, if applicable, owning and disposing of Alamos Shares.

It is assumed for purposes of this summary that each of Aurizon and Alamos is not, has not at any time been, and will not be after the Offer a "controlled foreign corporation", as such term is defined in Section 957(a) of the Code.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds Common Shares or Alamos Shares, the U.S. federal income tax treatment of such partnership and a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Owners of entities that are classified as partnerships for U.S. federal income tax purposes should consult an independent tax advisor regarding the U.S. federal income tax consequences arising from and relating to the disposition of their Common Shares pursuant to the Offer (or one of the subsequent transactions described in Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer") and, if applicable, owning and disposing of Alamos Shares.

This summary does not, and does not intend to, discuss the U.S. gift, inheritance, estate, state, local or non-U.S. tax consequences to U.S. Holders of the disposition of their Common Shares pursuant to the Offer (or one of the subsequent transactions described in Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer") and, if applicable, owning and disposing of Alamos Shares. Nor does this summary address any tax consequences to a beneficial owner of Common Shares that is not a U.S. Holder. Any holder that is among the classes of persons described in this paragraph should consult an independent tax advisor regarding the U.S. federal, estate, state, local and non-U.S. tax consequences arising from and relating to the disposition of Common Shares pursuant to the Offer (or one of the subsequent transactions described in Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer") and, if applicable, owning and disposing of Alamos Shares.

The Offer

Disposition of Common Shares for Cash Only

Subject to the discussion below regarding passive foreign investment company ("PFIC") considerations, a U.S. Holder who elects the Cash Alternative and disposes of all of such holder's Common Shares for cash, and thus receives no Alamos Shares pursuant to the Offer, will recognize gain or loss equal to the difference, if any, between the U.S. dollar value of the cash consideration received and the U.S. Holder's adjusted tax basis in the Common Shares surrendered therefor. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if such holder's Common Shares have been held for more than one year on the date of disposition. Preferential tax rates may apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. Capital gains recognized by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8%, as described below under "Recently Enacted Legislation". The deductibility of capital losses is subject to limitations under the Code. The U.S. tax consequences of the receipt of cash denominated in Canadian currency and later converted into U.S. currency are discussed below under "Currency Gain or Loss".

Notwithstanding the foregoing, if Aurizon has been a PFIC at any time during a U.S. Holder's holding period for Common Shares (and assuming certain elections have not been made), any gain recognized will be allocated ratably over the U.S. Holder's holding period for its Common Shares. Amounts allocated to the current taxable year and to any years before Aurizon became a PFIC will be treated as ordinary income in the U.S. Holder's current taxable year. In addition, amounts allocated to each taxable year beginning with the taxable year Aurizon first became a PFIC will be taxed at the highest rate in effect for that taxable year on ordinary income. This tax will be subject to an interest charge at the rate applicable to underpayments of income tax.

Taxable Transaction Treatment. Unless Aurizon amalgamates with a subsidiary of Alamos following the Offer (or a Subsequent Acquisition Transaction) and certain other requirements are met, a U.S. Holder's disposition of its Common Shares pursuant to the Offer (or a Subsequent Acquisition Transaction) generally will be a taxable transaction for U.S. federal income tax purposes. If the disposition of Common Shares for Alamos Shares and/or cash is treated as a taxable transaction, subject to the discussion below regarding PFIC considerations, a U.S. Holder will recognize gain or loss equal to the difference between (i) the amount realized and (ii) such U.S. Holder's adjusted tax basis in its Common Shares. The amount realized is the fair market value of the Alamos Shares and/or cash received (determined in U.S. dollars). Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if such holder's Common Shares have been held for more than one year on the date of disposition. Preferential tax rates may apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. Capital gains recognized by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8%, as described below under "Recently Enacted Legislation". The deductibility of capital losses is subject to limitations under the Code. For U.S. federal income tax purposes, a U.S. Holder's basis in any Alamos Shares received will be equal to the fair market value of such shares on the date of their acquisition, and a U.S. Holder's holding period with respect to such Alamos Shares will begin on the next day.

Notwithstanding the foregoing, if Aurizon has been a PFIC at any time during a U.S. Holder's holding period for Common Shares (and assuming certain elections have not been made), then consequences similar to those described in the second paragraph above under "Disposition of Common Shares for Cash Only" would apply.

Tax-Deferred Reorganization Treatment. If Aurizon amalgamates with a subsidiary of Alamos following the Offer (or a Subsequent Acquisition Transaction) and certain other requirements are met, then, although there is limited authority and thus substantial uncertainty, the disposition of Common Shares for Alamos Shares and/or cash pursuant to the Offer (or a Subsequent Acquisition Transaction) may be treated for U.S. federal income tax purposes as an exchange pursuant to a reorganization within the meaning of Section 368(a) of the Code and treated as a tax-deferred transaction (the "**Exchange Transaction**") provided the Exchange Transaction and subsequent amalgamation are treated as a single integrated transaction. It is possible that the IRS could assert that the Offer and the subsequent amalgamation should not be treated as a single integrated transaction entitled to tax deferral and that a court would agree with such an assertion. If the Exchange Transaction qualifies as a Section 368(a) reorganization, subject to the discussion below regarding PFIC considerations, a U.S. Holder will only recognize gain, as a result of the Exchange Transaction, to the extent of the U.S. dollar value of any cash received in the Exchange Transaction and will not recognize any loss. The aggregate adjusted tax basis of a U.S. Holder in Alamos Shares received in the Exchange Transaction will equal such U.S. Holder's aggregate adjusted tax basis in its Common Shares exchanged therefor, increased by the amount of gain recognized and decreased by the U.S. dollar value of cash received by such U.S. Holder in the Exchange Transaction. The holding period of a U.S. Holder in the Alamos Shares received in the Exchange Transaction will include such U.S. Holder's holding period in its Common Shares exchanged therefor.

If a U.S. Holder receives cash in exchange for its Common Shares in the Exchange Transaction, the amount of gain that such U.S. Holder must recognize will equal the lesser of (i) the U.S. dollar value of cash received or (ii) the excess, if any, of (a) the sum of the fair market value of Alamos Shares and cash received (determined in U.S. dollars) over (b) such U.S. Holder's adjusted tax basis in its Common Shares surrendered in the Exchange Transaction. The amount of gain recognized by a U.S. Holder that "has the effect of the distribution of a dividend" will be treated as dividend income to the extent of such U.S. Holder's ratable share of the undistributed accumulated earnings and profits of Aurizon as of the date of the exchange, and any excess will be treated as gain from the exchange of property. Gain that is not treated as dividend income will be capital gain, which will be treated as long-term capital gain if such U.S. Holder's holding period in its Common Shares exceeds one year as of the date of the exchange. U.S. Holders are urged to consult an independent tax advisor regarding the application of the foregoing rules.

In addition, U.S. Holders that exchange Common Shares for Alamos Shares in the Exchange Transaction generally will be required to report certain information to the IRS on their U.S. federal income tax returns for the taxable year in which the Exchange Transaction and the amalgamation occur and to retain certain records related to the Exchange Transaction.

Notwithstanding the foregoing, if Aurizon has been a PFIC at any time during a U.S. Holder's holding period for Common Shares, then under proposed U.S. Treasury regulations, the Exchange Transaction may

constitute a fully taxable transaction for U.S. federal income tax purposes (with the consequences described above under “Taxable Transaction Treatment”) with respect to such holder, unless either a “qualified electing fund” election was made by such holder for the first year of such holder’s holding period that Aurizon was a PFIC or Alamos also constitutes a PFIC at the time of the Exchange Transaction. As described below, Alamos does not believe that it is a PFIC. According to its public filings, Aurizon believes that it was not a PFIC for its taxable year ended December 31, 2011. However, no assurances can be provided as to the PFIC status of either Alamos or Aurizon.

U.S. Holders should consult their own tax advisors regarding the consequences of the Offer (or one of the subsequent transactions described in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”) including whether to report the Exchange Transaction as a tax-deferred exchange and the consequences if the Offer and any subsequent amalgamation are not treated as integrated or if the Exchange Transaction is otherwise not treated as a tax-deferred exchange.

Possible PFIC Status of Aurizon

Generally, a non-U.S. corporation will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to certain “look through” rules, either (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average value of its assets is attributable to assets that produce “passive” income or are held for the production of “passive” income. For this purpose, “passive” income includes, among other things, dividends, interest, certain rents, certain royalties, and gains from the disposition of property that produce such passive income. If a non-U.S. corporation is a PFIC in any taxable year that a U.S. person holds shares or certain options to acquire shares, the non-U.S. corporation generally will continue to be treated as a PFIC with respect to the U.S. person for all subsequent years in which the U.S. person holds shares unless the U.S. person has made certain elections to mitigate the U.S. federal income tax consequences of holding shares of a PFIC.

In its annual filing with the SEC for the fiscal year ended December 31, 2011, Aurizon disclosed that, based on the composition of its income and assets, it does not believe that it was a PFIC for its taxable year ended December 31, 2011. However, because the determination of a corporation’s PFIC status is a factual determination that is made at the close of a taxable year and is subject to change, there can be no assurance that Aurizon will not be a PFIC in 2013, was not a PFIC in 2012 or any previous year or will not become a PFIC in any future taxable year. Each U.S. Holder should consult an independent tax advisor regarding the potential application of the PFIC rules to Aurizon during such U.S. Holder’s holding period for its Common Shares.

Foreign Tax Credit

A U.S. Holder that pays (directly or through withholding) Canadian income taxes in connection with the Offer may be entitled to claim a deduction or credit for U.S. federal income tax purposes, subject to a number of complex rules and limitations. Gain or loss recognized by a U.S. Holder on the disposition of Common Shares generally will be from U.S. sources for foreign tax credit purposes. U.S. Holders should consult an independent tax advisor regarding the foreign tax credit implications of disposing of Common Shares in the Offer.

Currency Gain or Loss

A U.S. Holder using the cash method of accounting who tenders and sells its Common Shares in exchange for cash and who receives payment in Canadian dollars will be considered to have realized an amount equal to the U.S. dollar value of such Canadian dollars determined at the spot Canadian dollar/U.S. dollar rate on the date payment is made. In the case of a U.S. Holder using the accrual method of accounting, the amount realized for United States federal income tax purposes generally will equal the U.S. dollar value of the Canadian dollars to which such U.S. Holder becomes entitled on the date its Common Shares are accepted for purchase by Alamos, determined at the relevant spot exchange rate in effect on that date. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to their U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally would be from U.S. sources for foreign tax credit purposes. U.S. Holders are urged to consult an independent tax advisor concerning the U.S. tax consequences of acquiring, holding and disposing of Canadian dollars.

Under some circumstances, a U.S. Holder may be subject to U.S. information reporting and backup withholding tax on proceeds from the disposition of Common Shares. Information reporting and backup withholding will not apply, however, to a U.S. Holder that is a corporation or is otherwise exempt from information reporting and backup withholding and, when required, demonstrates this fact. In general, backup withholding also will not apply to a U.S. Holder that timely provides a certified taxpayer identification number on an IRS Form W-9 (or successor form) and otherwise duly and timely complies with the applicable requirements of the backup withholding rules. A U.S. Holder that fails to timely provide the correct taxpayer identification number on IRS Form W-9 (or successor form) may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax, and any amount withheld under these rules will be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, if the required information is furnished to the IRS in a timely manner.

Subsequent Transactions

As described in Section 15 of the Circular, "Acquisition of Common Shares Not Deposited Under the Offer", it is Alamos' current intention to enter into one or more transactions to enable Alamos or an affiliate of Alamos to acquire all Common Shares not acquired under the Offer. The U.S. federal income tax considerations with respect to any such subsequent transaction will depend, among other things, on the nature of the transaction and whether Aurizon has been a PFIC during a U.S. Holder's holding period for its Common Shares. Each U.S. Holder should consult an independent tax advisor regarding the U.S. federal income tax considerations with respect to any subsequent transaction to acquire Common Shares.

Ownership of Alamos Shares

Distributions on Alamos Shares

Subject to the discussion below under "PFIC Considerations", the gross amount of any actual or deemed distribution by Alamos (including any Canadian taxes withheld therefrom) with respect to the Alamos Shares will be included in a U.S. Holder's gross income as a dividend to the extent such distribution is paid out of Alamos' current or accumulated earnings and profits, as determined under U.S. federal income tax principles. In general, distributions by a corporation in excess of the corporation's current and accumulated earnings and profits are treated first as a return of capital that reduces a shareholder's tax basis in its shares, and then as capital gain from the sale or other taxable disposition of such shares. Alamos does not intend to maintain calculations of earnings and profits under U.S. federal income tax principles. Accordingly, a U.S. Holder should expect that the full amount of any distribution would be treated as a dividend for U.S. federal income tax purposes. Dividends will not be eligible for the dividends received deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Subject to certain limitations, dividends paid to non-corporate U.S. Holders, including individuals, may be eligible for a reduced rate of taxation if Alamos is deemed to be a "qualified foreign corporation" for U.S. federal income tax purposes. A qualified foreign corporation includes a non-U.S. corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that includes an exchange of information program and that the U.S. Treasury Department has determined to be satisfactory for purposes of the qualified dividend provisions of the Code. The U.S. Treasury Department has determined that the Canada-United States Income Tax Convention (1980) is satisfactory for purposes of the qualified dividend provisions of the Code. A qualified foreign corporation does not include a non-U.S. corporation that is a PFIC for the taxable year in which a dividend is paid or was a PFIC for the preceding taxable year. Dividends on Alamos Shares should be eligible for this reduced rate of taxation as long as Alamos is not a PFIC and is eligible for the benefits of the Canada-United States Income Tax Convention (1980). The amount of the distribution treated as a dividend paid to non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8%, as described below under "Recently Enacted Legislation".

Any dividends should be treated as foreign source income and passive category income, or, in the case of certain U.S. Holders, general category income for U.S. foreign tax credit limitation purposes. Accordingly, any Canadian tax withheld may, subject to certain limitations, be claimed as a foreign tax credit against a U.S. Holder's federal income tax liability or may be claimed as a deduction for U.S. federal income tax purposes. The rules relating to foreign tax credits are complex and the availability of a foreign tax credit depends on numerous factors. U.S. Holders should consult an independent tax advisor concerning the application of the U.S. foreign tax credit rules to their particular situations.

The gross amount of distributions paid in Canadian dollars will be included in gross income by each U.S. Holder using the cash method of accounting in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the distributions are paid, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the Canadian dollars are converted into U.S. dollars on the date of the payment, the U.S. Holder will not be required to recognize any foreign currency gain or loss with respect to the receipt of the Canadian dollar distributions. If the Canadian dollars are converted at a later date, any currency gains or losses resulting from the conversion of the Canadian dollars will be treated as from U.S. sources.

Disposition of Alamos Shares

Subject to the discussion below under “PFIC Considerations”, upon a sale or other taxable disposition of Alamos Shares, a U.S. Holder will recognize capital gain or loss equal to the difference, if any, between (i) the U.S. dollar value of any property and/or cash received and (ii) the U.S. Holder’s adjusted tax basis in the Alamos Shares in U.S. dollars. Such gain or loss will be long-term capital gain or loss if the Common Shares have been held for more than one year. Preferential tax rates may apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. Capital gains recognized by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8%, as described below under “Recently Enacted Legislation”. The deductibility of capital losses is subject to limitations under the Code. Gain or loss will be from U.S. sources for foreign tax credit limitation purposes.

A U.S. Holder (using the cash method of accounting) will have a tax basis in any Canadian dollars received equal to such currency’s U.S. dollar value determined at the spot rate on the date of payment. Any gain or loss recognized by a U.S. Holder on a sale or other disposition of such Canadian dollars on a subsequent date (including the exchange of such currency for U.S. dollars) will be ordinary income or loss and generally will be from U.S. sources for foreign tax credit limitation purposes.

PFIC Considerations

Based on the current composition of the income and assets of Alamos and its subsidiaries, Alamos does not believe that it will be a PFIC in the current taxable year, nor does it anticipate that it will become a PFIC in the foreseeable future. However, there can be no assurance that the IRS will not successfully challenge Alamos’ position or that Alamos will not become a PFIC in a future taxable year, as PFIC status is re-tested each year and depends on a corporation’s assets and income in such year.

If Alamos were treated as a PFIC at any time that a U.S. Holder held Alamos Shares, the U.S. Holder generally would be treated as described in the second paragraph above under “The Offer – Disposition of Common Shares for Cash Only” with respect to any gain recognized on a disposition of Alamos Shares and certain “excess distributions” with respect to Alamos Shares. To mitigate certain adverse consequences of the PFIC tax regime, a U.S. Holder could be eligible to make a “mark-to-market” election and thereby agree for the year of the election and each subsequent tax year to recognize ordinary gain or loss (but only to the extent of prior ordinary gain) based on the increase or decrease in market value of the Alamos Shares for such taxable year. In order for a U.S. Holder to make a mark-to-market election, the Alamos Shares must be regularly traded on a qualified exchange (such as the TSX) for U.S. federal income tax purposes. U.S. Holders should consult an independent tax advisor concerning the U.S. federal income tax consequences of holding Alamos Shares if Alamos were to become a PFIC in any taxable year, and the advisability of making a mark-to-market election in its particular circumstances.

Information Reporting and Backup Withholding

Under some circumstances, a U.S. Holder may be subject to U.S. information reporting and backup withholding tax on distributions paid on, or proceeds from the disposition of, Alamos Shares. Information reporting and backup withholding will not apply, however, to a U.S. Holder that is a corporation or is otherwise exempt from information reporting and backup withholding and, when required, demonstrates this fact. In general, backup withholding also will not apply to a U.S. Holder that timely provides a certified taxpayer identification number on an IRS Form W-9 (or successor form) and otherwise duly and timely complies with the applicable requirements of the backup withholding rules. A U.S. Holder that fails to timely provide the correct taxpayer identification number on IRS Form W-9 (or successor form) may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax, and any amount withheld under these rules will be allowed as a refund or a credit against the U.S. Holder’s U.S. federal income tax liability, if the required information is furnished to the IRS in a timely manner.

In addition, certain U.S. Holders that hold specified foreign financial assets (which may include Alamos Shares) are required to report information relating to such assets, unless an exception applies. Each U.S. Holder should consult an independent tax advisor regarding the effect, if any, of this reporting requirement on its ownership and disposition of Alamos Shares.

Recently Enacted Legislation

U.S. Holders who are individuals, estates, or trusts may be required to pay a 3.8% Medicare tax for taxable years beginning on or after January 1, 2013 on the lesser of (i) such U.S. Holder's "modified adjusted gross income" (or "adjusted gross income" in the case of estates and trusts) over certain thresholds and (ii) such U.S. Holder's "net investment income" (or "undistributed net investment income" in the case of estates and trusts). Net investment income generally includes, among other things, a U.S. Holder's dividends and capital gains. Each U.S. Holder should consult an independent tax advisor regarding the implications of this recently enacted legislation.

21. U.S. Securities Act and U.S. Exchange Act Requirements

The Registration Statement and the Tender Offer Statement filed by Alamos with the SEC concerning the Offer, including exhibits thereto, and Alamos' reports and other information filed under the U.S. Exchange Act are available to the public free of charge at the SEC's website at www.sec.gov. The Offer and Circular do not contain all of the information set forth in the Registration Statement and the Tender Offer Statement. Reference is made to the Registration Statement, the Tender Offer Statement and the exhibits thereto for further information.

22. Documents Incorporated by Reference

The following documents, filed by Alamos with the various securities commissions or similar regulatory authorities in each of the provinces and territories of Canada in which Alamos is a reporting issuer and with the SEC in the United States, are specifically incorporated by reference in, and form an integral part of, the Offer and Circular:

- (a) Annual Information Form, dated March 29, 2012, for the year ended December 31, 2011;
- (b) annual audited consolidated financial statements for the year ended December 31, 2011, including consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and consolidated statements of comprehensive income and changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010 and related notes, together with the auditors' report thereon, contained therein;
- (c) management's discussion and analysis for the annual audited consolidated financial statements for the year ended December 31, 2011;
- (d) unaudited interim consolidated financial statements for the three and nine months ended September 30, 2012, together with the notes thereto;
- (e) management's discussion and analysis for the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2012; and
- (f) management information circular, dated April 26, 2012, in connection with the annual meeting of shareholders held on May 31, 2012.

All documents of the type referred to above (excluding confidential material change reports) and any material change reports or business acquisition reports subsequently filed by Alamos with any securities commission or similar regulatory authority in Canada on or after the date of the Offer and Circular and prior to the Expiry Time shall be deemed to be incorporated by reference into the Offer and Circular and will be incorporated into the Registration Statement and the Tender Offer Statement of which the Offer and Circular forms a part, by amendment. Notwithstanding the foregoing, any and all portions of such documents that consist of Aurizon public disclosure documents expressly identified as such, and whether or not such portions are reproduced or incorporated by reference into an Alamos document, including, without limitation, Aurizon's financial statements and current Annual Report on Form 40-F, are expressly excluded from such incorporation by reference into the Offer and Circular, and Alamos disclaims any responsibility for such disclosure. None of

Alamos or any of its officers or directors assumes any responsibility for the accuracy or completeness of such Aurizon information or for any failure by Aurizon to disclose events or facts which have occurred or which may affect the significance or accuracy of any such

information but which are unknown to Alamos. Information regarding Aurizon is filed publicly by Aurizon with the securities regulatory authorities in Canada, which information is available electronically on SEDAR at www.sedar.com, and with the SEC at www.sec.gov.

Any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of the Offer and Circular to the extent that a statement contained herein, or in any subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying statement or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of the Offer and Circular.

Information has been incorporated by reference in the Offer and Circular from documents filed with the securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Legal of Alamos at Suite 2200, 130 Adelaide Street West, Toronto, Ontario M5H 3P5 and (telephone (416) 368-9932) and are also available electronically on SEDAR at www.sedar.com.

Information contained in or otherwise accessed through Alamos' website, www.alamosgold.com, or any other website (other than information in documents incorporated by reference) does not form part of the Offer and the Circular.

23. Documents Filed as Part of the Registration Statement

The following documents have been filed with the SEC as part of the Registration Statement and the Tender Offer Statement: (i) the Offer and Circular, Letter of Transmittal and Notice of Guaranteed Delivery; (ii) a press release related to the Offer; (iii) a press release related to the earning warning report; (iv) a newspaper advertisement; (v) an early warning report; (vi) the documents listed in the Offer and Circular as incorporated by reference herein; (vii) a share purchase agreement, dated January 13, 2013, between Precious Metals and Minerals Fund, a Series of USAA Mutual Funds Trust and Alamos; (viii) a share purchase agreement, dated January 13, 2013, between Dynamic Precious Metals Fund and Dynamic Strategic Gold Class and Alamos; (ix) a share purchase agreement, dated January 11, 2013, between Van Eck Associates Corporation and Alamos; (x) a share purchase agreement, dated January 10, 2013, between Montrusco Bolton Investments Inc. and Alamos; (xi) powers of attorney pursuant to which the Registration Statement was, or amendments to the Registration Statement may be, signed; and (xii) consents of auditors, counsel and engineers.

24. Risk Factors Related to the Offer

Shareholders should carefully consider the following risk factors related to the Offer. In addition to the risks set out in the documents incorporated by reference in the Offer and Circular (including risks associated with the Alamos Shares), the successful completion of the acquisition by Alamos of all of the Common Shares is subject to certain risks, including as set forth below. Such risks may not be the only risks facing Alamos. Additional risks and uncertainties not presently known may also materially and adversely affect the business, operations, financial condition or prospects of Alamos.

The actual cash and share consideration received by Shareholders will depend on pro-ration, the Alamos Shares issued in connection with the Offer may have a market value different than expected and the value of the cash portion of the Offer will fluctuate for Shareholders.

Alamos is offering to purchase Common Shares on the basis of, at the election of each Shareholder, \$4.65 in cash for each Common Share or 0.2801 of an Alamos Share for each Common Share, subject to pro-ration. Assuming that all Shareholders tendered to either the Cash Alternative or the Share Alternative, each Shareholder would be entitled to receive \$2.04 in cash and 0.1572 of an Alamos Share for each Common Share tendered (based on 175,431,302 Common Shares issued and outstanding on a fully diluted basis), subject to adjustment for fractional shares. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Alamos Shares, the market values of the Alamos Shares and the Common Shares at the time of the take-up of Common Shares under the Offer

may vary significantly from the values at the date of the Offer and Circular or the date that Shareholders tender their Common Shares. If the market price of Alamos Shares declines, the value of the consideration received by Shareholders will decline as well. Variations in the market price of Alamos Shares may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Alamos, market assessments of the likelihood the Offer will be consummated, regulatory considerations, general market and

economic conditions, commodity price changes and other factors over which Alamos has no control. In addition, currency exchange rates may fluctuate and the prevailing exchange rate on the settlement date may be significantly different from the exchange rate on the date of the Offer and Circular or the date that non-Canadian Shareholders tender their Common Shares. These changes may significantly affect the value of the consideration received for tendered Common Shares by non-Canadian Shareholders.

The integration of Alamos and Aurizon may not occur as planned.

The anticipated benefits of the Offer, as described in Section 4 of the Circular, “Reasons to Accept the Offer”, will depend in part on whether the operations, systems, management and cultures of Aurizon and Alamos can be integrated in an efficient and effective manner (and the timing and manner of completion of a Compulsory Acquisition or Subsequent Acquisition Transaction). Most operational and strategic decisions, and certain staffing decisions, with respect to the two companies have not yet been made and may not have been fully identified. These decisions and the integration of the two companies will present significant challenges to management, including the integration of systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, significant one-time write-offs or restructuring charges, unanticipated costs and the loss of key employees. There can be no assurance that there will be operational or other synergies realized upon the acquisition of Aurizon, or that the integration of the two companies’ operations, systems, management and cultures will be timely or effectively accomplished, or ultimately will be successful in increasing earnings and reducing costs. In addition, the performance of Aurizon’s operations after consummation of the Offer could be adversely affected if the Alamos cannot retain selected key employees of Aurizon to assist in the integration and operation of Aurizon and Alamos.

The issuance of Alamos Shares as consideration under the Offer could adversely affect the market price of Alamos Shares after the take up of Common Shares under the Offer.

If all of the Common Shares are tendered to the Offer, up to 23,500,000 additional Alamos Shares will be available for trading in the public market. Moreover, the overall increase in the number of Alamos Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Alamos Shares. The perceived risk of substantial sales of Alamos Shares, as well as any actual sales of such Alamos Shares in the public market, could adversely affect the market price of the Alamos Shares.

The acquisition of Aurizon might not be successfully completed without the possibility of Shareholders exercising dissent and appraisal rights in connection with a Compulsory Acquisition or a Subsequent Acquisition Transaction.

In order for Alamos to acquire all of the issued and outstanding Common Shares, it will likely be necessary, following consummation of the Offer, to effect a Compulsory Acquisition or Subsequent Acquisition Transaction. A Compulsory Acquisition or Subsequent Acquisition Transaction may result in Shareholders having the right to dissent and demand payment of the fair value of their Common Shares. If the statutory procedures governing dissent rights are available and are complied with, this right could lead to judicial determination of the fair value required to be paid to such dissenting Shareholders for their Common Shares that is different from the consideration to be paid pursuant to the Offer. There is no assurance that a Compulsory Acquisition or Subsequent Acquisition Transaction can be completed without Shareholders exercising dissent rights in respect of a substantial number of Common Shares, which could result in the requirement to make a substantial cash payment that could have an adverse effect on Alamos’ financial position and liquidity.

Following the completion of the Offer and prior to the completion of any Compulsory Acquisition or Subsequent Acquisition Transaction, the trading liquidity for Common Shares not deposited under the Offer will be reduced, which might affect the price of the Common Shares and the ability of a Shareholder to dispose of its Common Shares.

If the Offer is successful, the liquidity and market value of the remaining Common Shares held by the public could be adversely affected by the fact that they will be held by a smaller number of holders. Depending upon the number of Common Shares acquired pursuant to the Offer, following the completion of the Offer the Common Shares may no longer meet the TSX and NYSE MKT requirements for continued listing. Additionally, to the extent permitted under applicable Laws, stock exchange regulations and other obligations of Aurizon, Alamos intends to seek to cause the delisting of the Common Shares on the TSX and NYSE MKT. If the TSX or NYSE MKT delists the Common Shares, the market for the Common Shares could be adversely affected. Although it is possible that the

Common Shares could be traded on other securities exchanges or in the over-the-counter market, and the price quotations would be reported by such exchanges or by other sources, there can be no assurance that any such trading or quotations will occur. In addition, the extent of the public market for the Common Shares and the availability of such quotations would depend upon the number of holders and/or the aggregate market value of the Common Shares remaining at such time and the interest in maintaining a market in the Common Shares on the part of securities firms. If the Common Shares are delisted and Aurizon ceases to be a “public corporation” for the purposes of the Tax Act, Common Shares would cease to be qualified investments for trusts governed by RRSPs, registered education savings plans, RRIFs, TFSA and deferred profit sharing plans. Delisting can also have adverse tax consequences to non-resident Shareholders, as described in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”.

After consummation of the Offer, Aurizon could be a majority-owned subsidiary of Alamos and Alamos’ interest could differ from that of the remaining minority Shareholders.

After consummation of the Offer (which may result in Alamos holding less than 100% of the issued and outstanding Common Shares), Alamos would have the ability to elect the directors of Aurizon, appoint new management or approve certain actions requiring the approval of Shareholders, including, in the event Alamos acquires at least 66²/₃% of the issued and outstanding Common Shares, adopting certain amendments to Aurizon’s constating documents and approving mergers or sales of Aurizon’s assets. In particular, after the consummation of the Offer, Alamos intends to exercise its statutory right, if available, to acquire all of the Common Shares not deposited under the Offer or, if such statutory right of acquisition is not available or Alamos elects not to pursue such a right of acquisition, to integrate Aurizon and Alamos, by amalgamation, capital reorganization, share consolidation, statutory arrangement or other transaction for the purpose of enabling Alamos or an affiliate to acquire all Common Shares not acquired under the Offer. In any of these contexts, Alamos’ interests with respect to Aurizon may differ from, and conflict with, those of any remaining minority Shareholders.

Alamos has not verified the reliability of the information regarding Aurizon included in, or which may have been omitted from, the Offer and Circular.

All historical information regarding Aurizon contained in the Offer and Circular, including Aurizon financial information and all pro forma financial information reflecting the pro forma effects of a combination of Aurizon and Alamos that are derived in part from Aurizon’s financial information, has been derived from Aurizon’s publicly available information. Although Alamos has no reason to doubt the accuracy or completeness of Aurizon’s publicly available information, any inaccuracy or material omission in Aurizon’s publicly available information, including the information about or relating to Aurizon and its business, prospects, condition (financial or otherwise) and assets contained in the Offer and Circular, could result in unanticipated liabilities or expenses, increase the cost of integrating the two companies or adversely affect the operational plans or prospects of the two companies and its results of operations and financial condition.

Change of control provisions in Aurizon’s agreements triggered upon the acquisition of Aurizon may lead to adverse consequences.

Aurizon may be a party to agreements that contain change of control provisions that may be triggered following completion of the Offer, since Alamos will hold Common Shares representing a majority of the voting rights of Aurizon. The operation of these change of control provisions, if triggered, could result in unanticipated expenses and/or cash payments following consummation of the Offer or adversely affect Aurizon’s results of operations and financial condition. Unless these change of control provisions are waived by the other party, the operation of any of these provisions could adversely affect the results of operations and financial condition of the combined company.

The Offer is conditional upon, among other things, the receipt of consents and approvals from governments and regulatory authorities that could delay completion of the Offer or impose conditions that could result in an adverse effect on the business or financial condition of Alamos.

The Offer is conditional upon, among other things, Alamos having obtained all government or regulatory consents, authorizations, waivers, permits, reviews, orders, rulings, decisions, approvals, exemptions and the expiration of any applicable waiting periods (including but not limited to those of any stock exchange or other securities regulatory authorities, Competition Act Approval and the HSR Condition) that are necessary or desirable to complete the Offer and the acquisition of Common Shares and to issue and list on

the TSX and NYSE the Alamos Shares issued pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction.
A

substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals could have an adverse effect on the business, financial condition or results of operations of Alamos.

Alamos may not realize the benefits of the combined company's new projects.

As part of its strategy, Alamos will continue its efforts to develop new projects and will have an expanded portfolio of such projects as a result of the acquisition of Aurizon. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks.

Alamos' failure to maintain effective internal controls could have a material adverse effect on its business in the future and the price of its securities.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, Alamos' management will be required to deliver a report that assesses the effectiveness of its internal controls over financial reporting and its independent registered public accounting firm will be required to deliver an attestation report on Alamos' management's assessment of, and the operating effectiveness of, its internal controls over financial reporting in conjunction with their opinion on its audited financial statements. Any failure to maintain adequate internal controls over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause Alamos to report material weaknesses or other deficiencies in its internal controls over financial reporting and could result in a more than remote possibility of errors or misstatements in its consolidated financial statements that would be material. If Alamos or its independent registered public accounting firm were to conclude that its internal controls over financial reporting were not effective, investors could lose confidence in its reported financial information and the price of its securities could decline. Alamos' failure to achieve and maintain effective internal controls could have a material adverse effect on its business in the future, its access to the capital markets and investors' perception of Alamos. In addition, material weaknesses in Alamos' internal controls could require significant expense and management time to remediate.

The Alamos Shares are not currently listed on the NYSE, and an active and liquid trading market for the Alamos Shares may not develop on the NYSE.

The Alamos Shares are not currently listed on the NYSE. Alamos has received conditional approval to list its common shares on the NYSE. Alamos cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market for the Alamos Shares on the NYSE or, if such a market develops, whether it will be maintained. Alamos cannot predict the effects on the price of the Alamos Shares if a liquid and active trading market for the Alamos Shares does not develop on the NYSE. In addition, if such a market does not develop, relatively small sales of Alamos Shares may have a significant negative impact on the price of the Alamos Shares.

U.S. investors in the Alamos Shares may find it difficult or impossible to enforce service of process and enforcement of judgments against Alamos and its directors and officers.

Alamos is incorporated under the laws of British Columbia. In addition, Alamos' directors and officers and the experts named in the Offer and Circular are located outside the United States. A substantial portion of Alamos' assets are, and the assets of the directors and officers of Alamos and the experts named in the Offer and Circular may be, located outside the United States. It may not be possible for investors to effect service of process within the United States upon Alamos, Alamos' directors and officers or the experts named in the Offer and Circular. It may also not be possible to enforce against Alamos, its officers and directors or the experts named in the Offer and Circular judgments obtained in U.S. courts predicated upon the civil liability provisions of applicable securities law in the United States.

There are differences in U.S. and Canadian practices for reporting mineral reserves and resources.

Alamos' mineral reserve and resource estimates are not directly comparable to those made in filings subject to SEC reporting and disclosure requirements, as Alamos reports mineral reserves and resources in accordance with Canadian practices. These practices are different from the practices used to report mineral reserve and resource estimates in reports and other materials filed with the SEC.

Among other differences, Canadian rules allow companies to report measured, indicated and inferred resources. In the United States, mineral resources as reported by Canadian issuers may not be disclosed.

Shareholders are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Furthermore, “inferred resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Accordingly, information concerning descriptions of mineralization and resources contained in the Offer and Circular, or in the documents incorporated herein by reference, may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC. See “Notice to Shareholders Outside Canada”.

25. Statutory Rights

Securities legislation in the provinces and territories of Canada provides security holders of Aurizon with, in addition to any other rights they may have at Law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or a notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

26. Financial Advisor, Dealer Manager and Soliciting Dealer Group

Alamos has retained Dundee Capital Markets to act as its financial advisor in connection with the Offer. Dundee Capital Markets will receive compensation for providing such services.

Alamos has also engaged Dundee Capital Markets to serve as the Dealer Manager for the Offer in Canada and the United States. Alamos will reimburse Dundee Capital Markets for its reasonable out of pocket expenses, and has also agreed to indemnify Dundee Capital Markets against certain liabilities and expenses in connection with the Offer, including certain liabilities under applicable securities laws. The Dealer Manager may form a soliciting dealer group comprised of members of The Investment Dealers Association of Canada and members of Canadian stock exchanges (each, a “**Soliciting Dealer**”) to solicit acceptances of the Offer from persons resident in Canada.

Alamos has agreed to pay each Soliciting Dealer whose name appears in the appropriate space in the Letter of Transmittal accompanying a deposit of Common Shares a fee of \$0.02 for each Common Share deposited by or on behalf of a beneficial owner of Common Shares resident in Canada and taken up by Alamos pursuant to the Offer. The aggregate amount payable to a Soliciting Dealer with respect to any single beneficial owner will not be less than \$200, provided that the beneficial owner owns at least 5,000 Common Shares, or more than \$1,500 per Soliciting Dealer whose name appears in the Letter of Transmittal. If the name of a Soliciting Dealer is not included in the Letter of Transmittal, the fee will be paid to the Dealer Manager. Where Common Shares deposited and registered in a single name are beneficially owned by more than one person, the \$200 minimum and \$1,500 maximum amounts shall be applied separately in respect of each beneficial owner, provided that such beneficial owner owns at least 5,000 Common Shares. Alamos may require the Soliciting Dealers to furnish evidence of beneficial ownership satisfactory to Alamos before payment of fees.

Please send any solicitation fees requests to the Depositary and Information Agent no later than 30 business days after the Expiry Time.

Depositing Shareholders will not be obligated to pay any fee or commission if they accept the Offer by using the services of the Dealer Manager or a Soliciting Dealer. Shareholders should contact the Dealer Manager, the Depositary and Information Agent or a broker or dealer for assistance in accepting the Offer and depositing their Common Shares with the Depositary and Information Agent.

Except as set out in the Offer and Circular, Alamos has not agreed to pay any fees or commission to any stockbroker, dealer or other person for soliciting tenders of Common Shares under the Offer; provided that Alamos may make other arrangements with additional soliciting dealers, dealer managers or information agents, either within or outside of Canada for customary compensation during the Offer if it considers appropriate to do so.

27. Depositary and Information Agent

Alamos has retained Kingsdale Shareholder Services Inc. (“**Kingsdale**”) to act as Depositary and Information Agent for the Offer. The Depositary and Information Agent (i) will receive deposits of certificates

representing Common Shares and accompanying Letters of Transmittal at the offices specified in the Letters of Transmittal, (ii) will receive Notices of Guaranteed Delivery at the offices specified in the Notices of Guaranteed Delivery, (iii) will be responsible for giving certain notices, if required, and disbursing payment for Common Shares purchased by Alamos under the Offer, and (iv) will assist with Shareholder identification and communication in respect of the Offer. The Depositary and Information Agent will receive reasonable and customary compensation from Alamos for its services in connection with its role as depositary and information agent for the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under applicable securities laws.

In addition, Alamos has retained the Depositary and Information Agent as its agent in connection with the Offer.

28. Experts

The audited consolidated financial statements of Alamos for the year ended December 31, 2011, including consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and consolidated statements of comprehensive income and changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, incorporated by reference in this Circular, have been audited by Ernst & Young LLP, chartered accountants, licensed public accountants, as set forth in their report thereon, included therein and incorporated herein by reference given the authority of such firm as experts in accounting and auditing. Ernst & Young LLP has advised Alamos that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario and is registered with the Public Company Accounting Oversight Board (United States).

Information relating to Alamos' mineral properties in the Offer and Circular and the documents incorporated by reference herein has been derived from reports prepared by Dennis Ferrigno, Carl E. Defilippi, Pedro C. Repetto, Herb Welhener, Russ A. Browne, Michael Dobr, Marc A. Jutras, Allen Ray Anderson, Joseph M. Keane, Marc Jutras, Kenneth J. Balleweg, Herb Welhener, Mark Odell, Russell Browne, Susan Ames and Dawn H. Garcia and has been included in reliance on such persons' expertise. Each of the aforementioned persons is a "qualified person" as such term is defined in NI 43-101.

None of the aforementioned persons, nor any director, officer, employee, consultant or partner thereof, as applicable, received or has received a direct or indirect interest in Alamos' property or in the property of any of Alamos' associates or affiliates. To Alamos' knowledge, as at the date hereof, the aforementioned persons specified above who participated in the preparation of such reports, or any director, officer, employee, consultant or partner thereof, as applicable, as a group, beneficially own, directly or indirectly, less than 1% of any class of shares of Alamos.

29. Legal Matters

Legal matters on behalf of Alamos will be passed upon by Torys LLP, counsel to Alamos. The opinion contained under Section 19 of the Circular, "Principal Canadian Federal Income Tax Considerations" has been provided by Torys LLP. As at the date hereof, the partners and associates Torys LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of Alamos' issued and outstanding securities.

30. Directors Approval

The contents of the Offer and Circular have been approved and the sending thereof to Shareholders has been authorized by the board of directors of Alamos.

GLOSSARY

The following terms have the meanings set out below in the Offer and Circular, including the sections entitled “Summary Term Sheet” and “Summary”, but not including the Schedules:

“**2008 Confidentiality Agreement**” has the meaning given to that term in Section 3 of the Circular, “Background to the Offer”;

“**Accounts**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**Acquisition**” means the Offer, a Compulsory Acquisition, a Compelled Acquisition or any Subsequent Acquisition Transaction;

“**Acquisition Transaction**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**Adjustment Payment**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**affiliate**” has the meaning given to that term in National Instrument 45-106 - *Prospectus and Registration Exemptions*, as amended or replaced from time to time;

“**Agent’s Message**” means a message, transmitted by DTC to, and received by, the Depository and Information Agent and forming part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgement from the participant in DTC depositing the Common Shares which are the subject of such Book-Entry Confirmation, that such participant has received and agrees to be bound by the terms of the Letter of Transmittal as if executed by such participant and that Alamos may enforce such agreement against such participant;

“**Ağrı Dağı Project**” has the meaning given to that term in Section 1 of the Circular, “Alamos”;

“**Alamos**” means Alamos Gold Inc.;

“**Alamos Shares**” means the common shares of Alamos;

“**allowable capital loss**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations – Shareholders Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Taxation of Capital Gains and Capital Losses”;

“**Antitrust Division**” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – HSR Act”;

“**ARC**” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – *Competition Act* (Canada)”;

“**associate**” has the meaning given to that term in the Securities Act;

“**Aurizon**” means Aurizon Mines Ltd.;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended or replaced from time to time;

“**Book-Entry Confirmation**” means confirmation of a book-entry transfer of a Shareholder’s Common Shares into the Depository and Information Agent’s account at CDS or DTC, as applicable;

“**business day**” means any day, other than a Saturday, Sunday or a day on which banking institutions in Toronto, Ontario or Vancouver, British Columbia are authorized or obligated by law to close;

“**Casa Berardi Gold Mine**” has the meaning given to that term in Section 2 of the Circular, “Aurizon”;

“**Cash Alternative**” has the meaning given to that term in Section 1 of the Offer, “The Offer”;

“**CDS**” means CDS Clearing and Depository Services Inc., or its nominee, which at the date hereof is CDS & Co.;

“**CDSX**” means the CDS online tendering system pursuant to which book-entry transfers may be effected;

“**CIM**” means the Canadian Institute of Mining, Metallurgy and Petroleum;

“**Circular**” means the circular accompanying and forming part of the Offer;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended or replaced from time to time;

“**Commissioner**” means the Commissioner of Competition appointed under the Competition Act or any person duly authorized to perform duties on behalf of the Commissioner of Competition;

“**Common Shares**” means the issued and outstanding common shares of Aurizon, including any common shares of Aurizon issued on the exercise, exchange or commission of any Convertible Securities prior to the Expiry Time, and “**Common Share**” means any one common share of Aurizon;

“**Compelled Acquisition**” has the meaning given to that term in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Compelled Acquisition”;

“**Competition Act**” means the *Competition Act* (Canada), as amended or replaced from time to time, and the regulations thereunder;

“**Competition Act Approval**” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – Competition Act (Canada)”;

“**Compulsory Acquisition**” has the meaning given to that term in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Compulsory Acquisition”;

“**Consideration Shares**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**Convertible Securities**” means any securities of Aurizon exercisable or exchangeable for, convertible into or otherwise conferring a right to acquire any Common Shares or other securities of Aurizon, including, without limitation, any option, warrant or convertible debenture;

“**Court**” means the Supreme Court of British Columbia;

“**CRA**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”;

“**Dealer Manager**” means Dundee Capital Markets, and specifically Dundee Securities Ltd. in Canada and Dundee Securities Inc. in the United States;

“**Depository and Information Agent**” means Kingsdale Shareholder Services Inc., who can be contacted at 1-866-851-3214 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com;

“**Deposited Shares**” has the meaning given to that term in Section 3 of the Offer, “Manner of Acceptance – Dividends and Distributions”;

“**Distributions**” has the meaning given to that term in Section 3 of the Offer, “Manner of Acceptance – Dividends and Distributions”;

“**DTC**” means The Depository Trust Company or its nominee, which at the date hereof is Cede & Co.;

“**Dynamic**” means Dynamic Precious Metals Fund and Dynamic Strategic Gold Class;

“**Elected Amount**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations – Shareholders Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election”;

“**Eligible Holders**” means a Shareholder who elects (or is deemed to elect) the Share Alternative or elects the Cash Alternative but the prorating provisions of the Offer apply pursuant to the Offer and (a) who is a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention and who is not exempt from tax on income under the Tax Act, or (b) who is not resident in Canada for the purposes of the Tax Act and any applicable income tax treaty or convention and whose Common Shares

constitute “taxable Canadian property” (as defined in the Tax Act) and are not “treat-protected property” (as defined in the Tax Act) of the Shareholder, or (c) which is a partnership if one or more members of the partnership are described in (a) or (b);

“**Eligible Institution**” means a Canadian Schedule I chartered bank, a major trust company in Canada, a commercial bank or trust company in the United States, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP), acceptable to the Depositary and Information Agent; Members of these programs are usually members of a recognized stock exchange in Canada and/or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks or trust companies in Canada or the United States;

“**entities**” means, collectively, with respect to either Aurizon, Alamos, the subsidiaries, associates, affiliates or other persons in which Aurizon, Alamos, as the case may be, has a direct or indirect material interest;

“**Exchange Transaction**” has the meaning given to that term in Section 20 of the Circular “U.S. Federal Income Tax Considerations – The Offer”;

“**Expiry Date**” means February 19, 2013, or such later date or dates to which the Offer may be extended from time to time by Alamos in accordance with Section 5 of the Offer, “Extension, Variation or Change of the Offer”;

“**Expiry Time**” means, in respect of the Offer, 5:00 p.m. (Toronto time) on the Expiry Date;

“**FTC**” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – HSR Act”;

“**fully diluted basis**” means, with respect to the number of issued and outstanding Common Shares at any time, such number of issued and outstanding Common Shares calculated assuming that all Convertible Securities of Aurizon are converted;

“**Governmental Authority**” means any (i) multinational, federal, territorial, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau or agency, domestic or foreign, (ii) any stock exchange or the OTC, (iii) any subdivision or authority of any of the foregoing or (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;

“**HSR Act**” means the United States *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended, and the rules and regulations promulgated thereunder;

“**HSR Condition**” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – HSR Act”;

“**including**” means including without limitation;

“**intermediary**” means a registered broker or dealer, financial institution or other intermediary (within the meaning ascribed to that term in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as amended or replaced from time to time) that holds Common Shares on behalf of a person who is not the registered holder thereof;

“**IRS**” means the U.S. Internal Revenue Service;

“**Kingsdale**” means Kingsdale Shareholder Services Inc.;

“**Kirazli Project**” has the meaning given to that term in Section 1 of the Circular, “Alamos”;

“**Laws**” means any and all (i) laws (including common law), constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations, by-laws, and principles of law and equity, (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgment, orders, decisions, rulings or awards of any Governmental Authority, and (iii) policies, guidelines and protocols of any Governmental Authority, and the term “**applicable**” with respect to such Laws (including environmental Laws) and in a context that refers to one or more parties, means such Laws as are applicable to such party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the party or parties or its or their business, undertaking, property or securities;

“**Letter of Transmittal**” means the letter of transmittal printed on **YELLOW** paper and in the form accompanying the Offer and Circular to be delivered to the Depositary and Information Agent to effect the tender of Common Shares by registered Shareholders pursuant to the Offer;

“**Material Adverse Change**” has the meaning given to that term in Section 4 of the Offer, “Conditions of the Offer”;

“**Maximum Cash Consideration**” means Cdn\$305 million;

“**Maximum Share Consideration**” means 23,500,000 Alamos Shares;

“Maximum Take-Up Date Cash Consideration” means, in respect of a Take-Up Date, the Maximum Cash Consideration multiplied by a fraction the numerator of which is the number of Common Shares to be taken up on such Take-Up Date and the denominator of which is the number of Common Shares to which the Offer relates;

“Maximum Take-Up Date Share Consideration” means, in respect of a Take-Up Date, the Maximum Share Consideration multiplied by a fraction the numerator of which is the number of Common Shares to be taken up on such Take-Up Date and the denominator of which is the number of Common Shares to which the Offer relates;

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time;

“Montrusco” means Montrusco Bolton Investments Inc.;

“Mulatos Mine” has the meaning given to that term in Section 1 of the Circular, “Alamos”;

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, as amended or replaced from time to time;

“Non-Resident Shareholder” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations – Shareholders Not Resident in Canada”;

“Notice of Guaranteed Delivery” means the notice of guaranteed delivery printed on **GREEN** paper and in the form accompanying the Offer and Circular;

“Notifiable Transaction” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – *Competition Act* (Canada)”;

“NYSE” has the meaning given to that term on the cover page of the Offer and Circular;

“Offer” means the offer all of the issued and outstanding Common Shares made hereby by Alamos to the Shareholders, the terms and conditions of which are set forth in the accompanying Offer and Circular, Letter of Transmittal and Notice of Guaranteed Delivery;

“Offerees” has the meaning given to that term in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Compulsory Acquisition”;

“Offeror’s Notice” has the meaning given to that term Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer – Compulsory Acquisition”;

“OTC” has the meaning given to that term on the cover page of the Offer and Circular;

“person” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

“PFIC” means a passive foreign investment company for U.S. federal income tax purposes;

“Price Protection Transaction” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“Purchase Price” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“Purchased Shares” has the meaning given to that term in Section 3 of the Offer, “Manner of Acceptance – Dividends and Distributions”;

“Registration Statement” has the meaning given to that term under “Notice to Shareholders Outside Canada”;

“Resident Shareholder” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations – Shareholders Resident in Canada”;

“Rollover Option” means the option of an Eligible Holder to tender Common Shares to Alamos on a full or partial tax-deferred rollover basis for purposes of the Tax Act pursuant to an election under subsection 85(1) or (2) of the Tax Act (or the corresponding provisions of any applicable provincial tax legislation), as described in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”, which option is available to a Shareholder who (a) is an Eligible Holder, (b) receives Alamos Shares pursuant to the Offer and (c) has elected the “Rollover Option” in the Letter of Transmittal;

“**RRIFs**” means registered retirement income funds;

“**RRSPs**” means registered retirement savings plans;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**SEC Industry Guide 7**” means the SEC Industry Guide 7 under the U.S. Securities Act and the U.S. Exchange Act;

“**Second Request**” has the meaning given to that term in Section 17 of the Circular, “Regulatory Matters – HSR Act”;

“**Securities Act**” means the *Securities Act* (British Columbia), as amended or replaced from time to time;

“**SEDAR**” means the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval whose website is www.sedar.com;

“**Share Alternative**” has the meaning given to that term in Section 1 of the Offer, “The Offer”;

“**Share Purchase Agreements**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**Shareholder**” means a holder of a Common Share;

“**Soliciting Dealer**” has the meaning given to that term in Section 26 of the Circular, “Financial Advisor, Dealer Manager and Soliciting Dealer Group”;

“**Subject Shares**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**Subsequent Acquisition Transaction**” has the meaning given to that term in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”;

“**Subsequent Offering Period**” has the meaning given to that term in Section 2 of the Offer, “Time for Acceptance”;

“**subsidiary**” has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as amended or replaced from time to time;

“**Supplementary Information Request**” has the meaning given to that term in Section 17 of the Circular; “Regulatory Matters – *Competition Act* (Canada)”;

“**Take-Up Date**” means a date upon which Alamos takes up or acquires Common Shares pursuant to the Offer. Alamos reserves the right, to the extent permitted by applicable Law, to have multiple Take-Up Dates;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended or replaced from time to time;

“**Tax Election**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations – Shareholders Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Exchange of Common Shares for Alamos Shares only or a Combination of Alamos Shares and Cash – Tax Election”;

“**Tax Proposals**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”;

“**Tax Regulations**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations”;

“**taxable capital gain**” has the meaning given to that term in Section 19 of the Circular, “Principal Canadian Federal Income Tax Considerations – Shareholders Resident in Canada – Disposition of Common Shares Pursuant to the Offer – Taxation of Capital Gains and Capital Losses”;

“Tender Offer Statement” has the meaning given to that term under “Notice to Shareholders Outside Canada”;

“TFSAs” means tax-free savings accounts;

“**Transaction Consideration**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”;

“**TSX**” has the meaning given to that term on the cover page of the Offer and Circular;

“**U.S.**” or “**United States**” means the United States of America, its territories and possessions, States of the United States, and the District of Columbia;

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

“**U.S. Holder**” has the meaning given to that term in Section 20 of the Circular, “U.S. Federal Income Tax Considerations”;

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

“**USAA**” means Precious Metals and Minerals Fund, a Series of USAA Mutual Funds Trust;

“**Valuation Requirements**” has the meaning given to that term in Section 15 of the Circular, “Acquisition of Common Shares Not Deposited Under the Offer”; and

“**Vendor**” has the meaning given to that term in Section 6 of the Circular, “Share Purchase Agreements”.

SCHEDULE “A”
DESCRIPTION OF THE KIRAZLI & AĞI DAĞI GOLD PROJECT

1. SUMMARY

The Kirazlı and Ağı Dağı Gold and Silver Mine development projects (the “Projects”) are located in the Biga Peninsula in the province of Çanakkale, in northwestern Turkey. The Projects are owned by Alamos Gold Inc. (“Alamos”) through its wholly-owned Turkish subsidiaries Kuzey Biga Madencilik San. Tic. A.Ş. (“Kuzey Biga”) and Doğu Biga Madencilik San. Tic. A.Ş. (“Doğu Biga”).

This NI 43-101 documentation presents the updated resource estimates for the projects and establishes the mining sequences, pit configurations, production rates, and other considerations relevant to optimizing the financial performance of the projects in a manner that is consistent with the interests of local communities and other key stakeholders. A Prefeasibility Study (PFS) dated July 31, 2012 was filed on SEDAR on August 9, 2012. The PFS will be a reference document for the NI 43-101 documentation.

The financial analysis in this NI 43-101 and the referenced PFS are based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental considerations, as well as the evaluation of other relevant factors to determine the viability of the projects. This NI 43-101 documentation concludes that the required resources used in the mine plan can be secured to successfully implement and operate the projects.

Figure 1-1 identifies the location of the projects within the region.

Figure 1-1 Projects Location Within the Region



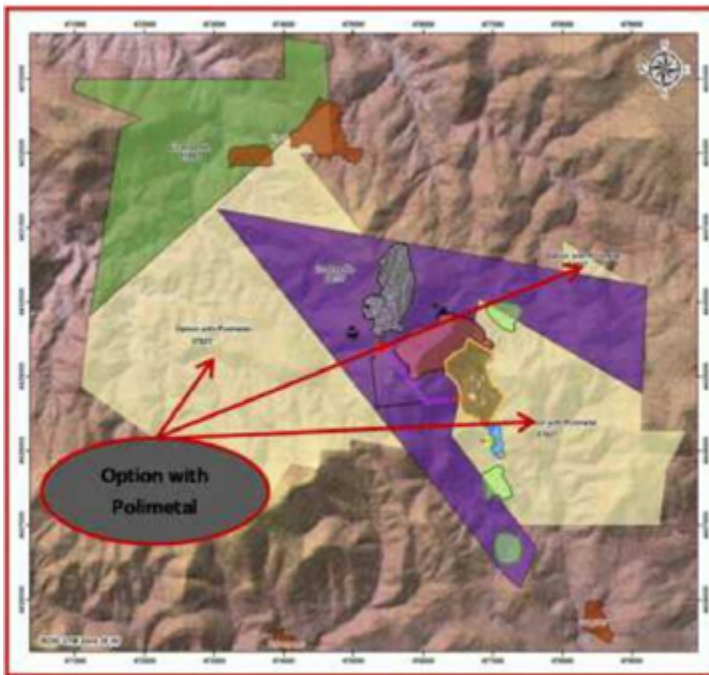
30 June 2012

1.1 Background and Project Description

The Ağı Dağı and Kirazlı projects comprise two separate, stand-alone mining projects, separated by a distance of about 19 kilometers. Alamos acquired the Ağı Dağı and Kirazlı Projects in January 2010 from Teck Resources and Frontier Development Group, which had held the property in a 60/40 joint venture. Part of the Kirazlı project footprint is located on a concession belonging to Polimetal Madencilik (a Joint Venture operated by Lidya Madencilik with Alacer Gold) consisting of 1,891.67 hectares. Alamos currently has an agreement in place with Polimetal with an option to acquire 100% at any time with a cash payment of \$1M.

The Kirazlı Project is located in the Çanakkale Province in the Biga Peninsula of Northwestern Turkey. The property consists of 1,540.55 hectares of mineral tenure in two contiguous licenses. **Figure 1-2** shows a summary of the Kirazlı Project, and **Figure 1-3** presents the general arrangement.

Figure 1-2 Kirazlı Concession



Kirazlı Summary

Drilling: The project has 243 exploration drill holes; total of approximately 36,000 m drilled.

Production: The average annual metal production is expected to be 99,000 oz/yr gold and 601,000 oz/yr silver. Mine life is planned for approximately 5 years yielding 495,000 oz gold and 3,006,000 oz silver.

Mineral Resource Estimates: The mineral resource estimate at 0.20 g/t cutoff grade, oxide and transition only

Measured: 0.88 Mt at 1.17 g/t Au and 13.22 g/t Ag

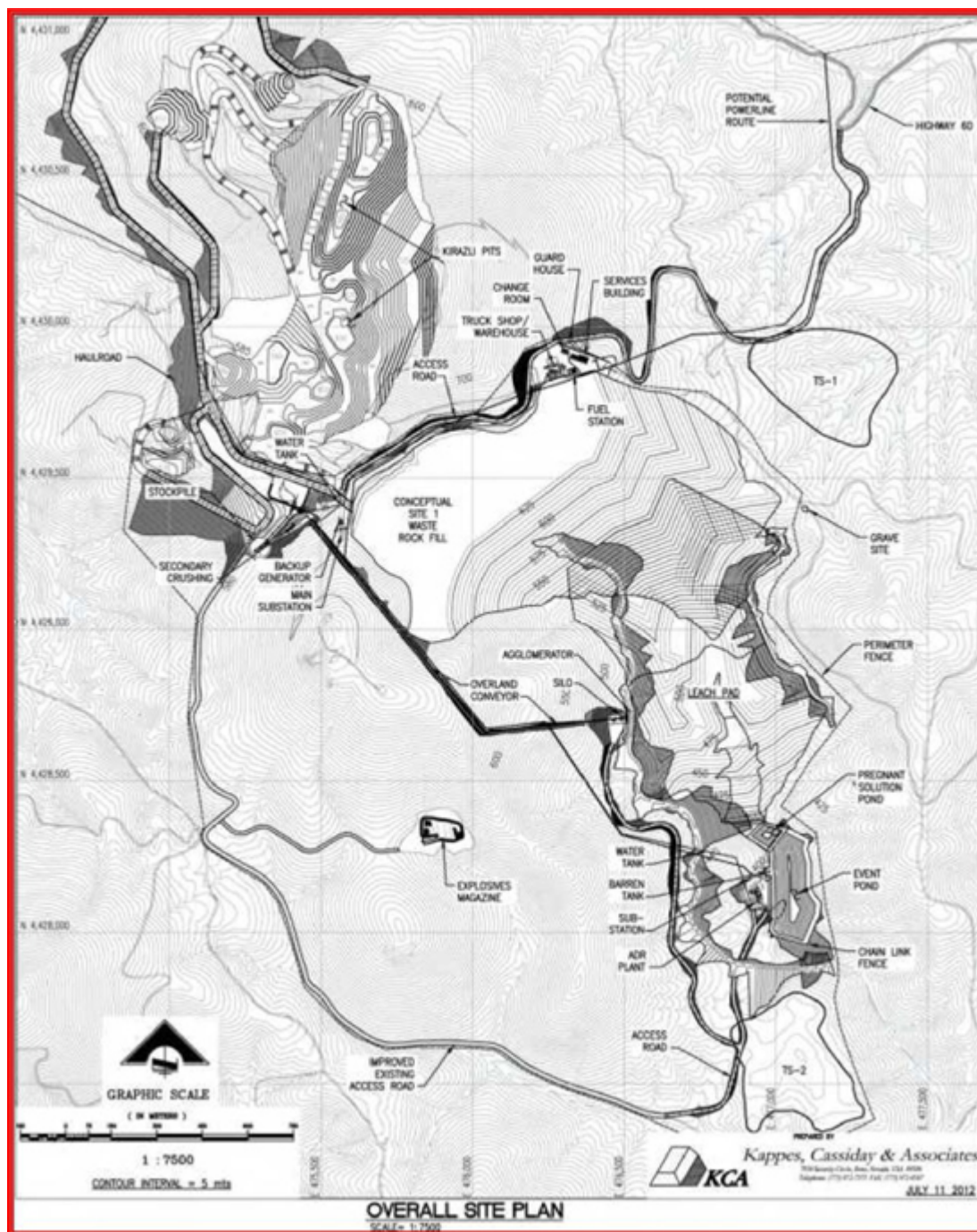
Indicated: 29.9 Mt at 0.70 g/t Au and 8.35 g/t Ag

Inferred: 5.6 Mt at 0.52 g/t Au and 9.95 g/t Ag

Current PFS Mine Plan Resources Design basis; using \$1,150/oz design pits: 25.6 Mt ore @ 0.75 g/t Au, 11.75 g/t Ag

(Note: See June 27, 2012 press release posted on SEDAR for details of the Mineral Resource)

Figure 1-3 Kirazlı General Arrangement

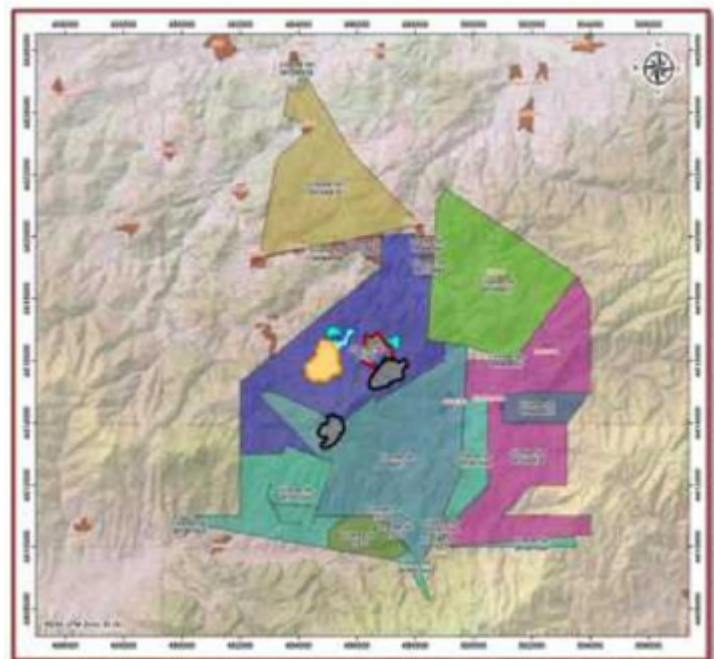


A-3

The Ağı Dağı Project is also located in the Çanakkale Province in the Biga Peninsula of Northwestern Turkey. The Ağı Dağı site includes the Baba and Deli ore deposits which will be mined by the open pit method, presented in **Figure 1-4**. The property consists of a total of 10,525.04 hectares of mineral tenure in 11 contiguous licenses. The Ağı Dağı Baba and Deli pits are at elevations of 725-910 meters above sea level and 535-740 meters above sea level, respectively.

Alamos acquired the Project and issued a preliminary economic assessment (PEA#428-01-028.01) dated March 29, 2010 “Scoping Study”. Since the issue of the PEA, Alamos has continued exploration drilling, gathered additional baseline data, conducted metallurgical testing, resource estimates used in mine plan, and additional test work for the Environmental Impact Assessment report (“EIA”), as well as geotechnical and water verification of site conditions to be used for this PFS as well as final design, construction, and operation.

Figure 1-4 Ağı Dağı Concession



Ağı Dağı Summary

Drilling: The project has 516 exploration drill holes with a total of approximately 59,100 m drilling.

Production: The average annual metal production is expected to be 142,857 oz/yr of gold and 271,000 oz/yr of silver. Mine life is currently forecasted for 7 years yielding 1,001,800 oz gold and 1,897,000 oz silver.

Mineral Resource Estimates: The mineral resource estimate at 0.20 g/t cutoff grade (sum of Baba and Deli oxide and transition with no sulfide included):

Measured: 20.4 Mt @ 0.53 g/t Au, 1.17 g/t Ag

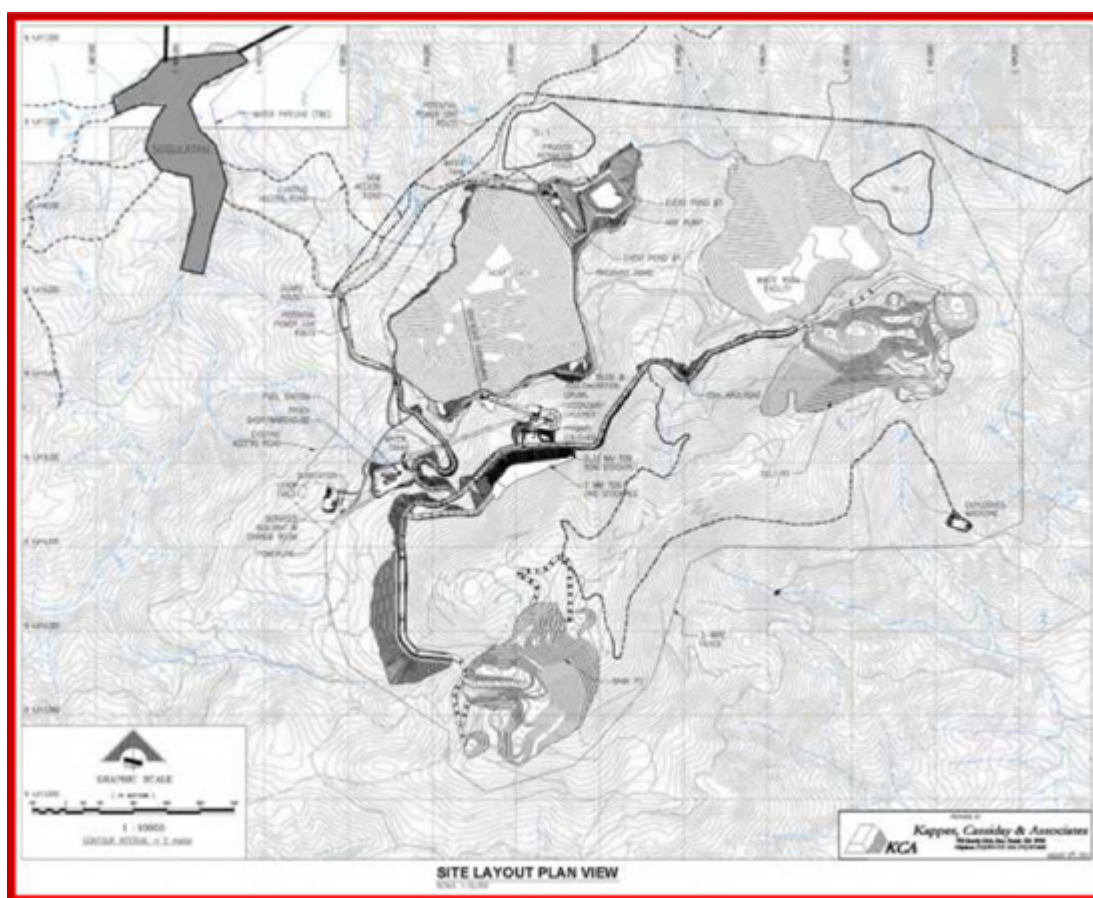
Indicated: 59.0 Mt @ 0.61 g/t Au and 4.07 g/t Ag

Inferred: 20.9 Mt @ 0.53 g/t Au and 2.86/t Ag

Current PFS Mine Plan Resources Design basis; using \$1,150/oz design pits: 69.1 Mt ore @ 0.55 g/t Au, 3.3 g/t Ag

(Note: See June 27, 2012 press release posted on SEDAR for details of the Mineral Resource)

Figure 1-5 Ağı Dağı General Arrangement



A-5

The following timeline sets out the history of ownership and development of the Project.

Table 1-1 Project Ownership and Development Timeline

Timeline	Milestone
Mid-1987 thru 1989	Tüprag Metal Madencilik (“Tüprag”) acquired the Kirazlı Gold Property. Tüprag entered into the Kirazlı Mining Venture agreement (“KMV”) with Newmont Overseas Exploration Ltd. (“NOEL”).
1990	Ağrı Dağı Property acquired by Tüprag Metal Madencilik Sanayi.
1995-1998	Ağrı Dağı Madencilik Sanayi A.Ş. spent US\$ 1,137,454 on exploration of the property and drilled 8,276.9m in 74 holes and carried out various field surveys as described below.
2004-2005	Kirazlı 891.9 meters of drilling was completed in 4 holes in 2005, and 7,377.5 meters of drilling was completed in 44 holes in 2005.
April 2004	Ağrı Dağı Fronteer Development Group Inc. entered into an option agreement with Teck-Cominco Arama ve Madencilik.
2006	13,499.65 meters of drilling completed comprising 832.3 meters Reverse Circulation (RC) drilling and 12,667.7 meters of diamond drilling.
2007	Kirazlı technical report completed for the Kirazlı property on behalf of Fronteer, and included a resource estimate for the property.
September 23, 2009	Ağrı Dağı and Kirazlı: Teck and Fronteer enter into property sale negotiations with Alamos by signing a memorandum of understanding (“MOU”).
December 9, 2009	Alamos signs a Definitive Purchase Agreement for the Ağrı Dağı and Kirazlı project, replacing the previous MOU.
January 6, 2010	Alamos acquires the projects from Teck Resources and Fronteer Development for \$40M in cash and 4 million common shares of Alamos.
March 29, 2010	Alamos issues a Scoping Study on the Kirazlı/Ağrı Dağı properties.
2010-2012	243 exploration drill holes (approximately 36,000 m) have been drilled in Kirazlı. 516 exploration drill holes (defining the Baba and Deli mine plan resource) have been drilled with a total of approximately 59,100 m of drilling at Ağrı Dağı.

Alamos engaged industry professionals with significant experience and expertise in heap leach and gold facility project development. **Table 1-2** highlights the firms used in the development and design of the gold and silver heap leach mining facilities, and that participated in the generation of this report.

Table 1-2 Firms Contributing to Design and Development of the Project

Organization	Responsibilities	Unique Qualifications
Kappes Cassiday & Associates	Pre-Feasibility Study report review; Project Engineer, process and infrastructure design	Heap leach process and infrastructure design for gold and silver greenfield development properties Currently completing design and commissioning for a project in Turkey working with DAMA Engineering
Golder Associates	Environmental Impact Assessment Civil, heap leach and geotechnical design Closure plan, site water management, water supply Hydrogeology Geochemistry	Turkey project office and experience in Turkish permitting for development projects Geotechnical Engineer and design for mining and environmental permit development projects Heap leach and waste dump design subject matter experts Water supply and surface water management subject matter experts
Independent Mining Consultants	Mine design and equipment selection	Mine planners for gold and copper properties Experience working for Alamos in Mexico
Hidrokon	Design, reservoir, pipelines, and pump stations	Turkish dam and water reservoir design firm; known throughout Turkey for quality and cost delivery in projects
Call & Nicholas	Pit slope stability	Geotechnical pit slope and design experts for mine pit and heap leach slope and testing
Allen Anderson	Metallurgical testing; extraction forecast	Minerals testing and recovery of extracted ores for gold, copper and precious metals
DAMA	Turkish standards and local costing	Turkish management consultant experienced in local project delivery; scheduling and cost estimating
NetVizyon	Community and public relations experts	Recognized public relations firm Subject matter experts
ENCON	Environmental studies and permitting Community relations	One of the oldest and most highly regarded environmental and permitting firms in Turkey

In accordance with Turkish regulations, the following permits (**Table 1-3**) are required with the corresponding milestones.

Table 1-3 Turkish Permits and Anticipated Approvals Timeline

	Kirazlı	Ağı Dağı
EIA Approval	Q1-2013	Q2-2013
Forestry Permit and License to Start and Operate a Business Permit	Q3-2013	Q4-2013
Operating Permits	Q3-2013	Q4-2013
Construction Start	Q3-2013	Q4-2013
First Gold Pour	Q4-2014	Q4-2016

The Ağı Dağı and Kirazlı Gold deposits are high-sulphidation, epithermal gold deposits. Gold mineralization at Kirazlı and at Ağı Dağı is hosted within Miocene-age andesitic tuffs or felsic volcanic rocks and phreatic breccias typical in some deposits of this type.

The principal model for gold mineralization at the Ağı Dağı and Kirazlı Gold Properties is a high-sulphidation, epithermal gold deposit. Premier examples of this kind of deposit in the world are Yanacocha, Pierina and Alto Chicama in Peru. Most high-sulphidation deposits are large, low grade bulk-tonnage systems (Yanacocha), though vein-hosted high-sulphidation deposits also occur (El Indio).

At Kirazlı, gold mineralization is hosted within heterolithic phreatomagmatic/phreatic breccia bodies cutting through Miocene-age andesitic tuffs. Mineralization can generally be subdivided into two main types:

A low-grade gold zone underlies much of Ağı Dağı, broadly enveloping the high-grade gold zones. This low grade mineralization occurs both above and below the zone of supergene oxidation (redox boundary). The wide spread, low grade mineralization is interpreted to be early and may be associated with the broad epithermal alteration that resulted in the chalcedonic silica (the second silica event). Please see **Figures 1-6 and 1-7**.

Four elongate bodies of high-grade gold mineralization occur in the advanced argillic zone overlapping slightly the bottom of the 1 km-long silica cap and the silica roots. High-grade gold mineralization also shows a strong spatial relationship with the margins of heterolithic breccia bodies. These bodies transect the redox boundaries.

Figure 1-6 Kirazlı Lithology Interpretation - Section N 30350

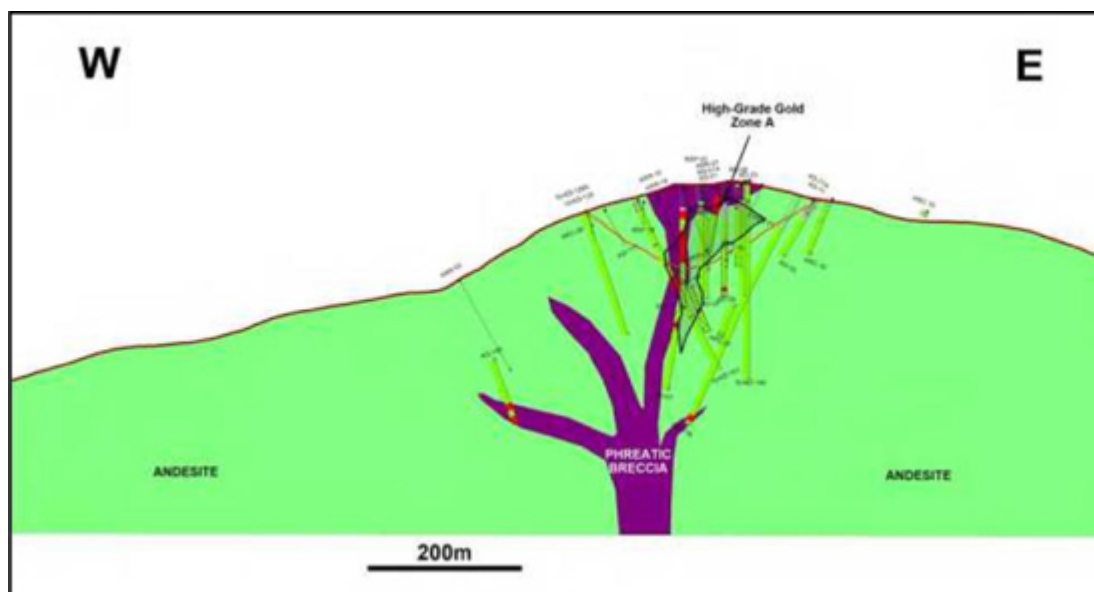
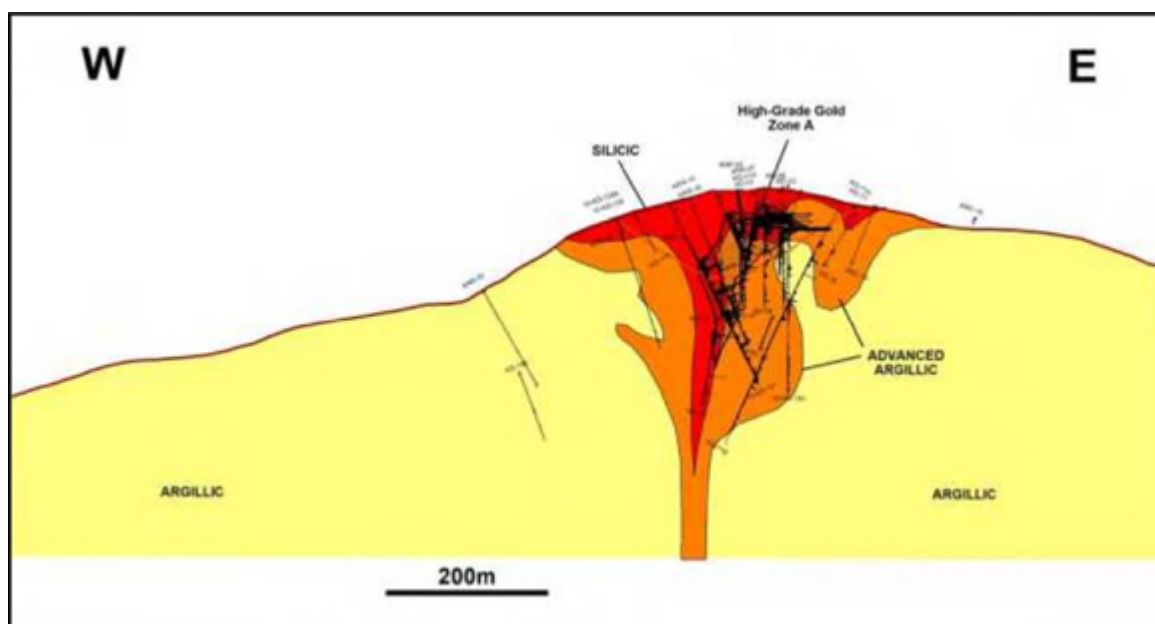


Figure 1-7 Kirazlı Alteration Interpretation - Section N 30350



At Ağı Dağı, gold mineralization is associated with felsic volcanic rocks of Miocene age and a northeast-trending silica cap rock about four km by two km in extent which forms a topographic high 700 to 900 meters in relief. The gold mineralization is disseminated and associated with intensely silicic alteration comprised of oxidized vuggy silica overprinting brecciated rocks hosted in volcanic felsic to intermediate tuffs and occasionally phreatic breccia bodies. Hydrothermal breccias (crackle, jigsaw, hydrothermal) are most common. Pyrite is the most abundant primary sulfide mineral associated with gold in the sulphide rocks. Trace to minor amounts of enargite, covellite, galena and molybdenum are present locally.

Five main zones of gold mineralization are present at Ağı Dağı: the Baba, Ayı Tepe, Fire Tower, Ihlamur and Deli Zones. Please see **Figures 1-8** and **1-9**. Mineral resources have been generated for the Baba and Deli zones, and have also been developed for the Fire Tower zone. The Baba, Fire Tower and Deli zones occur along the east side of the NE-SW trending mountain ridge, corresponding to silicified dacite and phreatic breccia that may fill a paleo-basin in dacite and feldspar porphyritic andesite. Gold mineralization is continuous between Baba and Deli through Fire Tower, a strike distance of over 4 km. The Ayı Tepe and Ihlamur zones are on a sub-parallel trend to the north. Mineralization along the Ayı Tepe – Ihlamur trend has only been sporadically drilled.

The north part of Baba hill is composed of phreatic breccia and dacite flows and tuffs cutting andesites within a northeast trending, 500 meter wide paleo-basin filled with dacite flow and tuff. Ayı Tepe hill is underlain by the same geological units in the same relation as Baba. These two basins are elongated towards the northeast along the length of Ağı Mountain. As the andesites are principally argillic altered and weather recessively compared to dacites, they generally occur in topographic lows between the silicified ridges.

Figure 1-8 Baba Lithology Interpretation - Section N 2200

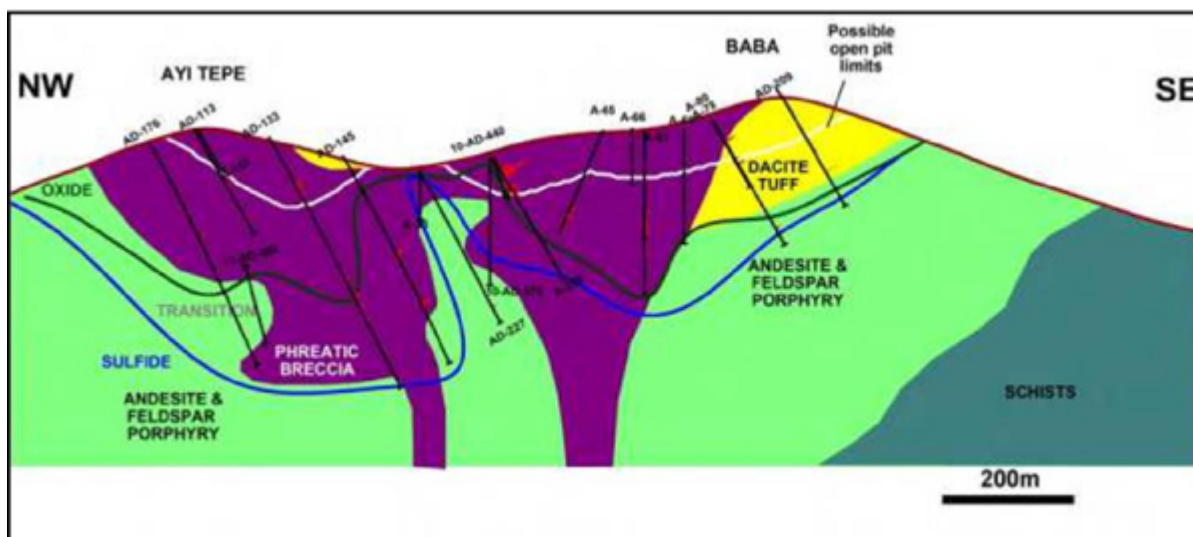
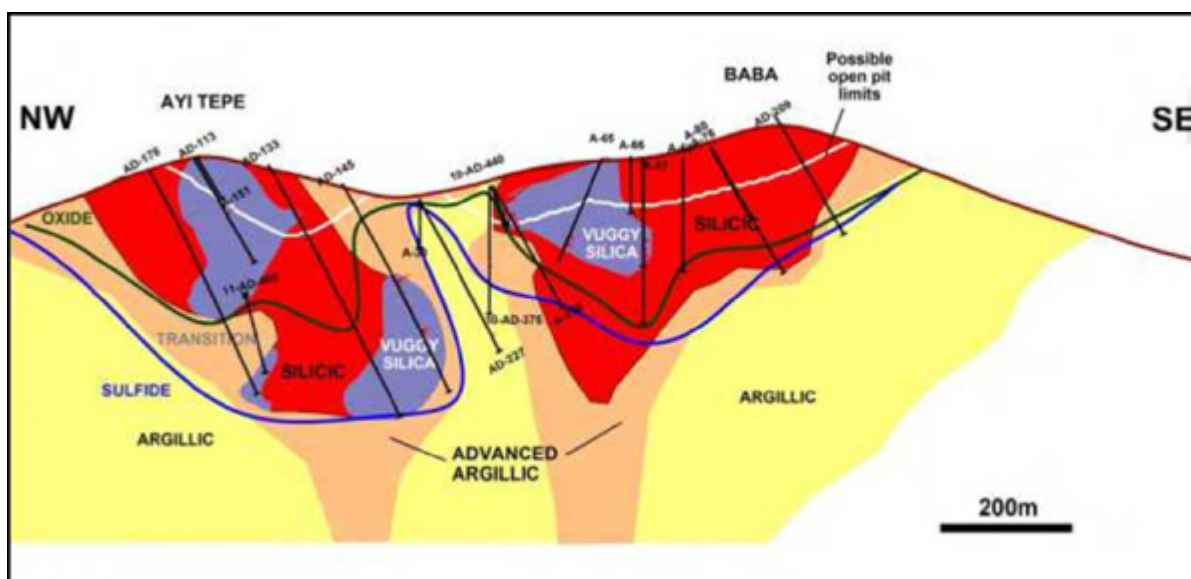


Figure 1-9

Baba Alteration Interpretation - Section N 2200



The estimate of the resources within the mine plans at Kirazlı and Ağı Dağı was performed with the ordinary kriging technique. A total of 243 drill holes from Kirazlı and 516 drill holes from Ağı Dağı (Baba, Fire Tower, Deli) were part of the drill hole database. Gold and silver grades from original samples were composited to a 3 m regular length and higher grade outliers were capped. Variograms were utilized to identify the directions of greater grade continuity and modeled parameters were integrated in the grade estimation process. Alteration and oxidation units, which are controls on gold and silver mineralization, were also part of the grade interpolation strategy. The resulting gold and silver grade estimates were validated by various verification tests. The resources within the mine plans were constrained by an open pit surface optimized at a gold price of \$1,250.00/oz and silver price of \$22.50/oz within the oxide and transition material.

Table 1-4 presents the resource within the mine plan base case estimate for the Kirazlı area and **Table 1-5** presents the same information for the Ağı Dağı area.

Table 1-4 Kirazlı Resource Within the Mine Plan Estimate - Base Case

Oxide and Transition Base Case										
Au Cut-off g/t	Measured					Indicated				
	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz
0.2	884,000	1.17	33,400	13.22	375,600	29,864,000	0.70	673,100	8.35	8,016,900
Au Cut-off g/t	Measured + Indicated					Inferred				
	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz
0.2	30,748,000	0.71	706,400	8.49	8,392,500	5,575,000	0.52	93,300	9.95	1,783,600

Table 1-5 Ağı Dağı Resource Within the Mine Plan Estimate - Base Case

Oxide and Transition Base Case										
Au Cut-off g/t	Measured					Indicated				
	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz
0.2	20,376,000	0.53	344,200	1.17	766,600	58,990,000	0.61	1,165,600	4.07	7,712,100
Au Cut-off g/t	Measured + Indicated					Inferred				
	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz	Tonnage tonnes	Au Grade g/t	Au Content oz	Ag Grade g/t	Ag Content oz
0.2	79,366,000	0.59	1,509,800	3.32	8,478,700	20,861,000	0.53	355,800	2.86	1,920,400

The Kirazlı and Ağı Dağı resources within the mine plan are in two unique locations with Kirazlı located approximately 19 kilometers northwest of Ağı Dağı. Mining of the Kirazlı and Ağı Dağı (Baba and Deli) deposits will be done by open pit methods utilizing a traditional drill, blast, load and haul sequence to deliver ore to the primary crusher and the waste to waste dumps, pit backfill and / or as Heap Leach Facility construction fill.

The resources within the mine plan are based on 5 m bench height to match the resource model bench height. The resource within the mine plan tonnages included in this section is a sub-set of the mineral resource presented in Section 14. At this time, no additional dilution factors or mining losses have been applied to the grade model. **Table 1-6** is a summary of the resources within the pit limit for Kirazlı and Ağı Dağı.

Table 1-6 Resources within Mine Plan

Deposit	Class	Tonnage & Grade > + \$0.10/t Net Value Cutoff						Contained Oz.		Recoverable Oz.	
		ktonnes	\$/t	Net		Recov		Gold	Silver	Gold	Silver
				Value	Gold	Silver	Recov Au				
				g/t	g/t	g/t	g/t				
Kirazlı	Measured	738	37.62	1.30	15.86	1.08	1.08	30,763	376,395	25,545	104,594
Ağı Dağı	Measured	17,518	12.00	0.52	1.16	0.42	0.42	290,957	651,119	238,778	147,958
Total	Measured	18,256	13.04	0.55	1.75	0.45	0.43	321,720	1,027,514	264,323	252,552
Kirazlı	Indicated	24,861	18.98	0.73	11.63	0.59	3.63	583,248	9,295,713	468,604	2,901,857
Ağı Dağı	Indicated	51,622	13.67	0.57	4.03	0.46	1.05	942,312	6,687,543	770,263	1,746,526
Total	Indicated	76,483	15.40	0.62	6.50	0.50	1.89	1,525,560	15,983,256	1,238,867	4,648,383
Kirazlı	Sum M&I	25,599	19.52	0.75	11.75	0.60	3.65	614,011	9,672,108	494,149	3,006,451
Ağı Dağı	Sum M&I	69,140	13.25	0.55	3.30	0.45	0.85	1,233,269	7,338,662	1,009,041	1,894,484
Total	Sum M&I	94,739	14.94	0.61	5.58	0.49	1.61	1,847,280	17,010,770	1,503,190	4,900,935

1.2 Process / Heap Leach Design

The Kirazlı Project has been designed as a 15,000 tonne per day heap leach operation utilizing a multiple-lift, single-use leach pad. The ore will be processed by primary crushing and open circuit secondary crushing to a nominal size of 26 mm. The secondary crushed ore will be agglomerated with a nominal 2.5 kg/t cement in an agglomeration drum, stacked on the heap leach pad by conveyor stacking and processed by heap leaching methods.

Processing at Ağı Dağı will be similar to Kirazlı. Ağı Dağı has been designed as a 30,000 tonne per day heap leach operation utilizing a multiple-lift, single-use leach pad. The ore will be processed by primary crushing and open circuit secondary crushing to a nominal size of 26 mm. The secondary crushed ore will be agglomerated with a nominal 2.5 kg/t cement in an agglomeration drum, stacked on the heap leach pad by conveyor stacking and processed by heap leaching methods.

A single heap leach facility is planned for the Kirazlı site. The Kirazlı Heap Leach Facility (KHLF) will have a capacity of approximately 26 million tonnes. Similarly, a single heap leach facility is planned at the northern side of the Ağı Dağı site (HLF) with a capacity of approximately 70 million tonnes. These capacities were selected to process the measured and indicated mine plan resource for the selected pit design.

The preliminary design of the leach pads meets or exceeds North American standards and practices for containment, piping systems, and ponds, which is intended to lessen the environmental risk of the facilities to impact local soils, surface water, and groundwater in and around the site. Challenges to development of both sites include management of springs on and surrounding the sites, relatively steep topography, and the potential for relatively strong earthquake events. At the current level of review, these challenges have been overcome through use of sound engineering practices.

The HLFs are designed to operate as zero discharge systems; therefore, they include provisions to accommodate upset conditions such as severe storms and temporary loss of electric power or pumps.

The HLFs will have the following features:

KHLF will be constructed in two phases to accommodate 26 million tonnes of processed ore. The Ağı Dağı HLF will be constructed in three phases to accommodate 70 million tonnes of processed ore.

Both the KHLF and HLF will require large fills during construction to shape the sites for gravity solution control, storm water diversion, geotechnical stability, and will include ravine drains to collect and transmit spring flow to the natural drainage at the toe of the HLFs.

Both the KHLF and HLF will have a composite base liner that meets or exceeds international standards consisting of (from the base up) 0.5 m of compacted low permeability soil, a 2.0 mm thick high density polyethylene (HDPE) geomembrane, and a 0.7 m thick drainage layer of crushed ore or mine waste.

Ore will be stacked in nominal 10-meter lifts using conveyors and radial stackers starting from the lower elevations of the leach pad. Benches will be provided between lifts to provide an overall heap slope of 3H:1V.

Solution will be collected above the leach pad HDPE geomembrane and delivered to the Pregnant Pond using a drainage pipe system placed above the HDPE geomembrane within the 0.7 m drainage layer.

During normal operation, pregnant solution will be removed from the Pregnant Pond to an adsorption facility. During upset conditions, water will overflow by gravity from the Pregnant Pond to Event Ponds.

The Pregnant and Event Ponds have been sized to contain the sum of the normal operating volume, heap drain down during a 24-hour pump or power outage, precipitation falling on all lined areas during a

100-year, 24-hour storm event, and the seasonal accumulation of water expected for leaching operations during average climate conditions.

The Pregnant and Event Ponds will be constructed with a double-lined system that meets or exceeds international standards consisting of (from the base up) 0.5 m of compacted low permeability soil, a 1.5 mm thick HDPE secondary geomembrane, an HPDE geonet leak detection layer, and a 2.0 mm thick HDPE primary geomembrane.

1.3 Capital, Operating Costs and Financial Analysis

The capital expenditures required for the project are noted below for Kirazlı and Ağrı Dağı. The costs are based on the pre-feasibility level design as outlined in this report and are considered to have an accuracy of +/-20%. The referenced PFS summarizes and details these capital cost estimates.

All capital cost estimates are based on the purchase of equipment quoted new from the manufacturer or estimated to be fabricated new. DAMA supplied local costs wherever possible for items such as labor rates, earthworks, civils, platework, duties and taxes. Major equipment not available within Turkey was sourced out of Europe whenever possible. Some specialized equipment such as conveyor stackers, retorts and carbon regeneration kilns were sourced out of North America.

All costs are in first quarter 2012 US dollars. Where prices were supplied in Euros, an average conversion rate of 1.33 US dollars per Euro was used. Where prices were supplied in Turkish Lira, an average conversion rate of 1.8 TL per US dollar was used.

The referenced PFS assumes that Ağrı Dağı and Kirazlı will each have stand-alone crushing, agglomeration, heap leach, and process plant facilities. Capital expenditures also include the cost of building a reservoir to supply drinking water for the local community and process water for mining operations. Pre-production capital expenditures for the projects are estimated to be \$278.3 million for Ağrı Dağı and \$146.1 million for Kirazlı, for a total of \$424.4 million.

The Company currently has in excess of \$280 million in cash and short-term investments on hand, and expects to further increase its cash balance prior to the commencement of construction at Kirazlı. In addition, given the sequencing of the projects with production at Kirazlı commencing in the fourth quarter of 2014 and production at Ağrı Dağı commencing two years later, positive cash flows from Kirazlı will subsidize the construction of Ağrı Dağı starting in mid-2015. As a result of these factors, the Company expects to be able to internally finance these projects.

Total sustaining capital expenditures and reclamation costs (net of salvage values) for the combined projects are estimated to be \$26.9 million and \$41.0 million respectively, over the life of the projects. All capital items include a contingency ranging from 10% to 20% depending on the nature of the capital item, which equates to a total contingency of \$62.8 million, or 13% of the total project initial and sustaining capital.

Table 1-7 provides a summary of capital expenditures for the projects.

Table 1-7 Summaries of Capital Expenditures

	Ağrı Dağı (US\$ millions)	Kirazlı (US\$ millions)	Combined (US\$ millions)
Total Pre-Production Capital	\$278.3	\$146.1	\$424.4
Sustaining Capital	\$17.2	\$9.7	\$26.9
Reclamation (net of salvage values)	\$31.1	\$9.9	\$41.0

Total Project Capital	\$326.6	\$165.7	\$492.4
------------------------------	---------	---------	---------

Under the base case economic scenario contemplated in the PFS applying an average gold price assumption of \$1,239 per ounce and \$24.56 per ounce of silver, the Company estimates the total cost per tonne of ore to be \$8.24 for Ağrı Dağı and \$9.56 for Kirazlı (combined \$8.60 total cost per tonne of ore).

The costs include mining, processing and general and administration costs, but exclude reclamation costs, which are included within total capital costs in the economic cash flow model. Revenues from the sale of silver are included as a by-product credit offset to selling costs. Mining costs assume that the Company will hire a contractor to conduct mining operations.

Operating costs for the project were estimated using staffing and wage requirements based on typical rates in the Turkish mining industry. Most unit consumptions of materials, supplies, power, and water are based on test work. Other values are based on information for similar operations, or generally accepted industry standards. The operating costs have been estimated and presented without added contingency allowances based upon the Pre-feasibility level design and operating criteria present in this report. The operating costs are considered to have an accuracy range of +/-20%.

Table 1-8 highlights costs on a per ounce basis by project and on a combined basis. Presented in **Table 1-9** is the unleveled after-tax net present value (NPV).

Table 1-8 Summary of Operating Costs per Gold Ounce

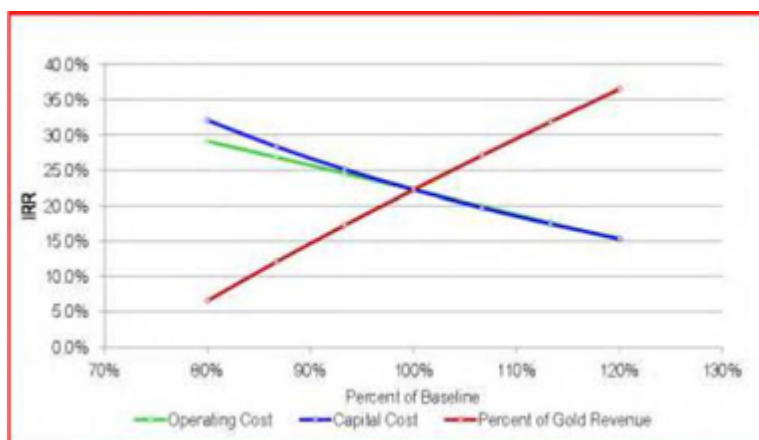
	Ağrı Dağı (US\$ millions)	Kirazlı (US\$ millions)	Combined (US\$ millions)
Mining Cost	\$393	\$393	\$393
Processing Cost	\$168	\$210	\$182
General and Administrative	\$45	\$36	\$42
Selling Costs and Silver by-product Credits	\$(37)	\$(145)	\$(73)
Total Cash Operating Costs	\$569	\$494	\$544
Royalties	\$42	\$21	\$35
Total Cash Costs (including royalties)	\$611	\$515	\$579

Table 1-9 Unlevered After-Tax NPV (millions)

Discount Rate	Ağrı Dağı	Kirazlı	Combined)
0%	\$258.3	\$214.2	\$472.5
3%	\$167.7	\$175.9	\$343.6
5%	\$121.5	\$154.1	\$275.6
Internal Rate of Return			22.3 %

The sensitivity of the Project's Internal Rate of Return (IRR) to gold revenue variations and variance of operating and capital cost are illustrated in **Figure 1-10**. Gold revenue is varied by plus and minus 20% from the base case recovery of 81% and/or \$1,239 per gold ounce. The operating cost of \$8.60 per ore tonne was varied by plus and minus 20%. The capital cost of \$492.4 million was varied by plus and minus 20%. The project shows the most sensitivity to gold revenue variations.

Figure 1-10 Sensitivity Analysis Post Tax IRR to Variable Operating Cost, Capital Cost and Gold Revenue



The economic analysis was prepared using a discounted cash flow (DCF) method which measures the NPV of future cash flow streams. The evaluation was based on the following main assumptions:

Construction starts at Kirazlı in the third quarter of 2013 with construction at Ağrı Dağı starting in the fourth quarter of 2013

First gold pour at Kirazlı during the fourth quarter of 2014 and the first gold pour at Ağrı Dağı during the fourth quarter of 2016

For the combined project, period of analysis of 15 years

Silver revenue included as a by-product credit

4% corporate tax rates

Double declining balance depreciation method

Exploration and concession expenses depreciated using units of production

Costs are expressed in first quarter 2012 US dollars

NPV analysis is presented as of January 1, 2013.

According to Turkish Corporate Tax Law No. 5520, the effective corporate tax rate is 20%. Reduced corporate tax rates are available to companies that qualify under the tax incentive program codified into law on June 19, 2012. Prior year losses going back five years can be deducted when determining the corporate tax base, and accordingly expenses incurred during exploration can be deducted during the operational phase.

For the purpose of PFS work-up, Alamos has incorporated the corporate tax rate reduction into the economic analysis. Eligibility for these incentives is subject to an application approval process which Alamos has not applied for as of the date of the PFS. However, Alamos has consulted with an international accounting firm who has expressed a view that Alamos would be eligible for these incentives.

Alamos performed an after-tax NPV analysis using spot gold and silver prices as of June 27, 2012 (\$1,575/oz gold and \$27/oz silver). The analysis yielded an after-tax IRR of 36.5% and several after-tax NPVs were calculated at various discount rates, which are presented in **Table 1-10**.

Table 1-10 After-tax NPV (millions) at Spot Gold and Silver Prices 27 June 2012

Discount Rate (%)	Ağı Dağı	Kirazlı	Combined
0%	608.6	330.4	939.0
3%	446.4	274.3	720.7
5%	362.2	242.4	604.6
10%	210.8	177.7	388.5

1.4 Opportunity / Risks

The referenced PFS addressed potential opportunities or risks that could increase or decrease project performance. **Table 1-11** summarizes the top opportunities that will be further developed to increase project performance or schedule delivery.

Table 1-11 Top Opportunities to Improve Project Performance

Opportunity	Impact to Improve Performance	Recommended Action	Approx. Estimated Cost Impact
Owner supplied equipment and operators for the ore and waste	Reduce operating costs by self performing mine operations	Trade study in FEED engineering	Savings of up to 7% on mine operating costs
Conversion of Inferred material to Measured and Indicated	Mineral resource model has inferred material, that is expected to be converted to measured and indicated	Continue to drill and explore site for the conversion of inferred material to measured and indicated	Approximately US\$60M increase to NPV
Steeper pit slopes	Current pit slope design is based on conservative estimates for slope stability	During detailed design, these slopes will be better defined to steeper angles; thus reducing strip ratio and waste material generation	Potential increase to NPV
Conveyors versus haul trucks	Ağı Dağı mine plan haul is from the Baba and Deli pits to the central crusher and conveyor to heap leach and process. Changes to mine plan may demonstrate additional savings by utilization of additional	During the final design, mine plan will be finalized with consideration of added conveyor lengths and generator power production for downhill ore handling	US\$25M increase to NPV

conveyors at pit location
versus haul trucks

**Increased HLF stack
height (ADA)**

Does not require added liner
and construction for heap leach
associated with future
expansions (Çamyurt)

During final design, the HLF
will be reviewed and designed
to increase the stack height
from 70 meters to 90 meters
for future expansion

Ability to accommodate
additional 20M tonne of ore

Opportunity	Impact to Improve Performance	Recommended Action	Approx. Estimated Cost Impact
Free digging without drill and blast	Ore materials may be of the geologic type that would not require drill and blast, thus reducing the need to drill, blast	During design phase additional samples will be taken to validate potential	Potential increase to NPV
Increase resources from Çamyurt property	Increased resources within the mine plans utilize existing infrastructure and equipment	Complete drilling program	Potentially 600,000 Au oz increase

Furthermore the investment incentives that have been enacted into law on June 19, 2012 will have additional positive financial impact on the project. This analysis is currently being completed by KPMG, Turkey.

The PFS documents potential risks associated with project unknowns that could result in project delays, cost increases or impact to stakeholders. **Table 1-12** summarizes the top five potential risks resulting from this analysis with the mitigation to minimize impact to project delivery.

Table 1-12 Top Five Potential Risks

Risk	Impact Performance	Recommended Action	Estimated Cost/Schedule Impact
Permit delay	Potential delays could occur due to unexpected comments or requests for additional analyses during review process	Thorough and critical review of the EIA, initiate early engineering and procurement prior to permit approval to ensure schedule work-around in the event of delay; consistently engage with regulatory authorities and impacted communities	3-6 month delay
Construction water supply	Ağ1 Dağı HLF construction requires water for compaction of fills during construction end of 3rd Qtr 2014	Water for the HLF construction will be supplied by the reservoir; to mitigate potential delay in reservoir supply the project will: Expedite design, permitting, and construction of the reservoir Increase well development for	US\$2M within current contingency allocation

construction water
temporary supply

Community relations	If a community is not in favor of a development project, potential delays could be significant	Maintain positive on-going CR/PR activities	3-6 month delay
Turkish construction productivity	Potential Productivity Delay	Select experienced and qualified contractor	Estimate includes current Turkish contractor productivities; additional costs is within the project contingency

Risk	Impact Performance	Recommended Action	Estimated Cost/ Schedule Impact
Reservoir delay for community and process water supply	Community and process water supply from the reservoir	Manage successful schedule delivery and integrate community in the project benefits	3-6 month delay

1.5 Project Execution

In order to achieve the below development milestones, it is expected that Front End Engineering Design (“FEED”) will commence in Q3, 2012. The FEED shall consist of a 20% to 25% design level of completion; with an expectation of a design confidence of 80% and cost estimate accuracy of +15% / -10%. **Table 1-13** summarizes the follow-on milestones to comply with Q4-2014 / Q4-2016 Kirazlı / Ağı Dağı Gold pour dates.

Table 1-13 Project Execution

	Kirazlı	Ağı Dağı
Feed Engineering	Q3-2012	Q3-2012
EIA Approval	Q1-2013	Q2-2013
Forestry Permit and License to Start and Operate a Business Permit	Q3-2013	Q4-2013
Operating Permits	Q3-2013	Q4-2013
Construction Start	Q3-2013	Q4-2013
First Gold Pour	Q4-2014	Q4-2016

1.6 Conclusions and Recommendations

The conclusions and recommendations are summarized in Sections 25 and 26 of this NI 43-101 submittal. Based on above summary, the main conclusion is the project is technically and financially viable and should proceed to full development as documented in the PFS #002 dated June 30, 2012 PFS.

SCHEDULE “B”
DESCRIPTION OF THE MULATOS MINE

1.1 Property Description & Location

The Salamandra Property, which encompasses a total of approximately 30,535 ha covering a portion of the Mulatos District, is located in the Sierra Madre Occidental mountain range in the east central portion of the State of Sonora, Mexico. The property is located approximately 220 km by air east of the city of Hermosillo, and 300-km south of the border with the United States of America.

The Salamandra Property contains the Mulatos deposit and ten satellite gold systems known as El Halcon, La Yaqui, Los Bajios, El Jaspe, Cerro Pelon, El Victor/Gap, San Carlos, La Dura, El Realito, and El Carricito. Mineral rights for all concessions comprising the Salamandra Property are controlled by Minas de Oro Nacional, S.A. de C.V., a Mexican company, wholly owned by Alamos Gold, Inc.

1.2 Geological Setting and Deposit Type

The Mulatos District mineral deposits are large epithermal; high-sulfidation, disseminated gold deposits hosted within a mid-Tertiary age dacite, rhyodacite and associated volcanoclastic rocks in dacitic dome complexes and intrusive centers. Gold mineralization is closely associated with silicic alteration and advanced argillic alteration, occurring within large areas of argillic alteration. High-grade gold mineralization is locally present, consisting of late stage native gold. The greater Mulatos deposit is composed of sub-deposits known as Estrella, El Salto, Mina Vieja, Escondida, Puerto del Aire, Gap, El Victor and San Carlos, all of which except for Gap and Puerto del Aire contain economic mineralization.

1.3 Exploration

In addition to the Mulatos/Estrella deposit, the ten satellite systems have known gold mineralization with varying levels of exploration advancement:

- i El Halcon: Drill-indicated mineralization, untested exploration targets.
- i La Yaqui: Drill-defined reserve; untested exploration targets.
- i Los Bajios: Partially drill-tested exploration target; mineralized intercepts.
- i El Jaspe: Partially drill tested exploration target; mineralized intercepts.
- i Cerro Pelon: Drill-defined reserve; untested exploration targets.
- i El Victor/Gap: Drill-defined resource and reserve.
- i San Carlos: Drill-defined resource and reserve; open intercepts.
- i La Dura: Untested exploration target; geochemical anomalies.
- i El Realito: Drill-defined mineralization, open intercepts; resource estimation in progress.
- i El Carricito: Drill-defined mineralization; resource estimation in progress.

1.4 Mineral Resource Estimates

The open pit portion of the Mineral Resource estimates were performed by IMC under the direction of Herb Welhener and the underground portion of the Mineral Resource estimates were performed by Practical Mining under the direction of Mark Odell.

The mineral resources at the Mulatos mine and San Carlos areas were estimated from a total of 1,964 drill holes and 44 channel sample sets. The main controls on gold mineralization are the alteration intensity and the reduction in oxidation states (redox). These controls were integrated in the estimation of gold grades with the ordinary kriging technique. Assay composites of 3 m lengths were capped for high-grade outliers and utilized to determine the gold grade spacial continuities with relative pairwise variograms. Gold grades were interpolated into 6 m x 6 m x 9 m blocks with parameters derived from the modeled variograms. These estimates were validated with various verification tests and reported below in Tables 1.1 and 1.2. The mineral resource is dated of December 31, 2011 and reported at a 0.5 g/t gold cut-off.

Table 1.1
Mineral Resource at Various Gold Grade Cut-Offs (inclusive of mineral reserves)*
Mulatos Mine + San Carlos Areas - 31 December 2011

	Measured			Indicated			Measured+Indicated			Inferred		
Cut-off grade (Au g/t)	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au
2.0	1,550	5.55	276,713	7,166	3.49	803,559	8,716	3.85	1,080,272	794	3.14	80,207
1.5	2,597	4.00	334,185	13,783	2.64	1,168,086	16,380	2.85	1,502,271	1,848	2.33	138,669
1.0	5,103	2.63	432,207	30,877	1.84	1,830,031	35,980	1.96	2,262,238	3,880	1.74	217,561
0.7	8,642	1.89	525,439	60,161	1.35	2,612,241	68,803	1.42	3,137,680	8,043	1.27	327,780
0.5	13,143	1.45	611,086	103,004	1.03	3,421,069	116,147	1.08	4,032,155	17,432	0.90	506,031
0.3	20,310	1.08	704,941	185,847	0.75	4,463,915	206,157	0.78	5,168,856	37,488	0.63	755,141

*Includes mineral resources from the La Yaqui and Cerro Pelon deposits

Table 1.2
Mineral Resource at Various Gold Grade Cut-Offs (exclusive of mineral reserves)*
Mulatos Mine + San Carlos Areas - 31 December 2011

	Measured			Indicated			Measured+Indicated			Inferred		
Cut-off grade (Au g/t)	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au	Tonnes (000s)	Grade (g/t Au)	Contained Ounces Au
2.0	699	4.17	93,704	4,948	3.38	537,036	5,647	3.47	630,740	794	3.14	80,207
1.5	1,214	3.13	122,109	9,419	2.59	784,025	10,633	2.65	906,134	1,848	2.33	138,669
1.0	2,595	2.11	175,662	21,536	1.81	1,251,513	24,131	1.84	1,427,175	3,880	1.74	217,561
0.7	4,816	1.51	234,049	43,913	1.31	1,848,584	48,729	1.33	2,082,633	8,043	1.27	327,780
0.5	7,818	1.16	290,657	77,173	1.00	2,475,562	84,991	1.01	2,766,219	17,432	0.90	506,031
0.3	13,197	0.85	361,974	147,200	0.71	3,356,485	160,397	0.72	3,718,459	37,488	0.63	755,141

*Includes mineral resources from the La Yaqui and Cerro Pelon deposits

1.5 Mineral Reserve Estimates

The mineral reserve for the Mulatos Project is the sum of open pit and underground mineral reserves plus the existing stockpiles. The open pit mineral reserve is contained within designed pits for the main pit (including Estrella, Escondida, Mina Vieja and Salto areas), Victor, San Carlos, Yaqui and Pelon. The open pit mineral reserves include heap ore and mill ore plus tonnages that will go to the SAS (Silica Altered Sulfide - refractory material) and high copper stockpiles for later processing. The underground mineral reserve is within the underground mine designs for San Carlos and Escondida. The La Yaqui (Yaqui) and Cerro Pelon (Pelon) open pit reserves consist of heap leach ore which will be processed at facilities at each location. Table 1.3 is a summary of the proven and probable mineral reserve as of 31 December 2011.

Table 1.3									
Mulatos Project Mineral Reserve									
	Proven			Probable			Sum of Proven & Probable		
	Tonnes (000)	Grade g/t Au	Contained Ounces	Tonnes (000)	Grade g/t Au	Contained Ounces	Tonnes (000)	Grade g/t Au	Contained Ounces
Mulatos Pits (1)	8,222	1.47	387,968	46,774	0.91	1,367,852	54,996	0.99	1,755,820
Stockpiles (2)	3,347	2.01	216,550	0			3,347	2.01	216,550
Underground (3)	173	6.38	35,487	684	5.23	115,015	857	5.46	150,502
La Yaqui	0			1,574	1.58	79,826	1,574	1.58	79,826
Cerro Pelon	0			2,673	1.64	140,525	2,673	1.64	140,525
Total	11,742	1.69	640,005	51,705	1.02	1,703,218	63,447	1.15	2,343,223

B-2

Notes:

- 1) Mulatos pits include Estrella, Escondida, Mina Vieja, Salto, Victor and San Carlos and is the sum of heap leach, mill, SAS (refractory ore) and high copper ore types.
- 2) Stockpiles include SAS and high copper stockpiles as of end of 2011.
- 3) Underground includes the San Carlos and Escondida material outside of the pit designs.

1.6 Mining Methods

The mining at Mulatos is currently by open pit mining with the addition of underground operations scheduled to start in late 2014. The open pit mining commenced in 2005 and has continued un-interrupted within the main pit area. Alamos Gold has done no mining at Victor, San Carlos, Yaqui or Pelon.

1.6.1 Open Pit Mining Methods

The open pit mining is a typical drill, blast, load haul operation with mining in the main pit being done with 9 meter bench heights. The mine switched from a 6 meter to 9 meter bench about two years ago for improved productivity. A 9 meter bench will be used at Victor and San Carlos and it is anticipated that a 3 meter bench will be used at Yaqui and Pelon to improve selectivity. The open pit schedule calls for an average of 17,500 tonnes per day (tpd) of heap ore to be delivered to the primary crusher except during the rainy season (third quarter of the year) when the schedule is for 16,000 tpd of heap ore. The mill started in early 2012 at 500 tpd which is currently supplied by the open pit mining in the Escondida area of the main pit. This ore will be augmented with underground ore and open pit mill ore from San Carlos and underground ore from the Escondida area.

The open pit mining is conducted by Alamos with assistance by a contract mining company. The current combined fleet is sufficient to maintain the current operation of production mining and waste stripping. It is anticipated that two haul trucks will be added to the fleet when mining begins in Victor and San Carlos late in 2013. By the end of 2014, an additional 9 trucks will be required when production increases in Victor and San Carlos because of the longer hauls from these locations. The peak production years are from the last quarter in 2014 through the end of 2016, after which the truck requirements drop off. An additional grader and water truck may be required to maintain the additional road length. No other additional mining equipment is required other than routine replacements due to wear and age.

1.6.2 Open Pit Production Schedule

Currently mining occurs in the main pit areas of Estrella (the south end of the main pit) and Escondida (northeast area of the pit). The mining sequence of the open pits and underground areas is shown in Table 1.4. The open pit mining rate is 6,165,000 tonnes of heap ore per year and 180,000 tonnes of mill ore. The amount of SAS and high copper stockpile materials vary by year and mining location. The total tonnage mined varies from a 14,291,000 tonnes in year 2013 to a peak in 2015 of 19,843,000 tonnes and then dropping off as waste stripping declines. The re-handle of the SAS and high copper material from stockpile to the heap begins in 2019 if no other process is used .

The eastern pits of Victor and San Carlos (Figure 1.1) are mined starting in late 2013 with waste stripping in both pits. The mining of San Carlos will provide high grade mill ore to replace the mill ore from Escondida open pit which runs out in early 2015. Both of these open pit mill ore sources will be augmented by the underground mill ore production during the years of 2014 through 2019 with a total of about 1.3 million tonnes of mill ore being produced (years 2012 through 2019). All material from the Victor and San Carlos pits (ore, stockpile ores and waste) will be hauled to the main pit area for processing or permanent storage.

The Pelon and Yaqui mine areas are located to the southwest (Figure 4.2) of the main Mulatos pit and the ore will be processed by heap leach at each of these properties. The mining schedules for these pits is to start in early to mid-2015 and Yaqui will finish in 2018 and Pelon in mid-2019. The mining rates at full production are 800,000 tonnes per year of ore to the heap leach at Pelon and 550,000 tonnes per year at Yaqui. Life of mine waste to ore ratios are 2.13 to 1.00 at Pelon and 0.17 to 1.00 at Yaqui.

Table 1.4
Mining Locations by Year

Year	Mining Area						
	Main Pit	Victor	San Carlos Open Pit	San Carlos Underground	Yaqui	Pelon	Stockpile Re-handle
2012	X						
2013	X	X	X				
2014	X	X	X	X			
2015	X	X	X	X	X	X	
2016	X	X		X	X	X	
2017	X	X		X	X	X	
2018	X	X	X	X	X	X	
2019	X		X	X		X	X
2020							X
2021							X

All waste and stockpile materials are currently stored south of the main pit (Figure 1.1) with a waste storage area west of the main pit recently started. The SAS and high copper stockpile materials will continue to be added to the south stockpiles from the main pit, Victor and San Carlos mining. The waste materials from the main pit go to the south or west dumps. The waste from Victor and San Carlos go to the south dump with a portion of the non-acid rock drainage (ARD) waste being used for widening the road from Victor to the main pit. The waste from Victor and San Carlos starting in year 2016 will be placed as back fill in the Escondida area of the main pit which has been mined out by this time. Waste from Yaqui and Pelon will be stored locally near the open pits.

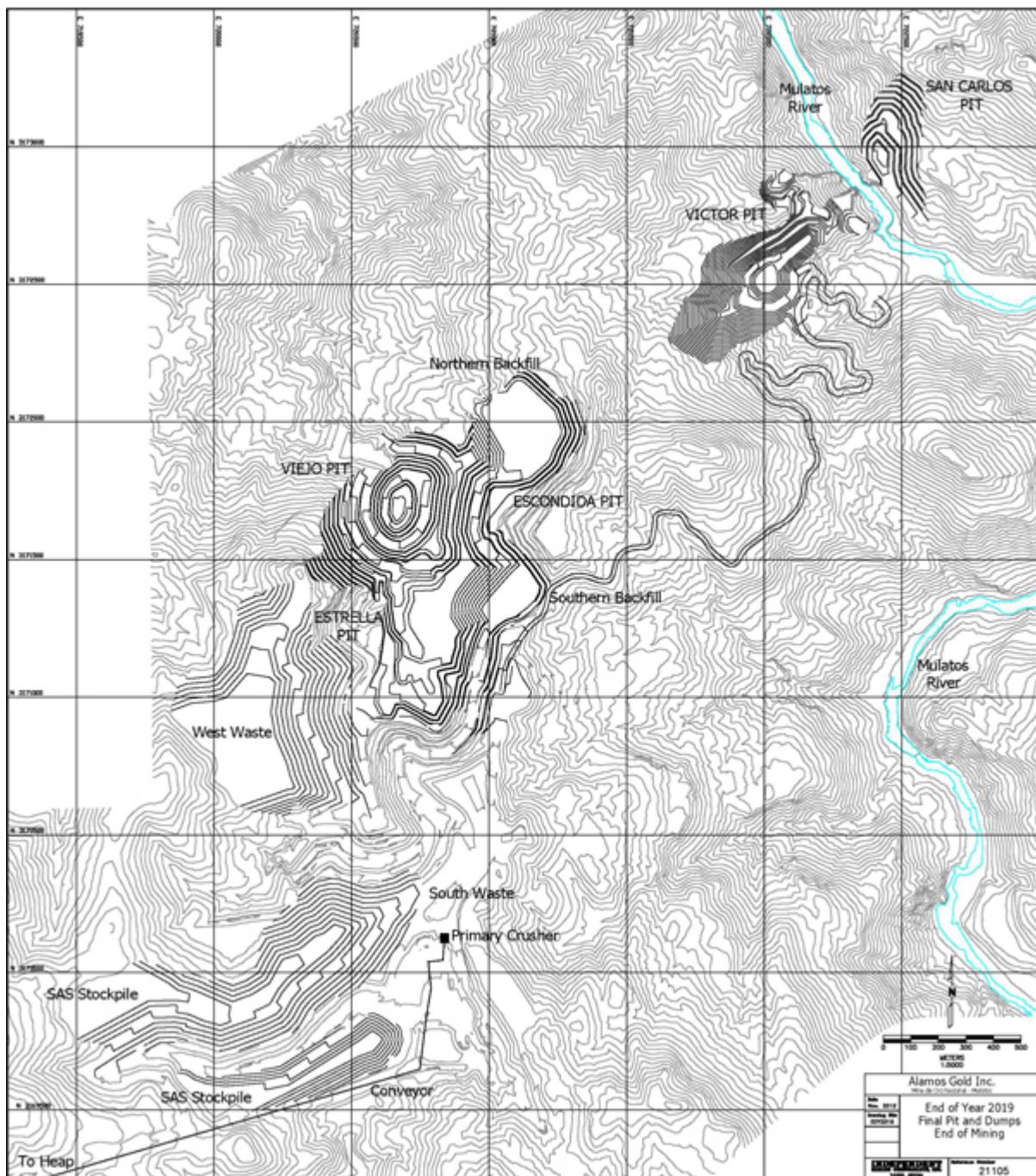


Figure 1.1 - Mulatos Mine General Layout

1.6.3 Underground Mining

Underground mining can economically recover portions of the high grade mineralization at San Carlos and Escondida that are outside the ultimate economic pit limit. The primary mining method used will be long hole open stoping (LHOS) with delayed backfill. This will be supplemented by a modified drift and fill method where the thickness of economic mineralization does not permit LHOS. Underground reserves are summarized in Table 1.5.

Table 1.5 Mulatos Underground Mineral Reserves - 31 December 2011										
Mine	Cutoff g/t	Proven			Probable			Total		
		kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Underground										
San Carlos	2.5	154	6.04	29.8	658	5.15	108.9	812	5.31	138.7
Escondida	2.6	19	9.10	5.7	26	7.31	6.0	45	8.08	11.7
Total		173	6.38	35.5	664	5.38	114.9	857	5.46	150.4

The company should pursue the following recommendations to facilitate timely and efficient extraction of the underground reserves:

- i Assemble an underground team of managers, geologists and engineers to direct the contractors operations and provide technical support.
- i Solicit proposals from qualified contractors with experience at similar projects in Mexico.
- i Complete the geologic and geotechnical assessment of the San Carlos river crossing.
- i Initiate final design of the underground facilities.

1.7 Recovery Methods

The Mulatos heap leach facility and ADR plant have been operating for the past six years and have demonstrated that the selected precious metal recovery methods are reasonable and have demonstrated low unit operating costs. The recently installed high grade mill (gravity plant) had operating challenges during the first year of operation which are being addressed. Improvements to the functionality of the gravity plant are continuing.

Additional metallurgical testing and studies to optimize precious metal recovery are recommended on samples from Estrella, San Carlos, and El Victor. Column leach tests on representative samples from Yaqui are also recommended. It is anticipated that this work will be conducted at the onsite laboratory with possible corroboration by outside testing facilities.

1.8 Environmental

The current environmental conditions at the site plus the potential environmental impacts from mining operations are summarized in Section 20.1. The waste and water management programs are summarized in Section 20.2. The regulatory framework and permit status are described in Section 20.3. The socio-economic program is described in Section 20.4. Mine closure is discussed in Section 20.5. And all five topics are briefly summarized in this section.

The Mulatos Mine is located in a rural area of the State of Sonora, Mexico, in a ranching area that has a low population density. Potential environmental impacts to surface soils, water, the ecology and air quality are mitigated as part of the mining operations. Environmental baseline studies were prepared to characterize the environmental conditions of the area, including climate, fauna, flora (AGRA Ambiental, 1995) and hydrology (Water Management Consultants, 1997), and were summarized in the Feasibility Study prepared by M3 Engineering & Technology Corp (2004d).

The project area lies in a temperate sub-humid climate zone. The mean annual temperature at Mulatos is approximately 19.6°C. Rainfall at the site shows marked seasonal variation that is characteristic of all of northwestern Mexico. The mean annual rainfall is estimated to be 806 mm, year-to-year fluctuations can be extreme, with maximum monthly rainfall occurs in July and August, representing about 50 percent of the annual total.

The mean annual pan evaporation rate in the project area is estimated at 2,111 mm. Evaporation generally coincides with an increase in temperature. Except for the months of July and August, evaporation exceeds

precipitation. The data indicate that the greater portion of the precipitation falling in the project area is lost to evaporation.

The Mulatos Mine uses a fresh water source and influences the local hydrologic system. The local surface water and groundwater system were characterized prior to operations and is currently monitored on a routine basis for impacts.

In the Mulatos region, groundwater flow on a regional scale is minimal. The lack of regional flow results from structural dissection of the terrain (which gives topography dominant control over groundwater flow), and from the absence of laterally extensive porous and permeable geologic units. Despite this, general statements can be made about the controls and characteristics of local and sub-regional groundwater flow.

Flora and fauna studies have been undertaken for the Mulatos Mine area. The state of Sonora holds the 15th place in diverse vertebrates endemic to Mesoamerica. There are 153 species in Mesoamerica, and 70 are endemic to Mexico, 8 endemic to the state and 6 have limited distribution. For the state of Sonora, in the biomes represented in and around the project area, the literature reports fewer than 200 species of animals, including amphibians. Of this total, about 39 percent of the genre and 46 percent of the species corresponds to mammals, followed by birds represented with 48 genres.

Mexican laws require mandatory monitoring programs that are implemented under the Mexican environmental agency (SEMARNAT). The following monitoring programs have been established at the Mulatos Mine: groundwater quality, surface water quality, air quality, Perimeter noise, Fauna registry, Flora species rescue record, nursery plant production, soils, and cleared surface restored/reforested registry. Most monitoring is biannual or annual with the exception of groundwater quality which is monitored quarterly.

The Mulatos Mine manages water on the site through a variety of facilities, including ponds, tanks and diversion structures. Water pumped from the Rio Mulatos and from precipitation is used in the operations. The only discharge (effluent) from the site is via the waste rock dump, where run-off is captured at the North Dam and then conveyed to the water treatment plant. The current pumpage to the plant is a maximum of 1,200 gpm. The layout of the water balance flow diagram has been defined. A written water management plan has not been prepared.

The water treatment system includes a Sludge Densification Plant (SDP). It is located west of the Escondida Pit on a mid-elevation bench close to the former village of Mulatos. Seepage and runoff water from the mine site are pumped from a collection pond to the plant. The treated water is released to Arroyo Mulatos, which flows to the Rio Mulatos. The discharge is treated to meet the water quality concentrations equivalent to the baseline concentrations prior to entering the discharge point at the arroyo. It was noted, however, that the community of Mulatos discharges untreated wastewater into the arroyo at a point immediately downstream of the mine.

The Mulatos Mine has an established socio-economic program with the local community and has supported it with social projects and financial assistance. Examples of recent projects and assistance provided by the Company include the following:

- i MON has a scholarship program for children and youth in the region (Mulatos, Matarachi, El Trigo, Yécora, Arivechi, Sahuaripa, Bacanora), for primary (6 to 12 years), secondary (12 to 15 years), preparatory (15 to 18 years) and university levels.
- i Free medical services and medicine for nearby residents.
- i Support for school infrastructure or supplies for the five schools in the region.
- i Economic support for specialized medical services for the residents of Mulatos.
- i Small business support for services that don't qualify as local providers. Includes services for different areas of the mine.

Examples of recent projects and assistance provided by the Company include the following:

The mine has established a 5-step procedure of dialogue and information availability between Mulatos Mine and the stakeholders.

The Mulatos Mine includes open pits, waste dumps, leach pads, storage ponds, conveyors, a dam, roads, an air strip, a water treatment plant, buildings and other structures, and areas used for crushing, explosive storage, and numerous working areas. Closure planning includes covering the waste dumps and leach pads with an engineered store and release cover to minimize the amount of water entering these facilities and to allow for reclamation. The general closure plan is to remove all structures and reclaim the site. The closure costs have been estimated at US\$ 8,320,998. Annual monitoring costs are estimated at US\$ 70,000.

1.9 Heap Leach Facility

The heap leach pad and associated process and event ponds have been constructed with lining systems designed to meet accepted environmental standards in North America. Ore is being conveyor-stacked and leached on the heap leach pad using industry-accepted methods and practices. Process and event ponds have sufficient capacity to contain heap leach solution and additional fluids from upset events, such as power and pump outages and severe storm events, using industry-accepted design standards and assumptions appropriate for the currently-constructed heap. Geotechnical stability analyses completed to model both static and earthquake loads indicate that the heap, as currently stacked, is physically stable. In summary, both the operating history and current practices support the conclusion of little risk of interruption of processing associated with the heap leach facility.

Thirty four (34) million tonnes of ore have been stacked and processed on combined Phases 1 and 2 of the heap leach facility. Under current plans, there is an additional capacity of about 40 to 45 million tonnes of ore on the heap available through use of a combination of inner-lift liners within the heap and an identified new expansion area southeast of the Phase 1 leach pad. Adherence to recommendations in Section 26 regarding stability analyses and fluid management will assure that the proposed expansions will continue to maintain acceptable operational risks associated with the heap leach facility.

1.10 Operating Financials

The Mulatos Mine has been in production since 2005 and commercial production since 2006. Gold production has exceeded 150,000 ounces in every year since 2008. Below are tables summarizing certain cost and financial information for the third quarter and year-to-date periods ended September 30, 2012.

Table 1.6
Production Summary

Production Summary	Q3 2012	Q3 2011	Q3 YTD 2012	Q3 YTD 2011
Ounces produced ⁽¹⁾	43,500	33,000	132,200	106,500
Crushed ore stacked on leach pad (tonnes) ⁽²⁾	1,345,000	1,255,000	4,056,000	3,697,000
Grade (g/t Au)	1.25	1.35	1.19	1.29
Contained ounces stacked	54,000	54,500	155,200	153,300
Crushed ore milled (tonnes)	49,100	-	118,700	-
Grade (g/t Au)	13.25	-	11.67	-
Contained ounces milled	20,900	-	44,500	-
Ratio of total ounces produced to contained	58%	61%	66%	70%
Ounces stacked and milled				
Total ore mined (tonnes)	1,399,000	1,360,000	4,167,000	3,853,000
Waste mined (tonnes)	750,000	1,385,000	2,538,000	2,875,000
Total mined (tonnes)	2,149,000	2,745,000	6,705,000	6,728,000
Waste-to-ore ratio	0.54	1.02	0.61	0.75
Ore Crushed per day (tonnes) - combined	15,200	13,500	15,200	13,500

(1) Reported gold production for Q3 2011 and YTD 2011 has been adjusted to reflect final refinery settlement. Reported gold production for Q3 2012 and YTD 2012 is subjected to final refinery settlement and may be adjusted

(2) Excludes mill tailings stacked on the heap pad during the period.

Table 1.7
Cost per Tonne Summary

Costs per tonne summary	Q3 2012⁽¹⁾	Q3 2011⁽²⁾	Q3 YTD 2012⁽¹⁾	Q3 YTD 2011⁽²⁾
Mining cost per tonne of material (ore and waste)	\$2.87	\$1.83	\$2.66	\$1.97
Waste-to-ore ratio	0.54	1.02	0.61	0.75
Mining cost per tonne of ore	\$4.41	\$3.70	\$4.28	\$3.45
Crush/conveying cost per tonne or ore	\$2.64	\$2.56	\$2.34	\$2.50
Processing cost per tonne of ore	\$4.80	\$3.36	\$3.49	\$2.85
Mine administration cost per tonne of ore	\$2.03	\$1.85	\$1.95	\$1.97
Total cost per tonne of ore ^{(1) (2)}	\$13.88	\$11.47	\$12.06	\$10.77

(1) Q3 and YTD 2012 cost per tonne reflects total costs related to crushed ore stacked on the leach pad and crushed ore milled on a blended basis

(2) Q3 and YTD 2011 cost per tonne figures represent costs related crushed related crushed ore stacked on the leach pad only

Table 1.8
Cash Operating Cost Reconciliation

Cash operating cost reconciliation	Q3 2012	Q3 2011
Total cost per tonne of ore	\$13.88	\$11.47
Ore stacked/milled (tonnes)	1,394,100	1,255,000
Total cost	\$19,350,100	\$14,395,000
Inventory adjustments to reflect additional ounces produced from (allocated to) leach pad inventory and other period costs	(\$3,831,100)	(\$3,921,000)
Mining and processing costs allocated to ounces sold as	\$15,519,000	\$10,474,000

reported on income statement		
Ounces sold	43,255	27,450
Cash operating cost per ounce sold	\$359	\$382

B-9

SCHEDULE “C”
COMPULSORY ACQUISITION PROVISIONS OF SECTION 300 OF THE BCBCA

300. Acquisition procedures –

(1) In this section:

“**acquiring person**” means a person who, under a scheme or contract, makes an acquisition offer, and includes 2 or more persons who, directly or indirectly,

(a) make an acquisition offer jointly or in concert, or

(b) intend to exercise jointly or in concert voting rights attached to shares for which an acquisition offer is made;

“**acquisition offer**” means an offer made by an acquiring person to acquire shares, or any class of shares, of a company;

“**offeree**”, in respect of an acquisition offer, means a shareholder to whom the acquisition offer is made;

“**subject company**” means the company, shares or any class of shares of which are the subject of an acquisition offer.

(2) For the purposes of this section,

(a) every acquisition offer for shares of more than one class of shares is deemed to be a separate acquisition offer for shares of each class of shares, and

(b) each acquisition offer is accepted if, within 4 months after the making of the offer, the offer is accepted regarding the shares, or regarding each class of shares involved, by shareholders who, in the aggregate, hold at least 9/10 of those shares or of the shares of that class of shares, other than shares already held at the date of the offer by, or by a nominee for, the acquiring person or its affiliate.

(3) If an acquisition offer is accepted within the meaning of subsection (2)(b), the acquiring person may, within 5 months after making the offer, send written notice to any offeree who did not accept the offer, that the acquiring person wants to acquire the shares of that offeree that were involved in the offer.

(4) If a notice is sent to an offeree under subsection (3), the acquiring person is entitled and bound to acquire all of the shares of that offeree that were involved in the offer for the same price and on the same terms contained in the acquisition offer unless the court orders otherwise on an application made by that offeree within 2 months after the date of the notice.

(5) On the application of an offeree under subsection (4), the court may

(a) set the price and terms of payment, and

(b) make consequential orders and give directions the court considers appropriate.

(6) If a notice has been sent by an acquiring person under subsection (3) and the court has not ordered otherwise under subsection (4), the acquiring person must, no earlier than 2 months after the date of the notice, or, if an application to the court by the offeree to whom the notice was sent is then pending, at any time after that application has been disposed of,

(a) send a copy of the notice to the subject company, and

-
- (b) pay or transfer to the subject company the amount or other consideration representing the price payable by the acquiring person for the shares that are referred to in the notice.
- (7) On receiving the copy of the notice and the amount or other consideration referred to in subsection (6), the subject company must register the acquiring person as a shareholder with respect to those shares.
- (8) Any amount received by the subject company under this section must be paid into a separate account at a savings institution and, together with any other consideration so received, must be held by the subject company, or by a trustee approved by the court, in trust for the persons entitled to that sum.
- (9) If the acquiring person has not, within one month after becoming entitled to do so, sent the notice referred to in subsection (3), the acquiring person must send a written notice to each offeree referred to in subsection (3) stating that the offeree, within 3 months after receiving the notice, may require the acquiring person to acquire the shares of that offeree that were involved in the acquisition offer.
- (10) If an offeree requires the acquiring person to acquire the offeree's shares in accordance with subsection (9), the acquiring person must acquire those shares for the same price and on the same terms contained in the acquisition offer.

SCHEDULE "D"
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS



ALAMOS GOLD INC.

Unaudited Pro Forma Consolidated Financial Statements

September 30, 2012

(Based on International Financial Reporting Standards ("IFRS")) and stated in thousands of United States dollars)

D-2



ALAMOS GOLD INC.

Unaudited Pro Forma Consolidated Statement of Financial Position

September 30, 2012

(stated in thousands of United States dollars)

	Alamos Gold Inc.	Aurizon Mines Ltd.	Note Refence	Pro forma adjustments	Pro forma consolidated
A S S E T S					
Current Assets					
Cash and cash equivalents	\$ 287,042	\$ 202,508	a,b,c,d	\$(309,690)	\$ 179,860
Short-term investments	29,869	-		-	29,869
Amounts receivable	7,697	11,403		-	19,100
Advances and prepaid expenses	2,533	3,377		-	5,910
Available-for-sale securities	4,346	810		-	5,156
Other financial assets	627	-		-	627
Inventory	46,343	16,309		-	62,652
Total Current Assets	378,457	234,407		(309,690)	303,174
Non-Current Assets					
Exploration and evaluation assets	119,708	5,251	d	12,911	137,870
Mineral property, plant and equipment	208,571	192,686	d	606,362	1,007,619
Other long-term assets	-	5,960		-	5,960
Goodwill	-	-	d	40,845	40,845
Total Assets	\$ 706,736	\$ 438,304		\$ 350,428	\$ 1,495,468
L I A B I L I T I E S					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 21,267	\$ 25,410	c	\$(586)	46,091
Dividends Payable	12,062	-		-	12,062
Income taxes payable	6,371	3,733		-	10,104
Current portion of other liabilities	197	-		-	197
Total Current Liabilities	39,897	29,143		(586)	68,454
Non-Current Liabilities					
Deferred income taxes	43,593	33,723	d	236,481	313,797
Decommissioning liability	5,906	16,507		-	22,413
Other liabilities	465	665		-	1,130
Total Liabilities	89,861	80,038		235,895	405,794
E Q U I T Y					
Share capital	388,606	\$ 287,132	b,d	195,833	871,571
Contributed surplus	22,956	21,397	b,d	(21,397)	22,956
Accumulated other comprehensive loss	(1,970)	(969)	d	969	(1,970)
Retained earnings	207,283	50,706	d	(60,872)	197,117
Total Equity	616,875	358,266		114,533	1,089,674
Total Liabilities and Equity	\$ 706,736	\$ 438,304		\$ 350,428	\$ 1,495,468

D-3



ALAMOS GOLD INC.

Unaudited Pro forma Consolidated Statement of Comprehensive Income

For the nine-month period ended September 30, 2012

(stated in thousands of United States dollars)

	Alamos Gold Inc.	Aurizon Mines Ltd.	Note Reference	Pro forma adjustments	Pro Forma consolidated
OPERATING REVENUES	\$222,426	\$ 166,435		\$-	\$388,861
MINE OPERATING COSTS					
Mining and processing	46,688	71,172		-	117,860
Royalties	11,156	-		-	11,156
Amortization	32,563	27,741	e	45,726	106,030
	90,407	98,913		45,726	235,046
EARNINGS FROM MINE OPERATIONS	\$132,019	\$ 67,522		\$(45,726)	\$153,815
EXPENSES					
Exploration	5,040	15,811	f	(6,663)	14,188
Corporate and administrative	9,419	9,170		-	18,589
Share-based compensation	6,758	3,700		-	10,458
	21,217	28,681		(6,663)	43,235
EARNINGS FROM OPERATIONS	\$110,802	\$ 38,841		\$(39,063)	\$110,580
OTHER INCOME (EXPENSES)					
Finance income	2,444	1,669		-	4,113
Financing expense	(388)	(649)		-	(1,037)
Foreign exchange gain (loss)	847	(40)		-	807
Other income (loss)	1,277	(355)		-	922
EARNINGS BEFORE INCOME TAXES FOR THE PERIOD	114,982	39,466		(39,063)	115,385
INCOME TAXES					
Current tax expense	(26,347)	(20,959)		-	(47,306)
Deferred tax (expense) recovery	(8,585)	3,724	e	17,833	12,972
EARNINGS FOR THE PERIOD	80,050	22,231		(21,230)	81,051
Other comprehensive income (loss)					
- Unrealized (loss) gain on securities	(1,285)	(564)		-	(1,849)
- Reclassification of realized (gains) losses on available-for-sale securities included in earnings	395	-		-	395
COMPREHENSIVE INCOME FOR THE PERIOD	\$79,160	\$ 21,667		\$(21,230)	\$79,597
EARNINGS PER SHARE					
- basic	\$0.67				\$0.55
- diluted	\$0.66				\$0.55
Weighted average number of common shares outstanding					
- basic	119,548,000			27,778,828	147,326,828
- diluted	120,627,000			27,778,828	148,405,828

D-4



ALAMOS GOLD INC.

Unaudited Pro forma Consolidated Statement of Comprehensive Income

For the year ended December 31, 2011

(stated in thousands of United States dollars)

	Alamos Gold Inc.	Aurizon Mines Ltd.	Note Reference	Pro forma adjustments	Pro Forma consolidated
OPERATING REVENUES	\$227,364	\$ 262,950		\$-	\$490,314
MINE OPERATING COSTS					
Mining and processing	53,868	89,806		-	143,674
Royalties	11,157	-		-	11,157
Amortization	23,423	39,369	e	75,269	138,061
	88,448	129,175		75,269	292,892
EARNINGS FROM MINE OPERATIONS	\$138,916	\$ 133,775		\$(75,269)	\$197,422
EXPENSES					
Exploration	9,540	26,768	f	(6,068)	30,240
Corporate and administrative	9,613	13,169		-	22,782
Share-based compensation	13,525	6,600		-	20,125
	32,678	46,537		(6,068)	73,147
EARNINGS FROM OPERATIONS	\$106,238	\$ 87,238		\$(69,201)	\$124,275
OTHER INCOME (EXPENSES)					
Finance income	1,717	1,555		-	3,272
Financing expense	(598)	(931)		-	(1,529)
Foreign exchange (loss) gain	(3,688)	(462)		-	(4,150)
Other income (loss)	(1,234)	167		-	(1,067)
EARNINGS BEFORE INCOME TAXES FOR THE YEAR	102,435	87,567		(69,201)	120,801
INCOME TAXES					
Current tax expense	(34,194)	(44,462)		-	(78,656)
Deferred tax expense	(8,160)	1,325	e	29,355	22,520
EARNINGS FOR THE YEAR	60,081	44,430		(39,846)	64,665
Other comprehensive income (loss)					
- Unrealized gain (loss) on securities	(1,089)	(774)		-	(1,863)
- Reclassification of realized (gains) losses on available-for-sale securities included in earnings	(280)	-		-	(280)
- Impairment of available-for-sale securities	1,621	-		-	1,621
COMPREHENSIVE INCOME FOR THE YEAR	\$60,333	\$ 43,656		\$(39,846)	\$64,143
EARNINGS PER SHARE					
- basic	\$0.51				\$0.45
- diluted	\$0.51				\$0.44
Weighted average number of common shares outstanding					
- basic	117,375,000			27,778,828	145,153,828

- diluted	<u>118,669,000</u>	27,778,828	<u>146,447,828</u>
-----------	--------------------	------------	--------------------

4

Alamos Gold Inc.

D-5

ALAMOS GOLD INC.

Notes to Unaudited Pro Forma Consolidated Financial Statements

(Stated in United States dollars, unless otherwise indicated)

1. BASIS OF PREPARATION

The unaudited pro forma consolidated statement of financial position of Alamos Gold Inc. ("Alamos" or "the Company") as at September 30, 2012 and unaudited pro forma consolidated statements of comprehensive income for the nine month period ended September 30, 2012 and for the year ended December 31, 2011 have been prepared by management of Alamos for illustrative purposes only, based on financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, to show the pro forma effect of the acquisition of all of the issued and outstanding common shares of Aurizon Mines Ltd. ("Aurizon") which is more fully described in Note 3. All amounts are expressed in United States dollars ("USD") unless otherwise indicated.

These unaudited pro forma consolidated financial statements have been compiled from and include:

a) An unaudited pro forma consolidated statement of financial position combining the unaudited consolidated statement of financial position of Alamos as at September 30, 2012 and the unaudited consolidated statement of financial position of Aurizon as at September 30, 2012. The unaudited consolidated statement of financial position of Aurizon has been translated from Canadian dollars ("C\$") using a C\$:USD rate of 1.0166.

b) An unaudited pro forma consolidated statement of comprehensive income for the nine months ended September 30, 2012 combining:

- i) the unaudited consolidated statement of comprehensive income of Alamos for the nine months ended September 30, 2012; and
- ii) the unaudited consolidated statement of comprehensive income of Aurizon for the nine months ended September 30, 2012. The unaudited consolidated statement of comprehensive income of Aurizon has been translated from Canadian dollars ("C\$") using a C\$:USD rate of 0.9944

c) An unaudited pro forma consolidated statement of comprehensive income for the year ended December 31, 2011 combining:

- i) the audited consolidated statement of comprehensive income of Alamos for the year ended December 31, 2011; and
- ii) the audited consolidated statement of comprehensive income of Aurizon for the year ended December 31, 2011. The unaudited consolidated statement of comprehensive income of Aurizon has been translated from Canadian dollars ("C\$") using a C\$:USD rate of 1.0114

The unaudited pro forma consolidated statement of financial position as at September 30, 2012 has been prepared as if the transaction described in Note 3 had occurred on September 30, 2012. The unaudited pro forma consolidated statements of comprehensive income for the nine months ended September 30, 2012 and for the year ended December 31, 2011 have been prepared as if the transaction described in Note 3 had occurred on January 1, 2011.

The pro forma adjustments are based on publicly available financial information and certain estimates and assumptions. The actual adjustments to the consolidated financial statements of Alamos will depend on a number of factors. Therefore, the actual adjustments will differ from the pro forma adjustments and these differences may be material. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimates were made and the closing as a result of several factors which could include, among other things,

changes in fair value of the assets acquired and liabilities assumed. Management believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the transactions contemplated and that the pro

D-6

forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma consolidated financial information.

It is management's opinion that these unaudited pro forma consolidated financial statements present in all material respects, the transactions, assumptions and adjustments described in Notes 3 and 4, in accordance with IFRS. These unaudited pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of Alamos which would have actually resulted had the transaction been effected on the dates indicated. Actual amounts recorded once the transaction is completed are likely to differ from those recorded in the unaudited pro forma consolidated financial statements. Any potential synergies that may be realized and integration costs that may be incurred upon consummation of the transaction have been excluded from the unaudited pro forma consolidated financial statements. Further, the unaudited pro forma consolidated financial statements are not necessarily indicative of the results of operations that may be obtained in the future.

These unaudited pro forma consolidated financial statements should be read in conjunction with the historical consolidated financial statements and notes of Alamos and Aurizon for the year ended December 31, 2011, and the notes thereto, as well as the unaudited interim condensed consolidated financial statements of Alamos and Aurizon as at and for the nine months ended September 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited pro forma consolidated financial statements are those as set out in Alamos' consolidated financial statements for the year ended December 31, 2011. In preparing the unaudited pro forma consolidated financial information a review was undertaken to identify any accounting policy differences between Alamos and Aurizon where the impact was potentially material and could be reasonably estimated. Upon review, the following differences in accounting policies were noted:

- i) Aurizon expenses certain exploration expenditures which would be capitalized under Alamos' accounting policies.
- ii) Aurizon amortizes certain assets using the declining balance method which differs from Alamos' policy of straight-line amortization.

Pro forma adjustments have been made to reflect Alamos' policies for each of the items noted above which were considered to have a material effect on the financial statements. Further accounting policy differences may be identified after completion and integration of the acquisition.

3. ACQUISITION ACCOUNTING

Alamos plans to acquire all of the issued and outstanding shares of Aurizon as stated in the Bid Circular dated January 14, 2013 (the "Circular"). Under the terms of the Circular, and provided only in the money options are exercised, each outstanding Aurizon common share would be exchanged for 0.1706 of a common share of Alamos, and C\$1.82 in cash for each outstanding share of Aurizon. For pro forma purposes, each outstanding option of Aurizon is assumed to be vested and exercised at the date of closing for cash equal to the in-the-money value of the options, therefore no replacement options of Alamos have been included in the preliminary transaction purchase price. This transaction has been accounted for as a business combination.

The unaudited pro forma consolidated financial statements assume that the cost of acquisition will comprise the fair value of Alamos shares issued, based on the issuance of 27,778,828 Alamos shares at C\$16.60 per share and cash of C\$1.82 per Aurizon share outstanding, for a total consideration of C\$780.1 million (US\$793.0 million). Alamos owned 3,000,000 common shares of Aurizon prior to the share purchase agreements entered into by Alamos as described in the Circular.

D-7

The consideration amount for Alamos' s common shares is based on the closing share price and exchange rates on January 9, 2013. Due to the limited nature of publicly available information, Alamos has not yet determined the fair value of all of the identifiable assets and liabilities acquired. Therefore, the excess of purchase consideration over the book values of Aurizon' s assets and liabilities has been assumed to relate to mining interests with the amount in excess of Alamos' best estimate of the fair value of the mining interests assigned to goodwill. The increase in future income taxes is a result of the tax effect on the adjustment from book value to fair value of the mining interests applying Alamos' best estimate of the applicable tax rates.

The consideration for the acquisition and preliminary purchase price allocation, in accordance with IFRS 3, Business Combinations, are estimated as follows (in thousands of USD):

Preliminary Purchase Price

Aurizon shares owned by Alamos	\$ 14,182
27,778,828 common shares of Alamos at C\$16.60/share	468,783
Cash consideration	310,062
Total Consideration	\$ 793,027

Preliminary Purchase Price Allocation

Working capital	\$ 216,388
Other assets	5,960
Exploration and evaluation assets	18,162
Mineral property, plant and equipment	799,048
Goodwill	40,845
Deferred income taxes	(270,204)
Non-current liabilities	(17,172)
	\$ 793,027

The transaction will be accounted for as a business combination. Alamos has made a preliminary estimate that the fair value of available for sale securities, inventory and other long term assets approximate their carrying value.

Alamos has determined on a preliminary basis and using publicly available information that the fair value of mineral property, plant and equipment is approximately \$799.0 million based on the discounted value of the expected future cash flows of the operations.

The remainder of the purchase price over the estimated fair value of assets acquired and liabilities assumed of approximately \$40.8 million has been assigned to goodwill. A deferred income tax liability of approximately \$236.5 million arising from temporary differences on purchase price allocation is recognized with a corresponding increase in goodwill.

Alamos will complete a valuation of the fair value of the components of net assets acquired from Aurizon with the assistance of an independent third party valuator. Therefore it is likely that the fair values of assets and liabilities acquired will vary from those shown below and the differences may be material. The allocation of the purchase price is based upon management' s preliminary estimates and certain assumptions with respect to the fair value increment associated with the assets to be acquired and the liabilities to be assumed. The actual fair values of the assets and liabilities may differ materially from the amounts disclosed above in the assumed pro forma purchase price allocation as further analysis is completed.

4. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

Pro Forma adjustments to the consolidated statement of financial position

The unaudited pro forma consolidated statement of financial position reflects the following adjustments as if the acquisition of Aurizon had occurred on September 30, 2012:

- a) A reduction of cash and cash equivalents of approximately \$10.2 million to record transaction costs incurred relating to the acquisition.
- b) It is assumed that immediately prior to the acquisition of Aurizon, all Aurizon in the money options as at the date of the Circular were exercised, increasing cash by \$11.1 million.
- c) A reduction of cash and cash equivalents of \$0.6 million related to the settlement of the accrual recognized for Aurizon's Deferred Share Units and Restricted Share Units.
- d) To record the acquisition of Aurizon at a purchase price of \$793.0 million as detailed in Note 3 above.

Pro Forma adjustments to the consolidated statements of comprehensive income

The unaudited pro forma consolidated statements of comprehensive income reflects the following adjustments as if the transaction with Aurizon had occurred on January 1, 2011:

- e) Recognize the depreciation of the allocated excess purchase price to mineral properties, plant and equipment, based on the remaining mine life.
- f) Recognize the decrease in exploration expense resulting from differences in accounting policy with respect to exploration expenditures at Heva-Hosco.

5. SUPPLEMENTARY INFORMATION

	Year Ended December 31, 2011		Nine Months Ended September 30, 2012		
	Aurizon	Alamos	Aurizon	Alamos	Pro Forma
	Cdn\$/share	US\$/share	Cdn\$/share	US\$/share	US\$/share
Per Share Data					
Book value per share	\$1.98	\$4.55	\$2.15	\$5.16	\$7.40

	Year Ended December 31,			Nine Months Ended September 30,		
	2010	2011	Pro Forma 2011	2011	2012	Pro Forma 2012
Ratio of Earnings to Fixed Charges	\$-(1)	\$-(1)	\$-(1)	\$-(1)	\$-(1)	\$-(1)

Note:

- (1) There were no fixed charges during the reported period.

SCHEDULE "E"
CERTAIN INFORMATION REGARDING THE DIRECTORS AND
EXECUTIVE OFFICERS OF ALAMOS

Set forth in the table below is the name, province/state and country of residence, country of citizenship, current principal occupation and material occupations, positions, offices or employments held during the past five years with respect to each of the directors and executive officers of Alamos.

In the past five years, none of the persons listed below has been convicted in a criminal proceeding or been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining him or her from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws, or a finding of any violation of U.S. federal or state securities laws.

Name, Province/State, Country of Residence and Country of Citizenship	Principal Occupations within Previous Five Years
John A. McCluskey President, Chief Executive Officer and Director <i>Ontario, Canada</i>	Chief Executive Officer and President of Alamos.
Mark Wayne Chairman, Director <i>Alberta, Canada</i>	Chief Financial Officer of Regulus Resources Inc. since December, 2010. Prior thereto, Chief Financial Officer of Antares Minerals Inc. since June 2004; Vice-President of MGI Securities Inc. since January 2005 and Chief Financial Officer of QGX Ltd., from 1994 to August 2006.
Kenneth Stowe Director <i>Ontario, Canada</i>	Director of several mining companies. Chief Executive Officer, Northgate Minerals from 2001 to July 2011.
Anthony Garson Director <i>Ontario, Canada</i>	Consultant and a director of several mining companies.
David Gower Director <i>Ontario, Canada</i>	President of Brazil Potash Corporation since 2009. Chairman of Castillian Resources Corporation since January 2010, President and CEO of Castillian Resources Corporation from December 2006 to January 2010.
Paul Murphy Director <i>Ontario, Canada</i>	Chief Financial Officer, Guyana Goldfields since April 2010. Partner and National Mining Leader, PricewaterhouseCoopers LLP from 2004 to April 2010. Partner, PricewaterhouseCoopers LLP since 1981.
James R. Porter Chief Financial Officer <i>Ontario, Canada</i>	Chief Financial Officer of Alamos from June 2011 to present; Vice-President of Finance of Alamos from July 2008 to June 2011; Controller of Alamos from October 2005 to July 2008.
Manley R. Guarducci Chief Operating Officer <i>British Columbia, Canada</i>	Vice-President and Chief Operating Officer of Alamos from May 2008 to present; Mine Manager of Alamos from April 2007 to May 2008; General Manager, San Andres Mine, Yamana Gold from December 2005 to April 2007.
Charles Tarnocai Vice-President, Exploration and Corporate Development <i>British Columbia, Canada</i>	Vice-President of Exploration and Corporate Development of Alamos from April 2008 to present; Chief Geologist of Oro Gold/Silver Resources from January 2006 to April 2008.
Matthew Howorth Vice-President, Legal <i>Ontario, Canada</i>	Vice-President, Legal of Alamos from March 2012 to present; Vice-President, General Counsel and Corporate Secretary of Northgate Minerals Corporation from July 2008 to March 2012.

Gregory Fisher Vice-President, Finance <i>Ontario, Canada</i>	Vice-President of Finance of Alamos from June 2011 to present; Controller of Alamos from April 2010 to June 2011; Senior Manager, KPMG from September 2002 to March 2010.
Han Ilhan Vice-President, Projects <i>Ankara, Turkey</i>	Vice-President of Projects of Alamos from October 2011 to present; Vice-President, URS Corporation from 1985 to September 2011.
Christine Barwell Vice-President, Human Resources <i>Ontario, Canada</i>	Vice-President of Human Resources of Alamos from April 2010 to present. Manager, International Assignments, Kinross Gold from September 2009 to April 2010. Senior Manager, Global Mobility, PricewaterhouseCoopers LLP from January 1999 to August 2009.
Jo Mira Clodman Vice-President, Investor Relations <i>Ontario, Canada</i>	Vice-President of Investor Relations of Alamos from November 2012 to present; Partner, Clodman Hecht consulting from 1991 to October 2012.

CONSENT OF TORYS LLP

TO: The Board of Directors of Alamos Gold Inc.

We hereby consent to the references to our name contained under the heading “Legal Matters” and to our opinions contained under Section 19, “Principal Canadian Federal Income Tax Considerations” in the Circular accompanying the Offer dated January 14, 2013 made by Alamos Gold Inc. to the holders of common shares of Aurizon Mines Ltd.

(Signed) TORYS LLP
Toronto, Canada

January 14, 2013

F-1

CONSENT OF ERNST & YOUNG LLP

We have read the Offer and Circular of Alamos Gold Inc. dated January 14, 2013 relating to the offer to purchase all of the outstanding common shares of Aurizon Mines Ltd. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Offer and Circular of our report to the shareholders of Alamos Gold Inc. on the consolidated statements of financial position of Alamos Gold Inc. as at December 31, 2011 and 2010, and January 1, 2010 and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2011 and 2010. Our report is dated February 21, 2012.

Toronto, Canada
January 14, 2013

(Signed) ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants

G-1

CERTIFICATE OF ALAMOS GOLD INC.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED: January 14, 2013

(Signed) JOHN A MCCLUSKEY
President and Chief Executive Officer

(Signed) JAMES R. PORTER
Chief Financial Officer

On behalf of the Board of Directors of Alamos Gold Inc.

(Signed) KENNETH STOWE
Director

(Signed) PAUL MURPHY
Director

H-1

THE DEALER MANAGER FOR THE OFFER IS:

DUNDEE CAPITAL MARKETS

In Canada:

Dundee Securities Ltd.
1 Adelaide Street East
Suite 2000
Toronto, Ontario M5C 2V9
Tel. 416-350-3388
Toll Free: 1-888-332-2661

In the United States:

Dundee Securities Inc.
1 Adelaide Street East
Suite 2000
Toronto, Ontario M5C 2V9
Tel: 416-350-3388
Toll Free: 1-888-332-2661

THE DEPOSITARY AND INFORMATION AGENT FOR THE OFFER IS:



By Mail

The Exchange Tower
130 King Street West, Suite 2950,
P.O. Box 361
Toronto, Ontario
M5X 1E2

By Registered Mail, Hand or by Courier

The Exchange Tower
130 King Street West, Suite 2950,
Toronto, Ontario
M5X 1E2

North American Toll Free Phone:

1-866-851-3214

E-mail: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED. THIS LETTER OF TRANSMITTAL IS FOR USE IN ACCEPTING THE OFFER BY ALAMOS GOLD INC. TO PURCHASE ALL OF THE OUTSTANDING COMMON SHARES OF AURIZON MINES LTD.

LETTER OF TRANSMITTAL AND ELECTION FORM

For Deposit of Common Shares of

Aurizon Mines Ltd.

Pursuant to the Offer dated January 14, 2013 made by

Alamos Gold Inc.



ALAMOS GOLD INC.

THE OFFER IS OPEN FOR ACCEPTANCE UNTIL 5:00 P.M. (TORONTO TIME) ON TUESDAY, FEBRUARY 19, 2013 (THE "EXPIRY TIME"), UNLESS THE OFFER IS EXTENDED OR WITHDRAWN.

USE THIS LETTER OF TRANSMITTAL IF:

- 1. YOU WISH TO ACCEPT THE OFFER AND ARE DEPOSITING CERTIFICATE(S) REPRESENTING COMMON SHARES;**
- 2. YOU ARE A U.S. SHAREHOLDER AND WISH TO ACCEPT THE OFFER USING THE PROCEDURES FOR BOOK-ENTRY TRANSFER WITH DTC (as defined herein) AND DO NOT HAVE AN AGENT'S MESSAGE; OR**
- 3. YOU PREVIOUSLY DELIVERED A NOTICE OF GUARANTEED DELIVERY.**

CANADIAN SHAREHOLDERS WHO ACCEPT THE OFFER THROUGH A BOOK-ENTRY TRANSFER WITH CDS (as defined herein) WILL BE DEEMED TO HAVE COMPLETED AND SUBMITTED A LETTER OF TRANSMITTAL AND BE BOUND BY THE TERMS HEREOF.

This Letter of Transmittal (or a manually executed facsimile hereof), properly completed and duly executed in accordance with the instructions set out herein, together with all other required documents, is to be used to deposit common shares ("Common Shares") of Aurizon Mines Ltd. ("Aurizon") under the offer dated January 14, 2013 (the "Offer") made by Alamos Gold Inc. (the "Offeror") to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares, which includes Common Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time upon the exercise, exchange or conversion of options or any other rights to acquire Common Shares ("Convertible Securities").

This Letter of Transmittal or a manually executed facsimile hereof, properly completed and duly executed in accordance with the instructions set out herein, together with all other required documents, must be received by Kingsdale Shareholder Services Inc. (the “**Depository and Information Agent**”) at the office specified on the back of this Letter of Transmittal, at or prior to the Expiry Time.

Holders of Common Shares (“**Shareholders**”) can also accept the Offer by following the procedures for book-entry transfer set forth in Section 3 of the Offer and Circular, “Manner of Acceptance – Acceptance by Book-Entry Transfer”. A Shareholder accepting the Offer by following the procedures for book-entry transfer does not need to use this Letter of Transmittal unless such Shareholder is following the procedures for book-entry transfer with The Depository Trust Company or its nominee, which at the date hereof is Cede & Co. (“**DTC**”) and does not have an accompanying Agent’s Message (as defined in the Offer and Circular dated January 14, 2013 (the “**Offer and Circular**”)). Shareholders who accept the Offer through a book-entry transfer will be deemed to have completed and submitted a Letter of Transmittal and be bound by the terms hereof.

Accordingly, where Common Shares are deposited by book-entry transfer without delivery of an executed Letter of Transmittal, unless the context otherwise requires, references herein to the “undersigned” are to the person on whose behalf that book-entry transfer is made (notwithstanding that such person has not executed a Letter of Transmittal).

Shareholders who wish to accept the Offer but (a) whose certificate(s) representing such Common Shares are not immediately available, (b) who cannot complete the procedure for book-entry transfer of such Common Shares on a timely basis, or (c) whose certificate(s) and all other required documents cannot be delivered to the Depositary and Information Agent at or prior to the Expiry Time, must deposit their Common Shares according to the guaranteed delivery procedure set out in Section 3 of the Offer and Circular, “Manner of Acceptance – Procedure for Guaranteed Delivery” by using the accompanying Notice of Guaranteed Delivery (printed on **GREEN** paper) or a manually executed facsimile thereof. See Instruction 2 herein, “Procedure for Guaranteed Delivery”.

The terms and conditions of the Offer are incorporated by reference into this Letter of Transmittal. The Offer and Circular contain important information and Shareholders are urged to read the Offer and Circular in its entirety. Capitalized terms used but not defined in this Letter of Transmittal which are defined in the Offer and Circular have the respective meanings ascribed thereto in the Offer and Circular.

All dollar references in this Letter of Transmittal refer to Canadian dollars, except where otherwise indicated.

The Depositary and Information Agent, Dundee Capital Markets, as Dealer Manager (the “Dealer Manager”) (the addresses and telephone numbers of which are located on the back page of this Letter of Transmittal) or your broker or other financial advisor can assist you in completing this Letter of Transmittal. Shareholders whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit their Common Shares under the Offer.

YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE PROVIDED BELOW. DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ON THE BACK PAGE WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY AND INFORMATION AGENT.

IF YOU ARE A U.S. SHAREHOLDER (as defined in Block D below), YOU MUST ALSO COMPLETE ENCLOSED IRS FORM W-9 OR IRS FORM W-8, WHICHEVER IS APPLICABLE (SEE INSTRUCTION 9, “IMPORTANT TAX INFORMATION FOR U.S. SHAREHOLDERS”).

Please read carefully the Instructions set forth below before completing this Letter of Transmittal.

TO: ALAMOS GOLD INC.

AND TO: KINGSDALE SHAREHOLDER SERVICES INC., as Depositary and Information Agent

Upon the terms (including the right of withdrawal) and subject to the conditions of the Offer and in this Letter of Transmittal, the undersigned hereby irrevocably accepts the Offer and deposits under the Offer the Deposited Common Shares and, effective immediately following the time when the Offeror takes up Common Shares under the Offer (the “**Effective Time**”), irrevocably sells, assigns and transfers to the Offeror all of the right, title and interest of the undersigned in and to the Deposited Common Shares. The term “**Deposited Common Shares**” refers to the Common Shares identified below as being deposited under the Offer and all other rights and benefits arising from such Common Shares including, without limitation, any and all Distributions, and the term “**Distributions**” refers to any and all dividends, distributions, payments, securities, property or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of such Common Shares or any of them on and after the date of the Offer, including, without limitation, any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests.

FOR SHAREHOLDERS WHOSE COMMON SHARES ARE REPRESENTED BY DIRECT REGISTRATION SYSTEM (“DRS”) ADVICE(S) ONLY:

In order for Shareholders whose Common Shares are represented by DRS advice(s) only to receive the elected consideration, such Shareholders are required to deposit with the Depositary and Information Agent this Letter of Transmittal, properly completed and duly executed, together with all other required documents, in respect of Common Shares deposited for payment pursuant to the Offer. It is not necessary to first obtain a share certificate for the Common Shares, however a DRS statement or advice evidencing those Common Shares must accompany this Letter of Transmittal.

BOX 1			
DESCRIPTION OF COMMON SHARES DEPOSITED UNDER THE OFFER			
(Please print or type. If space is insufficient, please attach a list to this Letter of Transmittal in the form below.)			
Certificate or DRS Advice Number(s) (if available)*	Name(s) in Which Certificate(s) is (are) Registered (please print and fill in exactly as name(s) appear(s) on certificate(s) or DRS Advice*	Number of Common Shares Represented by Certificate(s) or DRS Advice*	Number of Common Shares Deposited**
TOTAL:			
<p>* You do not need to complete these columns in respect of Common Shares deposited by book-entry transfer.</p> <p>** If you desire to deposit fewer than all Common Shares evidenced by any certificate(s) listed above, please indicate in this column the number of Common Shares you wish to deposit. Unless otherwise indicated, the total number of Common Shares evidenced by all certificates delivered will be deemed to have been deposited. See Instruction 7 of this Letter of Transmittal, “Partial Deposits”.</p>			

BOX 2
ELECTION FOR CASH OR SHARES

Under the Offer, the undersigned hereby elects to receive one of the following forms of consideration for all of the Deposited Common Shares represented by the certificate(s) listed in Box 1 above. Shareholders may elect to receive either the Cash Alternative (Choice A) OR the Share Alternative (Choice B).

Shareholders may choose only ONE of the choices below:

Choice A - The CASH ALTERNATIVE

☐ Canadian dollars

Shareholders who check this box will receive Cdn\$4.65 in cash for each Common Share deposited under this Choice A (subject to pro ration).

☐ United States dollars

I elect for the payment of cash to which I am entitled under the Offer to be made in the U.S. dollars equivalence of the Cdn\$4.65, based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date such funds are converted (which may be the Expiry Date or any later date and may be a date other than the date the certificate(s) representing the Common Shares being exchanged are received by the Depositary and Information Agent or the date of issue of payment therefor).

Shareholders who check this box will receive US\$ equivalence of Cdn\$4.65 in cash for each Common Share deposited under this Choice A (subject to pro ration).

Unless the United States dollars box above is checked, the cash payment for the Common Shares being exchanged will be made in Canadian dollars. Shareholders electing to receive payment of the cash to which they are entitled under the Offer in U.S. dollars will be deemed to have acknowledged and agreed that any change to the currency exchange rates of the United States or Canada between the date this Letter of Transmittal is submitted and the date on which the funds are converted by the Depositary and Information Agent will be at the sole risk of the securityholder.

IF THIS LETTER OF TRANSMITTAL IS NOT RECEIVED BY THE DEPOSITARY AND INFORMATION AGENT BY 5:00 P.M. (TORONTO TIME) ON THE EXPIRY DATE, YOU WILL BE DEEMED TO HAVE ELECTED TO RECEIVE THE CASH ALTERNATIVE IN CANADIAN DOLLARS.

Choice B - The SHARE ALTERNATIVE

☐ **Choice B - The SHARE ALTERNATIVE**

Shareholders who check this box will receive 0.2801 common shares of the Offeror ("**Offeror Shares**") for each Common Share deposited under this Choice B (subject to pro ration).

Any Shareholder who fails to complete this Letter of Transmittal and Notice of Guaranteed Delivery, if applicable, electing the Cash Alternative or who does not properly elect either the Cash Alternative or the Share Alternative in this Letter of Transmittal and Notice of Guaranteed Delivery, if applicable, with respect to any Common Shares deposited by such Shareholder pursuant to the Offer will be deemed to have elected the Share Alternative. Assuming that all Shareholders tendered to either the Cash Alternative or the Share Alternative, each Shareholder would be entitled to receive \$2.04 in cash and 0.1572 of an Offeror Share for each Common Share tendered (based on 175,431,302 Common Shares issued and outstanding on a fully diluted basis), subject to adjustment for fractional shares.

No fractional Offeror Shares will be issued pursuant to the Offer. Where a Shareholder is to receive Offeror Shares as consideration under the Offer and the aggregate number of Offeror Shares to be issued to such Shareholder would result in a fraction of an Offeror Share being issuable, the number of Offeror Shares to be received by such Shareholder will be rounded down to the nearest whole Offeror Share and the amount of cash to be received by such Shareholder will be rounded down to the nearest whole cent.

If a Shareholder delivers a Notice of Guaranteed Delivery in respect of Common Shares deposited with this Letter of Transmittal, the election (or deemed election) made in that Notice of Guaranteed Delivery as to the consideration to be

received shall supersede any election made in this Letter of Transmittal. See Instruction 2, "Procedure for Guaranteed Delivery".

BOX 3
RESIDENCY STATUS

By execution of this Letter of Transmittal, the undersigned hereby represents and warrants that, for the purposes of the Tax Act, the undersigned is an individual, trust or corporation which is *(please check appropriate box)*:

☐ **not** a non-resident

- OR -

☐ a non-resident

indicate country of residence: _____

Note: A Shareholder which is a partnership that has any non-resident partner(s) should represent and warrant above that, for the purposes of the Tax Act, it is a “non-resident”.

BOX 4
ROLLOVER OPTION FOR ELIGIBLE HOLDERS

As described in Section 19 of the Offer and Circular, “Principal Canadian Federal Income Tax Considerations”, an Eligible Holder who elects the Rollover Option, and who receives Offeror Shares only or a combination of Offeror Shares and cash as consideration for such holder’s Common Shares, may obtain a full or partial tax deferral in respect of the disposition of Common Shares as a consequence of filing with the Canada Revenue Agency (and, where applicable, with a provincial tax authority) a joint election made by the Eligible Holder and the Offeror (the “**Tax Election**”) under subsection 85(1) or (2) of the Tax Act and the corresponding provisions of any applicable provincial tax legislation.

“**Eligible Holder**” means a Shareholder who elects (or is deemed to elect) the Share Alternative or elects the Cash Alternative but the prorating provisions of the Offer apply pursuant to the Offer and (a) who is a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention and who is not exempt from tax on income under the Tax Act, or (b) who is not resident in Canada for the purposes of the Tax Act and any applicable income tax treaty or convention and whose Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) and are not “treaty-protected property” (as defined in the Tax Act) of the Shareholder, or (c) which is a partnership if one or more members of the partnership are described in (a) or (b);

Eligible Holders should consult their own advisors as to whether they should make the Tax Election and (if so) the procedure for doing so. **It is the Eligible Holder’s responsibility to take the steps required to make a valid Tax Election.**

The joint Tax Election can only be made by a beneficial owner of Common Shares who is an Eligible Holder, and who receives Offeror Shares only or a combination of Offeror Shares and cash as consideration for such holder’s Deposited Common Shares. No joint Tax Election will be made with any other persons. With the exception of execution of the election by the Offeror, compliance with the requirements for a valid election will be the sole responsibility of the Eligible Holder making such election.

Shareholders who elect the Cash Alternative and who would elect the Rollover Option if the prorating provisions of the Offer were to apply so that such Shareholder receives a combination of cash and Offeror Shares, should check the box below. However, such Shareholder will be considered an Eligible Holder only if the prorating provisions of the Offer actually apply to such Shareholder.

By checking the box below to elect the Rollover Option, the undersigned (i) represents that the beneficial owner of the Deposited Common Shares is an Eligible Holder (or would be an Eligible Holder if the prorating provisions of the Offer apply such that the beneficial owner receives a combination of cash and Offeror Shares), and (ii) acknowledges that it is the Eligible Holder’s responsibility to comply with the requirements for a valid Tax Election.

- ☐ Check here if the beneficial owner of the Deposited Common Shares listed in Box 1 (i) is an Eligible Holder (or would be an Eligible Holder if the prorating provisions of the Offer apply such that the beneficial owner receives a combination of cash and Offeror Shares) and (ii) wishes to elect the Rollover Option in order to make a joint Tax Election with the Offeror under subsection 85(1) or (2) of the Tax Act (or the corresponding provisions of any applicable provincial tax legislation). Eligible Holders who check this box and submit this Letter of Transmittal will receive a tax instruction letter setting out procedures for completing the information that must be provided no later than 60 days after the Expiry Time.

IN CONSIDERATION OF THE OFFER AND FOR VALUE RECEIVED, upon the terms and subject to the conditions set forth in the Offer and in this Letter of Transmittal, subject only to the withdrawal rights set out in the Offer, the undersigned irrevocably accepts the Offer for and in respect of the Deposited Common Shares and delivers to the Offeror the enclosed Common Share certificate(s), if applicable, representing the Deposited Common Shares and, on and subject to the terms and conditions of the Offer, deposits, sells, assigns and transfers to the Offeror all right, title and interest in and to the Deposited Common Shares, and in and to all rights and benefits arising from the Deposited Common Shares and any and all Distributions.

The undersigned hereby acknowledges receipt of the Offer and Circular and acknowledges that there will be a binding agreement between the undersigned and the Offeror, effective immediately following the time at which the Offeror takes up the Common Shares deposited by the undersigned, in accordance with the terms and subject to the conditions of the Offer. The undersigned represents and warrants that:

- (a) the undersigned has full power and authority to deposit, sell, assign and transfer the Deposited Common Shares and all rights and benefits arising from such Deposited Common Shares, including, without limitation, any Distributions, to the Offeror;
- (b) the undersigned owns the Deposited Common Shares and any Distributions deposited under the Offer;
- (c) the Deposited Common Shares and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Common Shares or Distributions (or interests therein), to any other person;
- (d) such Shareholder depositing the Common Shares (and any Distributions), or on whose behalf such Common Shares (and any Distributions) are being deposited, has good title to, and is the beneficial owner of, the Common Shares (and any Distributions) being deposited within the meaning of applicable Laws (as defined in the Offer and Circular);
- (e) the deposit of the Deposited Common Shares and Distributions complies with applicable Laws; and
- (f) when the Deposited Common Shares and Distributions are taken up and paid for by the Offeror, the Offeror will acquire good title thereto (and to any Distributions), free and clear of all security interests, liens, restrictions, charges, encumbrances, claims, adverse interests, equities and rights of other persons.

If, on or after the date of the Offer, Aurizon should divide, combine, reclassify, consolidate, convert or otherwise change any of the Common Shares or its capitalization, issue any Common Shares, or issue, grant or sell any securities convertible into Common Shares, or disclose that it has taken or intends to take any such action, then the Offeror may, in its discretion and without prejudice to its rights under Section 4 of the Offer and Circular, "Conditions of the Offer", make such adjustments as it considers appropriate to the purchase price and other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amount payable therefor) to reflect such division, combination, reclassification, consolidation, conversion, issuance, grant, sale or other change.

Common Shares and any Distributions acquired under the Offer shall be transferred by the Shareholder and acquired by the Offeror free and clear of all liens, restrictions, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including, without limitation, the right to any and all dividends, distributions, payments, securities, property, rights, assets or other interests which may be accrued, declared, paid, issued, distributed, made or transferred on or after the date of the Offer on or in respect of the Common Shares, whether or not separated from the Common Shares.

If, on or after the date of the Offer, Aurizon should declare, set aside or pay any dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with respect to any Common Share, which is or are payable or distributable to Shareholders on a record date prior to the date of transfer into the name of the Offeror or its nominee or transferee on the securities register maintained by or on behalf of Aurizon in respect of Common Shares accepted for purchase under the Offer, then (and without prejudice to its rights under Section 4 of the Offer and Circular, "Conditions of the Offer"): (a) in the case of cash dividends, distributions or payments, the amount of the dividends, distributions or payments will be received and held by the depositing Shareholder for the account of the Offeror until the Offeror pays for such Common Shares, and to the extent that such dividends, distributions or payments do not exceed the purchase price per Common Share payable in cash by the Offeror pursuant to the

Offer, the purchase price per Common Share payable by the Offeror pursuant to the Offer in cash will be reduced by the amount of any such

dividend, distribution or payment, and (b) in the case of any such cash dividend, distribution or payment that exceeds the purchase price per Common Share payable in cash by the Offeror pursuant to the Offer, or in the case of any non-cash dividend, distribution, payment, right or interest, the whole of any such dividend, distribution, payment, right or other interest will be received and held by the depositing Shareholder for the account of the Offeror and shall be required to be promptly remitted and transferred by the depositing Shareholder to the Depositary and Information Agent for the account of the Offeror, accompanied by appropriate documentation of transfer. Pending such remittance, the Offeror will be entitled to all rights and privileges as owner of any such dividend, distribution, payment, right or other interest and may withhold the entire purchase price payable by the Offeror pursuant to the Offer or deduct from the purchase price payable by the Offeror pursuant to the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

The undersigned irrevocably constitutes and appoints, effective at and after the Effective Time, each director and officer of the Offeror and any other person designated by the Offeror in writing as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the Deposited Common Shares (which Deposited Common Shares upon being taken up are, together with any Distributions thereon, hereinafter referred to as the “**Purchased Securities**”) with respect to such Purchased Securities, with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Shareholder:

- (a) to register or record the transfer and/or cancellation of such Purchased Securities to the extent consisting of securities on the appropriate securities registers maintained by or on behalf of Aurizon;
- (b) for so long as any such Purchased Securities are registered or recorded in the name of such Shareholder, to exercise any and all rights of such Shareholder, including, without limitation, the right to vote, to execute and deliver (provided the same is not contrary to applicable Laws), as and when requested by the Offeror, any and all instruments of proxy, authorizations, resolutions or consents in form and on terms satisfactory to the Offeror in respect of any or all Purchased Securities, to revoke any such instruments, authorizations, resolutions or consents given prior to or after the Effective Time, and to designate in any such instruments, authorizations, resolutions or consents any person or persons as the proxyholder of such Shareholder in respect of such Purchased Securities for all purposes, including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournments or postponements thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Aurizon;
- (c) to execute, endorse and negotiate, for and in the name of and on behalf of such Shareholder, any and all cheques or other instruments representing any Distributions payable to or to the order of, or endorsed in favour of, such Shareholder;
- (d) to exercise any other rights of a Shareholder with respect to such Purchased Securities; and
- (e) to execute all such further and other documents, transfers or other assurances as may be necessary or desirable in the sole judgment of the Offeror to effectively convey such Purchased Securities to the Offeror.

The undersigned revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Shareholder at any time with respect to the Purchased Securities. The undersigned agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted with respect to the Deposited Common Shares or any Distributions by or on behalf of the depositing Shareholder unless the Deposited Common Shares are not taken up and paid for under the Offer or are withdrawn in accordance with Section 8 of the Offer and Circular, “Withdrawal of Deposited Common Shares”.

The undersigned agrees not to vote any of the Purchased Securities taken up and paid for under the Offer at any meeting (whether annual, special or otherwise or any adjournments or postponements thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Aurizon and, except as may otherwise be agreed with the Offeror, not to exercise any of the other rights or privileges attached to the Purchased Securities. The undersigned agrees to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents, in form and on terms satisfactory to the Offeror, in respect of all or any of the Purchased Securities, and agrees to designate or appoint in any such instruments of proxy, authorizations or consents, the person or persons specified by the Offeror as the proxy or the proxy nominee or nominees of the holder of the Purchased Securities.

Upon such appointment, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or

attorney-in-fact) or consents given by the holder of such Purchased Securities with respect thereto shall be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.

The undersigned covenants and agrees to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Securities to the Offeror. Each authority conferred or agreed to be conferred by the undersigned in this Letter of Transmittal is, to the extent permitted by applicable Laws, irrevocable and may be exercised during any subsequent legal incapacity of the undersigned and shall, to the extent permitted by applicable Laws, survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned in this Letter of Transmittal shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer and Circular, the deposit of Common Shares pursuant to this Letter of Transmittal is irrevocable.

The authority herein conferred, coupled with an interest, is not intended to be a continuing power of attorney within the meaning of and governed by the *Substitute Decisions Act* (Ontario), or any similar power of attorney under equivalent legislation in any of the provinces or territories of Canada (a "CPOA"). The execution of this Letter of Transmittal shall not terminate any such CPOA granted by the undersigned previously and shall not be terminated by the execution by the undersigned in the future of the CPOA, and the undersigned hereby agrees not to take any action in the future which results in the termination of the authority herein conferred.

The Depositary and Information Agent will act as the agent of persons who have deposited Common Shares in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting such payment to such persons, and receipt of payment by the Depositary and Information Agent will be deemed to constitute receipt of payment by persons depositing Common Shares under the Offer.

All cash amounts payable under the Offer will be paid in Canadian dollars. However, Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars by checking the box set out above in Box 2, Choice A of this Letter of Transmittal, in which case each such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted. A Shareholder electing to receive payment of the cash to which it is entitled under the Offer made in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of such Shareholder. The Depositary and Information Agent may receive a fee from its banking institution for referring foreign exchange transactions to it.

Settlement with each Shareholder who has deposited (and not properly withdrawn) Common Shares under the Offer will be made by the Depositary and Information Agent issuing or causing to be issued a cheque (except for payments in excess of Cdn\$25 million, which will be made by wire transfer, as set out in this Letter of Transmittal) payable in Canadian funds and/or delivering or causing to be delivered certificates or by direct share registration (if applicable) representing Offeror Shares in the amount to which the person depositing Common Shares is entitled. Unless otherwise directed by this Letter of Transmittal, the cheque or certificates will be issued in the name and direct registration of the registered holder of the Common Shares so deposited. Unless the person depositing the Common Shares instructs the Depositary and Information Agent to hold the cheque or certificates for pick-up by checking the appropriate box in this Letter of Transmittal, the cheque or certificates will be forwarded by first class mail to such person at the address specified in this Letter of Transmittal. If no such address is specified, the cheque or certificates will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of Aurizon. Cheques or certificates mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Pursuant to applicable Laws, the Offeror may, in certain circumstances, be required to make withholdings from the amount otherwise payable to a Shareholder. The undersigned acknowledges that the Offeror has no obligation pursuant to the instructions given below to transfer any Deposited Common Shares from the name of the registered holder thereof if the Offeror does not purchase any of the Deposited Common Shares.

Pursuant to rules of the Canadian Payments Association, a Cdn\$25 million ceiling has been established on cheques, bank drafts and other paper-based payments processed through Canada's clearing system. As a result, any payment to the undersigned in excess of Cdn\$25 million will be effected by the Depositary and Information Agent by wire transfer in accordance with the Large Value Transfer

System Rules established by the Canadian Payments Association. Accordingly, settlement with the undersigned involving a payment in excess of Cdn\$25 million will be made only in accordance with wire transfer instructions provided by the undersigned to the

Depository and Information Agent in writing. In the event wire transfer instructions are required as set out above, the Depository and Information Agent will contact the undersigned promptly following the Expiry Time for purposes of obtaining wire transfer instructions. Any delay in payment by the Depository and Information Agent resulting from the provision by the undersigned of wire transfer instructions will not entitle the undersigned to interest or other compensation in addition to the amounts to which the undersigned is entitled pursuant to the Offer.

Any Deposited Common Shares that are not taken up and paid for by the Offeror under the Offer for any reason will be returned, at the Offeror's expense, to the depositing Shareholder as soon as practicable after the Expiry Time or withdrawal of the Offer, by either (a) sending certificates representing the Common Shares not purchased by first class mail to the address of the depositing Shareholder specified in this Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the securities registers maintained by or on behalf of Aurizon, or (b) in the case of Common Shares deposited by book-entry transfer of such Common Shares pursuant to the procedures set out in Section 3 of the Offer and Circular, "Manner of Acceptance – Acceptance by Book-Entry Transfer", crediting such Common Shares to the depositing Shareholder's account maintained with CDS or DTC, as applicable.

The undersigned agrees that all questions as to validity, form, eligibility (including timely receipt) and acceptance of any Common Shares deposited pursuant to the Offer and the propriety of the completion and execution of this Letter of Transmittal and (if applicable) the Notice of Guaranteed Delivery will be determined by the Offeror in its sole discretion and that such determination will be final and binding and acknowledges that (i) the Offeror reserves the absolute right to reject any and all deposits of Common Shares that the Offeror determines not to be in proper form or that may be unlawful to accept under the laws of any jurisdiction, (ii) the Offeror reserves the absolute right to waive any defects or irregularities in the deposit of any Common Shares, (iii) there shall be no duty or obligation of the Offeror or the Depository and Information Agent or any other person to give notice of any defect or irregularity in any deposit and no liability shall be incurred by any of them for failure to give such notice, (iv) the Offeror's interpretation of the terms and conditions of the Offer and Circular, this Letter of Transmittal and (if applicable) the Notice of Guaranteed Delivery shall be final and binding, and (v) the Offeror reserves the right to permit the Offer to be accepted in a manner other than as set forth in the Offer.

The undersigned also understands and acknowledges that under no circumstances will interest accrue or any amount be paid by the Offeror or the Depository and Information Agent to any person on the purchase price of any Deposited Common Shares purchased by the Offeror, regardless of any delay in making such payment.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depository and Information Agent, or if they make use of the services of a soliciting dealer group comprised of members of The Investment Dealers Association of Canada and members of Canadian stock exchanges, to accept the Offer.

By reason of the use by the undersigned of an English language form of Letter of Transmittal, the undersigned shall be deemed to have required that any contract evidenced by the Offer as accepted through this Letter of Transmittal, as well as all documents related thereto, be drawn exclusively in the English language. *En raison de l'usage d'une lettre d'envoi en langue anglaise par le soussigné, le soussigné est réputé avoir requis que tout contrat attesté par l'offre et son acceptation par cette lettre d'envoi, de même que tous les documents qui s'y rapportent, soient rédigés exclusivement en langue anglaise.*

SHAREHOLDER INFORMATION AND INSTRUCTIONS

Before signing this Letter of Transmittal, please review carefully and complete the following boxes, as appropriate.

BLOCK A REGISTRATION AND PAYMENT INSTRUCTIONS

(See Instructions 3 and 4)

ISSUE CHEQUE/OFFEROR SHARES IN
THE NAME OF:
(please print or type)

(Name)

(Street Address and Number)

(City and Province/State)

(Country and Postal/Zip Code)

(Telephone - Business Hours)

(Tax Identification or Social Insurance or
Social Security Number)

(E-mail Address)

BLOCK B DELIVERY INSTRUCTIONS

(See Instructions 3 and 4)

SEND CHEQUE/OFFEROR SHARES
(Unless BLOCK C is checked) TO:
(please print or type)

☐ Same as address in Block A

or to:

(Name)

(Street Address and Number)

(City and Province/State)

(Country and Postal/Zip Code)

(Telephone - Business Hours)

(Tax Identification or Social Insurance or
Social Security Number)

(E-mail Address)

or to:

☐ DRS Account (if applicable)

BLOCK C SPECIAL PICK-UP INSTRUCTIONS

- ☐ HOLD CHEQUE/OFFEROR SHARES FOR PICK-UP AT THE OFFICE OF THE DEPOSITARY AND INFORMATION AGENT WHERE THIS LETTER OF TRANSMITTAL IS DEPOSITED

BLOCK D
STATUS AS U.S. SHAREHOLDER

TO BE COMPLETED BY ALL SHAREHOLDERS BY SELECTING ONE BOX BELOW

(See Instruction 9)

Indicate whether you are a U.S. Shareholder or are acting on behalf of a U.S. Shareholder:

- ☐ The person signing on Block H represents that it is not a U.S. Shareholder and is not acting on behalf of a U.S. Shareholder.
- ☐ The person signing on Block H is a U.S. Shareholder or is acting on behalf of a U.S. Shareholder.

A **“U.S. Shareholder”** is any holder of Common Shares that is either (A) providing an address in Block A or B that is located within the United States or any territory or possession thereof or (B) that is a U.S. person for U.S. federal income tax purposes. A Shareholder is a U.S. person for U.S. federal income tax purposes if the Shareholder is: (A) an individual citizen or resident alien of the United States as determined for U.S. federal income tax purposes; (B) a corporation, partnership, company or association created or organized in the United States or under the laws of the United States or any state or the District of Columbia; (C) an estate, the income of which is subject to U.S. federal income tax regardless of its source; or (D) a trust if: (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

To avoid U.S. backup withholding, if you are a U.S. Shareholder or acting on behalf of a U.S. Shareholder, you must duly complete and timely return to the Depositary and Information Agent enclosed Form W-9 (see page 15 of this Letter of Transmittal) or, in certain circumstances, another withholding tax certificate. You can find more information in Instruction 9, “Important Tax Information For U.S. Shareholders”.

BLOCK E
DEPOSIT PURSUANT TO NOTICE OF GUARANTEED DELIVERY

- ☐ CHECK HERE IF COMMON SHARES ARE BEING DEPOSITED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND INFORMATION AGENT AND COMPLETE THE FOLLOWING: (please print or type)

Name of Registered Holder: _____

Date of Execution of Notice of Guaranteed Delivery: _____

Window Ticket Number (if any): _____

Name of Institution which Guaranteed Delivery: _____

BLOCK F
BOOK-ENTRY TRANSFER

- ☐ CHECK HERE IF COMMON SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY AND INFORMATION AGENT'S ACCOUNT AT DTC AND COMPLETE THE FOLLOWING: (please print or type)

Name of Tendering Institution:

Account Number:

Transaction Code Number:

BLOCK G
DEALER OR BROKER SOLICITING ACCEPTANCE OF THE OFFER
(See Instruction 8)

The undersigned represents that the dealer or broker who solicited and obtained this deposit is:
(please print or type)

(Firm)

(Registered Representative)

(Telephone Number)

- ☐ CHECK HERE IF LIST OF BENEFICIAL HOLDERS IS ATTACHED

Please send any solicitation fee requests to the Depositary and Information Agent no later than 30 business days after the Expiry Date.

BLOCK H
SHAREHOLDER SIGNATURE AND SIGNATURE GUARANTEE

By signing below, the undersigned expressly agrees to the terms and conditions set forth above.

This Letter of Transmittal must be signed below by the registered Shareholder(s) exactly as name(s) appear(s) on the certificates representing the Deposited Common Shares, or on a security position listing or by person(s) authorized to become registrant holder(s) by certificates and documents transmitted herewith, or, pursuant to Instruction 5, by a fiduciary or authorized representative.

Dated: _____

Signature guaranteed by (if required under Instruction 4): _____

Authorized Signature of Guarantor

Signature of Shareholder or Authorized
Representative (see Instructions 3, 4 and 5)

Name of Guarantor (please print or type)

Name of Shareholder or Authorized
Representative (please print or type)

Address of Guarantor (please print or type)

Daytime telephone number and facsimile
number of Shareholder or Authorized
Representative

Tax Identification, Social Insurance or Social
Security Number

Form **W-9**

(Rev. December 2011)

Department of the Treasury

Internal Revenue Service

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

**Print or
type**
See
**Specific
Instructions**
on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different
from above

Check appropriate box for federal tax classification:

☐ Individual/
sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/
estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S
corporation, P=partnership) u _____
☐ Other (see instructions) u _____
☐
Exempt payee

Address (number, street, and apt. or suite no.)

Requester's name and address
(optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

			-			-					
--	--	--	---	--	--	---	--	--	--	--	--

Employer identification number

--	--	--	--	--	--	--	--	--	--	--	--

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person u	Date u
------------------	-----------------------------------	---------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.

Partnership, C Corporation, or S Corporation. Enter the entity’s name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

Disregarded entity. Enter the owner’s name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner’s name is required to be provided on the “Name” line. If the

payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

Note. Check the appropriate box for the federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the “Name” line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the “Name” line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/ disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for. . .	THEN the payment is exempt for. . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. *Exempt payees*, see Exempt Payee on page 3.

Signature requirements. Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public	The public entity

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

Protect your SSN,

Ensure your employer is protecting your SSN, and

Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

entity (such as a state or local government, school district, or prison) that receives agricultural program payments	
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

18

- ¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.
- ² Circle the minor's name and furnish the minor's SSN.
- ³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.
- ⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

***Note.** Grantor also must provide a Form W-9 to trustee of trust.

INSTRUCTIONS

1. Use of Letter of Transmittal

- (a) This Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with the signature(s) guaranteed if required by Instruction 4 below, together with accompanying certificate(s) representing the Deposited Common Shares (or, alternatively, confirmation of a book-entry transfer of a Shareholder's Common Shares into the Depository and Information Agent's account at CDS or DTC, as applicable ("**Book-Entry Confirmation**"), with respect thereto) and all other documents required by the terms of the Offer and this Letter of Transmittal must be physically received by the Depository and Information Agent at its offices specified on the back page of this Letter of Transmittal at or prior to 5:00 p.m. (Toronto time) on February 19, 2013, the Expiry Time, unless the Offer is extended or withdrawn or unless the procedure for guaranteed delivery set out in Instruction 2 below is used.
- (b) The method used to deliver this Letter of Transmittal, any accompanying certificate(s) representing Deposited Common Shares (or any Book-Entry Confirmation, as applicable), and all other required documents is at the option and risk of the Shareholder depositing these documents and delivery will be deemed effective only when such documents are actually received by the Depository and Information Agent at its offices specified on the back page hereof. The Offeror recommends that the necessary documentation be delivered by hand to the Depository and Information Agent and that a receipt be obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depository and Information Agent at or prior to the Expiry Time. Delivery will only be effective upon physical receipt by the Depository and Information Agent at its offices specified on the back page hereof.

Persons whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

2. Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Common Shares under the Offer but (a) the certificate(s) representing such Common Shares is (are) not immediately available, (b) the Shareholder cannot complete the procedure for book-entry transfer of such Common Shares on a timely basis, or (c) the certificate(s) and all other required documents cannot be delivered to the Depository and Information Agent at or prior to the Expiry Time, such Common Shares may nevertheless be deposited validly under the Offer provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution (as defined below);
- (b) a Notice of Guaranteed Delivery (printed on **GREEN** paper) in the form accompanying the Offer, or a manually executed facsimile thereof, properly completed and duly executed, including a guarantee of delivery by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depository and Information Agent at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time; and
- (c) the certificate(s) representing all Deposited Common Shares, in proper form for transfer, together with this Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed with the signature(s) guaranteed if required by Instruction 4 below, and all other documents required by the terms of the Offer and this Letter of Transmittal (or, in the case of a book-entry transfer, a Book-Entry Confirmation with respect to the Deposited Common Shares and, in the case of DTC accounts, a Letter of Transmittal or a manually signed facsimile thereof, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in lieu of a Letter of Transmittal), are physically received by the Depository and Information Agent at its office specified in this Letter of Transmittal at or prior to 5:00 p.m. (Toronto time) on the third trading day on the Toronto Stock Exchange (the "**TSX**") after the Expiry Time.

The Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by facsimile or mailed to the Depositary and Information Agent at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the

form set out in the Notice of Guaranteed Delivery. **Delivery of the Notice of Guaranteed Delivery and this Letter of Transmittal and accompanying certificate(s) representing Common Shares and all other required documents to an address or transmission by facsimile to facsimile number other than those specified in the Notice of Guaranteed Delivery does not constitute delivery for purposes of satisfying a guaranteed delivery.**

An “**Eligible Institution**” means a Canadian Schedule I chartered bank, a major trust company in Canada, a commercial bank or trust company in the United States, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP), acceptable to the Depositary and Information Agent; Members of these programs are usually members of a recognized stock exchange in Canada and/or the United States, members of the Investment Dealers Association of Canada, members of the Financial Industry Regulatory Authority, Inc. or banks or trust companies in Canada or the United States.

3. Signatures

This Letter of Transmittal must be completed and executed by the Shareholder accepting the Offer described above or by such Shareholder’s duly authorized representative (in accordance with Instruction 5).

- (a) If this Letter of Transmittal is signed by the registered holder(s) of the accompanying certificate(s) representing the Deposited Common Shares, such signature(s) on this Letter of Transmittal must correspond exactly with the name(s) as registered or, if applicable, as written on the face of such certificate(s) representing the Deposited Common Shares, in either case, without any change whatsoever, and any such certificate(s) need not be endorsed. If any Deposited Common Shares are owned of record by two or more joint holders, all such holders must sign this Letter of Transmittal.
- (b) If this Letter of Transmittal is executed by a person other than the registered holder(s) of the Deposited Common Shares, or if the Offeror Shares and/or cheque(s) is (are) to be issued or delivered to a person other than the registered holder(s), or if the certificate(s) representing Common Shares in respect of which the Offer is not being accepted is (are) to be returned to a person other than such registered holder(s) or sent to an address other than the address of the registered holder(s) shown on the securities register maintained by or on behalf of Aurizon:
 - (i) the accompanying certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney, in either case, duly and properly completed by the registered holder(s);
 - (ii) the signature(s) on the endorsement panel or share transfer power of attorney must correspond exactly to the name(s) of the registered holder(s) as registered or as appearing on the face of the certificate(s); and
 - (iii) such signature(s) must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depositary and Information Agent (except that no guarantee is required if the signature is that of an Eligible Institution).

4. Guarantee of Signatures

If this Letter of Transmittal is executed by a person other than the registered holder(s) of the Deposited Common Shares, or in the circumstances set out in Instruction 3(b), such signatures must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depositary and Information Agent (except that no guarantee is required if the signature is that of an Eligible Institution).

5. Fiduciaries, Representatives and Authorizations

Where this Letter of Transmittal or any share certificate or share transfer power of attorney is executed by a person acting as an executor, administrator, trustee, guardian, or on behalf of a corporation, partnership or association or is executed by any other person acting in a representative or fiduciary capacity, such person should so indicate when signing and this Letter of Transmittal must be accompanied by satisfactory evidence of such person’s authority to act. Either of the Offeror or the Depositary and Information Agent, at its sole discretion, may require additional evidence of authority or additional documentation.

6. Delivery Instructions

If any cheque(s) or certificate(s) representing Offeror Shares is (are) to be sent to or, in respect of partial deposits of Common Shares, certificates representing Common Shares are to be returned to, someone at an address other than the address of the Shareholder as it appears in Block A on this Letter of Transmittal, entitled

“Payment Instructions”, then Block B on this Letter of Transmittal, entitled “Delivery Instructions”, should be completed. If Block B is not completed, any cheque(s) or certificates representing Offeror Shares will be mailed to the depositing Shareholder at the address of such Shareholder as it appears in Block A or, if no address is provided in Block A, then they will be mailed to the address of such Shareholder as it appears on the securities register maintained by or on behalf of Aurizon. Any cheque(s) or certificates representing Offeror Shares mailed in accordance with the terms of the Offer and this Letter of Transmittal will be deemed to be delivered at the time of mailing.

7. Partial Deposits

If less than the total number of Common Shares evidenced by any certificate(s) submitted is to be deposited, fill in the number of Common Shares to be deposited in the appropriate space in Box 1, entitled “Description of Common Shares Deposited Under the Offer” on this Letter of Transmittal. In such case, new certificate(s) for the number of Common Shares not deposited will be sent to the registered holder unless otherwise provided as soon as practicable after the Expiry Time. The total number of Common Shares evidenced by all certificates delivered will be deemed to have been deposited unless otherwise indicated. Note that this Instruction is not applicable to Shareholders who deposit their Common Shares by book-entry transfer.

8. Solicitation

Identify the investment dealer or broker, if any, who solicited acceptance of the Offer by completing Block G on this Letter of Transmittal, entitled “Dealer or Broker Soliciting Acceptance of the Offer”. If this deposit represents more than one beneficial holder, all beneficial holder information must be provided on a list that must accompany the deposit.

9. Important Tax Information for U.S. Shareholders

To ensure compliance with Internal Revenue Service (“IRS”) Circular 230, Shareholders are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Letter of Transmittal or any document referred to herein is not intended or written to be used, and cannot be used, by Shareholders for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code of 1986, as amended; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) Shareholders should seek advice based on their particular circumstances from their own tax advisor.

U.S. federal income tax law requires a U.S. Shareholder (as defined above in Block D) who receives cash payments pursuant to the purchase of his, her or its Common Shares by the Offeror pursuant to the Offer to provide the Depositary and Information Agent with his, her or its correct Taxpayer Identification Number (“**TIN**”), which, in the case of a U.S. Shareholder who is an individual, is generally the individual’s social security number. If the Depositary and Information Agent is not provided with the correct TIN or an adequate basis for an exemption, as the case may be, such U.S. Shareholder may be subject to penalties imposed by the IRS and backup withholding.

In general, to prevent backup withholding, each U.S. Shareholder that is a U.S. person (as defined above in Block D) must provide the Depositary and Information Agent with his, her or its correct TIN by duly completing the enclosed IRS Form W-9 in accordance with the instructions attached thereto (the “**W-9 Guidelines**”), which requires such U.S. Shareholder to certify under penalty of perjury: (a) that the TIN provided is correct (or that such U.S. Shareholder is awaiting a TIN); (b) that (i) the U.S. Shareholder is exempt from backup withholding; (ii) the U.S. Shareholder has not been notified by the IRS that it is subject to backup withholding as a result of a failure to report all interest or dividends; or (iii) the IRS has notified the U.S. Shareholder that it is no longer subject to backup withholding; and (c) that the U.S. Shareholder is a U.S. person (as defined below).

Generally, certain exempt holders are not subject to backup withholding. To prevent possible erroneous backup withholding, an exempt holder must enter his, her or its correct TIN in Part I of the enclosed IRS Form W-9, check the box “Exempt payee” in Part 1 of such IRS Form W-9, and sign and date the form. For more details, see the W-9 Guidelines.

If a U.S. Shareholder does not have a TIN, such U.S. Shareholder should: (a) consult the W-9 Guidelines for instructions as to how to apply for a TIN; (b) write “Applied For” in the space for the TIN in Part I of the enclosed IRS Form W-9; and (c) sign and date the enclosed IRS Form W-9. The Depositary and Information Agent may withhold on all payments made prior to the time a properly certified

TIN is provided to it. A U.S. Shareholder who writes “Applied For” in Part I of the enclosed IRS Form W-9 should furnish the Depositary and

Information Agent with such U.S. Shareholder's TIN as soon as it is received. In such case, the Depositary and Information Agent will withhold on any payment made to such U.S. Shareholder prior to the time a properly certified TIN is provided to the Depositary and Information Agent.

If the enclosed IRS Form W-9 is not applicable to a U.S. Shareholder because such U.S. Shareholder is not a U.S. person for United States federal tax purposes, such U.S. Shareholder will instead need to submit an appropriate and properly completed IRS Form W-8, signed under penalty of perjury, to avoid backup withholding. An appropriate IRS Form W-8 may be obtained from the Depositary and Information Agent. Such forms are also available on the IRS website at www.irs.gov.

Backup withholding is not an additional U.S. federal income tax. Rather, any amounts withheld under the backup withholding rules will be allowed as a refund or credit against such U.S. Shareholder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

A U.S. SHAREHOLDER WHO FAILS TO PROPERLY COMPLETE AND TIMELY SUBMIT THE ENCLOSED IRS FORM W-9 OR, WHERE APPLICABLE, THE APPROPRIATE IRS FORM W-8, MAY BE SUBJECT TO BACKUP WITHHOLDING ON ANY CASH PAYMENT MADE TO SUCH U.S. SHAREHOLDER PURSUANT TO THE OFFER AND MAY BE SUBJECT TO PENALTIES.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO (A) THE APPLICABILITY OF THE BACKUP WITHHOLDING AND INFORMATION REPORTING REQUIREMENTS TO THEM AND (B) THE PROPER COMPLETION OF ENCLOSED IRS FORM W-9 OR THE APPROPRIATE IRS FORM W-8.

10. Currency of Payment

All cash amounts payable under the Offer will be paid in Canadian dollars. However, Shareholders can also elect to receive payment of the cash to which they are entitled under the Offer in U.S. dollars by checking the box set out above in Box 2, Choice A of this Letter of Transmittal, in which case each such Shareholder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted. A Shareholder electing to receive payment of the cash to which it is entitled under the Offer made in U.S. dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of such Shareholder. The Depositary and Information Agent may receive a fee from its banking institution for referring foreign exchange transactions to it.

11. Miscellaneous

- (a) If the space in Box 1 of this Letter of Transmittal is insufficient to list all certificates for Deposited Common Shares, additional certificate numbers and number of Deposited Common Shares may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Deposited Common Shares are registered in different forms (e.g. "John Doe" and "J. Doe"), a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be accepted and no fractional Common Shares will be purchased. All depositing Shareholders, by execution of this Letter of Transmittal (or manually signed facsimile thereof), waive any right to receive any notice of the acceptance of Deposited Common Shares for payment, except as required by applicable Laws.
- (d) The Offer and all contracts resulting from acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party to any agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.
- (e) The Offeror will not pay any fees or commissions to any stockbroker, dealer or other person for soliciting deposits of Common Shares under the Offer, other than to members of the soliciting dealer group and the Depositary and Information Agent, except as otherwise set out in the accompanying Offer and Circular.

- (f) Before completing this Letter of Transmittal, you are urged to read the accompanying Offer and Circular.

-
- (g) All questions as to the validity, form, eligibility (including, without limitation, timely receipt) and acceptance of any Common Shares deposited under the Offer will be determined by the Offeror in its sole discretion. Depositing Shareholders agree that such determination will be final and binding. The Offeror reserves the absolute right to reject any and all deposits that it determines not to be in proper form or that may be unlawful to accept under the laws of any jurisdiction. The Offeror reserves the absolute right to waive any defects or irregularities in the deposit of any Common Shares. **There shall be no duty or obligation of the Offeror, the Depositary and Information Agent and the Dealer Manager or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred or suffered by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer and Circular, this Letter of Transmittal, the Notice of Guaranteed Delivery and any other related documents will be final and binding.** The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set out in the Offer and Circular.
- (h) Additional copies of the Offer and Circular, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Depositary and Information Agent or the Dealer Manager at their respective addresses specified in this Letter of Transmittal.

12. Lost Certificates

If a certificate representing Common Shares has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss and providing your telephone number, to the Depositary and Information Agent at its office specified in this Letter of Transmittal. The Depositary and Information Agent will forward such letter to Aurizon's registrar and transfer agent so that the registrar and transfer agent may provide replacement instructions. If a certificate representing Common Shares has been lost, destroyed, mutilated or mislaid, the foregoing action must be taken sufficiently in advance of the Expiry Time in order to obtain a replacement certificate in sufficient time to permit the Common Shares represented by the replacement certificate to be deposited under the Offer prior to the Expiry Time.

13. Privacy Notice

The Depositary and Information Agent is committed to protecting your personal information. In the course of providing services to you and its corporate clients, the Depositary and Information Agent receives non-public personal information about you from transactions performed by the Depositary and Information Agent for you, forms you send to the Depositary and Information Agent, other communications the Depositary and Information Agent has with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. The Depositary and Information Agent uses this to administer your account, to better serve your and its clients' needs and for other lawful purposes relating to its services. Some of your information may be transferred to servicers in the U.S. for data processing and/or storage. The Depositary and Information Agent will use the information you are providing in order to process your request and will treat your signature(s) as your consent to us so doing.

14. Assistance

Questions or requests for assistance in accepting the Offer, completing this Letter of Transmittal and depositing the Common Shares with the Depositary and Information Agent may be directed to the Depositary and Information Agent or the Dealer Manager. Their contact details are provided at the end of this document. Shareholders may also contact their brokers, dealers, commercial banks, trust companies or other nominees for assistance concerning the Offer.



Instructions for the Requester of Form W-9 (Rev. January 2011) Request for Taxpayer Identification Number and Certification

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

New checkboxes. Generally, for any sale of a covered security acquired by an S corporation (other than a financial institution) after December 31, 2011, brokers will be required to report gross proceeds and basis information to S corporations and may not treat them as exempt recipients. New tax classification checkboxes have been added for S corporation and Trust/estate. The Form W-9 is revised to allow S corporations sufficient time to provide new certifications to brokers indicating their non-exempt status. Also, disregarded entity was removed as a tax classification for limited liability companies.

Reminders

The backup withholding rate is 28% for reportable payments.

The IRS website offers TIN Matching e-services for certain payers to validate name and TIN combinations. See Taxpayer Identification Number (TIN) Matching on page 4.

How Do I Know When To Use Form W-9?

Use Form W-9 to request the taxpayer identification number (TIN) of a U.S. person (including a resident alien) and to request certain certifications and claims for exemption. (See Purpose of Form on Form W-9.) Withholding agents may require signed Forms W-9 from U.S. exempt recipients to overcome any presumptions of foreign status. For federal purposes, a U.S. person includes but is not limited to:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- Any estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

A partnership may require a signed Form W-9 from its U.S. partners to overcome any presumptions of foreign status and to

Also, a nonresident alien individual may, under certain circumstances, claim treaty benefits on scholarships and fellowship grant income. See Pub. 515 or Pub. 519, U.S. Tax Guide for Aliens, for more information.

Electronic Submission of Forms W-9

Requesters may establish a system for payees and payees' agents to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a taxpayer identification number (TIN) to the requester.

Payee's agent. A payee's agent can be an investment advisor (corporation, partnership, or individual) or an introducing broker. An investment advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. The introducing broker is a broker-dealer that is regulated by the SEC and the National Association of Securities Dealers, Inc., and that is not a payer. Except for a broker who acts as a payee's agent for "readily tradable instruments," the advisor or broker must show in writing to the payer that the payee authorized the advisor or broker to transmit the Form W-9 to the payer.

Electronic system. Generally, the electronic system must:

- Ensure the information received is the information sent, and document all occasions of user access that result in the submission;

- Make reasonably certain that the person accessing the system and submitting the form is the person identified on Form W-9, the investment advisor, or the introducing broker;

- Provide the same information as the paper Form W-9;

- Be able to supply a hard copy of the electronic Form W-9 if the Internal Revenue Service requests it; and

- Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.

avoid withholding on the partner' s allocable share of the partnership' s effectively connected income. For more information, see Regulations section 1.1446-1.

Advise foreign persons to use the appropriate Form W-8. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, for more information and a list of the W-8 forms.

Cat. No. 20479P



For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement.

For more details, see the following.

Announcement 98-27, which is on page 30 of Internal Revenue Bulletin 1998-15 at www.irs.gov/pub/irs-irbs/irb98-15.pdf.

Announcement 2001-91, which is on page 221 of Internal Revenue Bulletin 2001-36 at www.irs.gov/pub/irs-irbs/irb01-36.pdf.

Individual Taxpayer Identification Number (ITIN)

Form W-9 (or an acceptable substitute) is used by persons required to file information returns with the IRS to get the payee's (or other person's) correct name and TIN. For individuals, the TIN is generally a social security number (SSN).

However, in some cases, individuals who become U.S. resident aliens for tax purposes are not eligible to obtain an SSN. This includes certain resident aliens who must receive information returns but who cannot obtain an SSN.

These individuals must apply for an ITIN on Form W-7, Application for IRS Individual Taxpayer Identification Number, unless they have an application pending for an SSN. Individuals who have an ITIN must provide it on Form W-9.

Substitute Form W-9

You may develop and use your own Form W-9 (a substitute Form W-9) if its content is substantially similar to the official IRS Form W-9 and it satisfies certain certification requirements.

You may incorporate a substitute Form W-9 into other business forms you customarily use, such as account signature cards. However, the certifications on the substitute Form W-9 must clearly state (as shown on the official Form W-9) that under penalties of perjury:

1. The payee's TIN is correct,
2. The payee is not subject to backup withholding due to failure to report interest and dividend income, and
3. The payee is a U.S. person.

You may not:

1. Use a substitute Form W-9 that requires the payee, by signing, to agree to provisions unrelated to the required certifications, or
2. Imply that a payee may be subject to backup withholding unless the payee agrees to provisions on the substitute form that are unrelated to the required certifications.

A substitute Form W-9 that contains a separate signature line just for the certifications satisfies the requirement that the certifications be clearly stated.

If a single signature line is used for the required certifications and other provisions, the certifications must be highlighted, boxed, printed in bold-face type, or presented in some other manner that causes the language to stand out from all other information contained on the substitute form. Additionally, the following statement must be presented to stand out in the

below" with "defined in the instructions" in item 3 of the Certification on Form W-9 when the instructions will not be provided to the payee except upon request. For more information, see Rev. Proc. 83-89, 1983-2 C.B. 613; amplified by Rev. Proc. 96-26, which is on page 22 of Internal Revenue Bulletin 1996-8 at www.irs.gov/pub/irs-irbs/irb96-08.pdf.

TIN Applied for

For interest and dividend payments and certain payments with respect to readily tradable instruments, the payee may return a properly completed, signed Form W-9 to you with "Applied For" written in Part I. This is an "awaiting-TIN" certificate. The payee has 60 calendar days, from the date you receive this certificate, to provide a TIN. If you do not receive the payee's TIN at that time, you must begin backup withholding on payments.

Reserve rule. You must backup withhold on any reportable payments made during the 60-day period if a payee withdraws more than \$500 at one time, unless the payee reserves an amount equal to the current year's backup withholding rate on all reportable payments made to the account.

Alternative rule. You may also elect to backup withhold during this 60-day period, after a 7-day grace period, under one of the two alternative rules discussed below.

Option 1. Backup withhold on any reportable payments if the payee makes a withdrawal from the account after the close of 7 business days after you receive the awaiting-TIN certificate. Treat as reportable payments all cash withdrawals in an amount up to the reportable payments made from the day after you receive the awaiting-TIN certificate to the day of withdrawal.

Option 2. Backup withhold on any reportable payments made to the payee's account, regardless of whether the payee makes any withdrawals, beginning no later than 7 business days after you receive the awaiting-TIN certificate.



The 60-day exemption from backup withholding does not apply to any payment other than interest, dividends, and certain payments relating to readily tradable instruments. Any other reportable payment, such as nonemployee compensation, is subject to backup withholding immediately, even if the payee has applied for and is awaiting a TIN.

Even if the payee gives you an awaiting-TIN certificate, you must backup withhold on reportable interest and dividend

same manner as described above and must appear immediately above the single signature line:

“The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.”

If you use a substitute form, you are required to provide the Form W-9 instructions to the payee only if he or she requests them. However, if the IRS has notified the payee that backup withholding applies, then you must instruct the payee to strike out the language in the certification that relates to underreporting. This instruction can be given orally or in writing. See item 2 of the Certification on Form W-9. You can replace “defined

payments if the payee does not certify, under penalties of perjury, that the payee is not subject to backup withholding.

If you do not collect backup withholding from affected payees as required, you may become liable for any uncollected amount.

Payees Exempt From Backup Withholding

Even if the payee does not provide a TIN in the manner required, you are not required to backup withhold on any payments you make if the payee is:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);

Instr. for Req. of Form W-9 (Rev. 1-2011)

2. The United States or any of its agencies or instrumentalities;
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions, agencies, or instrumentalities;
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation;
7. A foreign central bank of issue;
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;
9. A futures commission merchant registered with the Commodity Futures Trading Commission;
10. A real estate investment trust;
11. An entity registered at all times during the tax year under the Investment Company Act of 1940;
12. A common trust fund operated by a bank under section 584(a);
13. A financial institution;
14. A middleman known in the investment community as a nominee or custodian; or
15. A trust exempt from tax under section 664 or described in section 4947.

The following types of payments are exempt from backup withholding as indicated for items 1 through 15 above.

Interest and dividend payments. All listed payees are exempt except the payee in item 9.

Broker transactions. All payees listed in items 1 through 5 and 7 through 13 are exempt. Also, C corporations are exempt. A person registered under the Investment Advisers Act of 1940 who regularly acts as a broker is also exempt.

Barter exchange transactions and patronage dividends. Only payees listed in items 1 through 5 are exempt.

Payments reportable under sections 6041 and 6041A. Only payees listed in items 1 through 7 are generally exempt.

However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on

Dividends and patronage dividends

Payments to nonresident aliens subject to withholding under section 1441.

Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.

Payments of patronage dividends not paid in money.

Payments made by certain foreign organizations.

Section 404(k) distributions made by an ESOP.

Interest payments

Payments of interest on obligations issued by individuals. However, if you pay \$600 or more of interest in the course of your trade or business to a payee, you must report the payment. Backup withholding applies to the reportable payment if the payee has not provided a TIN or has provided an incorrect TIN.

Payments described in section 6049(b)(5) to nonresident aliens.

Payments on tax-free covenant bonds under section 1451.

Payments made by certain foreign organizations.

Mortgage or student loan interest paid to you.

Other types of payment

Wages.

Distributions from a pension, annuity, profit-sharing or stock bonus plan, any IRA, an owner-employee plan, or other deferred compensation plan.

Distributions from a medical or health savings account and long-term care benefits.

Certain surrenders of life insurance contracts.

Distribution from qualified tuition programs or Coverdell ESAs.

Gambling winnings if regular gambling winnings withholding is required under section 3402(q). However, if regular gambling winnings withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.

Real estate transactions reportable under section 6045(e).

Cancelled debts reportable under section 6050P.

Fish purchases for cash reportable under section 6050R.



After 2011, backup withholding will apply to certain payment card transactions by a qualified payment card agent under section 6050W.

Joint Foreign Payees

If the first payee listed on an account gives you a Form W-8 or a similar statement signed under penalties of perjury, backup withholding applies unless:

1. Every joint payee provides the statement regarding foreign status, or

Form 1099-MISC, Miscellaneous Income, are not exempt from backup withholding.

Medical and health care payments.

Attorneys' fees.

Payments for services paid by a federal executive agency. (See Rev. Rul. 2003-66, which is on page 1115 of Internal Revenue Bulletin 2003-26 at www.irs.gov/pub/irs-irbs/irb03-26.pdf)

Payments Exempt From Backup Withholding

Payments that are not subject to information reporting also are not subject to backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations. The following payments are generally exempt from backup withholding.

Instr. for Req. of Form W-9 (Rev. 1-2011)

2. Any one of the joint payees who has not established foreign status gives you a TIN.

If any one of the joint payees who has not established foreign status gives you a TIN, use that number for purposes of backup withholding and information reporting.

For more information on foreign payees, see the Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY.

Names and TINs To Use for Information Reporting

Show the full name and address as provided on Form W-9 on the information return filed with the IRS and on the copy furnished to the payee. If you made payments to more than one payee or the account is in more than one name, enter on the first name line of the information return only the name of the payee whose TIN is shown on Form W-9. You may show the names of any other individual payees in the area below the first name line on the information return.



For more information on the names and TINs to use for information reporting, see section J of the General Instructions for Certain Information Returns.

Notices From the IRS

The IRS will send you a notice if the payee's name and TIN on the information return you filed do not match the IRS's records. (See Taxpayer Identification Number (TIN) Matching, later.) You may have to send a "B" notice to

the payee to solicit another TIN. Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s), contains copies of the two types of "B" notices.

Taxpayer Identification Number (TIN) Matching

TIN Matching allows a payer or authorized agent who is required to file Forms 1099-B, DIV, INT, K, MISC, OID, and/or PATR to match TIN and name combinations with IRS records before submitting the forms to the IRS. TIN Matching is one of the e-services products that is offered and is accessible through the IRS website. Go to IRS.gov and enter e-services in the search box. It is anticipated that payers who validate the TIN and name combinations before filing information returns will receive fewer backup withholding (CP2100) notices and penalty notices.

Additional Information

For more information on backup withholding, see Pub. 1281.

Instr. for Req. of Form W-9 (Rev. 1-2011)

The Dealer Manager for the Offer is:
DUNDEE CAPITAL MARKETS

Telephone: (416) 350-3388
Toll Free: 1-888-332-2661

The Depositary and Information Agent for the Offers is:



By Mail

The Exchange Tower
130 King Street West, Suite 2950,
P.O. Box 361
Toronto, Ontario
M5X 1E2

By Registered Mail, Hand or by Courier

The Exchange Tower
130 King Street West, Suite 2950,
Toronto, Ontario
M5X 1E2

North American Toll Free Phone:

1-866-851-3214

E-mail: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

Any questions or requests for assistance or additional copies of this Letter of Transmittal and the Offer and Circular may be directed by Shareholders to the Depositary and Information Agent or the Dealer Manager at their respective telephone numbers and locations set out above. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offer.

THIS IS NOT A LETTER OF TRANSMITTAL. THIS NOTICE OF GUARANTEED DELIVERY IS FOR USE IN ACCEPTING THE OFFER BY ALAMOS GOLD INC. TO PURCHASE ALL OF THE OUTSTANDING COMMON SHARES OF AURIZON MINES LTD.

NOTICE OF GUARANTEED DELIVERY

For Deposit of Common Shares of

Aurizon Mines Ltd.

Pursuant to the Offer dated January 14, 2013 made by

Alamos Gold Inc.



ALAMOS GOLD INC.

THE OFFER IS OPEN FOR ACCEPTANCE UNTIL 5:00 P.M. (TORONTO TIME) ON TUESDAY, FEBRUARY 19, 2013 (THE “EXPIRY TIME”), UNLESS THE OFFER IS EXTENDED OR WITHDRAWN.

USE THIS NOTICE OF GUARANTEED DELIVERY IF:

- 1. YOU WISH TO ACCEPT THE OFFER BUT YOUR SHARE CERTIFICATES ARE NOT IMMEDIATELY AVAILABLE;**
- 2. YOU CANNOT COMPLETE THE PROCEDURE FOR BOOK-ENTRY TRANSFER ON A TIMELY BASIS; OR**
- 3. YOUR COMMON SHARE CERTIFICATE(S) AND ALL OTHER REQUIRED DOCUMENTS CANNOT BE DELIVERED TO THE DEPOSITARY AND INFORMATION AGENT PRIOR TO THE EXPIRY TIME.**

This Notice of Guaranteed Delivery or a facsimile hereof, properly completed and duly executed in accordance with the instructions set out herein, together with all other required documents, is to be used to deposit common shares (“**Common Shares**”) of Aurizon Mines Ltd. (“**Aurizon**”) under the offer dated January 14, 2013 (the “**Offer**”) made by Alamos Gold Inc. (the “**Offeror**”) to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares, which include Common Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time upon the exercise, exchange or conversion of options or any other rights to acquire Common Shares, if certificate(s) representing the Common Shares to be deposited are not immediately available, if the holder of Common Shares (the “**Shareholder**”) cannot complete the procedure for book-entry transfer on a timely basis, or the Shareholder is not able to deliver the certificate(s) and all other required documents to Kingsdale Shareholder Services Inc. (the “**Depositary and Information Agent**”) at the office specified on the back of this Notice of Guaranteed Delivery at or prior to the Expiry Time.

The terms and conditions of the Offer are incorporated by reference into this Notice of Guaranteed Delivery. The Offer and Circular dated January 14, 2013 (the “**Offer and Circular**”) contain important information and Shareholders are urged to read the Offer and Circular in its entirety. Certain capitalized terms used but not defined in this Notice of Guaranteed Delivery have the respective meanings ascribed thereto in the Offer and Circular.

All dollar references in this Notice of Guaranteed Delivery refer to Canadian dollars, except where otherwise indicated.

WHEN AND HOW TO USE THIS NOTICE OF GUARANTEED DELIVERY

As set forth under Section 3 of the Offer and Circular, “Manner of Acceptance - Procedure for Guaranteed Delivery” if a Shareholder wishes to deposit Common Shares under the Offer but (a) the certificate(s) representing such Common Shares is (are) not immediately available, (b) the Shareholder cannot complete the procedure for book-entry transfer of such Common Shares on a timely basis, or (c) the certificate(s) and all other required documents cannot be delivered to the Depositary and Information Agent at or prior to the Expiry Time, such Common Shares (the “**Deposited Common Shares**”) may nevertheless be deposited validly under the Offer provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution (as defined below);
- (b) this Notice of Guaranteed Delivery or a manually executed facsimile hereof, properly completed and duly executed, including the guarantee of delivery by an Eligible Institution in the form set out below, is received by the Depositary and Information Agent at its office in Toronto, Ontario specified in this Notice of Guaranteed Delivery at or prior to the Expiry Time; and
- (c) the certificate(s) representing all Deposited Common Shares, in proper form for transfer, together with a Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed with the signatures guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal, and all other documents required by the terms of the Offer and the Letter of Transmittal (or, in the case of a book-entry transfer, a Book-Entry Confirmation with respect to the Deposited Common Shares and, in the case of accounts with The Depositary Trust Company or its nominee, which at the date hereof is Cede & Co. (“**DTC**”), a Letter of Transmittal or a manually signed facsimile thereof, properly completed and duly executed, together with any required signature guarantees, or an Agent’s Message in lieu of a Letter of Transmittal), are physically received by the Depositary and Information Agent at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to 5:00 p.m. (Toronto time) on the third trading day on the Toronto Stock Exchange (the “**TSX**”) after the Expiry Time.

This Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by facsimile or mailed to the Depositary and Information Agent at its office in Toronto, Ontario specified in this Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the form set out in this Notice of Guaranteed Delivery. Delivery of this Notice of Guaranteed Delivery and the Letter of Transmittal and accompanying certificate(s) representing Common Shares and all other required documents to an address or transmission by facsimile to facsimile number other than those specified in this Notice of Guaranteed Delivery does not constitute delivery for purposes of satisfying a guaranteed delivery.

An “**Eligible Institution**” means a Canadian Schedule I chartered bank, a major trust company in Canada, a commercial bank or trust company in the United States, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP), acceptable to the Depositary and Information Agent; Members of these programs are usually members of a recognized stock exchange in Canada and/or the United States, members of the Investment Dealers Association of Canada, members of the Financial Industry Regulatory Authority, Inc. or banks or trust companies in Canada or the United States.

The undersigned understands and acknowledges that payment for Common Shares deposited and taken up by the Offeror under the Offer will be made only after timely receipt by the Depositary and Information Agent of certificate(s) representing the Common Shares, a Letter of Transmittal, or a manually signed facsimile thereof, properly completed and duly executed, covering such Common Shares, with any signature(s) guaranteed, if so required, in accordance with the instructions set out in the Letter of Transmittal, and all other documents required by the Letter of Transmittal before 5:00 p.m. (Toronto time) on the third trading day on the TSX after the date on which the Expiry Time occurs. The undersigned also understands and acknowledges that under no circumstances will interest accrue or any amount be paid by the Offeror or the Depositary and Information Agent to any persons depositing Common Shares by reason of any delay in making payments for Common Shares to any person on account of Common Shares accepted for payment under the Offer, and that the consideration for the Common Shares tendered pursuant to the guaranteed delivery procedures will be the same as that for the Common Shares delivered to the Depositary and Information Agent prior to the Expiry Time, even if the certificate(s) representing all of the Deposited Common Shares, to be delivered pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer and

Circular, “Manner of Acceptance - Procedure for Guaranteed Delivery”, are not so delivered to the Depositary and Information Agent and, therefore, payment by

the Depositary and Information Agent on account of such Deposited Common Shares is not made until after the take up and payment for such Deposited Common Shares under the Offer.

All authority conferred or agreed to be conferred by the undersigned in this Notice of Guaranteed Delivery is, to the extent permitted by applicable Laws, irrevocable and may be exercised during any subsequent legal incapacity of the undersigned and shall, to the extent permitted by applicable Laws, survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of the undersigned.

Questions and requests for assistance in accepting the Offer and in depositing Common Shares with the Depositary and Information Agent may be directed to the Depositary and Information Agent, Kingsdale Shareholder Services Inc., at 1-866-851-3214 toll free in North America or at +1 (416) 867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com.

TO: ALAMOS GOLD INC.
AND TO: KINGSDALE SHAREHOLDER SERVICES INC, as Depositary and Information Agent

*By Mail, by Registered Mail, by Hand
or by Courier:*

By facsimile Transmission:

Kingsdale Shareholder Services Inc.
The Exchange Tower
130 King Street West, Suite 2950
P.O. Box 361
Toronto, Ontario M5X 1E2

(416) 867-2271
or
1-866-545-5580

**North American Toll-Free Phone:
1-866-851-3214**

THIS NOTICE OF GUARANTEED DELIVERY MUST BE DELIVERED BY HAND OR COURIER OR TRANSMITTED BY FACSIMILE OR MAILED TO THE DEPOSITARY AND INFORMATION AGENT AT ITS OFFICE IN TORONTO, ONTARIO AT THE ADDRESS OR FACSIMILE NUMBER SPECIFIED IN THIS NOTICE OF GUARANTEED DELIVERY AND MUST INCLUDE A GUARANTEE BY AN ELIGIBLE INSTITUTION IN THE FORM SET OUT IN THIS NOTICE OF GUARANTEED DELIVERY.

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY AND THE LETTER OF TRANSMITTAL TO AN ADDRESS OR TRANSMISSION VIA FACSIMILE TO A FACSIMILE NUMBER OTHER THAN THOSE SET OUT ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

TO CONSTITUTE DELIVERY FOR THE PURPOSE OF SATISFYING GUARANTEED DELIVERY, UPON RECEIPT OF THE CERTIFICATE(S) TO WHICH THIS NOTICE OF GUARANTEED DELIVERY APPLIES, THE LETTER OF TRANSMITTAL, THE ACCOMPANYING CERTIFICATE(S) AND ALL OTHER REQUIRED DOCUMENTS MUST BE DELIVERED TO THE SAME OFFICE OF THE DEPOSITARY AND INFORMATION AGENT IN TORONTO, ONTARIO WHERE THIS NOTICE OF GUARANTEED DELIVERY IS DELIVERED.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES ON THE LETTER OF TRANSMITTAL. IF A SIGNATURE ON THE LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN ELIGIBLE INSTITUTION, SUCH SIGNATURE MUST APPEAR IN THE APPLICABLE SPACE IN THE LETTER OF TRANSMITTAL.

DO NOT SEND CERTIFICATES REPRESENTING COMMON SHARES WITH THIS NOTICE OF GUARANTEED DELIVERY. CERTIFICATES REPRESENTING COMMON SHARES MUST BE SENT WITH YOUR LETTER OF TRANSMITTAL.

The undersigned hereby deposits with the Offeror, upon the terms and subject to the conditions set forth in the Offer and Circular and the Letter of Transmittal, receipt of which is hereby acknowledged, the Common Shares listed below pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer and Circular, “Manner of Acceptance – Procedure for Guaranteed Delivery”.

BOX 1			
DESCRIPTION OF COMMON SHARES DEPOSITED UNDER THE OFFER			
(Please print or type. If space is insufficient, please attach a list to this Notice of Guaranteed Delivery in the form below.)			
Certificate Number(s) or DRS Advice (if available)	Name(s) in Which Certificate(s) is (are) Registered (please print and fill in exactly as name(s) appear(s) on certificate(s) or DRS Advice	Number of Common Shares Represented by Certificate(s) or DRS Advice	Number of Common Shares Deposited*
TOTAL:			
<p>* If you desire to deposit fewer than all Common Shares evidenced by any certificate(s) listed above, please indicate in this column the number of Common Shares you wish to deposit. Unless otherwise indicated, the total number of Common Shares evidenced by all certificates delivered will be deemed to have been deposited.</p>			

BOX 2
ELECTION FOR CASH OR SHARES

Under the Offer, the undersigned hereby elects to receive one of the following forms of consideration for all of the deposited Common Shares represented by the certificate(s) listed in Box 1 above. Shareholders may elect to receive either the Cash Alternative (Choice A) OR the Share Alternative (Choice B).

Shareholders may choose only ONE of the choices below:

Choice A - The CASH ALTERNATIVE

☐ **Canadian dollars**

Shareholders who check this box will receive Cdn\$4.65 in cash for each Common Share deposited under this Choice A (subject to pro ration).

☐ **United States dollars**

I elect for the payment of cash to which I am entitled under the Offer to be made in the U.S. dollar equivalent of the Cdn\$4.65, based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date such funds are converted (which may be the Expiry Date or any later date and may be a date other than the date the certificate(s) representing the Common Shares being exchanged are received by the Depositary and Information Agent or the date of issue of payment therefor).

Shareholders who check this box will receive US\$ equivalent of Cdn\$4.65 in cash for each Common Share deposited under this Choice A (subject to pro ration).

Unless the United States dollars box above is checked, the cash payment for the Common Shares being exchanged will be made in Canadian dollars. Shareholders electing to receive payment of the cash to which they are entitled under the Offer in U.S. dollars will be deemed to have acknowledged and agreed that any change to the currency exchange rates of the United States or Canada between the date this Notice of Guaranteed Delivery is submitted and the date on which the funds are converted by the Depositary and Information Agent will be at the sole risk of the securityholder.

Choice B - The SHARE ALTERNATIVE

☐ **Choice B - The SHARE ALTERNATIVE**

Shareholders who check this box will receive 0.2801 common shares of the Offeror (“Offeror Shares”) for each Common Share deposited under this Choice B (subject to pro-ration).

If you fail to make an election above, or the election fails to comply with the other requirements of such election and such failure is not corrected prior to the Expiry Time, you will be deemed to have elected the Share Alternative for the Deposited Common Shares as described in the Offer and Circular.

No fractional Offeror Shares will be issued pursuant to the Offer. Where a Shareholder is to receive Offeror Shares as consideration under the Offer and the aggregate number of Offeror Shares to be issued to such Shareholder would result in a fraction of an Offeror Share being issuable, the number of Offeror Shares to be received by such Shareholder will be rounded down to the nearest whole Offeror Share and the amount of cash to be received by such Shareholder will be rounded down to the nearest whole cent.

A Shareholder who is an “Eligible Holder” (as defined in the Offer and Circular) and who wishes to elect the “Rollover Option” (as defined in the Offer and Circular) to make the joint tax election with the Offeror in order to obtain a full or partial tax-deferred rollover for Canadian federal income tax purposes in respect of the disposition of Common Shares pursuant to the Offer, must receive Offeror Shares as full or partial consideration for such Shareholder’s Deposited Common Shares. See Section 19 of the Offer and Circular, “Principal Canadian Federal Income Tax Considerations”.

The undersigned acknowledges that the consideration payable pursuant to the Offer and this election is subject to pro-rata as set forth in Section 1 of the Offer and Circular, “The Offer”. If the aggregate cash consideration that would otherwise be payable by the Offeror to Shareholders who elect to receive cash under the Cash Alternative in respect of their Common Shares to be taken up under the Offer exceeds the Maximum Take-Up Date Cash Consideration, the amount of

cash consideration available to those Shareholders who have so elected the Cash Alternative will be allocated pro-rata (on a per share basis) among such Shareholders, as set forth in Section 1 of the Offer and Circular, “The Offer”.

An election (or deemed election) as to the consideration to be received by a Shareholder made in this Notice of Guaranteed Delivery shall supersede any election made in the Letter of Transmittal.

SHAREHOLDER SIGNATURE(S)

Signature(s) of Shareholder(s)

Address(es)

Name (please print or type)

Postal Code / Zip Code

Date

Daytime Telephone Number

BOOK-ENTRY TRANSFER

☐ Check if Common Shares will be deposited by book-entry transfer, and provide the information below:

Name of Depositing Institution

Account Number

Transaction Code Number

GUARANTEE OF DELIVERY
(Not to be used for signature guarantee)

The undersigned, an Eligible Institution, hereby guarantees delivery to the Depositary and Information Agent, at its address set forth herein, of the certificate(s) representing the Common Shares deposited hereby, in proper form for transfer, together with a Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees, covering the Deposited Common Shares, and all other documents required by the Letter of Transmittal (or, in the case of a book-entry transfer, a confirmation of a book-entry transfer of a Shareholder' s Common Shares into the Depositary and Information Agent' s account at CDS or DTC, as applicable, with respect to all such Common Shares deposited hereby and, in the case of DTC accounts, a Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent' s Message (as defined in the Offer and Circular) in lieu of a Letter of Transmittal) at or prior to 5:00 p.m. (Toronto time) on the third trading day on the TSX after the date on which the Expiry Time occurs. Failure to comply with the foregoing could result in a financial loss to such Eligible Institution.

_____ Name of Firm	_____ Authorized Signature
_____ Address of Firm	_____ Name
_____ Postal Code / Zip Code	_____ Title
_____ Area Code and Telephone Number	_____ Date

DO NOT SEND CERTIFICATES REPRESENTING COMMON SHARES WITH THIS FORM. SUCH CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

The Dealer Manager for the Offer is:

DUNDEE CAPITAL MARKETS

Telephone: (416) 350-3388

Toll Free: 1-888-332-2661

The Depositary and Information Agent for the Offers is:



By Mail

The Exchange Tower
130 King Street West, Suite 2950,
P.O. Box 361
Toronto, Ontario
M5X 1E2

By Registered Mail, Hand or by Courier

The Exchange Tower
130 King Street West, Suite 2950,
Toronto, Ontario
M5X 1E2

North American Toll Free Phone:

1-866-851-3214

E-mail: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

Any questions or requests for assistance or additional copies of this Notice of Guaranteed Delivery and the Offer and Circular may be directed by Shareholders to the Depositary and Information Agent or the Dealer Manager at their respective telephone numbers and locations set out above. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offer.

FOR IMMEDIATE RELEASE



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

January 14, 2013

Alamos Announces 40% Premium Takeover Offer for Aurizon

Toronto, Ontario (January 14, 2013) - Alamos Gold Inc. (TSX: AGI) ("Alamos" or the "Company") announced today that it has commenced an offer to acquire Aurizon Mines Ltd. ("Aurizon") for approximately C\$780 million in cash and shares (the "Offer"). The Offer will remain open until 5:00 p.m. (Toronto time) on February 19, 2013 unless withdrawn or extended. Alamos has also applied to list its common shares ("Alamos Shares") on the New York Stock Exchange (the "NYSE") under the symbol "AGI".

Under the terms of the Offer, Alamos proposes to acquire all of the outstanding common shares of Aurizon ("Aurizon Shares") for consideration value of C\$4.65 per Aurizon Share. Each Aurizon shareholder can elect to receive consideration per Aurizon Share of either C\$4.65 in cash (the "Cash Alternative") or 0.2801 of an Alamos Share (the "Share Alternative"), subject in each case to pro-ration based on a maximum cash consideration of C\$305,000,000 and maximum number of Alamos Shares issued of 23,500,000.

The Offer reflects a premium of approximately 40% based on the closing price of C\$3.33 for the Aurizon Shares on the TSX on January 9, 2013, and a premium of approximately 37% based on the volume-weighted average price of the Aurizon Shares on the TSX for the 20 trading days ended January 9, 2013.

Full details of the Offer are included in the formal Offer and take-over bid circular that will be filed today with securities regulatory authorities (together with all related documents). Alamos will formally request an Aurizon security holder list today. The take-over bid documents will be mailed to Aurizon shareholders.

As of today, Alamos owns 26,507,283 Aurizon Shares, representing over 16% of the issued and outstanding Aurizon Shares.

Alamos President and Chief Executive Officer, John McCluskey, said "We believe that our Offer presents an attractive alternative for Aurizon shareholders. In addition to the Aurizon Shares we recently acquired, shortly before announcing our Offer, we approached a select few major institutional holders of Aurizon Shares. Each of these holders was supportive of us making the Offer. This response adds to our confidence that our Offer is attractive to Aurizon shareholders. We believe the combined companies will form one of the strongest and lowest risk production and growth profiles in the gold sector today. The Offer, combining the world class assets of the two companies, demonstrates Alamos' ability to identify and pursue opportunities that present a strong strategic fit with our goal to become a leading intermediate gold producer."

Highlights of the Transaction

Alamos believes that the Offer is attractive to Aurizon shareholders for the following reasons:

Significant Premium. Based on the closing price of C\$16.60 per Alamos Share on the TSX on January 9, 2013, the consideration offered under the Offer has a value of C\$4.65 per Aurizon Share, representing a premium of approximately 40% and 39%, respectively, over the closing price of C\$3.33 and \$3.39 per Aurizon Share on the TSX and NYSE MKT on January 9, 2013. Based on the volume-weighted average price of Alamos Shares on the TSX for

the 20 trading days ended January 9, 2013, the Offer represents a premium of approximately 37% over the volume-weighted average price of the Aurizon Shares on the TSX and NYSE MKT for the same period.

Creation of a Leading Intermediate Gold Company. The combination of Alamos and Aurizon will immediately create a new leading intermediate gold mining company with increased diversification, scale and liquidity. The combined entity is anticipated to have an estimated market capitalization of approximately \$2.6 billion, with enhanced visibility among the international investor community as well as continued exposure to the North American capital markets through listings on both the TSX and the NYSE. The combined company, with two steady producing, low cost mines located in stable jurisdictions, will be strongly positioned for growth.

Established, Well-funded, Shareholder Focused Team in Place. Alamos offers Aurizon shareholders the benefits of both the project development and operation expertise of the Alamos management team as well as access to pro forma combined estimated cash and cash equivalents and short-term investments of approximately \$209.7 million with which to advance projects without any near-term dilution. Alamos will continue to be guided by a board of directors and management team with extensive project development, acquisition, operation and other relevant industry experience necessary to advance projects from the exploration stage through production and to create shareholder value by doing so.

Financial Capability to Secure Future of Aurizon's Assets. Alamos's balance sheet and operating cash flow will be available to support the strong growth profile of the combined company without an expectation of a need for any equity capital raisings. Alamos will remain unhedged and debt-free. Alamos is also well placed to take advantage of the exploration potential of the combined entity to unlock the upside potential for all shareholders. The Offer provides a much needed growth profile for Aurizon shareholders. Alamos expects to continue its strong dividend policy.

Exposure to Other Attractive Mineral Projects. Aurizon shareholders who tender to the Offer will gain exposure to the world-class projects of Alamos, including the producing Mulatos mine in Mexico, one of the world's most profitable gold mines. Alamos also owns a 100% interest in the advanced-stage gold projects - the Ağı Dağı and Kirazlı projects - in Turkey and has other earlier-stage exploration properties in both Mexico and Turkey. The significant production profile of the combined companies will allow Aurizon shareholders who receive Alamos Shares to increase their exposure to the strong gold price environment over the short to mid-term.

Management Track Record in Developing and Managing World-Class Gold Projects. Alamos has a management team with a solid track record and proven experience in the gold industry. The Alamos management team has demonstrated its ability, via the Mulatos mine in Mexico, to identify, explore, finance, construct, commission and operate a world-class gold mine. It is also applying this experience to the development of the Ağı Dağı and Kirazlı projects in Turkey, which remain on track and on budget.

Opportunity for Continued Participation in Aurizon's Assets. To the extent that Aurizon shareholders receive Alamos Shares as part of their consideration under the Offer, they will benefit from any future increases in value associated with the continued exploration and development of Aurizon's portfolio of assets, as well as production at Aurizon's flagship Casa Berardi gold mine.

Opportunity to Elect Consideration. The Offer provides Aurizon shareholders with the opportunity to determine the consideration that they receive under the Offer,

either the Cash Alternative or the Share Alternative, subject in each case to pro-ration. The Cash Alternative permits Aurizon shareholders to elect to receive up to 100% in cash consideration (subject to pro-ration) in exchange for their Aurizon Shares to lock in the premium offered under the terms of the Offer, while the Share Alternative permits Aurizon shareholders to elect to receive up to 100% in Alamos Shares (subject to pro-ration) in exchange for their Aurizon Shares and thereby maintain maximum exposure to the significant upside potential of the combined Alamos and Aurizon company going forward.

Opportunity to Defer Canadian Taxation on Capital Gains. To the extent that Aurizon shareholders receive Alamos Shares as consideration under the Offer, certain Aurizon shareholders will be entitled, depending on the circumstances, to a full or partial deferral of Canadian taxation on capital gains.

Funding and Conditions

The Offer will be fully financed and will not require approval by Alamos shareholders. The Offer will be open for acceptance for at least 35 days following the mailing of the take-over bid circular and will be subject to customary conditions, including there being validly deposited under the Offer such number of Aurizon Shares which, together with Aurizon Shares directly or indirectly owned by Alamos and its affiliates, constitutes at least 66²/₃% of the total outstanding Aurizon Shares (calculated on a fully diluted basis), Aurizon shall not have adopted a shareholder rights plan, subject to certain limited exceptions, no material adverse changes, and receipt of all necessary governmental or regulatory approvals and other customary unsolicited offer conditions.

Important Notice

This press release does not constitute an offer to buy or the solicitation of an offer to sell any of the securities of Alamos or Aurizon.

Alamos encourages shareholders of Aurizon to read the full details of the Offer set forth in the formal Offer and take-over bid circular, which contains the full terms and conditions of the Offer and other important information as well as detailed instructions on how Aurizon shareholders can tender their Aurizon Shares to the Offer. For assistance in depositing Aurizon Shares to the Offer, Aurizon shareholders should contact Kingsdale Shareholder Services Inc., the depositary and information agent for the Offer, at 1-866-851-3214 (North American Toll Free Number) or 416-867-2272 (outside North America).

On January 14, 2013, Alamos will file with the United States Securities and Exchange Commission (the “SEC”) a registration statement on Form F-10 and a tender offer statement on Schedule TO in connection with the Offer, which are available free of charge through the SEC’s website at www.sec.gov.

The Offer and take-over bid circular and these other documents also may be obtained free of charge by directing a request to the Investor Relations department of Alamos.

Advisors and Counsel

Alamos has retained Dundee Capital Markets to act as its financial advisor in connection with the Offer. Alamos’ legal counsel is Torys LLP.

Conference Call Details

Alamos will host a conference call on January 14, 2013 at 10 a.m. Eastern Time. Participants may join the call by dialing (416) 340-2216 or 1 (866) 226-1792, or via webcast at

TRADING SYMBOL: TSX:AGI

www.alamosgold.com. A playback will be available until March 8, 2013 at (905) 694-9451 or 1 (800) 408-3053. The pass code for the conference call playback is 4914307. The webcast will be archived at www.alamosgold.com.

About Alamos

Alamos is an established Canadian-based gold producer that owns and operates the Mulatos mine in Mexico, and has exploration and development activities in Mexico and Turkey. The Company employs more than 600 people in Mexico and Turkey 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 \$350 million in cash and short-term investments, is debt-free, and unhedged to the price of gold. As of December 31, 2012, Alamos had 120,871,408 common shares outstanding (125,531,708 shares fully diluted), which are traded on the TSX under the symbol "AGI".

FOR FURTHER INFORMATION, PLEASE CONTACT:

Jo Mira Clodman

Vice President, Investor Relations
(416) 368-9932 x 401

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

Cautionary Note

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Certain statements in this News Release are "forward-looking statements", including within the meaning of the United States *Securities Exchange Act of 1934*, as amended. 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.

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 that 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' s expectations include, among others, risks related to the Offer, fluctuations in the value of the consideration; integration issues; the effect of the Offer on the market price of Alamos Shares; the exercise of dissent rights in connection with a compulsory acquisition or subsequent acquisition transaction; the liquidity of the Aurizon Shares; risks associated with Aurizon becoming a subsidiary of Alamos; differences in Aurizon shareholder interests; the reliability of the information regarding Aurizon; change of control provisions; risks associated with obtaining governmental and regulatory approvals; failure to maintain effective internal controls; the liquidity of Alamos Shares on the NYSE; the effect of the Offer on non-Canadian Shareholders; and risks related to the on-going business of Alamos, including 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’ s 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.

TRADING SYMBOL: TSX:AGI

The information in this announcement concerning Aurizon and Aurizon's assets and projects is based on publicly available information and has not been independently verified by Alamos.

5 | ALAMOS GOLD INC

This announcement is neither an offer to purchase nor a solicitation of an offer to sell any securities of Aurizon Mines Ltd. The Offer (as defined below) is being made solely by the Offer and Circular (as defined below) and any amendments, supplements or modifications thereto, and is being made to all holders of Common Shares (as defined below). The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders (as defined below) residing in any jurisdiction in which making or accepting the Offer would violate that jurisdiction's laws or any administrative or judicial action pursuant thereto.

January 14, 2013



ALAMOS GOLD INC.

NOTICE OF OFFER TO PURCHASE

all of the outstanding Common Shares of

AURIZON MINES LTD.

for consideration per Common Share of, at the election of each holder,

Cdn\$4.65 in cash (the "Cash Alternative") or

0.2801 of an Alamos common share (the "Share Alternative"),

subject, in each case, to pro-rata as set out in the Offer and Circular

Alamos Gold Inc. ("Alamos") hereby offers (the "Offer") to purchase, on the terms and subject to the conditions of the Offer, all of the issued and outstanding Common Shares (the "Common Shares") of Aurizon Mines Ltd. ("Aurizon"), other than any Common Shares owned, directly or indirectly, by Alamos and its affiliates, and including Common Shares that may become issued and outstanding after the date of the Offer but before the expiry time of the Offer upon the exercise, exchange or conversion of options issued under Aurizon's stock option plan ("Options") or any other rights to acquire Common Shares. The Offer, which is subject to certain terms and conditions, is set forth in the offer and related take-over bid circular dated January 14, 2013 (the "Offer and Circular") and the letter of transmittal and the notice of guaranteed delivery accompanying the Offer and Circular (collectively, the "Offer Documents"), copies of which are being filed with the securities regulatory authorities in Canada and with the United States Securities and Exchange Commission. Copies of the Offer Documents will be available at www.sedar.com and www.sec.gov.

Each holder of Common Shares (a "Shareholder") may elect to receive either the Cash Alternative or the Share Alternative in respect of all of the Shareholder's Common Shares deposited under the Offer. The total amount of cash available under the Offer is limited to Cdn\$305,000,000 and the total number of common shares of Alamos (the "Alamos Shares") available for issuance under the Offer is limited to 23,500,000 Alamos Shares.

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on Tuesday, February 19, 2013 (the "Expiry Time"), unless the Offer is extended or withdrawn.

The Offer is subject to certain conditions, which are described in the Offer and Circular, in particular (i) there having been validly deposited or tendered under the Offer and not withdrawn at the Expiry Time that number of Common Shares which, together with the Common Shares held by Alamos and its affiliates, represents at least 66 2/3% of the Common Shares outstanding (calculated on a fully diluted basis), and (ii) certain regulatory approvals having been obtained and/or waiting periods having expired. These and other conditions of the Offer are fully described in the Offer and Circular. Subject to applicable laws, Alamos reserves the right to withdraw or extend the Offer and not to take up and pay for any Common Shares deposited under the Offer unless each of the conditions of the Offer is satisfied or waived at or prior to the Expiry Time.

The Common Shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "ARZ" and on the NYSE MKT under the symbol "AZK". The Offer represents a premium of approximately 40% and 39% based on the closing price of Cdn\$3.33 and US\$3.39 for the Common Shares on the TSX and the NYSE MKT on January 9, 2013, respectively, and a premium of approximately 37% based on the volume-weighted average price of the Common Shares on the TSX and the NYSE MKT for the 20 trading days ended January 9, 2013.

Shareholders whose Common Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer. **Such nominees are likely to have established tendering cut-off times that are earlier than the Expiry Time.**

Alamos has requested the use of Aurizon's shareholder and optionholder lists and security position listings for the purpose of disseminating the Offer Documents to Shareholders and holders of Options. When that information is provided, the Offer Documents will be mailed to record holders of Common Shares and Options and furnished to brokers, dealers, banks, trust companies and similar persons whose names, or the name of whose nominees, appear on Aurizon's shareholder and optionholder lists or who are listed as participants in a security position listing for subsequent transmittal to beneficial owners.

The information contained in this advertisement is a summary only. The Offer is made solely by the Offer Documents which contain important information that Shareholders are urged to read in their entirety before making a decision with respect to the Offer.

Copies of the Offer Documents may be obtained without charge from Kingsdale Shareholder Services Inc. (the "Depositary and Information Agent"). Any questions or requests for assistance may be directed by Shareholders to the Depositary and Information Agent at the telephone numbers and location listed below.



By Mail, by Registered Mail, by Hand or by Courier

The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2

North American Toll Free Phone: 1-866-851-3214

E-mail: contactus@kingsdaleshareholder.com Facsimile: (416) 867-2271 or 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

In addition, questions and requests for assistance may be directed to Dundee Capital Markets, the dealer manager for the Offer, at the telephone number and location listed below.



1 Adelaide Street East, Suite 2000, Toronto, Ontario M5C 2V9

Tel: 416-350-3388 Toll-Free: 1-888-332-2661



ALAMOS GOLD INC.

Suite 2200 - 130 Adelaide Street West
Toronto, Ontario M5H 3P5
416-368-9932

ANNUAL INFORMATION FORM

for the year ended December 31, 2011

March 29, 2012

**ALAMOS GOLD INC.
ANNUAL INFORMATION FORM
TABLE OF CONTENTS**

	Page
ALAMOS GOLD INC.	1
PRELIMINARY NOTES	4
GLOSSARY	6
CORPORATE STRUCTURE	12
Name and Incorporation	12
Intercorporate Relationships	12
GENERAL DEVELOPMENT OF THE BUSINESS	13
Three-Year History	13
NARRATIVE DESCRIPTION OF THE BUSINESS	16
Aği Dağı and Kirazlı Projects	18
Sales and Refining	18
Employees	19
Risk Factors	19
SALAMANDRA CONCESSIONS & MULATOS MINE IN MEXICO	28
Project Description and Location	28
Access, Climate, Communication, Power	31
History	31
Mineralization	32
Exploration	32
Logging, Sampling Methodology, Sample Preparation, Analysis, Sample Custody	39
Metallurgy	41
Mineral Resources	42
Mineral Reserves	43
Qualified Person(s) Disclosure	44
Mining Operations	45
Outlook	47
AĞI DAĞI & KIRAZLI PROJECTS IN TURKEY	47
Project Description and Location	48
Access, Climate, Communication, Power	49
Mineralization	50

Mineral Resource	58
DIVIDENDS	60
DESCRIPTION OF CAPITAL STRUCTURE	61
Common Shares	61
MARKET FOR SECURITIES	61
Trading Price and Volume	61
PRIOR SALES	62

DIRECTORS AND OFFICERS	62
Cease Trade Orders or Bankruptcies	63
Conflicts of Interest	64
AUDIT COMMITTEE	65
Composition of the Audit Committee	65
Relevant Education and Experience	65
Reliance on Certain Exemptions	65
Reliance on the Exemption in Subsection 3.3(2) or Section 3.6	65
Reliance on Section 3.8	65
Audit Committee Oversight	65
Pre-approval Policies and Procedures	65
External Auditor Service Fees (Category)	66
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	66
TRANSFER AGENT AND REGISTRAR	66
LEGAL PROCEEDINGS	66
MATERIAL CONTRACTS	66
INTERESTS OF EXPERTS	66
ADDITIONAL INFORMATION	66
Organization	67
Purpose	67
Composition	67
Authority	67
Responsibilities	68
Specifically Delegated Duties	69
Accounting and Financial	69
Treasury Related	70
Meetings and Proceedings	70
Self-Assessment	71

ANNUAL INFORMATION FORM
(the “AIF”)

ALAMOS GOLD INC.
(the “Company”)

PRELIMINARY NOTES

Effective Date of Information

The information in this AIF is current as of March 29, 2012, unless otherwise stated herein.

Currency and Exchange Rates

All dollar amounts in this AIF are expressed in United States dollars, unless otherwise indicated (“CAD” denotes Canadian dollars). The following table sets forth the value of the Canadian dollar expressed in United States dollars on December 31 of each year and the average, high and low exchange rates during the year indicated based on the noon rate of exchange as reported by the Bank of Canada:

Canadian Dollars into United States Dollars	2011	2010	2009
Closing	\$0.9833	\$1.0054	\$0.9555
Average	\$1.0114	\$0.9710	\$0.8757
High	\$1.0583	\$1.0054	\$0.9755
Low	\$0.9430	\$0.9278	\$0.7653

The noon rate of exchange on March 29, 2012, as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was CAD\$1.00 equals US\$1.00.

Imperial Equivalents

For ease of reference, the following factors for converting metric measurements to imperial equivalents are provided:

To Convert From Metric	To Imperial	Multiply by
Hectares	Acres	2.471
Metres	Feet (ft.)	3.281
Kilometres (km.)	Miles	0.621
Tonnes	Tons (2000 pounds)	1.102
Grams/tonne	Ounces (troy/ton)	0.029

Forward-Looking Statements

This AIF contains forward-looking statements concerning the Company's plans for its properties and other matters, within the meaning of the United States Private Securities Litigation Reform Act 1995 and applicable Canadian securities laws. Forward-looking statements include, but are not limited to, statements with respect to commercial mining operations, regulatory requirements, permitting risks, anticipated metal recoveries, projected quantities of future metal production, metal prices and price volatility, anticipated production rates and mine life, operating efficiencies, capital budgets, costs and expenditures and conversion of mineral resources to proven and probable reserves, analyses and other information that are 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 proven and probable reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, budgets, forecasts, projections, schedules, 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.

Some of the important risks and uncertainties that could affect forward looking statements are described in this AIF under "Narrative Description of the Business - Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and, other than as required by applicable securities laws, the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Mineral Reserve and Resource Estimates

All mineral reserve and resource estimates contained in this AIF are calculated 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. In particular, and without limiting the generality of the foregoing, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the Securities and Exchange Commission ("SEC") Industry Guide 7. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report proven and probable reserves, the three-year historical average gold price is used in any reserve or cash flow analysis to designate proven and probable reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. 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 SEC standards in the United States. As such, information contained in this AIF 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 greater 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 any part or all of the mineral deposits in these categories or in the measured mineral resource category will ever be converted into proven and probable reserves.

GLOSSARY

In this AIF unless otherwise defined or unless there is something in the subject matter or context inconsistent therewith, the following terms have the meanings set forth herein or therein:

“Ag”	Silver.
“Aği Dağı and Kirazlı Projects”	Advanced-stage gold development projects located in the Çanakkale province in the Biga Peninsula of northwestern Turkey. The Aği Dağı property (the “Aği Dağı Project”) consists of 10,514 hectares of mineral tenure in fifteen (15) contiguous licences. The Kirazlı property (the “Kirazlı Project”) is situated 25 kilometres to the northwest of the Aği Dağı property and consists of 1,541 hectares of mineral tenure in two (2) contiguous licenses.
“Alamos Minerals”	Alamos Minerals Ltd., a company which amalgamated with National Gold on February 21, 2003 to form the Company.
“Au”	Gold.
“Çamyurt Project”	An early-stage development mineral project located approximately three km southeast of the Company’ s Aği Dağı Project.
“Company” or “Alamos”	Alamos Gold Inc., including, unless the context otherwise requires, the Company’ s subsidiaries.
“Cu”	Copper.
“dacite”	The extrusive (volcanic) equivalent of quartz-diorite.
“dome”	An uplift or anticlinal structure, either circular or elliptical in outline, in which the rocks dip gently away in all directions.
“dore”	Unrefined gold and silver bullion bars, which will be further refined to almost pure metal.
“EIA”	Environmental Impact Assessment report.
“Ejido”	Mulatos Ejido, a local community of people who own the surface rights to an area of land covering all of the known mineral deposits in the Mulatos area of the Salamandra Concessions.
“feasibility study”	A comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.
“Fronteer”	Fronteer Development Group Inc., the 40% vendor of the Aği Dağı and Kirazlı Projects.
“Fronteer Teck Agreement”	The share purchase agreement among Teck, Fronteer, the Company, Teck Madencilik Sanayi Ticaret A.Ş., Fronteer Investment Inc. and Fronteer Eurasia Madencilik Anonim Sirketi dated December 7, 2009 pursuant to which the Company acquired all of the issued and outstanding shares in the capital of Kuzey Biga Madencilik Sanayi Ticaret A.Ş, Doğu Biga Madencilik Sanayi Ticaret A.Ş and Alamos Eurasia Madencilik A.Ş, Turkish subsidiaries of Fronteer and Teck which were the vendors of the Aği Dağı and Kirazlı Projects.
“grade”	Term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt).
“HQ diameter”	2.4 inch diameter drill hole.

“IFRS”	International financial reporting standards, the accounting principles used by the Company.
“indicated resource” or “indicated mineral resource”	That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
“inferred resource” or “inferred mineral resource”	That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
“Kennecott”	Kennecott Minerals Company.
“Kennecott Assignment Agreement”	An assignment agreement between Royal Gold and Kennecott dated January 5, 2006 whereby Kennecott assigned its 30% interest in the Placer Kennecott Royalty to Royal Gold.
“km”	Kilometres.
“leaching”	The separation, selective removal or dissolving-out of soluble constituents from a rock or ore body by the natural actions of percolating solutions.
“m”	Metres.
“Mill Technical Report”	A technical report prepared for the Company by Joseph M. Keane, P.E., of KD Engineering entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Mill Technical Report” dated April 17, 2009.
“the Mine” or “the Mulatos Mine”	The Mulatos Mine consists of an open pit heap leach operation located within the Company’s Salamandra Concessions in Sonora, Mexico.
“Mineral Reserve”	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economics and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that occur when the material is mined and processed.
“M3” or “M3 Engineering”	M3 Engineering and Technology Corporation.
“M3 July 14, 2004 Report”	A technical report prepared for the Company by M3 Engineering entitled “Technical Report – the Estrella Pit Development Mulatos Sonora Mexico” dated June 17, 2004 (as revised July 14, 2004) which incorporates a summary of technical information from the 2004 Feasibility Study.
“measured resource” or “measured mineral resource”	That part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
“Minera San Augusto”	Minera San Augusto, S.A. de C.V., owned 70% by Placer Dome and 30% by Kennecott, and the original vendor of the Salamandra Concessions.

“mineral resource”	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term “mineral resource” covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase “reasonable prospects for economic extraction” implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable. The term “mineral resource” used in this AIF is a Canadian mining term as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on August 20, 2000 (the “CIM Standards”).
“MON” or “Minas de Oro Nacional”	Minas de Oro Nacional, S.A. de C.V. (formerly, O.N.C. de Mexico, S.A. de C.V.), a Mexican corporation which is a wholly-owned subsidiary of the Company.
“National Gold”	National Gold Corporation, a British Columbia company which amalgamated with Alamos Minerals on February 21, 2003 to form the Company.
“net smelter return royalty/Net Smelter Royalty”	A payment made by a producer of metals based on the value of the gross metal production from the property, less deduction of certain limited costs including, but not necessarily limited to, smelting, refining, transportation and insurance costs.
“New Surface Agreement”	A surface rights agreement dated May 27, 2004 between Minas de Oro Nacional and the Ejido regarding a lease of surface rights required to perform different mining works and activities and to set up infrastructure for the Company’s exploration and exploitation of certain mining concessions on the Salamandra Concessions. The New Surface Agreement supersedes the 1995 Surface Agreement.
“NI 43-101”	National Instrument 43-101 – Standards of Disclosure for Mineral Projects. A rule developed by the Canadian Securities Administrators (an umbrella group of Canada’s provincial and territorial securities regulators) that governs public disclosure by mining and mineral exploration issuers. The rule establishes certain standards for all public disclosure of scientific and technical information concerning mineral projects.
“NQ diameter”	1.75 inch diameter drill hole.
“ore”	A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.
“ounces” or “oz”	A measure of weight in gold and other precious metals, correctly troy ounces, which weigh 31.2 grams as distinct from an imperial ounce which weighs 28.4 grams.
“Placer” or “Placer Dome”	Placer Dome Inc., which was acquired by Barrick Gold Corporation (“Barrick”) and amalgamated with Barrick in 2006.

“Placer Assignment Agreement” An assignment agreement between Royal Gold and Barrick dated October 1, 2008 whereby Barrick assigned its 70% interest in the Placer Kennecott Royalty to Royal Gold.

“Placer Kennecott Royalty” or “Royal Gold Royalty” A royalty that is currently payable to Royal Gold pursuant to the Kennecott Assignment Agreement and the Placer Assignment Agreement. Under the RTE Agreement, a royalty payable to Tenedoramex and Kennecott on an aggregate basis and divided between them, beginning on the date of commencement of commercial production until such time as the first 2,000,000 ounces of gold have been mined, processed and sold (or deemed sold) from the Salamandra Concessions:

2% of the Net Smelter Returns (as defined in the RTE Agreement) in respect of all Products (as defined in the RTE Agreement) mined and sold (or deemed sold) by Minas de Oro Nacional from the Salamandra Concessions; and

the applicable percentage based on the average Gold Price (as defined in the RTE Agreement) as published in the Wall Street Journal for the calendar quarter in which the royalty is payable of the Net Smelter Returns in respect of all silver and gold Products (as defined in the RTE Agreement) mined and sold (or deemed sold) by Minas de Oro Nacional from the Salamandra Concessions as follows:

Gold Price Range	Net Smelter Return Royalty 100% Basis
US\$0.00/oz to US\$299.99/oz	1.0%
US\$300.00/oz to US\$324.99/oz	1.5%
US\$325.00/oz to US\$349.99/oz	2.0%
US\$350.00/oz to US\$374.99/oz	3.0%
US\$375.00/oz to US\$399.99/oz	4.0%
US\$400.00/oz or higher	5.0%

The term “Products” (as defined in the RTE Agreement) means ores, minerals, or other commercially valuable products, except any fraction thereof comprising or deemed to comprise Gold and Silver Products, mined from the Salamandra Concessions.

The term “Gold and Silver Products” (as defined in the RTE Agreement) means ores, minerals, or other commercially valuable products containing gold or silver mined from the Salamandra Concessions, provided that where such products contain a combination of gold and silver and other commercially viable metals or minerals, Gold and Silver Products shall be deemed to comprise that fraction of such products as represents the proportionate commercial value of the gold and silver contained in such products, with the remaining fraction of such products deemed to be Products.

“ppm” parts per million.

“ppb” parts per billion.

“PQ diameter” 3.2-inch drill hole diameter.

“preliminary feasibility study” A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

“probable mineral reserve”	The economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economics and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
“proven mineral reserve” or “proven reserve”	The economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economics and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
“QA/QC”	Quality assurance/quality control.
“Qualified Person”	<p>Conforms to that definition under NI 43-101 for an individual:</p> <ul style="list-style-type: none"> (a) an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (b) at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) experience relevant to the subject matter of the mineral project and the technical report; (d) in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that: (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and (ii) requires a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness or a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining;
Royal Gold	Royal Gold Inc. is a royalty holding company that acquired the 30% Kennecott portion of the Placer Kennecott Royalty effective January 5, 2006, and acquired the other 70% of the royalty from Barrick effective October 1, 2008.
“RQD”	Rock quality designation.
“RTE Agreement”	A royalty agreement between Minas de Oro Nacional and Minera San Augusto dated March 23, 2001 describing, among other things, the Placer Kennecott Royalty.
“Salamandra Concessions”	The Salamandra group of mineral concessions held by the Company's Mexican subsidiary, Minas de Oro Nacional, currently comprising an area of approximately 30,536 hectares in 44 concessions located in the State of Sonora, Mexico.
“Scoping Study or Preliminary Economic Assessment”	A technical report prepared for the Company by KD Engineering entitled “Technical report on the Ağı Dağı-Kirazlı Gold Project, Çanakkale Province, Republic of Turkey” dated March 12, 2010 and filed at www.sedar.com on March 29, 2010.
“Teck”	Teck Resources Limited, the 60% vendor of the Ağı Dağı and Kirazlı Projects.
“Tenedoramex”	Tenedoramex S.A., a wholly owned subsidiary of Placer Dome and a 70% owner of Minera San Augusto.
“tpd”	Tonnes per day.

“TSX”

The Toronto Stock Exchange.

“TSXV”	The TSX Venture Exchange.
“1995 Surface Agreement”	A surface rights agreement dated November 26, 1995 between Minera San Augusto and the Mulatos Ejido regarding a lease of surface rights required to perform different mining works and activities and to set up infrastructure for the Company’ s exploration and exploitation of certain mining concessions on the Salamandra Concessions.
“2004 Feasibility Study”	“Mulatos Feasibility Study Phase One - Estrella Pit” dated June 1, 2004, prepared by M3 Engineering containing a feasibility study of the Estrella zone within the Mulatos deposit on the Salamandra Concessions filed at www.sedar.com on July 22, 2004.

CORPORATE STRUCTURE

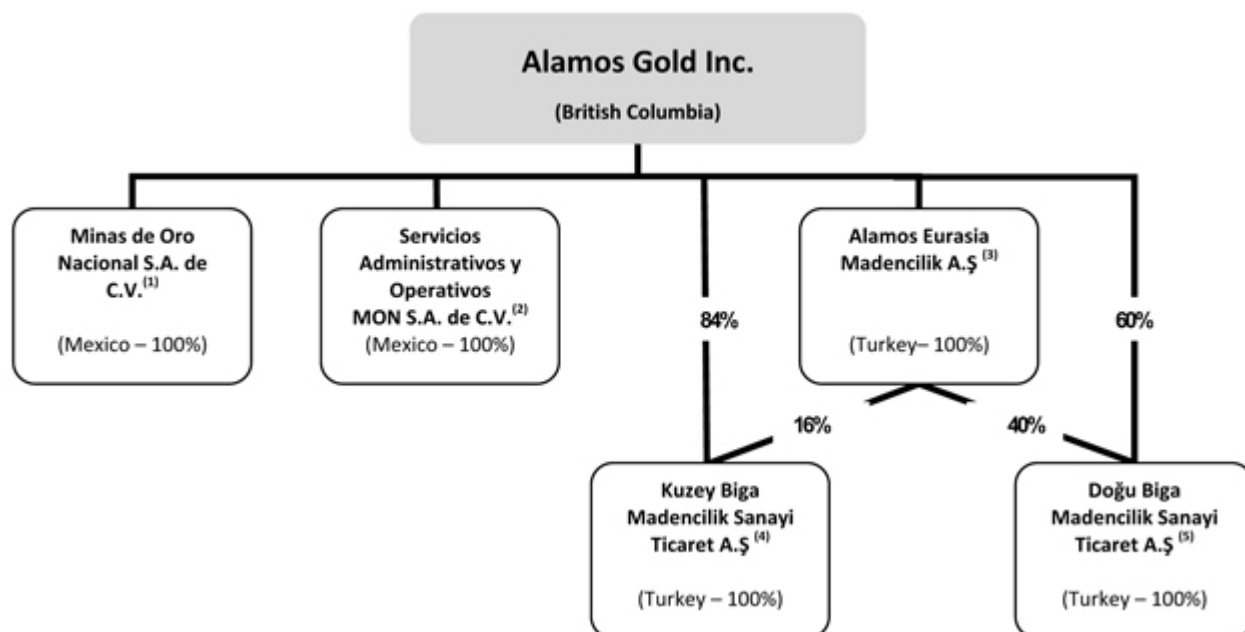
Name and Incorporation

The name of the Company is “Alamos Gold Inc.”. The Company’s principal place of business is located at Suite 2200, 130 Adelaide Street West, Toronto, Ontario, Canada M5H 3P5, telephone: 416-368-9932, facsimile: 416-368-2934. The Company has administration offices in Hermosillo, Mexico and in Ankara, Turkey. The registered and records office of the Company is located at Suite 3350, Four Bentall Centre, 1055 Dunsmuir Street, P.O. Box 49222, Vancouver, British Columbia, Canada V7X 1L2.

The Company was formed by the amalgamation of Alamos Minerals, a company incorporated under the laws of the Province of British Columbia, and National Gold, a company incorporated under the laws of the Province of Alberta and continued into the Province of British Columbia under the former Company Act (British Columbia) on February 21, 2003 (the “Amalgamation”) with the resulting amalgamated company continuing under the name “Alamos Gold Inc.”. The Business Corporations Act (British Columbia) (the “New Act”), which superseded the Company Act (British Columbia), came into force on March 29, 2004 and on July 15, 2004, after obtaining shareholder approval, the Company altered its Notice of Articles to increase its authorized capital from 1,000,000,000 common shares without par value to an unlimited number of common shares without par value and adopted new Articles that take advantage of certain business flexibilities available under the New Act.

Intercorporate Relationships

In this AIF, unless the context otherwise requires, the terms “we”, “us”, “our”, and similar terms as well as references to “Alamos” or the “Company” refer to Alamos Gold Inc. together with its subsidiaries. As at March 29, 2012, the following diagram sets forth the Company’s intercorporate relationships with its active subsidiaries including the jurisdiction of incorporation or organization and the Company’s respective percentage ownership of each subsidiary.



⁽¹⁾ Minas de Oro Nacional has an authorized and issued and outstanding share capital of an aggregate of 50,000 fixed shares and 485,624,800 variable shares. All of the variable shares are registered in the name of the Company. One of the 50,000 outstanding fixed shares of Minas de Oro Nacional is held for the benefit of the Company in the name of John McCluskey, the President, Chief Executive Officer and a director of the Company.

- (2) One of the 50,000 outstanding shares of Servicios Administrativos y Operativos MON S.A. de C.V. is held for the benefit of the Company in the name of John McCluskey, the President, Chief Executive Officer and a director of the Company.
- (3) Alamos Eurasia Madencilik A.S. (“Alamos Eurasia”) has authorized and issued and outstanding share capital of an aggregate of 547,003 shares. The shares of Alamos Eurasia are distributed with 546,999 to Alamos, and one share each is held for the benefit of the Company by the following officers of the Company: Jamie Porter, Manley Guarducci, Charles Tarnocai and Han Ilhan.
- (4) Kuzey Biga Madencilik Sanayi Ticaret A.Ş. (“Kuzey Biga”) has authorized and issued and outstanding share capital of 39,492,842 shares. The shares of Kuzey Biga are distributed with 32,997,042 to Alamos, 6,495,500 shares to Alamos Eurasia, and 100 shares each held for the benefit of the Company by the following officers of the Company: Charles Tarnocai, Manley Guarducci and Han Ilhan.
- (5) Doğu Biga Madencilik Sanayi Ticaret A.Ş. (“Dogu Biga”) has authorized and issued and outstanding share capital of 8,113,000 shares. The shares of Dogu Biga are distributed with 4,867,600 to Alamos, 3,245,100 shares to Alamos Eurasia, and 100 shares each held for the benefit of the Company by the following officers of the Company: Charles Tarnocai, Manley Guarducci and Han Ilhan.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

The Company is a gold mining and exploration company engaged in exploration, mine development, and the mining and extraction of precious metals, primarily gold. The Company’s operating asset is the Mulatos Mine which was acquired in February 2003, and is located within the 30,536-hectare Salamandra Concessions in the state of Sonora, Mexico. In January 2010, the Company acquired the development-stage Aği Dağı and Kirazlı Projects in the Biga district of northwestern Turkey. In 2011, the Company discovered the Çamyurt Project, located approximately 3 kilometers from the Aği Dağı Project, which the Company believes has the potential to become a stand-alone mining project.

Since the start of operations at the Mulatos Mine in Mexico in 2006, the Company has focused on continued operating improvements and conducting exploration programs to increase reserves and resources. In 2011, the Mulatos Mine produced over 150,000 ounces of gold for the fourth consecutive year.

On January 6, 2010, the Company completed the acquisition of the Aği Dağı and Kirazlı Projects from Teck and Fronteer under the terms of the Fronteer Teck Agreement. On March 29, 2010, the Company released a technical report (the “Scoping Study”) evaluating the economic potential of developing the Aği Dağı and Kirazlı Projects into producing gold mines. Results of the Scoping Study indicated that these projects are potentially economic, and the Company is proceeding with a preliminary feasibility study which is expected to be completed in 2012.

2009 Developments

On January 6, 2009, the Company reported fourth quarter and full year 2008 production results. The Company produced 151,000 ounces of gold at a total cash cost per ounce of \$389. The Company also announced production plans for 2009 of between 145,000 and 160,000 ounces at a total cash cost of \$350 per ounce. In addition, the Company reported that the drum agglomeration process commenced in December 2008 and was expected to contribute to improved leach pad recoveries.

On January 26, 2009, the Company reported that it had entered into an agreement with a syndicate of underwriters led by BMO Capital Markets under which the underwriters agreed to buy, on a bought-deal basis, by way of a short-form prospectus, 9.4 million common shares of the Company at a price of CAD\$8.00 per share. On February 17, 2009, the Company announced completion of the bought-deal financing, resulting in the total issuance of 10.41 million common shares at a price of CAD\$8.00 per share for gross proceeds of CAD\$83.3 million or net proceeds of CAD\$78.8 million.

On March 10, 2009, the Company reported 2008 year end financial results. The Company reported an increase in gold sales revenues by 80% to \$133.0 million, and record earnings of \$29.4 million (\$0.30 per basic share) compared to \$2.9 million (\$0.03 per share) in 2007.

On March 17, 2009, the Company reported an increase in reserves and global resources as at December 31, 2008 compared to December 31, 2007. Proven and probable reserves had increased 21%, while measured and indicated resources decreased 14% and inferred resources increased 129%. The updated mineral reserve estimate at December 31, 2009 was calculated using a \$700 per ounce gold price assumption and consisted of proven and probable reserves of 2.05 million contained ounces (47.7 million tonnes grading 1.34 g/t Au).

On April 27, 2009, the Company provided an exploration update. Specifically, the Company announced that additional drilling at Escondida had resulted in the identification of two new zones of mineralization with the potential to provide additional resources. On May 21, 2009, the Company released the Mill Technical Report evaluating the economics of constructing a 500 tpd gravity milling circuit to process high-grade ore (defined as greater than 3.4 g/t Au). The report confirmed that the development and processing of the Escondida high-grade zone is economically robust, and that 90% or more of the coarse high-grade Escondida ore is recoverable. Other key findings of the report indicated an initial mill construction cost of \$17.5 million (inclusive of a 20% contingency) and expected operating costs of \$12.08 per tonne of ore or \$40 per ounce of gold. As a result, the Company announced its decision to proceed with development of the Escondida zone, with production from the mill expected in early 2012.

On September 23, 2009, the Company announced that it had entered into a memorandum of understanding providing for Alamos to acquire 100 percent of the Ađı Dađı and Kirazlı Projects from Fronteer and Teck (the “vendors”) through the acquisition of certain Turkish subsidiaries held by Fronteer and Teck. On December 7, 2009, the Company replaced the memorandum of understanding with the Fronteer Teck Agreement, which was finalized subsequent to year-end.

2010 Developments

On January 6, 2010, the Company reported the acquisition of 100% of the Ađı Dađı and Kirazlı Projects through the purchase of three Turkish companies held by Teck and Fronteer. The Company paid a total of \$40 million cash and issued an aggregate of 4 million common shares to Teck (as to 60%) and Fronteer (as to 40%) in total consideration. Ađı Dađı and Kirazlı are advanced-stage development projects that are within the Biga Mineral District, an established gold-copper mineral district located on the Biga Peninsula of northwestern Turkey. The Company anticipated investing approximately \$12.8 million in 2010 on development and exploration activities related to these projects. Actual spending in 2010 was approximately \$9.0 million.

On January 7, 2010 the Company reported record quarterly gold production in the fourth quarter of 2009 of 48,000 ounces and full year 2009 production of 178,500 ounces. The primary factor contributing to higher than expected production was higher recoveries, resulting from a variety of operating initiatives implemented throughout the year. The Company also presented its budget for 2010 of 160,000 to 175,000 ounces of production at a total cash cost (including the 5% royalty) of \$338 per ounce.

On January 12, 2010 the Company announced that drilling activities in 2009 at the San Carlos project in close proximity to the Mulatos mine were successful at identifying high-grade mineralization, and that further work was planned to further delineate the deposit in 2010.

On March 16, 2010 the Company reported record annual earnings of \$56.0 million (\$0.52 per basic share), in addition to announcing an inaugural semi-annual dividend of \$0.03 per share payable on April 30, 2010 to shareholders of record on April 15, 2010.

On March 29, 2010, the Company released the Scoping Study which reported indicated and inferred resources at Ađı Dađı and Kirazlı, and that the development of the Ađı Dađı and Kirazlı Projects was economic at then current gold prices and supported a decision to proceed to the preliminary feasibility study stage. Highlights of the Scoping Study included total initial and sustaining capital costs (inclusive of a 27% contingency) of \$234.7 million, and average annual production of approximately 135,000 ounces of gold and 621,600 ounces of silver over an estimated mine life of approximately 8 years at an average total cash cost of \$314 per ounce (with silver accounted for as a by-product credit). The Scoping Study indicated that these projects are potentially economic, and as a result the Company is proceeding to the preliminary feasibility study stage.

On March 31, 2010, the Company reported a 17% increase in proven and probable reserves at Mulatos to 2.39 million ounces. The Company also announced a 13% increase in measured and indicated resources (exclusive of reserves) to 1.88 million ounces and an 11% decline in inferred resources. In addition, the Company reported its intention to expand crushing throughput capacity through the addition of a screening plant between the secondary and tertiary crushers at an estimated total cost of \$6.5 million with completion targeted for the third quarter of 2010. The Company implemented the screening plant in the third quarter of 2010 at a total cost of approximately \$7.3 million.

On August 17, 2010, the Company announced that it had completed a settlement agreement with Primero Mining Corp. ("Primero", formerly Mala Noche Resources Corp.). In consideration for relinquishing any claim to the San Dimas mine, Primero paid Alamos CAD\$1.0 million cash and issued the Company two million common shares and 800,000 common share purchase warrants, for total consideration valued at CAD\$13.0 million.

Effective September 17, 2010, the Company announced a 17% increase to its semi-annual dividend from \$0.03 to \$0.035 per share. In addition, the Company reported that it had entered into surface right access agreements that would allow exploration activities to commence at the Company's El Carricito exploration project, located approximately 20 km from the Mulatos Mine.

On December 9, 2010, the Company outlined its production guidance for 2011. Gold production for 2011 was forecast to be 160,000 to 175,000 ounces at a total cash cost (including the 5% royalty) of between \$415 and \$430 per ounce. Further, the Company reported plans to spend \$48.1 million in capital in Mexico in 2011, focused primarily on production expansion. Development costs related to the Turkish projects were budgeted at \$15 million, while exploration expenditures for both Mexico and Turkey were expected to total \$18 million.

2011 Developments

On March 14, 2011, the Company reported a 43% increase to its semi-annual dividend to \$0.05 per share payable on May 2, 2011 to shareholders of record on April 15, 2011.

On March 15, 2011, the Company reported its financial results for the fourth quarter and full year of 2010. The Company produced a total of 156,000 ounces of gold in 2010 at a total cash cost of \$361 per ounce of gold sold. Revenues of \$189.3 million increased 10% over 2009, and the Company achieved record annual earnings of \$65.7 million (\$0.57 per basic share), inclusive of a \$0.11 per share gain on completion of the settlement agreement with Primero.

On March 24, 2011, the Company announced a 38% increase in measured and indicated resources, in addition to replacing proven and probable mineral reserves at the Mulatos Mine.

On June 16, 2011, the Company reported that drilling at the Çamyurt Project had delineated a mineralized zone that is continuous for at least 1,100 metres along strike with potential to extend mineralization. An initial mineral resource estimate will be reported in the second quarter of 2012, and the Company believes that the Çamyurt Project has the potential to be a stand alone mining project.

On September 14, 2011, the Company announced a 40% increase in its semi-annual dividend from \$0.05 to \$0.07 per common share, payable on October 28, 2011 to shareholders of record on October 14, 2011.

On September 16, 2011, the Company reported a 19% increase in measured and indicated resources at its Ağrı Dağı and Kirazlı Projects and provided an exploration update on the Çamyurt Project. Measured and indicated mineral resources at Ağrı Dağı and Kirazlı increased 19% to 1.96 million ounces of gold, reflecting a 19% increase in tonnes and no change in the average gold grade compared to the 2010 year-end estimate.

Developments Subsequent to 2011 Year End

On February 23, 2012 the Company reported its financial results for the fourth quarter and 2011 full year. The Company produced a total of 153,000 ounces in 2011 at a total cash cost of \$368 per ounce of gold sold. Operating

revenues of \$227.4 million increased 20% over 2010, and the Company achieved annual earnings of \$60.1 million (\$0.51 per basic share). The Company also announced a 43% increase to its semi-annual dividend from \$0.07 to \$0.10 per share, payable on April 30, 2012 to shareholders of record on April 13, 2012.

In addition, the Company provided 2012 production guidance of between 200,000 and 220,000 ounces of gold at a cash operating cost (before 5% royalty) of between \$365 and \$390 per ounce. The increase in annual production is attributable to the start up of the mill to process high-grade ore from the Escondida zone, which is forecast to contribute 67,000 ounces of production in 2012.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Company is a gold mining and exploration company engaged in exploration, mine development, and the mining and extraction of precious metals, primarily gold. The Company's primary asset is the Mulatos Mine and its 30,536 hectares of Salamandra Concessions in the state of Sonora, Mexico, acquired on February 21, 2003, by way of amalgamation of National Gold and Alamos Minerals. In addition, on January 6, 2010 the Company acquired the development-stage Aği Dağı and Kirazlı Projects in the Biga district of northwestern Turkey. In 2011, the Company discovered the Çamyurt Project, located approximately 3 kilometers from the Aği Dağı Project, which the Company believes has the potential to become a stand-alone mining project.

The Mulatos Mine

General

The Salamandra Concessions are located in the State of Sonora, Mexico. The Mulatos deposit is located in the Salamandra Concessions and has been developed into the Mulatos Mine. Mineral rights for all concessions comprising the Salamandra Concessions are controlled by Minas de Oro Nacional, a Mexican company wholly owned by the Company.

Portions of the Salamandra Concessions originally acquired from Placer Dome are subject to the Royal Gold Royalty which applies to the first two million ounces of gold mined, processed or sold from the Mulatos Mine. As at December 31, 2011, the royalty had been paid or accrued on approximately 806,000 ounces of applicable gold production.

2004 Feasibility Study and M3 July 14, 2004 Report

On June 1, 2004, M3 Engineering and M3 Mexicana Hermosillo Sonora Mexico and Consultants, independent consultants to the Company, completed the 2004 Feasibility Study recommending development of the Estrella Pit portion of the Mulatos deposit. Subsequently, the Company engaged M3 Engineering and M3 Mexicana Hermosillo Sonora Mexico and Consultants to prepare an independent technical report based on the 2004 Feasibility Study, which is available for review on the SEDAR website at www.sedar.com under the Company's issuer profile.

Mine Construction

The Company began construction of the Mulatos Mine, beginning with the Estrella Pit portion, in the third quarter of 2004 and Phase I of the Estrella Pit portion of the Mulatos Mine was completed in January 2006 at a cost of approximately \$74 million. Although the 2004 Feasibility Study plan called for a 10,000 tpd crushing operation, the Company sized the major components of the Mulatos Mine, including the crusher/conveyor and the gold recovery plant, to handle a mining and processing operation with a capacity of approximately 15,000 tpd. In 2005, an expansion budget of \$20 million was approved to increase the scale of mining operations from the 2004 Feasibility Study level of 10,000 tpd.

Since 2005, the Mulatos Mine has undergone significant expansion, particularly with respect to crushing capacity. At the start of 2010, the Company commissioned a closed circuit crushing system designed to improve the size consistency of stacked ore. In October 2010, the Company added a scalping screen plant to the crushing circuit designed to increase throughput. Continued modifications to the crushing circuit aimed at increasing crusher

throughput have been implemented throughout 2011 and early 2012. Average daily crusher throughput in 2011 was 14,100 tpd, up from 13,000 tpd in 2010. In 2012, the Company expects average daily crusher throughput to increase to approximately 17,000 tonnes per day.

In addition to the existing heap leach operations at the Mulatos Mine, between 2009 and 2012, the Company has developed the Escondida high-grade zone at an approximate cost of \$61 million and constructed a mill to process high-grade ore from Escondida at a cost of \$20 million. Gold production from the mill is expected to commence in the first quarter of 2012 and to contribute an additional 67,000 ounces of production in 2012.

Pre-commercial Operations

The Mulatos Mine began operations in 2005 as a run-of-mine conventional open-pit heap-leach operation with a gold recovery plant consisting of a carbon-in-column circuit. Although not specified in the 2004 Feasibility Study, the Company operated temporarily on a run-of-mine basis to take advantage of gold prices at levels significantly above those considered in the 2004 Feasibility Study. Run-of-mine ore was stacked directly on the leach pad in the period from June 2005 to June 2006. No additional run-of-mine material was stacked on the leach pad effective July 1, 2006, as the crusher was operating near capacity and gold recoveries from crushed ore are significantly higher than recoveries from run-of-mine ore.

Commercial Operations

The Company announced commercial production at the Mulatos Mine on April 1, 2006. The Mine operates 365 days a year. Daily production may be affected to some extent by adverse weather, but it would be unusual for adverse weather to cause complete mine stoppage for an extended period. The Company has acquired the surface rights necessary to carry on its current operations, but may be required to secure additional rights should the Company decide to pursue mining activities outside of the currently permitted concessions. The Company complies with all relevant environmental laws.

Gold is produced on site as dore containing approximately 60-80% gold by weight. The dore is sent to a refinery for final processing prior to sale. Refined gold is sold to several counterparties at market prices. Processing chemicals and materials are generally readily available as is diesel fuel, however, the cost of these products delivered to the site has increased significantly from the feasibility levels. In 2011, the Company experienced short-term disruption of its cyanide supply as a result of its primary cyanide supplier experiencing a flood. Cyanide shipments were reduced in the second quarter of 2011, resulting in lower than planned production in the second and third quarters of the year. Regular cyanide shipments resumed late in the second quarter and gold production deferred as a result of the cyanide supply disruption was produced in the fourth quarter of the year. Alternate cyanide suppliers have been sourced and contingency plans are in place in the event that a similar shortage occurs in the future.

Cost levels have increased significantly from the life-of-mine average cash operating cost of \$174 per ounce indicated in the 2004 Feasibility Study which excluded the royalty and were based on a gold price of \$350 per ounce. Unit operating costs are affected by mine operating efficiencies, the waste-to-ore ratio, the cost of mining and processing materials, labour costs, the grade of ore mined and recoveries achieved. Certain costs such as lime, cyanide and diesel fuel have increased in price substantially since the 2004 Feasibility Study was prepared.

In the year ended December 31, 2006, its first year of partial commercial production, the Mulatos Mine produced 101,170 ounces of gold at a cash operating cost of \$294 per ounce of gold sold. Since then the Company has implemented a number of operational improvements contributing to higher levels of gold production. In the year-ended December 31, 2011, the Company produced 153,000 ounces of gold at a cash operating cost of \$368 per ounce.

Total gold sales revenues for 2011 amounted to \$234.7 million (2010 - \$189.3 million). The Company's product, gold and to a lesser extent, silver, is sold to several qualified counterparties for a price that is readily quoted and fluctuates daily. The Company can sell all of its refined metal at the quoted price or contract for a fixed price for future delivery. At December 31, 2011, the Company had no forward gold sales or other gold hedge positions outstanding.

Ađi Dađı and Kirazlı Projects

The Ađi Dađı and Kirazlı Projects are advanced-stage gold development projects located within the Biga Mineral District, a gold-copper mineral district, which is located in northwestern Turkey. The Biga Mineral District features a growing number of high-sulfidation epithermal gold and associated porphyry copper-gold deposits.

Throughout 2010 and 2011, the Company completed 51,200 metres of drilling in 303 holes, which has resulted in substantial increases to mineral resources at the Ađi Dađı and Kirazlı Projects. In 2011, the Company discovered the amyurt Project, located approximately 3 kilometers from the Ađi Dađı Project. Based on the results of drilling to-date, the Company believes that the amyurt Project has the potential to become a stand-alone mining project. An initial resource estimate for the amyurt Project is expected to be reported in the second quarter of 2012.

The initial mineral resource estimate published by the Company on the Ađi Dađı and Kirazlı Projects was completed in conjunction with the Scoping Study released on March 29, 2010, and reported indicated resources of 63.8 million tonnes grading 0.64 g/t Au and 5.2 g/t Ag for 1.3 million ounces of gold and 10.7 million ounces of silver. In addition, inferred resources totalled 26.4 million tonnes at 0.74 g/t Au and 8.72 g/t Ag for 0.6 million ounces of gold and 7.4 million ounces of silver. The Scoping Study also indicated that development of the Ađi Dađı and Kirazlı Projects was potentially economic and supported a decision to proceed to the preliminary feasibility study stage.

In March 2011, the Company prepared an updated mineral resource estimate as at December 31, 2010 which showed that measured and indicated resources for the Ađi Dađı and Kirazlı Projects (reported at a 0.2 g/t Au cut-off) had increased to 78.8 million tonnes at 0.65 g/t Au and 4.22 g/t Ag for 1.6 million ounces of gold and 10.7 million ounces of silver.

In September 2011, the Company released another mineral resource update for the Ađi Dađı and Kirazlı Projects with measured and indicated resources increasing 19% to 1.96 million ounces of gold and silver measured and indicated resources increasing 44% to 15.4 million ounces, relative to the December 31, 2010 mineral resource update. The increase was largely attributable to a 19% increase in tonnes to 93.4 million tonnes with no significant change in the average gold grade and was attributable to the addition of new mineral resources through infill and expansion drilling and an increase in the gold price assumption from \$1,025 to \$1,150 per ounce. Further drilling throughout the latter part of 2011 was incorporated into the December 31, 2011 mineral resource update which reflected an increase in measured and indicated resources to 110.1 million tonnes grading 0.65 g/t Au for 2.2 million ounces of gold, representing a 13% increase from the September 2011 mineral resource update for the Ađi Dađı and Kirazlı Projects. In addition to gold, the December 31, 2011 mineral resource update reported 16.9 million ounces of silver in the measured and indicated categories.

The Ađi Dađı and Kirazlı Projects have the potential to be developed into low cost oxide gold heap leach operations. The projects have established camp facilities, are located on the power grid, and are road accessible. The primary camp facility is located in the town of Etili and consists of a custom built office, 60-person accommodation complex, as well as a core processing and storage facility. The Company is in the process of preparing a preliminary feasibility study on the Ađi Dađı and Kirazlı Projects, in addition to undergoing the EIA and permitting processes.

Uses of Gold

Product fabrication and bullion investment are the two principal uses of gold. Within the fabrication category there are a wide variety of end uses, the largest of which is the manufacture of jewellery. Other fabrication purposes include official coins, electronics, miscellaneous industrial and decorative uses, dentistry, medals and medallions.

Sales and Refining

Gold can be readily sold on numerous markets throughout the world and it is not difficult to ascertain its market price at any particular time. Because there are a large number of available gold purchasers, the Company is not dependent upon the sale of gold to any one customer.

The Company's gold production is currently refined to market delivery standards by Johnson Mathey at a refinery in Salt Lake City, Utah. The Company believes that, because of the availability of alternative refiners, no material adverse effect would result if one of the Company's refiners was unable to process its product.

Employees

As of December 31, 2011, the Company had 16 full time employees at its Toronto corporate head office. Each of these full time employees is employed under a contract for services directly with the parent company. In addition, the Company's Mexican subsidiary, Servicios Administrativos y Operativos MON, S.A. de C.V. ("SAO") provides labour-related services for operations at the Salamandra Concessions and at the administrative offices of Minas de Oro Nacional in Hermosillo, Mexico. As of December 31, 2011, SAO had 484 full-time employees. The Company has sourced most of its labour pool, including skilled mining personnel, from the state of Sonora in Mexico. Competition for highly qualified miners has become intense as more mines are being brought into production in the area and worldwide. Throughout 2010 and 2011, the Company has hired administrative, engineering and exploration personnel in Turkey. As at December 31, 2011, the Company had 45 full-time employees in Turkey.

Risk Factors

The financing, exploration, development and mining of any of the Company's properties is subject to a number of factors, including the price of gold, laws and regulations, political conditions, currency fluctuations, hiring qualified people and obtaining necessary services in jurisdictions where the Company operates. The current trends relating to these factors are generally favourable but could change at any time and negatively affect the Company's operations and business.

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry that may have a material impact on, or constitute risk factors in respect of the Company's operations and future financial performance.

Additional risks not currently known by the Company, or that the Company currently deems immaterial, may also impair the Company's operations.

The Company's operating and development properties are located in Mexico and Turkey and are subject to changes in economic and political conditions and regulations in those countries

The economics of the mining and extraction of precious metals are affected by many factors, including the costs of mining and processing operations, variations of grade of ore discovered or mined, fluctuations in metal prices, foreign exchange rates and the prices of goods and services, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting goods and services and environmental regulations. Depending on the price of minerals discovered and potentially mined, the Company may determine that it is neither profitable nor competitive to acquire or develop properties, or to continue mining activities.

The Company's mineral properties are located in Mexico and Turkey. Economic and political conditions in Mexico and Turkey could adversely affect the business activities of the Company. These conditions are beyond the Company's control, and there can be no assurances that any mitigating actions by the Company will be effective. In the past, both Mexico and Turkey have been subject to political instability, changes and uncertainties which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. Any potential adverse impacts as a result of political volatility in Mexico or Turkey cannot be accurately predicted. The mineral interests of the Company and the ultimate ability to generate cash flow and profits from operations may be affected in varying degrees by political or economic stability. Associated risks include, but are not limited to: terrorist acts, corruption attempts, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Any change in regulations or shifts in political attitudes are beyond the control of the Company and may materially adversely affect its business, financial condition and results of operations.

The Company's mineral exploration and mining activities in both Mexico and Turkey may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or to the cost of maintaining its properties. Operations may also be affected in varying degrees by changes in government regulations with respect to restrictions on production, price controls, export controls, income taxes, royalties, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Economic instability in Mexico could result from current global economic conditions and could contribute to currency volatility and potential increases to income tax rates, both of which could significantly impact the Company's profitability. Turkey is seeking membership to the European Union ("EU") and is progressing to conform to EU standards and develop greater political and economic stability. However, Turkey has historically, and to some degree continues to experience heightened levels of political and economic instability due to regional geopolitical instability. These conditions may be exacerbated by current global economic conditions. This instability may have a material adverse effect on the Company's properties, business and results of operations.

The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Specifically, the Company's activities related to its Mulatos Mine and the Salamandra Concessions are subject to regulation by the *Mexican Department of Economy - Direccion General of Mines* ("DGM"), the environmental protection agency of Mexico ("SEMARNAP"), *Comisión Nacional del Agua* ("CONAGUA"), which regulates water rights, and the Mexican Mining Law. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. The Company's exploration and development activities in Turkey are subject to regulation by the General Directorate of Forestry of the Ministry of Environment and Forestry ("MIGEM"). The judiciary in Turkey has substantial discretion to impose injunctions.

The Company will be unable to undertake its required drilling and other development work on its properties if all necessary permits and licenses are not granted

A number of approvals, licenses and permits are required for various aspects of exploration and mine development. The Company is uncertain if all necessary permits will be maintained or obtained on acceptable terms or in a timely manner. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities within the Salamandra Concessions, the Ağı Dağı and Kirazlı Projects or any other projects with which the Company becomes involved. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

In order to conduct drilling and/or other exploration activities that cause a disturbance on concessions within State forest land in Turkey, valid permits are required from MIGEM. In January 2009, certain provisions concerning the existing Mining Law were challenged and subsequently annulled. As a result of the annulment, the grant of permits for the use of forestry lands for mining activities was suspended. An amending regulation became effective upon its publication in the Official Gazette No. 27324 on August 19, 2009 (the "Amending Regulation"), and the Ministry of Environment provided that until a new arrangement is made, the allocation of forestry lands to mining activities will be made pursuant to the provisions of the forestry legislation. Accordingly, issuance of forestry permits was re-established during the suspension of implementation of the Mining Activities Permitting Regulation. Following this, on or about January 11, 2010, the Amending Regulation was challenged, and the High Administrative Court suspended the implementation of the Amending Regulation until a final decision was rendered regarding the merit of the lawsuit. The Amendments to the Mining Law were finally approved by the Turkish Grand National Assembly on June 10, 2010 and published in the Official Gazette No. 27621 dated June 24, 2010. The new Forest Permitting Regulation regulating the use of forestry lands for mining activities basically became effective as of the date of the new mining law ratification, and thus, the forestry permits were issued for exploration activities as per the relevant provisions of the Forest Permitting Regulation.

As existing permits were unaffected by the suspension of the Amending Regulation, the Company was not restricted from drilling under its existing forestry permits during 2010, including using permitted drill roads and drill pads. New forestry permits were applied for and issued during the 2010 and 2011 and drilling has been unaffected from

the date of the new mining law ratification. From time to time, and depending on its activities, the Company will need to apply for new forestry permits. No new forestry permits have been denied to date. It remains uncertain if the Company's existing permits may be affected in the future or if the Company will have difficulties in obtaining all necessary forest permitting it requires for its proposed mining activities.

In addition to changes in the forest permitting regulations, a new Mining Law was enacted in Turkey in 2010 which imposed new deadlines on concession holders. Specifically, as a result of the changes in the Mining Law, the Company is required to obtain final EIA approval and key permits on its concessions in Turkey between October and December 2012 in order to maintain its concessions in good standing. The specific deadlines for obtaining EIA approval and key permits for each project concession in Turkey vary slightly in time. The Company has implemented plans to obtain all necessary permits prior to these deadlines and views the risk of not meeting the deadlines as low. If these deadlines are not met due to unforeseen delays, the Company believes that extensions to deadlines for obtaining the required approvals and permits could be negotiated so that the concessions would remain in good standing. However, there is no guarantee that the Company will be able to obtain the approvals and permits as planned or if unable to meet such deadlines that negotiations for an extension will be successful in order to maintain its concessions in good standing. If the concessions were to expire, this could have a material adverse impact on the Company's ability to control and continue to develop its Turkish projects.

The business of exploration for minerals and mining involves a high degree of risk, as few properties that are explored are ultimately developed into producing mines

The Company is engaged in exploration, mine development and the mining and production of precious metals, primarily gold, and is exposed to a number of risks and uncertainties that are common to other companies in the same business. Unusual or unexpected ground movements, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are risks involved in the operation of mines and the conduct of exploration programs. The Company has relied on and may continue to rely upon consultants and others for mine operating and exploration expertise. Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, the Company may not be able to raise sufficient funds for development. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of mining and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Where expenditures on a property have not led to the discovery of mineral reserves, spent costs will not usually be recoverable.

Estimates of mineral reserves and resources may not be realized

The mineral reserves and resources estimates contained in this AIF are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by ore type at optimal crush sizes. Actual gold recoveries in a commercial heap leach operation may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in proven and probable reserves or resources, grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

The Company has engaged expert independent technical consultants to advise it on, among other things, mineral reserves and resources and project engineering at its Mulatos Mine in Mexico. The Company has also engaged expert independent technical consultants to advise it on these matters at its Ağı Dağı and Kirazlı Projects in Turkey. The Company believes that these experts are competent and that they have and will carry out their work in accordance with all internationally recognized industry standards. If, however, the work conducted and to be conducted by these experts is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs.

Problems with title to mineral properties could have a negative impact on the Company's future operations

The acquisition of the right to exploit mineral properties is a detailed and time-consuming process. Although the Company is satisfied it has taken reasonable measures to acquire unencumbered rights to explore on and exploit its mineral reserves on the Salamandra Concessions in Mexico and the Ağı Dağı and Kirazlı Projects in Turkey, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material and adverse to the Company. While the Company has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed, which could result in costly litigation or disruption of operations.

Problems with surface access to exploration projects or minerals could have a negative impact on the Company's exploration programs and future operations

The Company has entered into certain land lease agreements in Mexico with the Ejido and with individual land possessors for the purpose of conducting exploration activities. From time to time, a land possessor may dispute the Company's surface access rights, and as a result the Company may be barred from its legal temporary occupation rights. Surface access issues have the potential to result in the delay of planned exploration programs, and these delays may be significant. The Company expects that it will be able to resolve these issues; however, there can be no assurance that this will be the case.

The Company strives to maintain good relations with the local community in Mexico by providing employment opportunities and social benefits. The Company has entered into the New Surface Agreement with the Ejido. In addition, the Company has entered into agreements with individual Ejido members for the surface rights to which they have been assigned. The transfers of title to these surface rights have been registered in Mexico.

The Company is also in negotiations with Ejido and non-Ejido members in Mexico, as a group and individually, to relocate the existing community of Mulatos, and to acquire additional surface rights. Negotiations with the Ejido are time consuming and can be challenging and uncertain. There are financial and other considerations associated with the negotiating process including the filing of complaints or the commencement of legal proceedings by Ejido members, or attempts to impede road access by blockades and other actions to affect access to the Mulatos Mine or otherwise affect operations which could result in significant downtime and associated costs, or suspension of operations and loss of production. With the assistance of experienced legal advisors and the input from State and local government officials, the Company expects that it will be able to acquire its land-use requirements at a reasonable cost; however, there can be no assurance that this will be the case. The Company also expects that any actions taken by Ejido or non-Ejido members to interrupt or otherwise impede mine operations will be addressed by the appropriate State and Federal government authorities.

In 2008, the Company entered into a land purchase agreement with certain landowners in Mexico, under which the Company made a payment of \$1.25 million to secure temporary occupation rights to specified land. An additional payment of approximately \$1 million (based on current foreign exchange rates) is payable once the land has been vacated and is transferred to the Company. The probability and timing of this additional payment is currently unknown to the Company.

During 2010, the Company received notice that the Ejido had filed a complaint with the Unitary Agrarian Court to nullify the 2008 land purchase agreement. The Company has received a legal opinion that the action is without merit. The matter remains unresolved by the Court at this time. The land purchase agreement does not affect current mining operations of the Company.

Additional future property acquisition, relocation benefits, legal and related 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 may need to enter into negotiations with landowners and other groups in the local community in Turkey in order to conduct future exploration and development work on the Ađı Dađı and Kirazlı Projects. There is no assurance that future discussions and negotiations will result in agreements with landowners and other local community groups in Turkey or if such agreements will be on terms acceptable to the Company so that the Company can continue to conduct exploration and development work on these projects.

Development projects are uncertain and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

Mine development projects, including the Company' s Ađı Dađı and Kirazlı Projects or expansion of the existing Mulatos Mine, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future gold prices, and anticipated capital and operating costs of these projects. Our development projects have no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in gold prices, and accidents, labour actions and force-majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. It is likely that actual results for our projects will differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favourable than currently estimated, our business, results of operations, financial condition and liquidity could be materially adversely affected.

The Company' s mineral assets are located outside Canada and are held indirectly through foreign affiliates

It may be difficult if not impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of certain provinces against substantially all of the Company' s assets which are located outside Canada.

Problems with community water sources at the Ađı Dađı and Kirazlı Projects could have a negative impact on the Company' s exploration programs and future operations

Community water sources occur in the region of the Ađi Dađı and Kirazlı Projects. The Company will strive to ensure that exploration activities do not adversely impact community water sources. Future operations may require that alternate water sources be provided to potentially affected communities.

The Company's operations are based in Mexico and Turkey and obtaining financing or finding or hiring qualified people or obtaining all necessary services for the Company's operations may be difficult

The Company conducts exploration, mine development and mining and production activities in the state of Sonora, Mexico. In addition, the Company is conducting exploration activities in the Province of Cannakale, Turkey. Mexico is a developing country and obtaining financing, finding or hiring qualified people or obtaining all necessary services for the Company's operations in Mexico may be difficult. Mexico's status as a developing country may make it more difficult for the Company to attract investors or to obtain any required financing for its mining projects. Turkey has historically been subject to heightened levels of political and economic instability, which could make it difficult for the Company to attract investors, hire qualified people, obtain the necessary services for the Company's operations in Turkey or obtain required financing.

The Company also hires some of its employees or consultants in Mexico and Turkey to assist it in conducting its operations in accordance with Mexican and Turkish laws. The Company also purchases certain supplies and retains the services of various companies in Mexico and Turkey to meet its business plans. It may be difficult to find or hire qualified people in the mining industry who are situated in Mexico or to obtain all the necessary services or expertise in Mexico or Turkey or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Mexico or Turkey, the Company may need to seek and obtain those services from people located outside Mexico or Turkey, which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company to conduct its operations in Mexico and Turkey.

Inability of the Company to comply with all Mexican laws and regulations could negatively impact current or planned mining activities and exploration and developmental activities on the Salamandra Concessions

The Company's mining, exploration and development activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Specifically, the Company's activities in relation to its Mulatos Mine in Mexico and exploration and development areas within the Salamandra Concessions are subject to regulation by SEMARNAP, the environmental protection agency of Mexico, CONAGUA, which regulates water rights, and Mexican mining law. A number of other approvals, licences and permits are required for various aspects of mine development, the most significant of which, other than SEMARNAP approval, are water extraction permits from the Rio Mulatos and blasting permits, issued by the Mexican Army, to purchase, store and use explosives. Maintaining the necessary permits is critical to the Company's business. The Company has obtained a blasting permit and approval from CONAGUA of an agreement to acquire surface water rights. The Company is uncertain whether all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively affect current or planned mining, exploration and developmental activities on the Salamandra Concessions or on any other projects incurred in which the Company becomes involved. Any failure to comply with applicable laws and regulations or to obtain or maintain permits, even if inadvertent, could result in the interruption of mining, exploration and developmental operations or in material fines, penalties or other liabilities.

The Company's activities are subject to environmental regulations

The operations of the Company are subject to environmental regulations promulgated by governmental agencies from time to time. Specifically, the Company's activities in Mexico related to the Salamandra Concessions are subject to regulation by SEMARNAP, the environmental protection agency of Mexico. Regulations require that an environmental impact statement, known in Mexico as a Manifesto Impacto Ambiental ("MIA"), be prepared by a third-party contractor for submission to SEMARNAP. Studies required to support the MIA include a detailed analysis of the following areas: soil, water, vegetation, wildlife, cultural resources and socio-economic impacts. The Company must also provide proof of local community support for a project to gain final MIA approval. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which results in environmental pollution. A breach of such legislation may result in the imposition of fines

and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving, resulting in stricter standards, and enforcement, fines and penalties for non-compliance are more stringent.

The Company's exploration and development activities in Turkey are subject to regulation by MIGEM. The judiciary in Turkey has substantial discretion to impose injunctions.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies, directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company has made, and will continue to make expenditures to comply with such laws and regulations.

Site closure and reclamation costs expected to be incurred in the future are estimated by the Company's management based on the information available to them. As at December 31, 2011, the Company had recorded an asset retirement obligation liability of \$6.7 million. Actual site closure and reclamation costs could be materially different from the current estimates. Any change in cost estimates should additional information become available would be accounted for on a prospective basis. The fair value of the future liability for an asset retirement obligation is recognized in the period in which it is incurred with an offsetting amount being recognized as an increase in the carrying amount of the corresponding asset. This asset is amortized on a unit-of-production basis over the estimated life of the mine while the corresponding liability accretes to its future value by the end of the mine's life.

The volatility of the price of gold could have a negative impact on the Company's future operations

The value of the Company's mineral resources and future operating profit and loss is affected by fluctuations in gold prices, over which the Company has no control. A reduction in the price of gold may prevent the Company's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low gold prices. The price of gold may also have a significant influence on the market price of the Company's common shares. The price of gold is affected by numerous factors beyond the Company's control, such as the level of inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, sale of gold by central banks and the political and economic conditions of major gold producing countries throughout the world. The price of gold has increased significantly in the past several years. As at December 30, 2011, the London AM Gold fix price was US\$1,574.50 per ounce. The following table sets forth the approximate average of the daily London PM Gold fix price during the calendar periods indicated:

Year ended December 31	2011	2010	2009
Gold (US\$ per ounce)	\$1,572	\$1,225	\$972

The Company is in competition with other mining companies that have greater resources and experience

The Company competes with other mining companies, many of which have greater resources and experience. Competition in the precious metals mining industry is primarily for: mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate the properties; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis and some of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these mineral deposits could have an adverse material effect on the Company's results of operations.

The Company is subject to currency fluctuations that may adversely affect the financial position of the Company

The Company is subject to currency risks. The Company's functional currency is the United States dollar, which is exposed to fluctuations against other currencies. The Company's primary operations are located in Mexico and Turkey and many of its expenditures and obligations are denominated in Mexican pesos, Turkish lira and Euros. The Company maintains its principal office in Canada, maintains cash accounts in U.S. dollars, Mexican pesos, Turkish lira, Euros and Canadian dollars and has monetary assets and liabilities in U.S. and Canadian dollars, Mexican pesos and Turkish lira. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate transactional volatility in the Mexican peso, Turkish lira, Euro or the Canadian dollar at this time. The Company may, however, enter into foreign currency forward contracts in order to match or partially offset existing currency exposures.

The Company is dependent on a small number of key personnel and the absence of any of these individuals could have a significantly negative effect on the Company

The Company is dependent on a small number of key management and operating personnel and the absence of any of these individuals could result in a significantly negative effect on the Company. The Company strongly depends on the business and technical expertise of its management and key operating personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries. The Company is dependent, in particular, on its President and Chief Executive Officer, John McCluskey and its Chief Operating Officer, Manley Guarducci. Key man life insurance is not in place on Messrs. McCluskey or Guarducci. If the services of the Company's management and key personnel were lost, it could have a material adverse effect on future operations.

Insurance coverage

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's policies of insurance may not provide sufficient coverage for losses related to these or other risks. The Company's insurance does not cover all risks that may result in loss or damages and may not be adequate to reimburse the Company for all losses sustained. In particular, the Company does not have coverage for certain environmental losses or certain types of earthquake damage. The occurrence of losses or damage not covered by insurance could have a material and adverse effect on the Company's cash flows, results of operation and financial condition.

The Company's business involves uninsurable risks

In the course of exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Production estimates

The Company prepares estimates of mine production for the Mulatos Mine in Mexico. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores and the accuracy of estimates rates and costs of mining and processing.

The Company's actual production may vary from its estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Company to cease production.

Mine development

The Company's ability to sustain its present levels of gold production is dependent upon the identification of additional reserves at the Salamandra Concessions. If the Company is unable to develop new ore bodies, it will not be able to sustain or increase present production levels. Reduced production could have a material and adverse impact on future cash flows, results of operations and financial conditions.

Risks of development, construction and mining operations

The Company's ability to meet development, production, timing and cost estimates for the Salamandra Concessions and the Aği Dağı and Kirazlı Projects cannot be assured. Technical considerations, delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in current mining operations or in developing properties. Such delays could materially affect the financial performance of the Company.

Acquisitions and integration

From time to time, the Company examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Weather risks

The Company's producing assets are located in northwest Mexico. Extended periods of high rainfall or drought conditions are typical in this part of Mexico. While the Company has taken measures to mitigate the impact of weather on its operations, severe rainfall or drought conditions could have an adverse impact on the Company's ability to achieve production forecasts.

Financial risks

The Company's activities expose it to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company may use derivative financial instruments to hedge certain risk exposures. The Company does not purchase derivative financial instruments for speculative investment purposes.

Interest Rate Risk

The Company's interest rate risk related to interest-bearing debt obligations is currently not material as the Company has no outstanding debt at December 31, 2011.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, derivative financial instruments (including forward gold sales contracts) and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known whether the Company will require external financing in future periods.

SALAMANDRA CONCESSIONS & MULATOS MINE IN MEXICO

The Company owns 100% of the Salamandra Concessions located in the state of Sonora in northwest Mexico. The Salamandra Concessions includes the Mulatos Mine and several other prospective exploration targets throughout the district.

Project Description and Location**Location**

The Mulatos Mine is located within the Salamandra Concessions in the Sierra Madre Occidental mountain range in the east-central portion of the state of Sonora, Mexico. The Company controls several large mineral concessions, which are located mostly to the west, southwest and north-northeast of the Mulatos Mine. A total of 30,536 hectares of mineral concessions, in 44 discrete concessions, are controlled by the Company. The mineral concessions were awarded to the Company by the Mexican Department of Economy (the "Dirección General de Minas"). The property is approximately 220 km by air east from the city of Hermosillo, and 300 km south of the United States border. The Company maintains an administration office in Hermosillo, Mexico which supports the activities and operations of the Mulatos Mine.

Ownership

The Salamandra Concessions cover the Mulatos deposit and satellite gold systems known as Cerro Pelon, La Yaqui, El Realito, El Carricito, El Halcon, Las Carboneras, El Jaspe, Puebla, Los Bajios, and La Dura. The Mulatos deposit is itself divided into a numbers of mineralized zones known as Estrella, Mina Vieja, El Salto, Escondida, Gap, El Victor, El Victor North, San Carlos, Puerto del Aire, Puerto del Aire Extension, and East Estrella. Mineral rights for all concessions comprising the Salamandra Concessions are controlled by Minas de Oro Nacional.

Surface Rights

Surface rights in the exploitation area are held both privately and by the Mexican government through the Ejido. On May 27, 2004 the Company, through its Mexican subsidiary Minas de Oro Nacional, entered into a New Surface Agreement with the Ejido. The New Surface Agreement was required for the Company to hold surface rights for the development of certain mineral concessions on the Salamandra Concessions and enabled the Company to perform different mining works and activities and to set up the infrastructure required for the Company's exploration and exploitation of the mining concessions. The New Surface Agreement, which was approved on May 27, 2004, by the Agrarian Court for the State of Sonora, supersedes the 1995 Surface Agreement.

The New Surface Agreement provided, among other things, for the lease of 1,200 hectares of land for an initial term of eight years with an option to extend the term for a further ten years. The New Surface Agreement provides Minas de Oro Nacional with the right to negotiate for the purchase of this land or negotiate a lease with the individual possessors in the event that the Ejido divides the 1,200 hectares of land into parcels and assigns its rights to individual possessors of the land. This has been accomplished for approximately 200 hectares held under a temporary occupation agreement, and an additional 1,200 hectares held as the private property of Minas de Oro Nacional.

On May 27, 2004 the Company also entered into a settlement agreement (the "Settlement Agreement") with the Ejido, to settle two outstanding appeals by the Company to a legal action by the Ejido disputing the 1995 Surface Agreement, the annual surface rights lease payments due to them in respect of the Salamandra Concessions and the ability of the Company to reduce the annual lease payments. The Settlement 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 Minas de Oro Nacional or the Company over land issues covered thereby.

In 2007, the Company successfully negotiated three new surface access agreements, allowing exploration into three high-priority targets for the first time since 1997, including the La Yaqui area. The Company is currently in the process of negotiating with landowners in order to secure the surface rights to commence development La Yaqui and Cerro Pelon.

In April 2008, the Company entered into a land purchase agreement with certain landowners, under which the Company has made a payment of \$1.25 million to secure temporary occupation rights to specified land. The initial term of this agreement is for 10 years, with an option to extend for an additional 10 years. An additional payment of approximately \$1 million (based on current foreign exchange rates) is payable once the land has been vacated and is transferred to the Company. The probability and timing of this additional payment is currently unknown to the Company.

The Company is in the process of acquiring property adjacent to its present and prospective mining operations. Property owners and possessors are being offered a comprehensive benefits package including compensation for their property and/or relocation benefits. In certain cases, relocation benefits include deferred monthly payments over periods varying from three to five years. Obligations are recognized when a legal contract is signed by both parties and are measured at the discounted value of expected future payments. Although future property acquisition, relocation benefits, legal and related 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.

During 2010, the Company received notice that the Ejido had filed a complaint with the Unitary Agrarian Court to nullify the 2008 land purchase agreement. The Company has received a legal opinion that the action is without merit. Preliminary hearings are being held, and the matter remains unresolved by the Court at this time. The Company is committed to completing the agreement based on the original terms. The land purchase agreement does not affect current mining operations of the Company.

Permits

The Company is permitted to mine its reserves at the Mulatos and Victor pits and has obtained the required surface rights to carry on related mining, processing and exploration activities at these areas. In 2009, the Company entered into negotiations to acquire additional land surface rights covering and surrounding the La Yaqui, Cerro Pelon and El Carricito prospects. The process of obtaining the necessary permitting at La Yaqui and Cerro Pelon has been initiated and is ongoing. However, the Company cannot currently determine the expected timing, outcome of negotiations or costs associated with potential land acquisitions. From time to time, the Company acquires additional temporary surface rights to explore additional targets within the Salamandra Concessions.

Royalties

A net smelter return royalty (the Placer Kennecott Royalty or Royal Gold Royalty) is payable on the first 2,000,000 ounces of production from certain of the Salamandra Concessions. On January 5, 2006, Royal Gold acquired Kennecott's 30% interest in the Placer Kennecott Royalty pursuant to the Kennecott Assignment Agreement and on January 20, 2006, Barrick acquired Placer Dome Inc. Effective October 1, 2008, Royal Gold acquired Barrick's 70% interest in the Placer Kennecott Royalty pursuant to the Placer Assignment Agreement.

The Company declared commercial production for royalty purposes on April 1, 2006 and royalties became payable on production applicable to the RTE Agreement subsequent to that date. Accordingly, from the period that the Company declared commercial production on April 1, 2006 to October 1, 2008, the 5% net smelter return royalty (5% net smelter return royalty in effect when gold price is US\$400 or higher) was split between Barrick (3.5%) and Royal Gold (1.5%). Effective October 1, 2008, 100% of the royalty was paid or accrued to Royal Gold. As at December 31, 2011, the royalty had been paid or accrued on approximately 806,000 ounces of applicable gold production.

Environmental Liabilities

The 2004 Feasibility Study identified the potential for acid rock drainage. Measures to prevent acid rock drainage were incorporated into construction of the Mulatos Mine. Standard mining and construction practices in Mexico and guidelines issued by the World Bank were followed in the development and construction of the Mulatos Mine.

The Company complies with all environmental obligations set out in its mining plan, including eventual rehabilitation of mine and exploration roads, drill set-up, dumps and the heap leach pad. The Company has recorded an asset retirement obligation liability of \$6.7 million which it expects to settle during the course of mining and on closure.

Social Issues

The nearby town of Mulatos is largely protected from noise, dust, vibration and fly rock by the Mina Vieja outcrop. The Company proactively monitors noise, dust and vibration levels to ensure that they are within acceptable limits and the Company takes every precaution to minimize the impact of its mining operations on the local community. The Company also provides medical and educational assistance to the town of Mulatos as well as employment opportunities.

Geology

The Salamandra mineral deposits are large epithermal, high-sulfidation, disseminated, gold deposits hosted within a mid-Tertiary dacitic dome complex. Gold mineralization is closely associated with silicic alteration within extensive areas of argillic and advanced argillic alteration. The Mulatos deposit proper is composed of the contiguous Estrella, El Salto, Mina Vieja, and Puerto del Aire resource areas. The Escondida deposit is the faulted extension of the Mina Vieja and El Salto sub-deposits and is believed to be continuous to the northeast with the Gap, El Victor and San Carlos mineralized areas. Although zones are often bounded by post-mineral faults, together they form a trend of 2.7 km of gold mineralization starting at the north end of the Estrella pit to the San Carlos deposit.

Within the larger Salamandra Concessions, and generally within 20 km from the Mulatos deposit, geologically similar high sulfidation gold deposits, occurrences, or prospects are known. The principal ones, some of which are in the process of being evaluated and/or drill-tested, are: Cerro Pelon, La Yaqui, El Realito, El Carricito, El Halcon, Las Carboneras, El Jaspe, Puebla, Los Bajios, and La Dura.

Access, Climate, Communication, Power

Access

The Salamandra Concessions are accessible via a combination of a paved road (Highway 16) from the City of Hermosillo, Mexico and dirt roads direct to the Mulatos Mine. The driving time from Hermosillo to the Mine is approximately 6 hours.

In 2010, the Company built and permitted a new unpaved airstrip within the limits of the mine property. The previously serviceable air strip located 15 km east of the Mine is no longer in use and has been rendered inoperable.

The town of Mulatos is in the municipality of Sahuaripa and is located approximately 0.5 km northeast of the Estrella Pit. The population of the town of Mulatos in 2011 was approximately 200 people. The Company's Mexican exploration field office is located in the town of Matarachi, of comparable size to Mulatos and located 15 km east of the Estrella Pit. Larger towns within 100 km of the area of interest include Yecora with a population of 10,000, located southwest of Mulatos, and Sahuaripa with a population of 7,000 located northwest of Mulatos.

Climate

From July to September, the air is humid and hot, typically around 30 degrees Celsius during the day. In this period, over half of the average annual rainfall of 0.8 m falls. The winter months (November to February) are cooler, generally between 15 and 20 degrees Celsius during the day, with occasional frost occurring at night.

Communication

Satellite phones are used for both domestic and international calls. The satellite telephones have both North American and Mexican local numbers. Satellite internet communications are the main method for electronic communications. In December 2009, a dedicated point-to-point satellite was installed between the mine and the town of Yecora and this has sufficient bandwidth to support VPN and other communication requirements between the mine site, its regional office in Hermosillo, Mexico, and the corporate office in Toronto, Canada. Cell phone service is also available at the Mine and at the camp facilities. A back-up radio communication system also connects the Mine with the Hermosillo office. Land radio communication is also used in the field for daily communication both by Mine and exploration personnel.

Power

There are currently two power plants in operation at the Mine. Power plant #1 is a generating plant consisting of four-1,100 kilowatt and two-2,000 kilowatt, 1,200 rpm diesel electrical generating sets which supply electrical power for all mine site usage. Power plant #2 was constructed for the closed crushing circuit and future expansion and consists of three-1,750 kilowatt generating sets and is expandable to host up to six generating sets. Total usage is approximately 70,000 kilowatt hours per day. Power for the exploration camp located in Matarachi is provided via small diesel generators.

History

Mulatos was known to contain gold dating back to the 1600's, with sporadic artisanal mining occurring over the years, especially in the area of Mina Vieja. Starting in the mid-1900's, several companies began to show interest in the claim areas, notably Minera Real de Angeles, Kennecott and Placer Dome, with a substantial amount of exploration work was conducted between 1993 and 1999. A preliminary feasibility study was completed on the property in 1998 by Kennecott and Placer Dome who had entered into a joint venture agreement covering the

deposit and a portion of the surrounding land. In 2001, National Gold acquired a 100% interest in the property for cash and a sliding-scale royalty on the first two million ounces of gold production. In 2003, Alamos Minerals acquired an option on the property, and subsequently merged with National Gold to consolidate 100% ownership.

Mineralization

The mineral deposits of Mulatos occur predominantly within areas of massive, pervasive silicic alteration of volcanic host rock. Quartz veins and quartz stockwork zones seldom occur. The silicified rocks host approximately 80% of the contained gold within the deposit.

Oxidized units make up a portion of the total volume of the Estrella Pit resource area. The 2004 Feasibility Study estimated that oxide made up approximately 10-15% of the total deposit ore. Oxide zones generally occur primarily near the surface, in the zone of leaching, and are largely a result of surface weathering. However, several deeper zones of oxidized material exist in highly fractured areas where permeability is enhanced along major structural zones. Since the start of mining activities in 2005, the Company has continually encountered low-sulphur sulphide material that has similar metallurgical characteristics to oxidized material, resulting in “oxide” type material being more prevalent than predicted by the block model.

The sulphide zone is generally the deepest portion of the deposit, occurring below a relatively large mixed oxide/sulphide layer (transition zone), which generally accounts for up to 35% in the Estrella pit. Within the sulphide zone, as well as for mixed zones, metallurgical test work indicates that gold recovery is inversely proportional to the total sulphur content. Lower extraction rates are also usually obtained from high sulphur and copper-rich sections.

Exploration

Following a five-year hiatus due to a low gold price, active exploration efforts led by the Company resumed in 2003. Incorporated in the 2004 Feasibility Study were the results of 325 reverse circulation (“RC”) drill holes and 112 core holes. Of this drilling, a total of 21 holes were drilled for metallurgical test work, while other holes were drilled for geotechnical purposes. Resources and reserves were estimated based on this drilling, followed by economic analysis. Exploration drilling also extended to the El Victor resource area while several other targets, including Escondida, Puerto del Aire, Gap, San Carlos, La Yaqui, Cerro Pelon, El Realito, and El Jaspe were also tested to varying degrees throughout the years. Exploration success included the drilling and discovery of the Escondida, Puerto del Aire, Gap, and San Carlos zones, which essentially define continuous mineralization from the Mulatos deposit through to San Carlos and the Puerto del Aire Extension, the easternmost gold occurrence discovered to date. Gold mineralization is now known to occur continuously for at least 2.7 km to the northeast from the Estrella pit.

Substantial drilling programs have been completed by the Company since the Feasibility Study was completed in 2004. Including drilling completed in conjunction with the 2004 Feasibility Study, the property has now been subject to over 337,400 m of drilling in 2,065 holes. The 2009, 2010 and 2011 years were the most productive for drilling with 72,400 m, 48,000 m and 52,300 m, respectively, of core and RC drilling completed. The majority of this drilling was completed in proximity to the Mulatos deposit, however, some drilling activities focused on delineating other deposits in the district such as Cerro Pelon and La Yaqui or on testing other regional exploration targets such as El Carricito.

2009 – 2011 Exploration Activities on the Salamandra Concessions

Escondida

Development drilling necessary for completion of the initial Escondida Main Zone (“EMZ”) and Escondida Hanging Wall Zone (“EHWZ”) resource estimate was completed in 2006. Additional drilling aimed at further defining the EMZ and delineating extensions of the EHWZ was completed in 2008 and 2009 (10,400 m in 56 holes).

The EHWZ is a stratiform zone of high-grade mineralization located directly on top of the large, low-grade EMZ deposit. A 392-metre bulk sample drift was driven into the EHWZ in 2006, which confirmed previous geologic interpretations and revealed a coarse native gold occurrence much more significant than suggested from the surface drilling. Pockets of very high concentrations of native gold were routinely encountered.

A resource estimate for both the EHWZ and the EMZ was released in early 2007, resulting in a 252,000-ounce increase in total contained ounces compared to the 2004 Feasibility Study estimate. However, the Company believes that the announced resource model underestimates the true grade of the EHWZ and hence the contained ounces due to a pronounced nugget effect resulting from the abundant coarse gold within the zone. The mean gold grade of drift round samples was 25.48 grams per tonne of gold compared to 10.54 g/t Au of comparable estimated blocks using surface and underground drill holes (as of December 31, 2008), a 128% difference which is not unusual in coarse gold situations.

Drilling at Escondida for 2009 resulted in the discovery of a new high-grade zone to the northeast of the EHWZ and of a small southwest extension to the EHWZ. The newly discovered high-grade zone is located 100 m northeast of the faulted limit of the EHWZ and overlain by 125 to 150 m of cover. Drilling fully delineated this zone and the drill-indicated dimensions are approximately 70 m along strike, 50 m in width, and up to 15 m thick. Drill hole 09EE116 returned the best intercept for that zone with an uncut interval of 13.72 m grading 38.48 g/t Au. The southwest extension of the EHWZ is located at a vertical depth of 70 to 80 m from surface with drilling indicating a localized extension of the initial high-grade Escondida zone. Drill-indicated dimensions are 30 m along strike, 30 m in width, and up to 8 m thick. RC drilling assay results confirm high-grade mineralization in the area with uncut intervals of 3.05 m grading 30.25 g/t Au in drill hole 09EE113, 10.67 m grading 4.25 g/t Au in drill hole 09EE114, 6.15 m grading 146.70 g/t Au in drill hole 09EE121, and 9.15 m grading 30.54 g/t Au in drill hole 09EE123.

The Company made a construction decision to build a gravity mill in the first half of 2009 to process high-grade ore from the Escondida zone. Development activities associated with waste removal at the Escondida portion of the Mulatos Pit commenced in 2009. The Company invested over \$61 million to develop the Escondida high-grade zone and this was completed in the first quarter of 2012. Detailed engineering and construction of the mill to process high-grade ore was completed throughout 2010 and 2011 and high-grade production from the mill is expected in the first quarter of 2012. The total cost of construction of the mill was approximately \$20 million.

In the latter part of 2011, an underground mine plan was developed for the northeastern portion of the Escondida High grade zone. This is an area that does not optimize into the current open pit designs. These mineral reserves are presented as part of the Mulatos mineral reserves in the 2011 year end mineral resource and reserve update. As at December 31, 2011, the pit contained mineral reserves for the Escondida high-grade zone were 434,000 tonnes grading 11.81 g/t Au for 164,792 ounces.

Gap

The Gap zone is located midway between the Escondida and El Victor resource areas. Placer Dome conducted limited exploration during 1998, completing only a few wide spaced holes to demonstrate mineralization continuity between the two resource areas. The zone is a down-faulted, post-mineral covered, block in the main mineralized trend between the north end of the Estrella pit (El Salto/ Mina Vieja) and San Carlos. The Gap area has similar geologic characteristics to the Main Escondida Zones with a large, blind area of concealed silica alteration that hosts both localized high-grade and thick lower-grade gold intercepts. Surface exploration drilling completed in 2006 and 2007 has delineated a mineralized zone approximately 500 m long by 150 m wide, and up to 110 m thick, located directly between the Escondida and El Victor areas. In addition, drilling at Gap resulted in the discovery of high-grade ore intercepts, some in excess of 30 g/t Au.

Surface drilling completed to the end of 2008 consisted of 38 RC holes on roughly 50-metre centers, for 8,540 m, stepping out to the west from previous El Victor/Gap intercepts. In 2009 the Company continued with its definition drilling program and completed systematic drilling at 25 to 50 metre line-spacing between the Escondida and El Victor resource areas, confirming the continuity of mineralization between the two areas; a total of 21,900 m in 106 holes was completed in 2009. The 2009 drilling resulted in the

identification of Estrella pit average grade mineralized zones such as 41.57 m of 1.54 g/t Au in 09EE098 and 59.14 m of 1.40 g/t Au in 09EE165, while several additional high-grade intercepts are indicating the potential for higher grade zones in the area; 14.46 m of 4.90 g/t Au in 09EE060, 9.14 m of 6.78 g/t Au in 09EE148, and 9.14 m of 7.85 g/t Au in 09EE163.

El Victor

El Victor surface and underground drilling was completed in 2006. The El Victor mineralized zone is approximately 50 to 150 m wide and has a 600-metre strike length with a thickness up to 50 m and is now known to be connected to the Gap zone. In the fourth quarter of 2007, the Company reported a measured resource of 6,584,000 tonnes grading 1.04 g/t Au for 220,185 contained ounces and an indicated resource of 8,675,000 tonnes grading 1.00 g/t Au for 278,816 contained ounces (calculated at a 0.5 g/t Au cut-off). At December 31, 2008, a substantial portion of the El Victor resource area was upgraded to proven and probable reserves.

In the fourth quarter of 2011, additional core and RC drilling was completed within the El Victor pit design, as part of the El Victor North exploration program.

El Victor North

El Victor North area is an exploration target contiguous with and north of the current El Victor portion of the Mulatos pit. The El Victor North area and the northern planned pit wall were not drilled during the definition drilling of the El Victor reserve area due to a surface access conflict. Access to El Victor North was obtained in July 2011 after a twelve-year hiatus.

A total of 16,200 metres in 124 holes were drilled at El Victor and El Victor North in 2011, an additional 24 drill holes have been completed to date in 2012, and drilling is ongoing. Mineralization at El Victor North is the northwestern extension of El Victor mineralization and is hosted by silica alteration identical to the El Victor deposit. The El Victor North area has over 300m of strike length, is up to 100m wide, remains open to the north, and has the potential to expand mineral reserves along the northern boundary of the Escondida to El Victor trend. The top of the zone is located approximately 36m to 56m below surface. Recent drill results have indicated the potential to extend the El Victor pit north and west of the current pit design outline.

Drill results from 2011 and 2012 are highlighted below and continue to demonstrate the potential of this zone:

2.40 g/t Au over 59.5 metres (11EV119)
 4.72 g/t Au over 45.7 metres (11EV120)
 1.78 g/t Au over 29.0 metres (11EV124)
 2.58 g/t Au over 59.5 metres (11EV132)
 4.27 g/t Au over 16.8 metres (11EV134)
 1.71 g/t Au over 44.2 metres (11EV150)
 6.43 g/t Au over 35.1 metres (12EV171)
 4.98 g/t Au over 50.3 metres (12EV173)
 2.61 g/t Au over 44.2 metres (12EV176)
 1.59 g/t Au over 45.7 metres (12EV182)
 1.96 g/t Au over 71.6 metres (12EV187)
 1.45g/t Au over 82.3 metres (12EV190)
 1.98 g/t Au over 54.6 metres (11VT037)

Gold mineralization at El Victor North may represent a sub-parallel mineralized trend to the El Victor-Escondida trend, and connect gold mineralization in the northwest portion of San Carlos, to gold mineralization encountered north of the Escondida high grade zone. Drilling at El Victor North will continue in 2012 with the objective of continuing to expand mineral reserves and resources. The 2011 year-end mineral reserve and resource update for El Victor included the results of drilling at El Victor North up to September, 2011.

Puerto del Aire

The Puerto del Aire zone is a combination of structural and stratiform gold mineralization, 300 m south and parallel, to the North Estrella-San Carlos trend. It corresponds to a large concealed zone which is contiguous with mineralization in the Estrella Pit. In 2008, the Company completed an initial mineral resource estimate at Puerto del Aire. Indicated resources totalled 8,907,000 tonnes grading 1.09 g/t Au for a total of 311,000 contained ounces at a 0.5 g/t Au cut-off. Approximately 250 m of the zone was then drilled at sufficient density for classification as indicated resources, whereas another 300 m of drilling was only sufficient for classification as inferred resources. Inferred resources were 5,935,000 tonnes grading 1.03 g/t Au for a total of 197,000 contained ounces at a 0.5 g/t Au cut-off. These mineral resources are in close proximity to the existing mining operations, and resulted in a pit layback that extended the life of the existing Mulatos Mine operation.

As the zone remained open to the northeast in late 2008, a total of 21,860 m in 74 holes of step-out drilling was completed in 2009. The main purpose of the 2009 drilling at Puerto del Aire was to confirm its extension to as much as 1.7 km from the Estrella pit, while the zone remained open to the northeast.

At Puerto del Aire West, the area directly adjacent to the Estrella pit, 2009 definition drilling holes returned grade and thicknesses similar to the Estrella pit, such as 76.20 m of 1.62 g/t Au in 09PA088 and 51.82 m of 1.58 g/t Au in 09PA089, with additional higher grade intercepts such as 13.72 m of 12.42 g/t Au in 09PA078 and 28.61 m of 3.50 g/t Au in 09PA084, confirming the robustness of that zone.

At the Puerto del Aire Extension, it was determined that the zone continued to the northeast, and drill holes completed in 2009 revealed the presence of a very large system of intense silica alteration concealed by post-mineral volcanic cover that had characteristics similar to both the high-grade Escondida and Puerto del Aire West zones. Most intercepts reported in 2009 returned grade similar to the Puerto del Aire West zone with numerous intercepts consistently in the 2-3 g/t Au range over significant thicknesses such as 28.96 m of 2.81 g/t Au in 09PA159, 22.86 m of 3.32 g/t Au in 09PA162, 10.67 m of 3.02 g/t Au in 09PA162, 12.20 m of 2.41 g/t Au in 09PA167, 28.97 m of 2.41 g/t Au in 09PA172, 16.77 m of 2.49 g/t Au in 09PA174, and 13.72 m 2.48 g/t Au in 09PA180.

High-grade intercepts were also reported with drill hole 09PA144 yielding a 50.30 m intercept of high-grade mineralization grading 10.06 g/t Au, including a 16.77 m interval grading 27.16 g/t Au; 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 (all intervals correspond to down-hole thicknesses). The high-grade zone in hole 09PA144 occurs near the top of the silicified interval, although 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, sulphide-deficient, and has no associated copper, arsenic, or silver.

Definition and exploration drilling continued in 2010 in the Puerto del Aire Extension zones with a total of 22,138 m completed in 89 holes. The Puerto del Aire mineralized zone was therefore extended to the northeast for a minimum of 2.5 km from the Estrella pit with the furthest 400 m located on the east side of the Mulatos River. The Company continued to report substantial mineralized intercepts typical of the zone such as 18.3 m grading 1.05 g/t Au, 21.3 m grading 1.23 g/t Au, 6.1 m grading 3.20 g/t in 10PA199, and 38.1 m grading 0.81 g/t Au 10PA203. Furthermore, an additional higher grade zone was intersected approximately 400 m east of the zone reported in 2009 (hole 09PA144) with intercepts such as 18.3 m grading 2.70 g/t Au in 10PA192, 15.3 m grading 4.08 g/t Au in 10PA204 and 14.5 m grading 3.04 g/t Au in 10PA218. These three holes have outlined a higher-grade zone with a strike length of approximately 200 m, an average thickness of approximately 15 m, and an average width of more than 50 m. As of December 31, 2010, a portion of the Puerto del Aire West resource was upgraded to proven and probable reserve while the remainder of Puerto del Aire is reported in the measured, indicated and inferred resource categories.

Drilling continued at the eastern part of Puerto del Aire in early 2011, and the Company is currently in the process of assessing the viability of mining and processing certain higher-grade zones within Puerto del Aire.

San Carlos

The San Carlos resource area is located to the northeast of the proposed El Victor Pit, on the east side of the Mulatos River, along the continuous structural trend that controls gold occurrences from the Mulatos pit. San Carlos is the easternmost gold occurrence discovered to date along this trend.

In 2006, Alamos completed an RC drill program at San Carlos that consisted of 6,303 m in 33 holes. The drilling resulted in the delineation of an extensive area of blind mineralization extending a minimum of 400 m to the northeast from the Mulatos River. Significant gold-bearing intervals from the 2006 drill program included 35.0 m of 2.99 g/t Au and 48.8 m of 4.69 g/t Au, as well as a more restricted high-grade intercept of 4.6 m of 36.11 g/t Au. The best holes from the program were generally located at the edge of the drilled area, with intercepts open to the northeast.

In November 2009, the Company commenced a definition drilling program at San Carlos after completing geological mapping of the historic underground mine workings to ascertain gold controls. The objectives of the 2009 drill program were to upgrade the established inferred resources to the measured and indicated category through infill and step-out drilling, expand the known limits of the mineralized system, and further define the structurally controlled high-grade zone. In 2009, the Company drilled a total of 6,694 m in 27 holes with the best results as follows: 32.0 m grading 13.97 g/t Au, 10.7 m grading 40.50 g/t Au, 9.2 m grading 9.35 g/t Au, 27.4 m grading 6.98 g/t Au, 12.2 m grading 25.57 g/t Au, 41.2 m grading 3.85 g/t Au, 38.1 m grading 2.03 g/t Au, and 28.96 m grading 1.99 g/t Au. The majority of the 2009 drill holes were designed to test targets generated from the 2006 drill program.

Drilling continued in 2010 with an additional 13,983 m completed in 65 holes. Highlights from the 2010 drilling program include 12.2 m grading 6.61 g/t Au, 42.7 m grading 6.07 g/t Au, 37.5 m grading 11.61 g/t Au and 29.0 m grading 15.02 g/t Au, continuing to demonstrate the continuity and robustness of the San Carlos zone. Drilling in 2010 was specifically oriented towards evaluating the high-grade zones identified from 2009 drilling and the underground geologic work.

The results of the 2006 San Carlos exploration program were compiled in 2008 and resulted in an inferred resource estimate for San Carlos of 7,496,000 tonnes at an average grade of 1.29 g/t Au for a contained resource of 310,000 ounces at a 0.5 g/t Au cut-off. Drilling in 2009 and 2010 upgraded the inferred resource at San Carlos to the measured and indicated categories and increased the overall resource base substantially. Results of the mineral resource calculation update at San Carlos were disclosed as part of the 2010 global mineral resource and reserve update and mineral reserves at San Carlos were reported for the first time.

In 2011, the Company's drill program focused on delineating new high-grade mineral resources. Throughout the year, the Company drilled 7,400 m in 21 holes with notable results as follows:

4.57 m at 19.54 g/t Au

16.77 m at 1.28 g/t Au

36.59 m at 4.37 g/t Au

9.14 m at 30.45 g/t Au

13.71 m at 19.09 g/t Au

13.72 m at 5.80 g/t Au

3.05 m at 22.56 g/t Au

3.04 m at 3.37 g/t Au

12.20 m at 1.09 g/t Au

The results of the 2011 drilling confirmed the continuity of the high-grade mineralization towards the northeast and the discovery of additional *en echelon* structural high-grade zones to the northeast of the main San Carlos mineral resource. The Company identified at least two additional sub-parallel structures, located up to 600 m from the mineral resource area, with surface mapping indicating the

potential for additional zones to the northeast. The new zones are located at the same elevation as the existing mineralization but under significant overburden and are potentially amenable to underground mining. Additional wide-spaced drilling is planned to define the extent of the new mineralized zones.

In addition, in 2011 the Company received positive results from metallurgical testing conducted on the high-grade ore previously identified at San Carlos. Two high-grade composite samples from the 2010 core drilling program at San Carlos were submitted for metallurgical testing. Testing was optimized to replicate the gravity plant that the Company is currently constructing to process the high-grade ore at Escondida. Initial test results revealed that the high-grade ore at San Carlos is amenable to gravity separation and can be processed economically through the gravity plant. Approximately 57% and 69% of the contained gold in the two composites were recovered through gravity separation, and ultimate recovery rates were 70% and 78% respectively, when the tailings were leached with cyanide. These levels of ultimate recovery are 15% to 20% higher than leaching the high-grade ore at San Carlos alone. The potential to improve these recovery rates exists and will be evaluated in the next phase of testing.

As at December 31, 2011 and using an anticipated cut-off grade of 3 g/t Au for the gravity plant, “in-pit” mineral reserves at San Carlos total 649,000 tonnes grading 7.67 g/t Au for 160,043 ounces. The Company believes the high-grade San Carlos mineral reserves and resources could substantially increase the mill feed for the gravity plant.

In 2011, the Company initiated an open pit and underground mining trade-off study for San Carlos. Additional optimization studies are on-going.

Cerro Pelon

During 2008, the Company announced the discovery of a new gold zone at Cerro Pelon. Cerro Pelon is located approximately 2.5 km southwest of the leach pad area and was a high-priority regional target for the Company, given both its proximity to existing mining operations and its geologic similarity to the Mulatos deposit.

Gold at Cerro Pelon is hosted within oxidized vuggy silica, starting at the surface and extending to over 90 m at depth. Step-out drilling and detailed surface mapping has indicated that the zone has both structural and stratigraphic-controlled components, with gold appearing to be controlled primarily by late-stage structurally-controlled hydrothermal breccias of both northeast and northwest trends. Drill holes within the broad breccia zones contain strong gold concentrations whereas those outside the zones are generally barren. Post-mineral fault offset is also indicated, complicating the zone interpretation. The upper 70 to 100 m of the zone is completely oxidized, determined both visually and by very low sulphur concentrations from geochemical analyses. Preliminary cyanide-extractable analyses from the oxidized portion of the zone indicate 90-97% gold recovery, suggesting the zone is non-refractory in nature.

The Company announced significant drill intercepts from first phase drilling at Cerro Pelon in 2008, including 91.5 m of 1.43 g/t Au and 90 m of 1.97 g/t Au. Drilling in 2008 totalled 69 holes representing 10,900 m. Step-out and definition drilling was completed in 2009 with up to three drill rigs for a total of 7,170 m in 65 holes drilled. The latest drill holes returned some of the best intercepts in the district outside of the Mulatos deposit, including 129.6 m of 2.42 g/t Au, 158.5 m of 1.55 g/t Au, 21.65 m of 4.11 g/t Au, 50.3 m of 3.57 g/t Au, and 57.95 m of 2.00 g/t Au. The 2009 core drilling program was successful in establishing mineralization continuity with an oxidized zone of gold-bearing vuggy silica delineated that is roughly 250 m long, 30 to 80 m in width, and 70 to 150 m thick. Drill hole intercepts show a roughly semi-circle shaped mineralized zone, with the eastern half removed by faulting.

Geological modelling and 3D modelling was completed in September 2009, followed by a mineral resource estimate in November 2009. The results of the resource calculation were integrated into the global resource & reserve numbers for 2009; the majority of mineral resources at Cerro Pelon were classified as measured and indicated. Ongoing engineering work and economic evaluation initiated in 2009 resulted in an upgrade of a portion of the measured and indicated resources to the reserve category.

As at December 31, 2011, probable reserves at Cerro Pelon were 2,673,000 tonnes grading 1.64 g/t Au for 140,525 contained ounces of gold. The Company is in the process of negotiating with landowners in order to secure the surface rights to commence development of Cerro Pelon.

La Yaqui

During 2007, the Company successfully negotiated three new surface access agreements, allowing exploration into three high-priority targets for the first time since 1997, including the La Yaqui area. Drilling at La Yaqui in the fourth quarter of 2007 produced immediate success outlining an oxide gold zone exposed at surface with numerous ore-grade intercepts including 44.2 m of 2.73 g/t Au and 30.0 m of 3.33 g/t Au. Definition drilling was completed in 2008 with an additional 7,200 m in 50 holes drilled.

The La Yaqui near-surface oxide gold zone is located approximately 9.5 km southwest of the Estrella Pit. The results of drilling at La Yaqui were incorporated into the Company's measured and indicated resource statement as of December 31, 2008. In 2009, the Company completed engineering work and an economic evaluation and reported probable reserves of 1.6 million tonnes at 1.58 g/t Au for a total of approximately 80,000 ounces as of December 31, 2009.

As at December 31, 2011, probable reserves at La Yaqui were 1,574,000 tonnes grading 1.58 g/t Au for 79,826 contained ounces of gold. The Company is in the process of negotiating with landowners in order to secure the surface rights to commence development of La Yaqui.

Estrella Pit

As part of its ongoing modelling and resource/reserve reconciliation, infill drilling programs comprising 3,700 m in 22 RC drill holes and 5,000 m in 46 RC holes were completed within the Estrella Pit in 2009 and 2010, respectively. The objectives of these programs were to infill parts of the block model where information was lacking and to assist in further delineating low-recovery sulphide zones within the pit.

Aside from confirming expected grade and thicknesses of the block model, the in-pit drilling encountered an exceptional intercept located at the northern edge of the actual pit. A 141.77 m interval grading 7.81 g/t Au, including 33.54 m of 23.18 g/t Au, was reported from vertical drill hole 09AM045; this intercept is believed to be the highest grade-thickness interval ever reported at Mulatos. The deeper portions of this interval contain high copper ("Cu") concentrations with up to 3.5% Cu within a 62.59 m intercept grading 2.55 g/t Au and 0.51% Cu, from 123.48 to 185.98 m down hole. Deep high-grade refractory mineralization in this area was known to exist from previous drilling but may be more extensive than modeled due to difficulty in drilling the northeast part of the deposit from surface at that time. The lower part of the interval did not form part of the optimized pit in 2008 but was integrated into the 2009 resource and reserve statement. The hole demonstrates that localized occurrence of high-grade mineralization within the deposit are not fully quantified in the resource model due to drill density, and may partially explain why current production head grade frequently exceeds the predicted block model grade.

El Carricito

El Carricito is the largest area of favourable silicic and advanced argillic alteration in the Mulatos District. The zone of alteration is approximately 5.5 kilometres long, up to 2.7 kilometres wide, and is up to 300 metres thick in outcrop. Based on initial assessments, El Carricito appeared to be a better preserved high-sulfidation system than Mulatos. There is at least 300 m of vertical relief at the El Carricito system, twice that of Mulatos. At El Carricito, the top portion of the mineralized system has been preserved, whereas Mulatos is eroded deeper with the Estrella zone exposed at surface. Furthermore El Carricito is its own volcanic center, is at least the same size as Mulatos, and has similar types of alteration, structural control, and rock types as those present at Mulatos, but with deeper oxidation. Due to its size, there is a possibility that Estrella deposit-types exist at depth or laterally at El Carricito. El Carricito could also host Escondida type targets which are more difficult to find, because of their relatively smaller footprint, especially if concealed and at depth.

Reconnaissance geologic mapping, rock chip, and soil grid sampling was completed at El Carricito in 2009. The 2009 surface work identified significant gold geochemical anomalies, which at least partially overlap the silica altered zones. The objective of the 2009 program was to generate drill targets that could be drill-tested in 2010.

Exploration drilling at El Carricito began in late 2010 and continued throughout the majority of 2011. Drilling has intersected broad zones of favourable alteration containing low-grade gold mineralization, with the best intercept at El Carricito being 85 m grading 0.53 g/t Au in hole 11CR77. An area of low-grade gold mineralization with local ore-grade intercepts has been delineated. RC drilling has been completed on 50 m centers sufficient for resource estimation, and core twins of select intercepts are in progress.

A total of 20,642 meters in 113 reverse circulation holes were drilled at Carricito in 2011, both as a resource definition and as exploration target evaluation holes. In addition, six core holes (588 m) were completed. Phase I exploration terminated in 2011, and the exploration results are being reviewed. A Phase 2 exploration program will be planned based on a review of the Phase 1 results.

2012 Exploration Outlook for Mulatos

The Company plans to continue its aggressive exploration program in 2012 with over 22,500 m of drilling budgeted. Exploration activities in 2012 will focus on in-fill and step-out drilling at San Carlos through to Escondida. Phase II exploration will commence on El Carricito in the second half of 2012, and surface geochemical sampling, data compilation and geological mapping on earlier-stage generative targets within the Salamandra Concessions.

Logging, Sampling Methodology, Sample Preparation, Analysis, Sample Custody

The drilling methods utilized at Mulatos are RC using a center return bit, diamond drill coring using HQ and NQ diameter rods, and underground diamond drilling using NQ thin-wall core (for certain areas such as El Victor and Escondida).

Logging, sampling, and analysis procedures were historically established by previous operators, prior to the 2004 Feasibility Study, and are still being used today apart from refinements and adjustments necessary to comply with current Quality Assurance/Quality Control ("QA/QC") procedures and NI-43-101 requirements. Logging and sampling methodologies and procedures are documented, routinely updated, and maintained by the Company's exploration department.

Geologists log drill core holes on site at Mulatos or in Matarachi. Core is logged on a hole by hole basis with data entered in a digital file for future analysis and processing. RC holes are logged from chip trays containing representative samples collected from each 1.5-metre sample interval. After completion of geological and geotechnical logging and collection of additional information such as specific gravity, geologists define and label the intervals to be sampled, ranging from 0.25 to 1.5 m, depending on geological characteristics.

Drill core is cut and sampled at site at Mulatos or in Matarachi while RC samples are collected directly at the drill site. For RC drill holes, a sub-set of the sample cuttings is bagged, inventoried, prepared and shipped to Hermosillo for analysis. For core drill holes, half-core samples are prepared using a diamond core saw, with 1.0-metre intervals as standard sample lengths in rock types presenting similar geological characteristics, bagged, tagged, sealed and shipped in batches to the assaying laboratory. When applicable, core from metallurgical and geotechnical drill holes are cut in half with one half of the core sent for analysis, while the reject is used for metallurgical testing. Metallurgical and geotechnical drill holes are logged at site in a similar manner to other core drill holes. Geologic logging and sample interval definition are completed by geologists; geotechnical logging including Rock Quality Designation ("RQD"), core recovery and specific gravity measurements are usually done by geological technicians. In addition, specific sampling procedures were implemented for round and bulk samples obtained from the underground exploration adit completed in 2006 in the high grade zone. Note that the results of the bulk sample tests were not used for resource estimation purposes but rather for internal comparative assessments. When applicable, underground channel sampling was supervised by a geologist, and consisted of 1.5-metre channels approximately 12 centimetre ("cm") wide and 7.5 cm deep.

Laboratory sample preparation and analysis is in accordance with strict and industry recognized protocols and procedures. For RC samples, an approximate 10 kg sub-sample is sent to the lab. After drying, a 250-300 gram sub-set is crushed, riffle split, and pulverized. A one assay-ton (30 grams) sample is then collected for precious metal analysis (Au & silver - "Ag") by fire assay with atomic absorption finish ("FA-AA"). For sample assaying

above 5 g/t Au under FA-AA, a fire assay with gravimetric finish (“FA-GR”) is also performed. A smaller pulverized sub-sample (3-5 grams) is also taken for multi-elements ICP analysis, when requested by the geologists. Samples with Au assay results above 0.3 g/t Au are assayed by the hot-cyanide method (Au and Cu) to help assess the Au recovery potential; the results of these tests are also used for the recovery model. For core samples, the entire half of the core sample received at the lab is crushed; a 250-300 gram spilt is collected, pulverized and assayed using the methodology described above. Samples are now sent to ALS Chemex Inc. in Hermosillo, Mexico for sample preparation and then sent to ALS Chemex’s Vancouver lab for analysis. Other labs, including Inspectorate and others, were used in the past with documentation available in individual drill logs. Check assay work was usually performed at Skyline Labs in Tucson, Arizona.

QA/QC procedures are performed systematically at Mulatos. Blind, standard and blank samples are systematically inserted on a regular sample batch interval, generally every 25-30 samples, and are routinely evaluated when results are received. Duplicate samples are selected at regular intervals, with the duplicate retrieved by the assaying laboratory personnel after the sample has been crushed, basically representing a separate split. Check assays of pulverized pulps are performed by a second lab and generally represent 5-10% of the entire sample database. Comparisons and reconciliation between original and check assays are done routinely during drilling, and systematically before any resource estimation exercise.

Sample custody is ensured on-site by continuous inventorying and monitoring of the RC cuttings and drill core. Once samples are prepared, using the methodologies described above, they are inventoried, individually bagged, tagged and sealed in larger bags for transport to the assay lab. The laboratories used for analysis are certified and follow strict, industry recognized, QA/QC protocols. Audits of the assaying labs are performed occasionally.

For disclosure purposes, a 0.5 g/t Au cut-off grade is used for calculation of composite intervals, with only a single 1.5-metre interval of sub-0.5 g/t Au material allowed within a composite interval; assay results are generally presented uncut.

Modelling and Estimation

Main Targets Areas (Estrella, El Víctor, Puerto del Aire, La Yaqui, Gap, San Carlos, Cerro Pelon)

Similar logging, sampling and analytical procedures as described under the “Logging, Sampling Methodology, Sample Preparation, Analysis, Sample Custody” section above apply for this area. The exploration programs were conducted by the Company under the direction and supervision of the Vice President of Exploration and/or Manager of Exploration for Mexico, who are Qualified Persons (“QP”) as defined by the NI-43-101. Resource estimates prior to 2009 were completed by an independent Qualified Person as defined by NI 43-101. Starting in 2009, resource estimation was managed under the supervision of the Company’s Director of Mineral Resources, who is also a QP.

The following procedures are generally followed for modelling and estimation. Block gold grade estimation is constrained by geology envelopes that are constructed using alteration distribution, known geologic controls, and anomalous gold mineralization. Gold grades are estimated using both ordinary kriging (“OK”) and inverse distance cubed interpolation with searches oriented along known mineral controls. Gold resource classification is based on proximity to drill hole data, the number of composites used in the estimate, and geostatistical variography. Measured resources are generally defined (note that this criteria may vary from zone to zone) as blocks within 10 m of drill hole data and blocks within 15 m of drill data and informed by at least 18 composites (6 holes). Indicated resources are generally defined (note that this criteria may vary from zone to zone) as blocks between 15 to 35 m from drill hole data and those blocks at less than 15 m from data with less than 18 composites used in the estimate. Indicated resources also required that at least two drill holes were used in the estimate at the outer boundary (35 m). Inferred resources are defined (note that this criteria may vary from zone to zone) as those blocks greater than 35 m from drill hole data, and up 74 metres.

Geologic solids are constructed from observed data collected during the core and chip logging processes, and from data acquired through the use of an infrared reflectance spectrometer. Geologic solids comprise rock types, oxidation, silica alteration, and intensity of argillic alteration. At Gap and La Yaqui, solids were also created for the clay species, interpreted from reflectance spectra data. Mineralized shapes within which gold estimation was conducted,

were constructed from the occurrence of silica alteration, and argillic alteration intensity (Gap), and silica alteration, and alteration from infrared spectrometry (San Carlos and La Yaqui). In addition, the occurrences of logged breccia units at San Carlos were used to construct the mineralization envelope. Hard boundaries to gold estimation were also assigned to air, post mineral rocks and alluvial/colluvial material, and in some cases, faults. At San Carlos, solids were constructed for the post-mineral intermediate dykes, and applied as a hard boundary to estimation. Gold estimation was conducted by OK at San Carlos and La Yaqui, on three metre by three metre by three metre blocks. Composites were 1.52 m, and cutting was applied to gold values above 13 g/t Au at La Yaqui, and 30 g/t Au at San Carlos.

In 2010, a complete re-modelling was done at Mulatos in order to bring all resource areas except San Carlos within one single model. The model was re-estimated using that single model with the OK method selected for disclosure. Excellent agreement was found between both OK and the inverse distance cubed method used previously.

Escondida High Grade Zone

The following procedures were followed for initial modelling and estimation of the Escondida High Grade Zone. Drill hole samples were composited to three metres before detailed geostatistical and spatial correlation studies were applied. High-grade samples were top cut to 120 g/t Au before compositing. A three-metre block was selected to best honour mineralization boundaries of the zone. Search radii were restricted to accommodate the coarse gold effect. Detailed statistical studies were made to compare core recovery to gold grade and core to RC samples. Core loss resulted in strong negative bias toward high-grade intervals due to the highest grades occurring in the most difficult material to recover. Statistical comparison of gold grades for core holes and RC drill holes within 4.5 m of each other indicates that core grade is approximately half of the average RC sample grade, primarily due to core loss and sample volume differences in a coarse gold environment. RC samples were drilled dry with a center return bit and are the highest confidence samples. Low-confidence core intervals were removed from the database used for grade estimation, and only RC composite samples were used for the final resource estimate. Twenty-three additional RC holes (1,784 m) were drilled into the Escondida Hanging Wall Zone during August and September 2006 to provide higher-confidence data where low-confidence core with poor recovery existed. Grade estimates in the Escondida Hanging Wall Zone were made using OK, inverse distance squared and inverse distance cubed methods, with the latter initially being selected as the method that best honoured the composite drill data. In 2009, after further testing and evaluation, the OK estimation method was adopted.

Metallurgy

The Mulatos deposit and surrounding deposits are amenable to cyanidation and heap leaching, as determined by lab scale testing in the 2004 Feasibility Study. The 2004 Feasibility Study indicated that mineralized material varies from pure oxide to pure sulphide, with gold recovery typically varying from 55% to 90% as material grades from sulphide to oxide. The average recovery in the 2004 Feasibility Study was estimated to be between 72% and 74% for the Estrella Pit. Applying the modified recovery formulas to the block model has resulted in an estimated average recovery of 72.9%. Actual recoveries experienced since the commencement of operations have been below the 2004 Feasibility Study level of 72.9% as run-of-mine un-crushed material, coarse crushed material and an area of low-recovery material were stacked on the leach pad at various times since mine commissioning. The Company has completed a number of operational initiatives that have improved leach pad percolation and resulted in higher gold recoveries, including conveying and stacking ore on the leach pad, implementing a drum agglomeration process and closing the crushing circuit to reduce the crusher discharge size to as close to 100% passing 3/8 of an inch as possible. As a result, recoveries have improved significantly.

In 2011, the Company obtained the results of metallurgical testing completed on high-grade ore from San Carlos, which indicated that it is amenable to processing in the high-grade mill. Other ore types will be tested in 2012, including from El Victor and El Victor North.

For 2012, the Company has budgeted recovery of 72% based on the block model indicated recoveries for the ore-types to be mined. Not all mineral deposits in the vicinity of the Mulatos Mine are amenable to economic heap leaching. Recoveries from the high-grade mill are expected to be in excess of 90%.

Mineral Resources

The 2004 Feasibility Study identified that the exploration programs completed by Alamos, Placer Dome, Kennecott and Minera Real de Angeles had delineated measured and indicated resources of 62.2 million tonnes grading 1.51 g/t Au, totalling over 3 million ounces of gold. These resources were contained only in the Estrella, Mina Vieja and Escondida areas of the Mulatos deposit. The Gap, Puerto del Aire, El Victor and San Carlos portions were not included in this determination of mineral resources.

On March 20, 2007, the Company reported a revised global mineral resource for the Mulatos deposit as at December 31, 2006. The updated measured and indicated global resource inclusive of mineral reserves was 91.2 million tonnes grading 1.26 g/t Au (0.5 g/t cut-off), for 3.7 million contained ounces of gold. The Company also reported 14.5 million tonnes grading 0.99 g/t Au in the inferred category, for 0.5 million contained ounces of gold (0.5 g/t cut-off).

The mineral resource estimate as at December 31, 2007 included the El Victor area and measured and indicated resources (inclusive of mineral reserves) were reported at 96.3 million tonnes at a grade of 1.17 g/t Au at a 0.5 g/t cut-off, for 3.6 million contained ounces. The Company also reported 15.6 million tonnes grading 0.96 g/t Au in the inferred category, for 0.5 million contained ounces of gold at a 0.5 g/t cut-off.

The global mineral resource estimate for the Mulatos and El Victor deposits at December 31, 2008 (exclusive of mineral reserves) was 52.6 million tonnes grading 0.98 g/t Au for 1.7 million ounces of gold, representing a 14% decrease in measured and indicated ounces compared to 2007, due primarily to the conversion of previously reported measured and indicated resources at El Victor, and Puerto del Aire into reserves. Inferred mineral resources at December 31, 2008 comprised 32.6 million tonnes grading 1.00 g/t Au, for 1.0 million ounces of gold, at a 0.5 g/t Au cut-off.

In March 2010, the Company reported revised measured and indicated and inferred resources (exclusive of mineral reserves) as at December 31, 2009. At a 0.5 g/t Au cut-off, measured and indicated resource ounces increased 14% to 60.0 million tonnes grading 0.97 g/t Au, for 1.9 million contained ounces of gold. Inferred resource ounces decreased by 11% from the prior year end to 25.8 million tonnes at 1.12 g/t Au, for 0.9 million contained ounces.

In March 2011, the Company reported updated mineral resources (exclusive of mineral reserves) as at December 31, 2010. Measured and indicated resources (0.5 g/t Au cut-off) increased 47% to 85.5 million tonnes grading 1.00 g/t Au, for 2.75 million contained ounces of gold. Inferred resource ounces decreased by 44% from the prior year end to 16.9 million tonnes at 0.93 g/t Au, for 0.51 million contained ounces. The increase in overall resource ounces was attributable to the inclusion of additional resources at San Carlos, Puerto del Aire and Escondida and the use of a higher gold price assumption.

On March 26, 2012, the Company reported measured and indicated resources (exclusive of mineral reserves) as at December 31, 2011 of 85.0 million tonnes grading 1.01 g/t Au, for 2.77 million contained ounces of gold (0.5 g/t Au cut-off). The increase is primarily attributable to the conversion of inferred mineral resources into the measured and indicated categories, and the delineation of new resources through infill drilling and extension drilling. Measured, indicated and inferred resources as at December 31, 2011 are summarized in the tables below:

Mulatos Mine - Measured and Indicated Mineral Resources ^{1,2,3} As at December 31, 2011									
	Measured			Indicated			Measured + Indicated		
Cut-off	Tonnes	Grade	Contained	Tonnes	Grade	Contained	Tonnes	Grade	Contained
(g/t Au)	(000s)	(g/t Au)	Ounces Au	(000s)	(g/t Au)	Ounces Au	(000s)	(g/t Au)	Ounces Au
2.00	699	4.17	93,704	4,948	3.38	537,036	5,674	3.47	630,740
1.50	1,214	3.13	122,109	9,419	2.59	784,025	10,633	2.65	906,134
1.00	2,595	2.11	175,662	21,536	1.81	1,251,513	24,131	1.84	1,427,175

0.70	4,816	1.51	234,049	43,913	1.31	1,848,584	48,729	1.33	2,082,633
0.50	7,818	1.16	290,657	77,173	1.00	2,475,562	84,991	1.01	2,766,219
0.30	13,197	0.85	361,974	147,200	0.71	3,356,485	160,397	0.72	3,718,459

- (1) The updated mineral resource estimate for the Mulatos Mine incorporates the Estrella, Escondida, Puerto del Aire, El Salto, Mina Vieja, El Victor, and San Carlos areas.
- (2) In-pit measured and indicated resource blocks are exclusive of the pit contained reserves.
- (3) Measured and indicated resources outside of the Mulatos pits have no economic restrictions and are tabulated by gold cut-off grade.

Mulatos Mine - Inferred Mineral Resources ^{1,2}			
As at December 31, 2011			
Cut-off	Tonnes	Grade	Contained
(g/t Au)	(000s)	(g/t Au)	Ounces Au
2.00	794	3.14	80,207
1.50	1,848	2.33	138,669
1.00	3,880	1.74	217,562
0.70	8,43	1.27	327,780
0.50	17,432	0.90	506,031
0.30	37,488	0.63	755,141

- (1) The updated mineral resource estimate for the Mulatos Mine incorporates the Estrella, Escondida, Puerto del Aire, El Salto, Mina Vieja, El Victor, and San Carlos areas.
- (2) In-pit inferred, and inferred resources have no economic restrictions and are tabulated by gold cut-off grade.

Mineral Reserves

Mining of the Mulatos deposit from the commencement of production to the end of 2008 was focused on the Estrella Pit. The 2004 Feasibility Study estimated mineral reserves in the Estrella Pit of 1.92 million contained ounces using a gold price assumption of \$350 per ounce. At December 31, 2006, mineral reserves in the Estrella Pit were 31.9 million tonnes at a grade of 1.64 g/t Au for total contained ounces of 1.7 million contained ounces. At December 31, 2007, the Company reported proven and probable mineral reserves in the Estrella Pit of 1.3 million contained ounces (24.3 million tonnes at a grade of 1.68 g/t Au), calculated at a gold price of \$600 per ounce of gold.

At December 31, 2008, the proven and probable mineral reserve estimate was 47.7 million tonnes at a grade of 1.35 grams per tonne gold for 2.1 million ounces of contained gold, representing a significant increase in mineral reserves compared to 2007. The 2008 updated mineral reserve estimate was calculated using a \$700 per ounce gold price and incorporated not only the Estrella Pit, but also the Escondida, part of Puerto del Aire ("PdA"), El Salto and Mina Vieja areas which were consolidated and reported as part of the "Mulatos pit", and El Victor which is reported separately as the "El Victor pit". Reserves at PdA and El Victor were reported for the first time in 2008. The life-of-mine model for the Mulatos pit at December 31, 2008 had a waste-to-ore ratio of 1.60:1, and the El Victor pit had a 1.23:1 waste-to-ore ratio.

The Company reported proven and probable mineral reserves of 61.6 million tonnes grading 1.21 g/t Au for a total of 2.4 million contained ounces as at December 31, 2009. This represented an increase in mineral reserve ounces of 17% over mineral reserves reported as at December 31, 2008. The increase is attributable to a number of factors. Initial mineral reserves at La Yaqui and Cerro Pelon resulted in adding over 0.2 million contained ounces to mineral reserves. In addition, applying a higher gold price assumption in the calculation of mineral reserves resulted in reducing the planned mining cut-off grade, and converting material previously classified as waste to ore.

The Company reported proven and probable mineral reserves of 58.5 million tonnes grading 1.27 g/t Au for a total of 2.39 million contained ounces as at December 31, 2010, similar to the number of proven and probable reserve ounces in the previous year. The inclusion of mineral reserves at San Carlos, incorporating new zones at Escondida and the use of a higher gold price assumption resulted in increases to proven and probable reserves, which were offset by the number of contained ounces mined during 2010.

On March 26, 2012, the Company reported proven and probable mineral reserves of 65.0 million tonnes grading 1.14 g/t Au for a total of 2.39 million contained ounces as at December 31, 2011, consistent with proven and

probable mineral reserve ounces in the previous year. The inclusion of additional reserves at the El Victor it and the use of a higher gold price assumption resulted in increases to proven and probable reserves, which were offset by the number of contained ounces mined during 2011.

Proven and probable reserves as at December 31, 2011 are summarized in the table below:

PROVEN AND PROBABLE RESERVES ¹									
As at December 31, 2011									
RESERVE AREA	Proven ²			Probable ²			Proven + Probable ²		
	Tonnes	Grade	Contained	Tonnes	Grade	Contained	Tonnes	Grade	Contained
	(000)	(g/ t Au)	Ounces	(000)	(g/ t Au)	Ounces	(000)	(g/ t Au)	Ounces
Mulatos Mine ^{3, 4, 5}	8,626	1.55	423,659	48,788	0.98	1,527,442	57,414	1.08	1,951,101
Existing stockpiles	3,347	2.01	216,550	-	-	-	3,347	2.01	216,550
La Yaqui ⁶	-	-	-	1,574	1.58	79,826	1,574	1.58	79,826
Cerro Pelon ⁷	-	-	-	2,673	1.64	140,525	2,673	1.64	140,525
TOTAL	11,973	1.66	640,209	53,035	1.03	1,747,793	65,008	1.14	2,388,002

- (1) The Company's mineral reserves as at December 31, 2011 are classified in accordance with the Canadian Institute of Mining Metallurgy and Petroleum's "CIM Standards on Mineral Resources and Reserves, Definition and Guidelines" as per Canadian Securities Administrator's National Instrument 43-101 requirements.
- (2) Tonnes are rounded to the closest "000s" and grades are rounded to the closest "0.00"s.
- (3) The mineral reserve estimate for the Mulatos Mine incorporates the Estrella, Escondida, Puerto del Aire, El Salto, Mina Vieja, El Victor, and San Carlos areas.
- (4) Mineral reserve gold cut-off grade for the Mulatos Mine is determined as a net of process value of \$0.10 per tonne for each model block. The determination was based on a \$1,150 per ounce gold price, a December 2011 resource and recovery model, and the 2012 budget costs based on the actual cost figures from current mining operations.
- (5) Pit-contained mineral reserves for the Escondida high-grade zone are 434,000 tonnes grading 11.81 g/t Au for 164,792 ounces; San Carlos' contribution to pit-contained mineral reserves is 4,708,000 tonnes grading 1.67 g/t Au for 253,420 ounces.
- (6) Mineral reserve gold cut-off grade for the La Yaqui Pit is a 0.30 g/t gold. The determination was based on a \$800 per ounce gold price, a May 2009 resource model, gold recovery at the current mining operations, and the 2010 budget costs based on the actual cost figures from current mining operations.
- (7) Mineral reserve gold cut-off grade for the Cerro Pelon Pit is determined as a net of process value of \$0.10 per tonne, for each model block. The determination was based on an \$800 per ounce gold price, a November 2009 resource model, gold recovery at the current mining operations, and the 2010 budget costs based on the actual cost figures from current mining operations.

Qualified Person(s) Disclosure

The independent Qualified Person for the National Instrument 43-101 compliant mineral reserve estimate is Herb Welhener, Vice President of Independent Mining Consultants Inc. of Tucson, Arizona, working in conjunction with the Company's exploration and operations staff. Marc Jutras, P. Eng., M.A.Sc., Director of Mineral Resources for Alamos, prepared or supervised the mineral resource estimation for the Mulatos Mine. Mark Odell, Principal, Practical Mining LLC, was responsible for the presentation of the underground minable reserves in the Escondida and Gap area. Messieurs Welhener, Jutras and Odell are recognized as Qualified Persons according to the requirements of National Instrument 43-101. Exploration programs at Mulatos are directed by Ken Balleweg, P.Geo., B.Sc. Geological Engineering, M.Sc. Geology, Alamos' Exploration Manager - Mexico, a Qualified Person as defined by National Instrument 43-101.

Drilling, sampling, QA/QC protocols and analytical methods for individual resource areas are as outlined in the respective news releases for these areas, and in the 2004 Mulatos Feasibility Study which are available at www.sedar.com.

Mining Operations

The Company announced commercial production effective April 1, 2006. In 2011, the Company reported gold production from the Mulatos Mine of 153,000 ounces and expects production of between 200,000 and 220,000 ounces in 2012 as a result of the inclusion of high-grade production from the Escondida zone. Based on current proven and probable reserves and current throughput rates, the Company has an expected mine life of approximately nine years. Initial capital costs incurred to construct the project have been recovered, however, the Company is investing further in its current heap leach operations to improve recoveries and throughput, and in a planned mill expansion in order to increase global production. Mine production for 2011 and project-to-date to December 31, 2011 is presented in the table below:

Mine production					
Period	Ore (Tonnes)	Grade (g/t)	Ounces	Waste (Tonnes)	Total (Tonnes)
2005 - 2010	23,588,000	1.80	1,364,400	39,766,000	63,354,000
Q1 11	1,174,000	1.27	47,900	640,000	1,814,000
Q2 11	1,320,000	1.26	53,500	850,000	2,170,000
Q3 11	1,359,000	1.34	58,500	1,385,000	2,744,000
Q4 11	1,475,000	1.32	62,600	612,000	2,087,000
2011	5,328,000	1.30	222,500	3,487,000	8,815,000
Project to Date	28,916,000	1.71	1,581,900	43,253,000	72,169,000

Gold production and gold sales of 153,000 ounces and 151,000 ounces respectively, decreased marginally in 2011 compared to 2010. The table below outlines key production indicators in 2011 and 2010:

Production summary	Q1	Q2	Q3	Q4	2011	2010
Ounces produced ⁽¹⁾	37,500	36,000	33,000	46,500	153,000	156,000
Ore crushed (tonnes)	1,069,000	1,373,000	1,255,000	1,467,000	5,164,000	4,729,000
Grade (g/t Au)	1.26	1.27	1.35	1.33	1.31	1.60
Contained ounces stacked	43,400	56,100	54,600	62,900	217,000	243,100
Ratio of ounces produced to contained ounces stacked	86%	64%	60%	74%	71%	64%
Ore mined (tonnes)	1,174,000	1,320,000	1,359,000	1,475,000	5,328,000	4,670,000
Waste mined (tonnes)	640,000	850,000	1,385,000	612,000	3,487,000	3,651,000
Total mined (tonnes)	1,814,000	2,170,000	2,744,000	2,087,000	8,815,000	8,321,000
Waste-to-ore ratio	0.55	0.64	1.02	0.41	0.65	0.78
Ore crushed per day (tonnes)	11,900	15,000	13,600	16,000	14,100	13,000

⁽¹⁾ Reported gold production for Q1-Q3 2011 has been adjusted to reflect final refinery settlement. Reported gold production for Q4 2011 is subject to final refinery settlement and may be adjusted

In 2011, gold production of 153,000 ounces was within the Company's revised production guidance range of 145,000 to 160,000 ounces and was marginally below 156,000 ounces produced in 2010. The decrease in 2011 gold production from 2010 was attributable to an 11% increase in the recovery ratio and a 9% increase in crusher throughput being offset by a budgeted 18% decrease in grade.

The recovery ratio in 2011 was 71%, an 11% increase over the comparable period of 2010, and consistent with the Company's budgeted recovery ratio for the year of 70%. The recovery ratio was lower than budgeted in the second and third quarters of the year due to low concentrations of cyanide in solution as a result of a reduction in cyanide shipments from our primary supplier. Once normal cyanide shipments were resumed in the third quarter, deferred gold production was realized, increasing the fourth quarter recovery ratio to 74%.

Crusher throughput in 2011 averaged 14,100 tpd, 9% higher than 13,000 tpd in the same period of last year. Crusher throughput increased sharply in the last quarter of 2011, averaging 16,000 tpd. Higher crusher throughput resulted from generally improved operating and maintenance practices and has been achieved without sacrificing size quality. The size of crushed ore stacked on the leach pad was 90% passing 3/8 of an inch in 2011.

The grade of ore crushed in 2011 of 1.31 g/t Au was higher than the budgeted grade of 1.24 g/t Au, but below the grade in 2010 of 1.60 g/t Au. Applying higher gold price assumptions to the mine model has resulted in material previously classified as waste becoming economic to mine and therefore classified as low grade ore. This has the effect of lowering the average grade mined. The reconciliation of mined blocks to the block model for the year ended December 31, 2011 was -7%, +18% and 11% for tonnes, grade and ounces respectively. Since the start of mining activities in 2005, the project-to-date reconciliation is -2%, +10%, +8% for tonnes, grade and ounces, respectively. Positive reconciliation variances indicate that the Company is mining more gold than what was indicated in the reserve model.

The following table compares costs per tonne for 2011 and 2010:

Costs per tonne summary	Q1-11	Q2-11	Q3-11	Q4-11	2011	2010
Mining cost per tonne of material (ore and waste)	\$2.00	\$2.13	\$1.83	\$1.65	\$1.90	\$2.09
Waste-to-ore ratio	0.55	0.64	1.02	0.41	0.65	0.78
Mining cost per tonne of ore	\$3.09	\$3.51	\$3.70	\$2.34	\$3.14	\$3.73
Crushing/conveying cost per tonne of ore	\$2.52	\$2.43	\$2.56	\$2.24	\$2.42	\$2.11
Processing cost per tonne of ore	\$3.19	\$2.13	\$3.36	\$3.44	\$3.02	\$2.87
Mine administration cost per tonne of ore	\$2.24	\$1.88	\$1.85	\$1.74	\$1.91	\$2.01
Total cost per tonne of ore	\$11.04	\$9.95	\$11.47	\$9.76	\$10.49	\$10.72

Total cost per tonne of ore in 2011 of \$10.49 decreased 2% compared to 2010. The lower cost per tonne of ore in 2011 compared to 2010 is primarily attributable to increases in the tonnes of ore mined and crushed which result in fixed costs such as salaries and administration being lower on a per tonne basis. In addition, higher by-product credits resulting from the sale of silver at substantially higher prices offset increased cyanide and power costs and costs associated with the strengthening in the average value of the Mexican peso compared to the United States dollar.

Mining cost per tonne of material was \$1.90 in 2011, 9% lower than \$2.09 in 2010 as a result of lower drilling costs in 2011 compared to 2010 and a 6% increase in the number of total tonnes mined. The higher tonnes of ore mined in 2011 helped to offset increases in key input costs such as diesel and maintenance.

Crushing and conveying cost per tonne of ore of \$2.42 was 15% higher in 2011 than in 2010. In 2010, the Company made a number of improvements to the crushing circuit including closing the circuit and adding a scalping screen plant to improve crusher throughput. Higher costs in 2011 were the result of the inclusion of incremental power and maintenance costs associated with these improvements for the full year.

Processing costs per tonne of ore in 2011 were \$3.02 compared to \$2.87 in 2010, a 5% increase. Higher processing costs were attributable to higher cyanide costs in the latter half of 2011, given the supply shortage that was experienced. The increased cyanide costs were offset by higher by-product credits arising from the sale of silver in higher quantities and at higher realized prices than in 2010.

Mine administration costs per tonne of ore in 2011 decreased 5% relative to 2010. Increased overall spending associated with headcount additions, camp and security contractors and road maintenance have been more than offset on a per-tonne basis by the increase in tonnes mined and stacked.

Cash operating costs of \$368 per ounce of gold sold in 2011 were at the low end of the Company's revised guidance, but were 22% higher than \$302 in 2010. This increase is primarily attributable to an 18% decrease in the grade of ore mined.

Outlook

The Company successfully achieved its revised production and cost guidance in 2011, with the Mulatos Mine producing 153,000 ounces at a cash operating cost (exclusive of the 5% royalty) of \$368 per ounce of gold sold. Despite a number of operational challenges, including cyanide supply and weather-related issues, gold production in 2011 exceeded 150,000 ounces for the fourth consecutive year, while maintaining cash operating costs well below \$400 per ounce.

In 2012, the Mulatos Mine is forecast to produce its one millionth ounce of gold. Ongoing exploration success has resulted in a track record of mined mineral reserves being replaced. In 2012, the Company expects production to increase to between 200,000 and 220,000 ounces at a cash operating cost of \$365 to \$390 per ounce of gold sold (\$450 to \$475 per ounce of gold sold inclusive of the 5% royalty, assuming a \$1,700 gold price). The Company expects that gold produced from the gravity mill, which will process high-grade ore from Escondida, will add a minimum of 67,000 ounces of production in 2012 at a grade of 13.4 g/t Au. Based on bulk sample testing conducted in 2007, the Company believes that there is the potential for higher production from the gravity mill as a result of realizing positive grade reconciliation to the reserve grade.

The high-grade gravity mill has been constructed and is currently undergoing commissioning and is expected to be operational with high-grade production by the end of the first quarter of 2012. The current expected life of the Escondida zone is approximately three years and exploration efforts in Mexico in 2012 will continue to focus on sourcing additional high-grade mill feed. Metallurgical testing completed in 2011 on higher grade ore from San Carlos demonstrated that it is amenable to gravity processing, potentially doubling the amount of available mill feed. Further optimization and metallurgical studies are underway in order to increase the amount of high grade ore that can be processed through the gravity plant.

AĞI DAĞI & KIRAZLI PROJECTS IN TURKEY

On January 6, 2010, Alamos announced the acquisition of 100% of the Ağı Dağı and Kirazlı Projects from Teck and Fronteer pursuant to the terms of the Fronteer Teck Agreement, and paid US\$40 million cash and issued 4,000,000 common shares to Teck (as to 60%) and Fronteer (as to 40%). The common shares were issued on a private placement basis and were subject to a four-month hold expiring May 6, 2010. 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 Ağı Dağı Project.

The projects are legally owned and managed by Kuzey Biga Madencilik San. Tic. A.Ş. ("Kuzey Biga") and Doğu Biga Madencilik San. Tic. A.Ş. ("Dogu Biga"), both 100%-owned Turkish subsidiaries of the Company. The company completed a Technical Report for the

projects on March 12, 2010. The report was prepared by KD Engineering from Tucson, an independant Qualified Person as defined in NI 43-1010. The report can be review on SEDAR at www.sedar.com under the Company' s profile.

Project Description and Location

Location

The Turkish projects include the Ađı Dađı and Kirazlı advanced-stage development projects in Turkey and the early stage Çamyurt Project, located approximately 3 kilometers from Ađı Dađı. Kirazlı is situated 25 km to the northwest of Ađı Dađı, with both projects located in the Çanakkale Province in the Biga Peninsula of northwestern Turkey, some 250 km by air southwest of Istanbul or 800 km west of Ankara, Turkey' s capital. The Company maintains an administrative office in Ankara, Turkey, and exploration offices in Etili and Sogutalan, both small towns located in the Biga District of Turkey. These offices support all activities for the Ađı Dađı and Kirazlı Projects.

Ownership

Mineral rights for all concessions comprising the Turkish assets are controlled by Kuzey Biga and Dođu Biga, Turkish subsidiaries of the Company. As all projects are located in a forestry reserve, surface rights are controlled by the State government of Çanakkale.

Mining Concessions

The Ađı Dađı property currently consists of a total of 10,514 hectares of mineral tenure in fifteen (15) contiguous operation and exploration licenses covering a prominent ridge with 900 m of relief and includes the Çamyurt Project. Subsequent to December 31, 2011, the Company acquired an additional 5,171 hectares in three (3) concessions at Ađı Dađı through auction.

The Kirazlı property consists of 1,541 hectares of mineral tenure in two (2) contiguous licenses covering a prominent northwest trending ridge with 500 m of relief. One concession is classified as an operating license, and the other is an exploration license.

Permits

The Company is permitted to explore and operate the properties and has obtained the required surface rights to carry on its activities. From time to time, the Company acquires additional temporary surface rights and work permits (forestry permits and others) to continue its work over the targets.

Status of Forestry Permits required for Drilling Activities

In order to conduct drilling or somewhat disruptive exploration activities on concessions within State Forest land in Turkey, valid permits are required from the General Directorate of Forestry of the Ministry of Environment and Forestry. In January, 2009 certain provisions concerning the existing Mining Law were challenged and subsequently annulled. As a result of the annulment, the grant of permits for the use of forestry lands for mining activities was suspended. An amending regulation became effective upon its publication in the Official Gazette No. 27324 on August 19, 2009 (the "Amending Regulation"), and the Ministry of Environment provided that until a new arrangement is made, the allocation of forestry lands to mining activities will be made pursuant to the provisions of the forestry legislation. Accordingly, issuance of forestry permits was re-established during the suspension of implementation of the Mining Activities Permitting Regulation. Following this, on or about January 11, 2010, the Amending Regulation was challenged, and the High Administrative Court suspended the implementation of the Amending Regulation until a final decision is rendered regarding the merit of the lawsuit. The Amendments to the Mining Law were finally approved by the Turkish Grand National Assembly on 10 June 2010 and published in the Official Gazette No. 27621 dated 24 June 2010.

The new Forest Permitting Regulation regulating the use of forestry lands for mining activities basically became effective as of the date of the new mining law ratification, and thus, the forestry permits can be, and were, issued for exploration activities as per the relevant provisions of the Forest Permitting Regulation.

As existing permits were unaffected by the suspension of the Amending Regulation, the Company was not restricted from drilling under its existing forestry permits during 2010 and 2011, including using permitted drill roads and drill pads. New forestry permits were applied for and issued during 2010 and 2011 and drilling was unaffected from the date of the new mining law ratification. From time to time, and depending on its activities, the Company will need to apply for new forestry permits. No new forestry permits have been denied to date. It remains uncertain if the Company's existing permits may be affected in the future or if the Company will have difficulties in obtaining all necessary forest permitting it requires for its proposed mining activities.

New Mining Law

In addition to changes in the forest permitting regulations, a new Mining Law was enacted in Turkey in 2010 which imposed new deadlines on concession holders. Specifically as a result of the changes in the Mining Law, the Company is required to obtain final EIA approval and key permits on its Turkey concessions between October and December 2012 in order to maintain its concessions in good standing. The specific deadlines for obtaining EIA approval and key permits for each project concession in Turkey vary slightly in time. The Company has implemented plans to obtain all necessary permits prior to these deadlines and views the risk of not meeting the deadlines as low. If these deadlines are not met due to unforeseen delays, the Company believes that extensions to deadlines for obtaining the required approvals and permits could be negotiated so that the concessions will remain in good standing. However, there is no guarantee that the Company will be able to obtain the approvals and permits as planned or if unable to meet such deadlines that negotiations for an extension will be successful in order to maintain its concessions in good standing. If the concessions were to expire, this could have a material adverse impact on the Company's ability to control and continue to develop its Turkish projects.

Royalties

A 2% Net Smelter Return Royalty in favour of Franco Nevada Corporation is registered against the Ağı Dağı property (which includes a portion of the Çamyurt Project).

Environmental Liabilities

The Company abides by all Turkish environmental regulations and laws, and follows all recognized environmental preventive procedures associated with normal operation of exploration projects, and operates within environmental standards typical of Canadian mining companies. The Company is not aware of any environmental liabilities currently outstanding related to the properties.

Social Issues

The Company has a comprehensive community relations plan in place and is routinely communicating with all local communities, local government representatives, and State government agencies. Discussions at the Federal level are also normal practice as the projects advance toward production. The Company provides local employment to a number of Turkish Nationals as well as support with respect to local economic community development through maximization of direct investment, mainly via purchasing of goods and hiring of local contractors.

Access, Climate, Communication, Power

The Kirazlı Project is accessible by a 3 km dirt road from the village of Kirazlı which is in turn located 40 km south of the regional capital of Çanakkale. The Ağı Dağı Project is accessible by forestry roads from the village of Sogutalan from the north, Karakoy from the west, and Kizilelma from the south. Ağı Dağı is approximately 65 km from the regional capital of Çanakkale, and 25 km to the southeast of the Kirazlı. Kirazlı is located approximately 1.5 km south of the Kirazlı Village, Çanakkale Province, northwestern Turkey. Access from Çanakkale, the nearest large population centre (population 78,000) and provincial capital, to the Kirazlı Village is via 40

km of a paved two lane road. Access from the Kirazlı Village to the project area is along a 3 km well maintained dirt road which provides access to some of the smaller villages.

Kirazlı forms one of the most prominent hills in the region with a maximum elevation of 811 m. Relief in the area is approximately 250 m with slopes generally not exceeding 25-30 percent. Vegetation consists of mostly scrub oak and various shrubs up to 3 m in height with isolated stands of 20 to 30 year old pines also present. Large areas along the western side of the property have been stripped of the vegetation and replanted with pine seedlings. Kirazlı is generally windy, particularly from fall through spring. Ağı Dağı is a prominent topographic high trending in a northeast direction for a distance of 5 km. The elevation of the ridge line varies from greater than 900 m at the southwest end to about 700 m at the northeast end. The property can be reached by village and forestry roads from the town of Çan.

The region is well-served with electricity, transmission lines and generating facilities, the most significant being a large coal-fired power plant outside the Town of Çan. Population and agricultural activity is concentrated in the valleys, while most areas of active exploration are located in highlands which are predominantly forested and owned by the state. This region has fertile soils and a Mediterranean climate with mild, wet winters and hot, dry summers. Temperatures range from 15 to 35 degrees Celsius in the summer season and 5 to minus 10 degrees Celsius in the winter months. The annual rainfall is approximately 30 cm, generally falling as mixed rain and snow in late fall and winter.

History

A complete detailed outline of historical project activities is provided in the Scoping Study, filed on SEDAR on March 29, 2010 and available at www.sedar.com under the Company's profile. This section is intended to provide a brief history of project activities since the Company acquired the projects in early 2010.

Following acquisition on January 6, 2010, the Company initiated comprehensive exploration and engineering programs on the projects with the objective of completing a preliminary feasibility study in 2012. Total exploration expenditures at Ağı Dağı and Kirazlı in 2010 and 2011 amounted to \$14.5 million. A total of 51,200 m of drilling in 303 holes was completed in 2010 and 2011, in addition to metallurgical and geotechnical engineering studies that were conducted in the same period. Further details on drilling and engineering activities in 2010 and 2011 are provided below.

Geological Setting

The Ağı Dağı and Kirazlı deposits are epithermal, high-sulfidation, disseminated gold systems, hosted within Miocene undifferentiated heterogeneous volcanic assemblage of dacitic to andesitic composition. They are associated with a large hydrothermal alteration zone that covers more than 10 square km. Gold mineralization is closely associated with silicic and advanced argillic alteration occurring near the upper contact of the volcanic sequence.

Both the regional and local geology for Ağı Dağı and Kirazlı are detailed in the Scoping Study, available at www.sedar.com under the Company's profile.

Mineralization

Deposit Types

The principal model for gold mineralization at the Ağı Dağı and Kirazlı projects is a high-sulphidation, epithermal gold deposit. Premier examples of this kind of deposit in the world are Yanacocha, Pierina and Alto Chicama in Peru. The Kisladağ gold deposit (5 million ounces) located in Turkey and owned by Eldorado Gold Corporation is a more conservative example of the high sulphidation gold deposit and may also serve as a comparable economic model. The open pit, heap leach gold mine began commercial production in July 2006 and in 2012 was projected to produce between 285,000 to 295,000 ounces of gold at a total cash cost of US\$385-US\$395 per ounce.

Gold Mineralization

Gold mineralization at Ağı Dağı is associated with felsic volcanic rocks of Miocene age and a northeast-trending silica cap rock about four km by two km in extent which forms a topographic high 700 to 900 m in relief. The gold mineralization is disseminated and associated with intensely silicified, vuggy, oxidized and brecciated rocks hosted in volcanic felsic to intermediate tuffs and occasionally phreatic breccia bodies. Hydrothermal-type breccias (crackle, jigsaw, hydrothermal) are most common in this siliceous alteration. Pyrite is by far the most abundant primary sulfide mineral associated with gold. Trace to minor amounts of enargite, covellite, galena and molybdenum are present locally. Additional information can be reviewed by consulting the 2010 Scoping Study.

Historical Exploration

The Company did not conduct any of the historical exploration work on the projects prior to January 6, 2010. For a detailed account of historical exploration activity, refer to the Scoping Study filed on www.sedar.com on March 29, 2010. During the involvement of a Teck Resource subsidiary ("TCAM"), and Fronteer on the property, a total of 365 drill holes totaling 56,507 m were drilled at Ağı Dağı along with a number of ground-based geological, geochemical and geophysical surveys. The following table summarizes that drilling:

Ağı Dağı Gold Property, Summary of Drilling				
Period	Start Hole	End Hole	# Holes	Meterage
Pre-2004	A-1	A-74	74	8,276.90
2004-2005	AD-75	A-169	99	16,777.55
Mar 2006-April 6 2007	AD-170	A-299	140	23,999.25
April 6 2007-May 2007	AD-300	AD-309	9	1,463.70
May 2007-Aug 2007	AD-307	AD-350	43	5,989.20
Total			365	56,506.60

At the Kirazlı gold project, during the involvement of TCAM and Fronteer, 200 drill holes totaling 30,873 m were drilled along with a number of ground-based geological, geochemical and geophysical surveys. Drilling activities at Kirazlı are summarized in the table below:

Kirazlı Gold Property, Summary of Drilling				
Period	Start Hole	End Hole	# Holes	Meterage
Pre-2004	KRC-01	KRR-24	70	7,324.90
2004	KD-01	KD-03	4	891.90
2005	KD-04	KD-47	44	7,377.60
Mar 2006-Mar 2007	KD-48	KD-96	56	10,635.55
Apr 2007-June 2007	KD-97	KD-119	26	4,643.00
Total			200	30,872.95

Due diligence activities completed in 2009 indicated that exploration data collected throughout the years at Ağı Dağı and Kirazlı by previous operators was of good quality. Review and verification of existing reports and databases indicate that sufficient and adequate QA/QC procedures were followed; from the data collection through to the data interpretation stages. In addition, a review of available

data indicates excellent exploration potential that requires a substantial amount of additional drilling in the areas of interest in order that the projects are fully evaluated.

Scoping Study Summary

The mine plan presented in the Scoping Study provides for over eight years of production from the Kirazlı, Baba, and Delı pits with a life-of-mine (“LOM”) waste-to-ore ratio of 1.24:1 (hereinafter, the Baba and Delı pits are collectively referred to as the “Ağı Dağı pits”). Mineral resources considered in the mine plan are oxide only, contained within open pits designed from floating cone geometries that are based on a 40 degree overall slope angle, \$725 per ounce of gold, and \$12.50 per ounce of silver. Exploration results from work completed subsequent to the Scoping Study substantially increased the estimated mineral resources that could be processed, resulting in corresponding increases to planned throughput rates. The preliminary feasibility study is expected to be released in the second quarter of 2012 and will outline the revised mining scenario. The pit-contained mineral resources as outlined in the Scoping Study are summarized in the table below:

Scoping Study Mineral Resource Estimate - March 2010					
	Tonnes (000s)	Gold Grade (g/t Au)	Gold Contained (Ounces Au)	Silver Grade (g/t Ag)	Silver Contained (Ounces Ag)
Indicated Oxide Resources	33,682	0.84	910,000	7.24	7,839,000
Inferred Oxide Resources	13,981	0.99	444,000	12.52	5,628,000

The Scoping Study assumed that Kirazlı and Ağı Dağı would each have stand-alone crushing, agglomeration, heap leach, and process plant facilities, plus separate owner-operated mining fleets. Upfront capital costs were estimated to be \$207.5 million. In addition, an initial investment in working capital of \$9.9 million was estimated. Mining equipment costs included a 10% contingency, heap leach facility capital costs included a 30% contingency, and all other capital expenditures include a 35% contingency. The total contingency was \$63.4 million, or 27% of the total project initial and sustaining capital. Total initial and sustaining capital costs are estimated to be \$234.7 million.

The combined LOM production was expected to be approximately 1.139 million ounces of gold and 5.067 million ounces of silver. Average annual production over the first eight years of production was approximately 135,000 ounces of gold and 621,600 ounces of silver, which included average annual production of approximately 143,600 ounces of gold and 630,800 ounces of silver during years two through seven.

The Company intends to produce dore bars on-site and consequently expects that it will be exempt from Turkey’s Value Added Tax (“VAT”). In addition to statutory compensation that may apply to the projects, there is a 2% net smelter return (“NSR”) royalty payable to a third party (Franco Nevada Corporation) on production from Ağı Dağı. There is no NSR royalty payable on production from Kirazlı.

Applying a gold price assumption of \$800 per ounce of gold and \$13.50 per ounce of silver as presented in the Scoping Study (the “base case scenario”), the Company estimated that the LOM cash operating cost per tonne of ore is \$8.43, or \$353 per ounce of gold before silver by-product credits and refining and transportation costs. The LOM total cash cost, which includes the NSR royalty and refining and transportation costs and treats silver as a by-product credit, was approximately \$314 per ounce of gold.

As part of the Scoping Study, an unlevered pre-tax economic analysis of the base case scenario was completed. The analysis yielded a pre-tax internal rate of return (“IRR”) of 21%. Based upon the pre-tax cash flow model presented in the Scoping Study, the Company prepared an after-tax cash flow model. For the purposes of the after-tax model, the Company used an expected corporate tax rate of 20%, estimated depreciation for tax purposes on a unit of gold-equivalent production basis, and did not consider any tax-loss carry-forward credits that may be available. Under the base case scenario, the Company estimated that the projects have a combined after-tax IRR of 18%.

Preliminary Feasibility Study

The Company initially planned to publish a preliminary feasibility study in the fourth quarter of 2011 based on the Scoping Study. However, exploration success at Ağrı Dağı and Kirazlı in 2010 and 2011 resulted in estimated mineral resources more than doubling from those contemplated in the Scoping Study. In addition, the Company discovered the Çamyurt Project and believes that it has the potential to be a stand-alone mining project.

Due to the significant increase in measured and indicated resources, the Company resized the scale and scope of the projects, requiring additional geotechnical drilling and engineering which extended the completion deadline of the preliminary feasibility study to the second quarter of 2012. The Company expects that increased throughput and processing rates could result in substantially higher annual production rates than initially reported in the Scoping Study of 135,000 ounces per annum.

In addition to completing the preliminary feasibility study, the Company is in the process of completing final EIA reports for each of the Ağı Dağı, Kirazlı and Çamyurt Projects. The Company currently intends to submit the final EIA report for Ağı Dağı and Çamyurt late in the second quarter of 2012, with the Kirazlı EIA submitted thereafter. A response from the Turkish government is expected in the third quarter of 2012. Permitting and construction activities are expected to take up to eighteen months once the final EIA report is approved.

Exploration Work Summary - 2011 and 2010

During 2010, the Company completed 22,611 metres of drilling in 148 drill holes, completed geological re-modelling and initiated preliminary feasibility stage engineering studies. Subsequent to year end, the Company provided an updated resource estimate for these projects. In 2011, the Company completed 28,600 m of drilling in 155 holes focused on infill and extension drilling of known zones of mineralization. An updated mineral resource estimate was released in September 2011 based on drilling completed to the end of March 2011. An additional resource estimate was reported in March 2012 based on drilling completed to September 2011.

The principal objectives of 2010 and 2011 exploration programs in Turkey was to further assess the geological controls of gold mineralization while confirming the mineral resources that were previously disclosed, in addition to improving core recovery compared to historic drilling. The results of the exploration program in Turkey have been successful with respect to substantially improving drill recoveries, in addition to corroborating and/or improving historical drill results.

Drilling statistics for 2011 and project-to-date are presented below:

2011 Core Drilling				
Zone Drilled	Drill Holes Completed (Year)	Drill Holes Completed (Project)	Drilling Year (m)	Drilling Project (m)
Babadag	22	112	4,585	20,841
Delidag	5	142	904	25,075
Ağı Dağı infrastructure	14	26	217	452
Ayi Tepe	11	32	3,147	8,523
Fire Tower	25	55	6,355	13,742
Çamyurt	47	59	9,597	11,333
Ilhamur	9	21	1,602	3,510
Tavsan Tepe	2	6	297	701
TOTAL Ağı Dağı	135	453	26,704	84,177
Kirazlı	20	199	1,920	33,216
TOTAL	155	465	28,624	117,393

2011 Reverse Circulation Drilling				
Zone Drilled	Drill Holes Completed (Year)	Drill Holes Completed (Project)	Drilling Year (m)	Drilling Project (m)
Babadag	-	69	-	8,361
Delidag	-	62	-	5,339
Ayi Tepe	-	5	-	515
Fire Tower	-	21	-	2,521
Çamyurt	-	-	-	-
Ilhamur	-	3	-	422
Tavsan Tepe	-	9	-	554
TOTAL Ağı Dağı	-	169	-	17,711
Kirazlı	-	24	-	3,275
TOTAL	-	193	-	20,985

Ağı Dağı Results (Baba and Deli Zones)

Metallurgical, geotechnical, and infill core holes completed at the Baba and Deli zones have generally confirmed both expected grades and thicknesses. Additionally, a number of the new holes exceeded expectations relative to the March 2010 block model. Of particular interest is infill hole 10-AD-387, drilled at the northern limit of the main proposed pit at the Baba target in an area previously recognized as “barren”. This drill hole appears to link mineralization between two of the Baba preliminary pits.

Twin holes drilled to-date have indicated an increase in grade correlating with an increase in core recovery. For example, 10-AD-366, a core hole with much better recoveries than its historic twin AD-152, shows a significant increase in gold content. The composite in 10-AD-366, with 83% core recovery, is 5.0 g/t Au over 14.8 m, while the equivalent composite in the previous operator’s hole with core recovery of 33% returned 0.3 g/t Au over 15.8 m.

In 2011, the Company began drilling at Ağı Dağı in March. A total of 17,106 m of drilling was completed in 88 core holes. The results at Ağı Dağı have continued to improve relative to historical drilling results.

Çamyurt Results

The early stage development Çamyurt Project is located three kilometres southwest of the Baba deposit (within the Ağı Dağı Project) and is a separate zone of economic interest. Preliminary exploratory drilling was completed in the fourth quarter of 2010.

In late 2007, previous operators drilled five wide-spaced core holes at Çamyurt over a strike distance of approximately 700 m. Although all holes had poor core recovery, it was apparent that a new discovery had been made. At the time, the Çamyurt zone remained open to the southwest, with at least 800 m of untested strike length in favourable rock types coincident with gold mineralization in soil and rock chip samples at surface.

In 2010, the Company completed 6 core holes on the property. Holes 10-CYD-09 and 10-CYD-11 were twins of historic holes CYD-01 and CYD-05, respectively. CYD-01 returned 0.65 g/t Au over 73.3 m with an average core recovery of 43%; core recovery for 10-CYD-09 was 82% with a composite of 1.33 g/t Au over 58.9 m, demonstrating the positive effect of improved drilling techniques and better core recovery. New hole 10-CYD-11 with a composite grading 0.75 g/t Au over 158.3 m and a core recovery of 87% was substantially improved from historic hole CYD-05 which returned two shorter and lower grade composites, 0.43 g/t Au over 4.7 m and 0.23 g/t Au over 11.3 m, recovered at 56% and 68%, respectively.

Holes 10-CYD-06 and 10-CYD-07 were testing possible extensions of the historic gold-bearing zone to the south, 500 m and 50 m respectively from historic holes. Both holes intersected short intervals of gold bearing alteration but interpretation suggests that the holes may have been too far away from the zone and may have undershot it. Holes 10-CYD-08 and 10-CYD-10 were drilled in-between or adjacent to historic holes and basically confirmed the continuity of the zones between the historic holes with similar thicknesses and grade reported.

The 2011 drill program was primarily intended to drill-test continuity and strike extensions of known areas of gold mineralization, aimed at bringing the zone to preliminary resource evaluation. In 2011, the Company drilled 9,600 m in 47 holes. Notable assay results from the 2011 drill program included:

0.91 g/t Au over 131.1 metres (11-CYD-12A)

1.60 g/t Au over 185.7 metres (11-CYD-14)

1.38 g/t Au over 176.5 metres (11-CYD-17)

1.30 g/t Au over 41.6 metres (11-CYD-043)

1.34 g/t Au over 120.8 metres (11-CYD-044)

1.39 g/t Au over 41.2 metres (11-CYD-046)

1.53 g/t Au over 53.7 metres (11-CYD-047)

Drilling at Çamyurt has delineated a mineralized zone that is continuous for at least 1,100 m along strike with additional potential to extend mineralization to the northeast. The steeply dipping oxidized body starts at surface, has been vertically drilled up to 150 metres, remains open at depth, and can reach up to 150 metres in thickness. An initial mineral resource estimate for the Çamyurt Project will be reported in the second quarter of 2012. Preliminary column test metallurgical samples have been submitted for Çamyurt and are in process.

Kirazlı Results

Drilling at the Kirazlı Project commenced in late August 2010. The program initially focused on metallurgical and geotechnical data acquisition and then moved to infill drilling with two core rigs still active on the project in early 2011.

Some of the notable assay results obtained in 2010 are presented below:

10-KD-120	101.9 m at 1.81 g/t Au
10-KD-121	26.8 m at 3.99 g/t Au
10-KD-121A	32.7 m at 2.37 g/t Au
10-KD-122	110.0 m at 1.55 g/t Au
10-KD-123	17.8 m at 1.30 g/t Au
10-KD-126	82.8 m at 1.36 g/t Au
10-KD-132	46.2 m at 1.74 g/t Au
10-KD-133	135.9 m at 0.67 g/t Au
10-KD-135	144.4 m at 0.88 g/t Au
10-KD-136	44.2 m at 1.32 g/t Au
10-KD-139	92.5 m at 2.74 g/t Au
10-KD-140	33.0 m at 1.31 g/t Au
10-KD-141	138.3 m at 1.20 g/t Au
10-KD-143	50.3 m at 4.42 g/t Au
10-KD-144	73.5 m at 0.80 g/t Au

Holes 10-KD-120, 10-KD-121 and 10-KD-126 were holes drilled to obtain metallurgical samples. Hole 10-KD-120 was a twin hole of historic KD-63 which returned 82.2 m grading 1.19 g/t Au, comparing well to its historic counterpart. As was the case at Ağı Dağı, better core recovery appeared to have a positive effect on grade (85% core recovery in 10-KD-120 versus 68% in the historic hole). Holes 10-KD-122 and 10-KD-133 were geotechnical holes drilled on the edge of the initially proposed pits which indicated the potential to increase the size of the pits in that area.

An additional 1,920 meters in 20 holes were completed in the first quarter of 2011, with no further exploration conducted at Kirazlı for the remainder of the year, as the geologic model was being reviewed and updated during this period, based on a review of previously drilled core and other new data. Drilling at Kirazlı resumed in the first quarter of 2012.

Engineering and Development Work

Engineering and development activities since acquisition in early 2010 have focused on assembling the team of consultants required to assist in the studies and testing required to support both the Scoping Study and preliminary feasibility study.

Early in 2010, the Company established its administration office in Ankara, the capital of Turkey, and developed a team of community relations, permitting, development and administration personnel. A number of studies were initiated and/or undertaken in 2010 to support technical reports and the preliminary feasibility study. These projects are listed below:

- Metallurgical testing
- Geo-technical analysis and seismic studies
- Leach pad and waste dump design
- Pit slope stability analysis and design
- Mine planning and design
- Environmental impact assessment studies and testing

Further, in 2010 the Company's engineering and development team implemented a planned organization structure, established a government liaison and stakeholder engagement plan, joined the Turkish Gold Mining Association and developed a new office complex in Etili.

In 2011, due to the significant increase in measured and indicated resources, the Company resized the scale and scope of the projects, requiring additional geotechnical drilling and engineering which extended the completion deadline of the preliminary feasibility study to the second quarter of 2012. The Company expects that increased throughput and processing rates could result in higher annual production rates than initially reported in the Scoping Study of 135,000 ounces per annum.

In addition to completing the preliminary feasibility study, the Company is in the process of completing final EIA reports for each of the Ağı Dağı, Kirazlı and Çamyurt Projects. The Company currently intends to submit the final EIA report for Ağı Dağı and Çamyurt late in the second quarter of 2012, with the Kirazlı EIA submitted thereafter. A response from the Turkish government is expected in the third quarter of 2012. Permitting and construction activities are expected to take up to eighteen months once the final EIA reports are approved.

Logging, Sampling Methodology, Sample Preparation, Analysis, Sample Custody

Historical methodologies are described in the Scoping Study available at www.sedar.com under the Company's name.

Exploration in 2011 was completed with the drill contractor, Spectra Jeotek Drilling, for the Ağı Dağı, Kirazlı and Çamyurt Projects. All drilling was supervised by the Company's technical staff and general industry standards were followed. All proposed drill collars were surveyed using proper surveying techniques with established control survey points across the property. Drills were set up under the direct supervision of Company staff. Drill holes were collared in PQ diameter core. The holes were reduced to HQ diameter when problems were encountered due to bad ground conditions. Core was placed in plastic boxes with depth markers every drill run (up to 3 m). Core recovery during these programs was generally adequate. Down-hole survey tests were taken generally at 50-75 m intervals down-hole to provide down hole survey control. The casing was attempted to be removed after drilling was completed, with minor casing left stuck in the ground. Holes with poor core recovery throughout the ore intersection were either re-collared and drilled again with core or re-drilled with a reverse circulation drill, where the actual weight of each 1.5 m sample occasionally recorded to check for consistent recovery.

Logging, sampling, and analysis procedures were established by Company staff with improvements and adjustments necessary to comply with current Quality Assurance/Quality Control (“QA/QC”) procedures and NI-43-101 requirements done from time to time. Logging and sampling methodologies and procedures are documented routinely, updated, and maintained by the Company’s exploration department.

Geologists log drill core holes on site at the Company’s exploration camp in Etili. Core is logged on a hole by hole basis with data entered on paper then transfer to digital files for future analysis and processing. RC holes are logged from chip trays containing representative samples collected from each 1.5-metre sample interval. After completion of geological and geotechnical logging and collection of additional information such as specific gravity, geologists define and label the intervals to be sampled, ranging from 0.25 to 1.5 m, depending on geological characteristics.

Selected drill core for assaying is cut and sampled at site while RC samples are collected directly at the drill site. For RC drill holes, a sub-set of the sample cuttings is bagged, inventoried, prepared and sent for analysis. For core drill holes, half-core samples are prepared using a diamond core saw, with 1.0-metre intervals as standard sample lengths in rock types presenting similar geological characteristics, bagged, tagged, sealed and shipped in batches to the assaying laboratory. When applicable, core from metallurgical and geotechnical drill holes are cut in half with one half of the core sent for analysis, while the reject is used for metallurgical testing. Metallurgical and geotechnical drill holes are logged at site in a similar manner to other core drill holes. Geologic logging and sample interval definition are completed by geologists; geotechnical logging including Rock Quality Designation (“RQD”), core recovery and specific gravity measurements are usually done by geological technicians and/or engineers. All samples collected by the Company during drill programs were subjected to quality control procedures that ensure best practice in the handling, sampling, analysis and storage of the drill core.

Laboratory sample preparation and analysis are in accordance with strict and industry recognized protocols and procedures. For RC samples, an approximate 10 kg sub-sample is sent to the lab. After drying, a 250-300 gram sub-set is crushed, riffle spilt, and pulverized. A one assay-ton (30 grams) sample is then collected for precious metal analysis (Au & silver - “Ag”) by fire assay with atomic absorption finish (“FA-AA”). For sample assaying above 5 g/t Au under FA-AA, a fire assay with gravimetric finish (“FA-GR”) is also performed. A smaller pulverized sub-sample (3-5 grams) is also taken for multi-elements ICP analysis. In 2010, all samples were also assayed by the hot-cyanide method (Au and Cu) to help assess the Au recovery potential; the results of these tests are also used for the recovery model. For core samples, the entire half of the core sample received at the lab is crushed; a 250-300 gram spilt is collected, pulverized and assayed using the methodology described above. Samples are sent to the Acme Lab. in Ankara, Turkey for sample preparation and then sent to Acme Lab. Vancouver, Canada or Santiago, Chili laboratory for analysis. Other labs are used for check assay work.

QA/QC procedures are performed systematically. Blind, standard and blank samples are systematically inserted on a regular sample batch interval, generally every 25-30 samples, and are routinely evaluated when results are received. Duplicate samples are selected at regular intervals, with the duplicate retrieved by the assaying laboratory personnel after the sample has been crushed, basically representing a separate split. Check assays of pulverized pulps are performed by a second lab and generally represent 5-10% of the entire sample database. Comparisons and reconciliation between original and check assays are done routinely during drilling, and systematically before any resource estimation exercise.

Sample custody is ensured on-site by continuous inventorying and monitoring of the RC cuttings and drill core. Once samples are prepared, using the methodologies described above, they are inventoried, individually bagged, tagged and sealed in larger bags for transport to the assay lab. The laboratories used for analysis are certified and follow strict, industry recognized, QA/QC protocols. Audits of the assaying labs are performed occasionally.

For disclosure purposes, a 0.2 g/t Au cut-off grade is used for calculation of composite intervals, with only a single 1.5-metre interval of sub-0.2 g/t Au material allowed within a composite interval; assay results are generally presented uncut.

Modelling and Estimation

Exploration programs at Ağı Dağı and Kirazlı are directed by Charles Tarnocai, PhD. in Geology, Alamos' Vice President of Exploration and Corporate Development, a Qualified Person as defined by National Instrument 43-101. Resource estimates were completed by an independent Qualified Person as defined in NI 43-101. Starting in 2009, resource estimation was managed under the supervision of the Company's Director of Mineral Resources, Marc Jutras, who is also a QP.

The following procedures are generally followed for modelling and estimation. Block gold grade estimation is constrained by geology envelopes that are constructed using alteration distribution, known geologic controls, and anomalous gold mineralization. Gold grades are estimated using both OK and inverse distance cubed interpolation with searches oriented along known mineral controls. Gold resource classification is based on proximity to drill hole data, the number of composites used in the estimate, and geostatistical variography. Measured resources are generally defined (note that this criteria may vary depending on variography) as blocks within 10 m of drill hole data and blocks within 15 m of drill data and informed by at least 18 composites (6 holes). Indicated resources are generally defined (note that this criteria may vary depending on variography) as blocks between 15 to 35 m from drill hole data and those blocks at less than 15 m from data with less than 18 composites used in the estimate. Indicated resources also generally required that at least two drill holes were used in the estimate at the outer boundary (35 m). Inferred resources are defined (note that this criteria may vary depending on variography) as those blocks greater than 35 m from drill hole data, and up to 75 metres.

Geologic solids are constructed from observed data collected during the core and chip logging processes, and from data acquired through the use of an infrared reflectance spectrometer. Geologic solids comprise rock types, oxidation, silica alteration, and intensity of argillic alteration. Mineralized shapes within which gold estimation was performed were constructed from the occurrence of silica alteration, and argillic alteration intensity, and silica alteration, and alteration from infrared spectrometry. In addition, the occurrences of logged breccia units were sometimes used to construct the mineralization envelope. Hard boundaries to gold estimation were also assigned to air, post mineral rocks and alluvial/colluvial material, and in some cases, faults.

Mineral Resource

Scoping Study Mineral Resource

As part of the Scoping Study, the Company prepared a mineral resource estimate for the Baba, Deli, and Kirazlı deposits based on previous drilling completed by Fronteer and Teck. This estimate was based on a total of 544 drill holes (85,732 metres) over the three deposits. The total tabulation of the indicated mineral resources for the three areas at a 0.2 g/t Au cut-off is 63.8 million tonnes at an average grade of 0.64 g/t Au and 5.20 g/t Ag, for a total of 1.3 million ounces of gold and 10.7 million ounces of silver. The total tabulation of the inferred mineral resources for the three areas at a 0.2 g/t Au cut-off is 26.4 million tonnes at an average grade of 0.74 g/t and 8.72 g/t Ag, for a total of 0.6 million ounces of gold and 7.4 million ounces of silver. It is anticipated that the economic cut-off grade will be approximately 0.2 g/t gold for oxide and 1.0 g/t gold for sulfide.

The detailed resource estimation procedures and methodologies are presented within the text of the Scoping Study, and the reader is referred to that document for additional information.

2011 Mineral Resource

On March 27, 2012, the Company reported updated measured and indicated and inferred resources as at December 31, 2011. Indicated mineral resources for the Ağı Dağı and Kirazlı Projects only (at a 0.2 g/t Au cut-off) increased to 110.1 million tonnes grading 0.65 g/t Au for 2.2 million ounces of gold. This represents a 35% increase in the number of indicated gold resource ounces as compared to the December 31, 2010 estimate of 1.65 million ounces. This also represents a 13% increase from the mineral resource estimate released in September 2011, and a 70% increase relative to the Scoping Study published in March 2010. The increase in indicated mineral resources is attributable primarily to resource additions at Kirazlı. Inferred mineral resources remained unchanged at 26.4 million tonnes grading 0.55 g/t Au for 0.45 million ounces.

The Company is currently completing a preliminary feasibility study for the Ağı Dağı and Kirazlı Projects that will include updated mineral resource estimates for both projects to account for additional drilling carried out in 2011. Detailed summaries of the indicated and inferred mineral resources for Ağı Dağı and Kirazlı are presented in the tables shown below.

Ağı Dağı Project - Measured & Indicated Mineral Resources ^{1 2}					
December 31, 2011					
Cut-off	Tonnes	Grade	Grade	Contained	Contained
(g/t Au)	(000s)	(g/t Au)	(g/t Ag)	Ounces Au	Ounces Ag
1.00	7,712	2.22	11.95	551,517	2,962,869
0.80	11,767	1.77	9.17	667,816	3,468,340
0.60	19,256	1.35	6.86	833,539	4,247,593
0.40	37,953	0.92	4.82	1,119,244	5,880,323
0.20	79,366	0.59	3.32	1,509,804	8,478,675
0.10	116,390	0.45	2.72	1,672,578	10,176,660

- (1) Measured and indicated resources for the Ağı Dağı project, which include the Baba, Ayitepe, Deli, and Fire Tower zones, are pit constrained with cut-off determined as a net of process value of \$0.10 per tonne, for each model block. The determination was based on a US\$1,250 per ounce gold price and a US\$22.50 per ounce silver price, a December 2011 resource model, average pit slope angle of 38 degrees, and estimated costs and recoveries based on the ongoing pre-feasibility study specifications. The resources were then tabulated by gold cut-off grade.
- (2) Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Kirazlı Project - Measured & Indicated Mineral Resources ^{1 2}					
December 31, 2011					
Cut-off	Tonnes	Grade	Grade	Contained	Contained
(g/t Au)	(000s)	(g/t Au)	(g/t Ag)	Ounces Au	Ounces Ag
1.00	4,480	2.46	20.92	354,768	3,012,901
0.80	5,337	2.21	19.05	378,448	3,268,245
0.60	8,446	1.65	15.81	447,034	4,294,024
0.40	16,730	1.07	11.12	575,256	5,978,734
0.20	30,748	0.71	8.49	706,437	8,392,499
0.10	38,124	0.61	8.02	746,485	9,832,224

- (1) Measured and indicated mineral resources for the Kirazlı project are pit constrained with cut-off determined as a net of process value of \$0.10 per tonne, for each model block. The determination was based on a \$1,250 per ounce gold price, \$22.50 per ounce silver price, a December 2011, average pit slope angle of 38° and estimated costs and recoveries based on ongoing pre-feasibility study specifications. Mineral resources were then tabulated by gold cut-off grade.
- (2) Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Ağı Dağı Project - Inferred Mineral Resources ^{1 2}					
December 31, 2011					
Cut-off	Tonnes	Grade	Grade	Contained	Contained
(g/t Au)	(000s)	(g/t Au)	(g/t Ag)	Ounces Au	Ounces Ag
	1,319	2.69	22.57	113,989	957,004

1.00					
0.80	1,899	2.14	16.39	130,483	1,000,418
0.60	3,382	1.50	10.19	162,656	1,108,076
0.40	8,105	0.90	5.34	235,653	1,390,435
0.20	20,861	0.53	2.86	355,793	1,920,374
0.10	30,123	0.41	2.29	397,347	2,216,091

- (1) Inferred resources for the Ağı Dağı project, which include the Baba, Ayitepe, Deli, and Fire Tower zones, are pit constrained with cut-off determined as a net of process value of \$0.10 per tonne, for each model block. The determination was based on a US\$1,250 per ounce gold price and a US\$22.50 per ounce silver price, a December 2011 resource model, average pit slope angle of 38 degrees, and estimated costs and recoveries based on the ongoing pre-feasibility study specifications. The resources were then tabulated by gold cut-off grade. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- (2) Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Kirazlı Project - Inferred Mineral Resources ¹					
December 31, 2011					
Cut-off	Tonnes	Grade	Grade	Contained	Contained
(g/t Au)	(000s)	(g/t Au)	(g/t Ag)	Ounces Au	Ounces Ag
1.00	413	1.69	27.66	22,472	367,321
0.80	590	1.45	22.65	27,485	429,572
0.60	1,205	1.06	16.84	41,215	652,541
0.40	3,061	0.71	12.36	70,015	1,216,277
0.20	5,575	0.52	9.95	93,288	1,783,621
0.10	7,040	0.45	9.44	101,279	2,137,363

- (1) Inferred mineral resources for the Kirazlı project are pit constrained with cut-off determined as a net of process value of \$0.10 per tonne, for each model block. The determination was based on a \$1,250 per ounce gold price, \$22.50 per ounce silver price, a December 2011 mineral resource, average pit slope angle of 38 and estimated costs and recoveries based on ongoing pre-feasibility study specifications. Mineral resources were then tabulated by gold cut-off grade.

Outlook

In 2011, the Company demonstrated exploration success at its Ağı Dağı and Kirazlı Projects in northwestern Turkey, with measured and indicated resources increasing significantly since the Company acquired the projects in early 2010. In addition, the discovery of the Çamyurt Project is expected to materially contribute to the Company's production profile in Turkey. An initial resource estimate for the Çamyurt Project will be released in the second quarter of 2012.

Throughout 2012, activities in Turkey will be focused on completing the preliminary feasibility study in the second quarter, securing EIA approvals in the third quarter and the commencement of construction activities in the fourth quarter of 2012. The preliminary feasibility study will incorporate the additional mineral resources and accommodate the increased scope of the projects since acquisition. The Company believes that the revised combined production profile of Ağı Dağı and Kirazlı could result in annual production rates in Turkey that are substantially higher than initially reported in the March 2010 Scoping Study of 135,000 ounces per annum over an expected 8-year mine life.

DIVIDENDS

On March 4, 2011, the Company announced that it had increased its semi-annual dividend to \$0.05 per share payable on May 2, 2011 to shareholders of record on April 15, 2011. The semi-annual dividend was increased again to \$0.07 on September 15, 2011, and further increased to \$0.10 per share on February 24, 2012, payable on April 30, 2012 to shareholders of record on April 13, 2012. This represents a 233% increase since the first semi-annual dividend was declared in the first quarter of 2010.

In 2011, the Company paid a total of \$14.1 million in dividends.

Payment of any future dividends will be at the discretion of the Company's Board of Directors, after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Subject to the provisions of the Business Corporations Act (British Columbia), the Board of Directors of the Company may declare dividends payable to the Company's shareholders according to their respective rights and interest in the Company. Dividends may be paid in money or property or by issuing fully paid common shares of the Company.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of one class of common shares without par value (the "common shares"). The Company is authorized to issue an unlimited number of common shares. Each common share is entitled to one vote. As at December 31, 2011, a total of 118,383,008 common shares were issued and outstanding. As at March 29, 2012, a total of 119,314,006 common shares were issued and outstanding.

All of the Company's common shares are of the same class and rank equally as to voting rights, dividends and participation in assets of the Company on wind-up or dissolution. There are no pre-emptive rights or conversion rights, and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds, however the Company's Articles provide that the Company may, if authorized by a resolution of the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution and subject to the Business Corporations Act (British Columbia). Provisions as to creation, modification, amendment or variation of such rights or such provisions are contained in the Business Corporations Act (British Columbia).

MARKET FOR SECURITIES

The Company's common shares are listed on the TSX under the trading symbol "AGI".

Trading Price and Volume

The following table sets out the monthly low and high trading prices and the monthly volume of trading of the common shares of the Company on the TSX for the financial year ended December 31, 2011:

2011	Low (\$CAD)	High (\$CAD)	Volume
January	15.05	18.80	11,313,600
February	15.04	17.20	10,521,100
March	15.48	17.98	9,353,100
April	13.63	15.95	12,434,800
May	13.51	15.62	6,845,400
June	14.52	16.10	9,330,300
July	15.59	18.48	10,928,500
August	16.81	19.07	12,671,800
September	14.59	19.73	14,102,700
October	15.23	18.85	9,837,000
November	15.29	18.64	9,991,000
December	16.04	17.72	8,252,000

PRIOR SALES

The following table summarizes the number and price at which stock options were issued during the most recently completed financial year ending December 31, 2011. A total of 2,115,000 stock options were issued in 2011 at an average exercise price of CAD\$14.30, as follows:

<u>Date</u>	<u>Type of Security</u>	<u>Price per Security (CAD\$)</u>	<u>Number of Securities</u>
January 20, 2011	Options	16.39	50,000
May 9, 2011	Options	15.30	15,000
May 12, 2011	Options	14.24	2,050,000

DIRECTORS AND OFFICERS

The name, province or state and country of residence, positions held within the Company and principal occupation of each director and executive officer of the Company during the five preceding years from the date of this AIF are as follows:

<u>NAME, POSITION</u> <u>PROVINCE OR STATE AND</u> <u>COUNTRY OF RESIDENCE⁽¹⁾</u>	<u>PRINCIPAL OCCUPATIONS</u> <u>DURING THE PAST 5 YEARS⁽¹⁾</u>	<u>TERM AS A</u> <u>DIRECTOR</u>
JOHN A. McCLUSKEY President, Chief Executive Officer and Director Ontario, Canada	Chief Executive Officer and President of the Company.	Since February 21, 2003
MARK WAYNE⁽²⁾⁽⁴⁾ Chairman, Director Alberta, Canada	Chief Financial Officer of Regulus Resources Inc. since December, 2010. Prior thereto, Chief Financial Officer of Antares Minerals Inc. since June 2004; Vice-President of MGI Securities Inc. since January 2005 and Chief Financial Officer of QGX Ltd., from 1994 to August 2006.	Since May 24, 2005
JAMES M. McDONALD⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Director Alberta, Canada	Chief Executive Officer and Director of Kootenay Silver Inc.; and President of Makwa Exploration Ltd., a private geological consulting company owned by Mr. McDonald.	Since February 21, 2003
KENNETH STOWE⁽⁵⁾ Director Ontario, Canada	Director of several mining companies. Chief Executive Officer, Northgate Minerals from 2001 to July 2011.	Since September 26, 2011
ANTHONY GARSON⁽³⁾⁽⁵⁾ Director Ontario, Canada	Consultant and a director of several mining companies.	Since June 7, 2010.
DAVID GOWER⁽³⁾ Director Ontario, Canada	President of Brazil Potash Corporation since 2009. Chairman of Castillian Resources Corporation since January 2010, President and CEO of Castillian Resources Corporation from December 2006 to January 2010.	Since May 19, 2009

PAUL MURPHY ⁽²⁾ Director Ontario, Canada	Chief Financial Officer, Guyana Goldfields since April 2010. Partner and National Mining Leader, PricewaterhouseCoopers LLP from 2004 to April 2010. Partner, PricewaterhouseCoopers LLP since 1981.	Since February 19, 2009
JAMES R. PORTER Chief Financial Officer Ontario, Canada	Chief Financial Officer (“CFO”) of the Company from June 2011 to present; Vice-President of Finance of the Company from July 2008 to June 2011; Controller of the Company from October 2005 to July 2008.	N/A

NAME, POSITION PROVINCE OR STATE AND COUNTRY OF RESIDENCE ⁽¹⁾	PRINCIPAL OCCUPATIONS DURING THE PAST 5 YEARS ⁽¹⁾	TERM AS A DIRECTOR
MANLEY R. GUARDUCCI Chief Operating Officer British Columbia, Canada	Vice-President and Chief Operating Officer of the Company from May 2008 to present; Mine Manager of the Company from April 2007 to May 2008; General Manager, San Andres Mine, Yamana Gold from December 2005 to April 2007.	N/A
GREGORY FISHER Vice-President Finance Ontario, Canada	Vice-President of Finance of the Company from June 2011 to present; Controller of the Company from April 2010 to June 2011; Senior Manager, KPMG from September 2002 to March 2010.	N/A
CHARLES TARNOCAI Vice-President, Exploration and Corporate Development British Columbia, Canada	Vice-President of Exploration and Corporate Development of the Company from April 2008 to present; Chief Geologist of Oro Gold/Silver Resources from January 2006 to April 2008.	N/A
HAN ILHAN Vice-President, Projects Ankara, Turkey	Vice-President of Projects of the Company from October 2011 to present; Vice-President, URS Corporation from 1985 to September 2011.	N/A
SHARON L. FLEMING Corporate Secretary British Columbia, Canada	Corporate Secretary of the Company from 2003.	N/A
CHRISTINE BARWELL Vice-President, Human Resources Ontario, Canada	Vice-President of Human Resources of the Company from April 2010 to present. Manager, International Assignments, Kinross Gold from September 2009 to April 2010. Senior Manager, Global Mobility, PricewaterhouseCoopers LLP from January 1999 to August 2009.	N/A

- (1) The information as to province or state of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors and executive officers individually.
- (2) Denotes member of Audit Committee. Mr. Murphy is the chairman of this Committee.
- (3) Denotes member of Compensation and Nominating Committee. Mr. Gower is the chairman of this Committee.
- (4) Denotes member of Corporate Governance Committee. Mr. McDonald is the chairman of this Committee.
- (5) Denotes member of the Technical, Environmental, Social and Employee Health and Safety Committee. Mr. Stowe is the chairman of this Committee.

The term of office of each of the current directors expires at the next annual general meeting of shareholders.

As at the date of this AIF, the Company's directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over a total of 1,057,387 common shares, directly or indirectly, representing approximately 0.9% of the issued and outstanding common shares of the Company.

Cease Trade Orders or Bankruptcies

Except as described below, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

1. was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
2. was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, no director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

1. is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
2. has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

In February 2009, Railpower Technologies Corporation filed for bankruptcy. Mr. Mark Wayne was a former director of that company, having ceased to be a director in June 2008.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of common shares of the Company to affect materially the control of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The foregoing, not being within the knowledge of the Company, has been furnished by the respective directors, executive officers and shareholders holding a sufficient number of securities of the Company to affect materially the control of the Company.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. The directors and officers of the Company are also directors of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. These associations with other public companies in the resource sector may give rise to conflicts of interest from time to time. The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in a contract or transaction if the contract or transaction is material to the Company, the Company has entered, or proposes to enter, into the contract or transaction, and either the director or officer has a material interest in the contract or transaction or the director or officer is a director or officer of, or has a material interest in, a corporation that has a material interest in the contract or transaction. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter. In determining whether the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

AUDIT COMMITTEE

Pursuant to the provisions of section 224 of the Business Corporations Act (British Columbia), the Company is required to have an Audit Committee. The Company must also, pursuant to the provisions of National Instrument 52-110 Audit Committees ("NI 52-110"), have a written charter that sets out the duties and responsibilities of its audit committee. The Company's audit committee charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee, at the present time, is comprised of Messrs. Paul Murphy (Chair), Mark Wayne and James McDonald. Each member is financially literate and all members of the Audit Committee are independent directors.

Relevant Education and Experience

Mr. Murphy is a Chartered Accountant and former Partner at a national accounting firm, PricewaterhouseCoopers LLP. Mr. Wayne is a Chartered Financial Analyst and has served as Chief Financial Officer of several public companies, including currently Regulus Resources Inc. Mr. McDonald is the President of a gold exploration company. In these positions, each member has been responsible for reviewing financial information and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of the company and its operating results. Each member has a significant understanding of the mineral exploration and mining business in which the Company is engaged in and has an appreciation for the relevant accounting principles for this business.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemptions in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member) or Part 8 (Exemptions).

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in subsection 3.3(2) (Controlled Companies) or section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances).

Reliance on Section 3.8

At no time since the commencement of the Company's most recently completed financial year has the Company relied on section 3.8 (Acquisition of Financial Literacy).

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services that require the auditors to submit to the committee a proposal for services to be provided and cost estimate for approval.

External Auditor Service Fees (Category)

Fiscal Year End	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾
2011	\$331,185	\$10,000	\$125,966	\$2,500
2010	\$332,005	\$98,458	\$94,501	\$-

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under “Audit Fees”.

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) Fees for services other than disclosed in any other column.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or executive officers of the Company, any shareholder directly or indirectly beneficially owning, or exercising control or direction over, shares carrying more than 10% of the voting rights attached to the shares of the Company, nor an associate or affiliate of any of the foregoing persons has since January 1, 2007 (being the commencement of the Company’s third most recently completed financial year) any material interest, direct or indirect, in any transactions that materially affected or would materially affect the Company or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The Company’s registrar and transfer agent, Computershare Trust Company of Canada, is located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9 and its Toronto affiliate is located at Suite 5210, 52nd Floor, 66 Wellington Street West, PO Box 240 TD Centre, Toronto, Ontario M5K 1J3.

LEGAL PROCEEDINGS

The Company has no material legal proceedings to which it is a party as at March 30, 2012, other than as described under the section entitled “Narrative Description of the Business – Risk Factors” in this document.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business or as described in this AIF, the Company has not entered into any other material contracts during the most recently completed financial year, or since January 1, 2002 that are still in full force and effect, and which may be reasonably regarded as presently material.

INTERESTS OF EXPERTS

Ernst & Young LLP prepared an audit report with respect to the Company’s financial statements for the years ended December 31, 2011 and 2010. Neither Ernst & Young LLP, nor any partner, employee or consultant of Ernst & Young LLP involved in the preparation of such report, is known by the Company to hold any securities of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company' s profile on the SEDAR website at www.sedar.com. Financial information relating to the Company is provided in the Company' s comparative consolidated financial statements and management' s discussion and analysis for the most recent fiscal year.

Additional information, including directors and officers' remuneration and indebtedness, principal holders of the Company' s securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company' s information circular dated April 29, 2011 for its Annual and General meeting of shareholders which was held on June 2, 2011.

SCHEDULE “A”**AUDIT COMMITTEE CHARTER****Organization**

This charter governs the operations of the Audit Committee (the “Committee”) of Alamos Gold Inc. (the “Company”). The purpose, composition, responsibilities, and authority of the Committee are set out in this Charter.

This Charter and the Articles of the Company and such other procedures, not inconsistent therewith, as the Committee may adopt from time to time, shall govern the meetings and procedures of the Committee.

Purpose

The Committee shall provide assistance to the Board of Directors of the Company (the “Board”) in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to:

1. the integrity of the Company’s financial statements;
2. the financial reporting process;
3. the systems of internal accounting and financial controls;
4. risk management;
5. the performance of the Company’s internal audit function (if applicable) and independent auditors;
6. the independent auditors’ qualifications and independence; and
7. the Company’s compliance with ethics policies and legal and regulatory requirements.

Composition

The Committee shall be composed of at least three directors of the Company (the “Members”), each of whom is “independent” as defined in National Instrument 52-110 Audit Committees or any successor policy.

All Members shall be “financially literate” as defined in National Instrument 52-110 Audit Committees or any successor policy.

Members shall be appointed by the Board and shall serve until they resign, cease to be a director, or are removed or replaced by the Board.

The Board shall designate one of the Members as chair of the Committee (the “Chair”).

The Members shall appoint, from among their number, a secretary of the Committee (the “Secretary”).

Authority

The Committee is authorized to carry out its responsibilities as set out in this Charter, and to make recommendations to the Board arising therefrom.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage, and to set and pay the compensation of, independent accountants, legal counsel and other advisers as it determines necessary to carry out its duties.

The Committee may also communicate directly with the auditors, legal and other advisors, management and employees of the Company to carry out its responsibilities and duties set out in this Charter.

The Company shall pay directly or reimburse the Committee for the expenses incurred by the Committee in carrying out its responsibilities.

Responsibilities

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behaviour. The following shall be the principal direct responsibilities of the Committee:

1. Appointment and termination (subject, if applicable, to shareholder ratification), compensation, and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditors regarding financial reporting. The Committee shall arrange for the independent auditors to report directly to the Committee.
2. Pre-approve all audit and non-audit services provided by the independent auditors and not engage the independent auditors to perform the specific non-audit services prohibited by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
3. At least annually, obtain and review a report by the independent auditors describing:
 - (a) The firm's internal quality control procedures.
 - (b) Any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
 - (c) All relationships between the independent auditor and the Company (to assess the auditor's independence).

4. Establish clear hiring policies for employees, partners, former employees and former partners of the current and former independent auditors of the Company that meet the requirements of applicable securities laws and stock exchange rules.
5. Discuss with the auditors, the overall scope and plans for audits of the Company's financial statements, including the adequacy of staffing and compensation. Ensure there is rotation of the audit partner having primary responsibility for the independent audit of the Company at such intervals as may be required.
6. Discuss with management and the auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g. Company's Code of Business Conduct and Ethics).
7. Periodically meet separately with management and the auditors to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the auditors to meet privately with the members of the Committee. The Committee shall review with the auditor any audit problems or difficulties and management's response.

The processes set forth represent a guide with the understanding that the Committee may supplement them as appropriate.

Specifically Delegated Duties

For purposes of this Charter, specific accounting, financial and treasury related duties delegated to the Committee by the Company's Board of Directors include:

Accounting and Financial

1. Receive regular reports from the independent auditor on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.
2. Where applicable, review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditor's report on management's assertion.
3. Review and discuss annual and interim earnings press releases before the Company publicly discloses this information.
4. Review and approve the interim quarterly unaudited financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and, where applicable, the independent auditors prior to the filing of the Company's Quarterly Report or their inclusion in any filing with regulatory authorities. Also, the Committee shall discuss the results of the quarterly review, if any, and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The chair of the Committee may represent the entire Committee for the purposes of this review.
5. Review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report to shareholders and any other filing with regulatory authorities, including their judgment about the quality, not just the acceptability of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.

6. The Committee shall discuss any matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards and shall specifically review with the independent auditors, upon completion of their audit:
 - (a) the contents of their report;
 - (b) the scope and quality of the audit work performed;
 - (c) the adequacy of the Company's financial and auditing personnel;
 - (d) co-operation received from the Company's personnel during the audit;
 - (e) significant transactions outside of the normal business of the Company; and
 - (f) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems.
7. Establish procedures for the review of the public disclosure of financial information extracted from the financial statements of the Company.
8. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Treasury Related

1. Monitor and review risk management strategies as they pertain to the Company's general insurance programs, and foreign exchange and commodity hedging programs, and make recommendations to the Board with respect to such strategies.
2. Approve investment policies and appoint investment managers, where appropriate, for the Company's retirement and other funded benefit plans.
3. Perform such other duties in respect of financial matters as, in the opinion of the Board, should be performed by the Committee.

Meetings and Proceedings

The Committee shall meet as frequently as required, but not less than four times each year. Any Member or the independent auditors of the Company may call a meeting of the Committee.

The agenda of each meeting of the Committee will include input from the independent auditors, directors, officers and employees of the Company as appropriate. Meetings will include presentations by management, or professional advisers and consultants when appropriate, and will allow sufficient time to permit a full and open discussion of agenda items.

Unless waived by all Members, a notice of each meeting of the Committee confirming the date, time, place, and agenda of the meeting, together with any supporting materials, shall be forwarded to each Member and the independent auditors of the Company at least three days before the date of the meeting.

The independent auditors of the Company are entitled to attend and be heard at every meeting of the Committee at the expense of the Company.

The quorum for each meeting of the Committee is a majority of the Members. The Chair of the Committee shall chair each meeting. In the absence of the Chair, the other Members may appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.

The Chair of the Committee or his delegate shall report to the Board following each meeting of the Committee.

The Secretary or his delegate shall keep minutes of all meetings of the Committee, including all resolutions passed by the Committee. Minutes of meetings shall be distributed to the Members and the other directors of the Company after preliminary approval thereof by the Chair of the Committee.

The Committee shall meet regularly alone to facilitate full communication.

Self-Assessment

The Committee and the Board shall annually assess the effectiveness of the Committee with a view to ensuring that the performance of the Committee accords with best practices.

The Committee shall review and reassess this Charter at least annually and obtain the approval of the Company's Board for any changes.

Responsibilities of Chair

The Chair of the Committee shall provide leadership to the Committee to enhance the Committee's effectiveness and ensure adherence to this Charter.

The Chair of the Committee is responsible for managing the Committee, including:

- (a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- (b) preparing or providing direction to management to prepare an appropriate agenda for Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
- (c) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings; and
- (d) ensuring meetings are appropriate in terms of frequency, length and content.

This Charter amends, restates, replaces and supersedes the Audit Committee Charter of the Company adopted by the Board on April 28, 2003.

Adopted by the Board of the Company effective December 9, 2008.



2011 FINANCIAL REPORT

December 31, 2011 and 2010

(Based on International Financial Reporting Standards (“IFRS”) and stated in thousands of United States dollars)

INDEX

Management’ s responsibility for financial reporting

Independent Auditors’ report

Consolidated Financial Statements

Consolidated Statements of Financial Position

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements



MANAGEMENT' S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Alamos Gold Inc. have been prepared by, and are the responsibility of the Company' s management.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management' s best estimates and judgments based on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements fairly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company' s assets are safeguarded, transactions are authorized, and financial information is reliable. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and therefore, can provide only reasonable assurance as to financial statement reliability and the safeguarding of assets.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company' s management and external auditors to discuss the results of the audit and to review the consolidated financial statements prior to the Audit Committee' s submission to the Board of Directors for approval. The Audit Committee also reviews the quarterly financial statements and recommends them for approval to the Board of Directors, reviews with management the Company' s systems of internal control, and approves the scope of the external auditors' audit and non-audit work. The Audit Committee is composed entirely of directors not involved in the daily operations of the Company who are thus considered to be free from any relationship that could interfere with their exercise of independent judgment as a Committee member.

The consolidated financial statements have been audited by Ernst & Young LLP, Chartered Accountants and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

February 21, 2012

John A. McCluskey
President and Chief Executive Officer

James R. Porter, CA
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alamos Gold Inc.

We have audited the accompanying consolidated financial statements of Alamos Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, and January 1, 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alamos Gold Inc. as at December 31, 2011 and 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Chartered Accountants
Licensed Public Accountants

Toronto, Canada

February 21, 2012

**ALAMOS GOLD INC.****Consolidated Statements of Financial Position**

(Stated in thousands of United States dollars)

	Note Ref.	December 31, 2011	December 31, 2010	January 1, 2010
A S S E T S				
Current Assets				
Cash and cash equivalents		\$ 169,471	\$ 146,334	\$ 160,682
Short-term investments		53,088	41,846	26,200
Amounts receivable	6	6,147	5,749	2,369
Advances and prepaid expenses		2,117	3,136	1,058
Available-for-sale securities	5	10,355	9,380	-
Other financial assets	5	244	1,094	-
Inventory	7	33,220	25,225	20,026
Total Current Assets		274,642	232,764	210,335
Non-Current Assets				
Exploration and evaluation assets	8	108,454	99,767	521
Mineral property, plant and equipment	9	216,128	173,905	144,822
Total Assets		\$ 599,224	\$ 506,436	\$ 355,678
L I A B I L I T I E S				
Current Liabilities				
Accounts payable and accrued liabilities		\$ 17,024	\$ 14,393	\$ 11,179
Income taxes payable		6,125	3,373	1,988
Current portion of other liabilities	11 b)	363	428	370
Total Current Liabilities		23,512	18,194	13,537
Non-Current Liabilities				
Deferred income taxes	13	35,008	26,866	22,598
Decommissioning liability	11 c)	6,680	7,559	5,115
Other liabilities	11a) b)	474	688	834
Total Liabilities		65,674	53,307	42,084
E Q U I T Y				
Share capital	12 a)	\$ 355,524	\$ 325,867	\$ 251,752
Contributed surplus		27,861	23,316	12,864
Accumulated other comprehensive loss		(1,080)	(1,332)	-
Retained earnings		151,245	105,278	48,978
Total Equity		533,550	453,129	313,594
Total Liabilities and Equity		\$ 599,224	\$ 506,436	\$ 355,678

Commitments and Contingencies

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board



John A. McCluskey
President and Chief Executive Officer



Paul Murphy
Director

**ALAMOS GOLD INC.****Consolidated Statements of Comprehensive Income****For the years ended December 31, 2011 and 2010**

(Stated in thousands of United States dollars, except per share amounts)

	Note Ref.	2011	2010
Operating Revenues		\$ 227,364	\$ 189,272
MINE OPERATING COSTS			
Mining and processing		53,868	46,560
Royalties	16 b)	11,157	9,090
Amortization		23,423	20,486
		88,448	76,136
EARNINGS FROM MINE OPERATIONS		138,916	113,136
EXPENSES			
Exploration		9,540	7,594
Corporate and administrative		9,613	9,187
Share-based compensation	12 b) c)	13,525	16,300
		32,678	33,081
EARNINGS FROM OPERATIONS		106,238	80,055
OTHER INCOME (EXPENSES)			
Finance income		1,717	1,510
Financing expense	11 b),c)	(598)	(451)
Foreign exchange loss		(188)	(39)
Other (loss) income	14	(1,234)	9,393
EARNINGS BEFORE INCOME TAXES		105,935	90,468
INCOME TAXES	13		
Current tax expense		(34,194)	(23,410)
Deferred tax expense		(11,660)	(3,263)
EARNINGS		\$60,081	\$63,795
Other comprehensive income			
- Unrealized loss on securities		(1,089)	(1,332)
- Reclassification of realized gains on available-for-sale securities included in earnings		(280)	-
- Impairment of available-for-sale securities		1,621	-
COMPREHENSIVE INCOME		\$60,333	\$62,463
EARNINGS PER SHARE			
- basic	12 d)	\$0.51	\$0.55
- diluted	12 d)	\$0.51	\$0.55

Weighted average number of common shares outstanding

- basic

117,375,000	115,183,000
-------------	-------------

- diluted

118,669,000	116,907,000
-------------	-------------

The accompanying notes form an integral part of these consolidated financial statements.

**ALAMOS GOLD INC.****Consolidated Statements of Changes In Equity****For the years ended December 31, 2011 and 2010**

(Stated in thousands of United States dollars)

	Number of Shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total Equity
Balance at January 1, 2010	109,850,108	\$251,752	\$12,864	\$0	\$48,978	\$313,594
Share-based compensation	-	-	16,300	-	-	16,300
Shares issued on exercise of Options	2,489,900	23,485	(5,848)	-	-	17,637
Shares issued on acquisition (note 4)	4,000,000	50,630	-	-	-	50,630
Dividends	-	-	-	-	(7,495)	(7,495)
Earnings	-	-	-	-	63,795	63,795
Other comprehensive income (tax impact; nil)	-	-	-	(1,332)	-	(1,332)
Balance at December 31, 2010	116,340,008	\$325,867	\$23,316	(\$1,332)	\$105,278	\$453,129

	Number of Shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total Equity
Balance at January 1, 2011	116,340,008	\$325,867	\$23,316	(\$1,332)	\$105,278	\$453,129
Share-based compensation	-	-	11,935	-	-	11,935
Shares issued on exercise of Options	2,043,000	29,657	(7,390)	-	-	22,267
Dividends	-	-	-	-	(14,114)	(14,114)
Earnings	-	-	-	-	60,081	60,081
Other comprehensive income (tax impact; nil)	-	-	-	252	-	252
Balance at December 31, 2011	118,383,008	\$355,524	\$27,861	(\$1,080)	\$151,245	\$533,550

The accompanying notes form an integral part of these consolidated financial statements.

**ALAMOS GOLD INC.****Consolidated Statements of Cash Flows****For the years ended December 31, 2011 and 2010**

(Stated in thousands of United States dollars)

	2011	2010
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Earnings	\$60,081	\$63,795
Adjustments for items not involving cash:		
Amortization	23,423	20,486
Financing expense	598	451
Unrealized foreign exchange (gain) loss	(3,853)	22
Deferred tax expense	11,660	3,263
Write-down and loss on disposal of assets	-	1,598
Share-based compensation	13,525	16,300
Gain on settlement	-	(11,565)
Gain on sale of securities	(783)	-
Impairment of securities	1,621	-
Other	954	446
Changes in non-cash working capital:		
Fair value of forward contracts	(715)	715
Amounts receivable	(18,218)	(16,635)
Inventory	(6,572)	(4,630)
Advances and prepaid expenses	1,019	(1,892)
Accounts payable, taxes payable and accrued liabilities	23,794	17,294
	106,534	89,648
INVESTING ACTIVITIES		
Purchases of securities (net)	(2,213)	(124)
Acquisition of Turkish properties	-	(40,180)
Short-term investments (net)	(11,242)	(15,646)
Proceeds on sale of equipment	889	1,412
Decommissioning liability	(145)	-
Exploration and evaluation assets	(8,687)	(7,912)
Mineral property, plant and equipment	(68,352)	(53,018)
	(89,750)	(115,468)
FINANCING ACTIVITIES		
Common shares issued	22,267	17,637
Dividends paid	(14,114)	(7,495)
	8,153	10,142
Effect of exchange rates on cash and cash equivalents	(1,800)	1,330
Net increase (decrease) in cash and cash equivalents	23,137	(14,348)
Cash and cash equivalents - beginning of year	146,334	160,682
CASH AND CASH EQUIVALENTS - END OF YEAR	\$169,471	\$146,334
Supplemental information:		

Interest paid	\$ -	\$ -
Interest received	\$1,380	\$ 1,300
Income taxes paid	\$12,825	\$8,300

The accompanying notes form an integral part of these consolidated financial statements.

**Notes to Consolidated Financial Statements****For the years ended December 31, 2011 and 2010**

(Stated in United States dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Alamos Gold Inc., a resident Canadian company, and its wholly-owned subsidiaries (collectively the “Company”) are engaged in the acquisition, exploration, development and extraction of precious metals in Mexico and Turkey. The Company owns and operates the Mulatos mine and holds the mineral rights to the Salamandra group of concessions in the State of Sonora, Mexico, which includes several known satellite gold occurrences. In addition, the Company owns the Ağrı Dağı and Kirazlı gold development projects in Turkey.

2. BASIS OF PREPARATION**Statement of compliance**

These consolidated financial statements, including comparative figures, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles (“GAAP”) to IFRS are included in Note 20.

The consolidated financial statements were authorized for issue by the Board of Directors on February 21, 2012.

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include: impairment of tangible and intangible assets, recoverable reserves, inventory recoveries, share-based payments, decommissioning liabilities, units of production amortization, provisions and contingencies, and recovery of deferred tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years include: determination of functional currency and amortization methods.

i) Impairment:

The Company assesses its mineral property, plant and equipment and exploration and evaluation assets annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.



ii) Recoverable reserves:

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its recoverable reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth, shape and grade of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, production costs, future capital requirements, and foreign exchange rates, along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact the carrying value of exploration and evaluation assets, mineral property, plant and equipment, decommissioning liabilities, and amortization expense.

iii) Units-of-production ("UOP") amortization:

Estimated recoverable reserves are used in determining the amortization of certain mineral property, plant and equipment. This results in an amortization charge proportional to the depletion of the anticipated remaining mine life. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditures. Numerous UOP amortization methods are available to choose from; the Company has adopted a methodology based on estimated recoverable reserves over the life of mine.

iv) Inventory (note 7):

The Company accounts for its in-process precious metals inventory using a process flow for applicable costs appropriate to the physical transformation of ore through the mining, crushing, leaching and gold recovery process. The Company is required to estimate the ultimate recovery based on laboratory tests and ongoing analysis of leach pad kinetics in order to determine the recoverable metals from the leach pad at the end of each accounting period. If the Company determines at any time that the ultimate recovery should be adjusted downward, then the Company will adjust the average carrying value of a unit of metal content in the in-process inventory and adjust upward on a prospective basis the unit cost of subsequent production. Should an upward adjustment in the average carrying value of a unit of metal result in the carrying value exceeding the realizable value of the metal, the Company would write down the carrying value to the realizable value.

v) Share based payments (note 12 b), c):

The Company follows accounting guidelines in determining the fair value of share-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options or stock appreciation rights before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation incorporates an expected forfeiture rate. The expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates, and is adjusted if the actual forfeiture rate differs from the expected rate.

The resulting value calculated is not necessarily the value that the holder of the instrument could receive in an arm's length transaction, given that there is no market for these instruments and they are not transferable. It is management's view that the value derived is highly subjective and dependent upon the input assumptions made.

vi) Decommissioning liabilities (note 11 c):

The Company is required to determine the expected value of the estimated costs of decommissioning liabilities and to recognize this value as a liability when reasonably determinable. Key assumptions in determining the amount of the liability are: total undiscounted cash outflows, expected timing of payment of the cash outflows and



appropriate inflation and discount rates to apply to the timing of cash outflows. Because the liability is recorded on a discounted basis, it is increased due to the passage of time with an offsetting charge to financing expense in the statement of comprehensive income. The Company calculated its estimated mine site closure costs based on a mine closure and reclamation plan prepared by management and reviewed by an independent third party. The majority of the expenditures associated with reclamation and mine closure will be incurred at the end of the mine life, expected to be approximately 9 years based on expected proven and probable reserves and the current rate of production.

vii) Provisions (note 11):

The Company records provisions which include various estimates, including the Company's best estimate of the future costs associated with settlement of the obligation, and discount rates applied. Such estimates are necessarily calculated with reference to external sources, all of which are subject to annual review and change.

viii) Recovery of deferred tax assets (note 13):

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows and the application of existing tax laws in each jurisdiction.

Functional and presentation currency

These consolidated financial statements are presented in United States dollars ("USD"), which is the functional currency of the Company and all its subsidiaries.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain derivative and available-for-sale financial instruments which are measured at fair value. The Company prepares its consolidated financial statements, except for cash flow information, using the accrual basis of accounting.



3. SIGNIFICANT ACCOUNTING POLICIES

Summarized below are those policies considered significant to the Company. All accounting policies have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated. References to the Company included herein are inclusive of the Canadian parent company and its consolidated subsidiaries.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

The consolidated financial statements include the financial statements of the parent company, Alamos Gold Inc., and its subsidiaries as listed below:

	Country of Incorporation	Equity Interest	
		2011	2010
Alamos Gold Inc.	Canada	-	-
Minas de Oro Nacional, S.A. de C.V.	Mexico	100%	100%
Servicios Administrativos y Operativos S.A. de C.V.	Mexico	100%	100%
Minera Bienvenidos S.A. de C.V.	Mexico	100%	100%
Kuzey Biga Madencilik Sanayi Ticaret AS	Turkey	100%	100%
Dogu Biga Madencilik Sanayi Ticaret AS	Turkey	100%	100%
Alamos Eurasia Madencilik AS	Turkey	100%	100%

Foreign currency transactions

Transactions in foreign currencies are converted to the Company's functional currency at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated into the Company's functional currency at the exchange rate prevailing at the Statement of Financial Position date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. Revenues and expenses are translated at exchange rates prevailing on the date of the transactions, with the exception of inventory transfers and amortization which are translated at historical exchange rates. All exchange gains and losses are included in the determination of earnings.

Revenue recognition

Revenue is earned from the sale of gold and is recognized when dore or refined metal is delivered to a purchaser pursuant to a purchase agreement that fixes the quantity and price of the metal for each delivery. Revenue is measured at the fair value of the consideration received or receivable.

Costs incurred or premium income related to forward sales or option contracts are recognized in revenue when the contract is settled. Changes in the fair value of outstanding forward sales or option contracts are recognized in earnings.



Inventory

Inventory which includes gold-in-process, dore and parts and supplies, is stated at the lower of cost or net realizable value.

- (i) Dore represents a bar containing predominantly gold by value which is generally refined off-site to return saleable metals. Dore inventory is valued at the lower of average cost to produce the dore and net realizable value.
- (ii) In-process inventory represents costs that are incurred in the process of converting mineralized ores into partially refined precious metals, or dore. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form. The recovery of gold from ore is achieved through the heap leaching process. Under this method, ore is crushed and placed on leach pads where it is treated with a chemical solution, which dissolves the gold contained in the ore. The resulting “pregnant” solution is further processed in a plant where the gold is recovered.

Cost of in-process inventory includes operating costs incurred to that stage of the process plus amortization of mineral property, plant and equipment relating to that stage of the process. Costs capitalized to in-process inventory include direct and indirect materials and consumables; direct labour; repairs and maintenance; utilities; amortization of mineral property, plant and equipment; and local mine administrative expenses. Costs are removed from in-process inventory and transferred to dore inventory as ounces are produced based on the average cost per recoverable ounce on the leach pad. Costs are recorded in mining and processing costs in the statement of comprehensive income on the sale of refined gold, as well as the impact of inventory movement reflected through mining and processing costs in the statement of comprehensive income. Recoverable gold on the leach pads is estimated based on the quantities of ore placed on the leach pads (based on measured tonnes added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on estimated ultimate recovery assumptions). The nature of the leaching process inherently limits the ability to precisely monitor inventory levels; as a result, estimates are refined based on actual results over time. The ultimate recovery of gold from leach pads will not be known until the leaching process is concluded at the end of the mine life.

- (iii) Parts and supplies inventory is valued at the lower of average cost and net realizable value. Provisions are recorded to reflect present intentions for the use of slow moving and obsolete parts and supplies inventory.

Mineral property, plant and equipment

i) Mineral property acquisition and mine development costs:

The Company may hold interests in mineral property in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights. The Company capitalizes payments made in the process of acquiring legal title to these properties.

Property acquisition and mine development costs are recorded at cost. Pre-production expenditures are capitalized until the commencement of production. Mine development costs incurred to expand operating capacity, develop new orebodies or develop mine areas in advance of current production are capitalized. Mine development costs related to current period production are charged to operations as incurred. Interest on financing attributable to mine development is capitalized to mine development costs while construction and development activities at the property are in progress. When the property is placed into production, those capitalized costs are included in the calculation of the amortization of mine development costs. Property acquisition and mine development costs are amortized by the units-of-production method based on estimated recoverable reserves.



ii) Exploration and evaluation expenditures:

Exploration expenditures on non-producing properties, including drilling and related costs, identified as having development potential, as evidenced by a positive economic analysis of the project, are treated as mine development costs and capitalized. Expenditures incurred on deposits contiguous with a known deposit which has undergone a positive economic analysis are treated as mine development costs and capitalized. Exploration and evaluation expenditures on properties prior to the establishment of a positive economic analysis are charged to operations as incurred. Drilling costs incurred during the production phase for operational ore control are charged to operations as incurred.

iii) Mining plant and equipment:

Plant and equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset. Borrowing costs on qualifying assets are capitalized until the asset is capable of carrying out its intended use. Plant and equipment is amortized on a units-of-production basis over estimated recoverable reserves, or on a straight-line basis over the estimated useful life of the asset, whichever period is lower.

Estimates of residual values, useful lives and methods of amortization are reviewed each reporting period, and adjusted prospectively if appropriate.

iv) Subsequent costs:

The cost of replacing part of an item within mineral property, plant and equipment is recognized when the cost is incurred and it is probable that the future economic benefits will flow to the Company, and the costs can be measured reliably. The carrying amount of the part that has been replaced is expensed. Routine repairs and maintenance are expensed as incurred.

v) Impairment:

The carrying values of mineral property, plant and equipment are reviewed for indications of impairment at each reporting date. When impairment indicators exist, then the asset's recoverable amount is estimated.

If it is determined that the estimated recoverable amount is less than the carrying value of an asset, or its cash-generating unit ("CGU"), then a write-down is made with a charge to operations. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (the CGU). Impairment losses recognized in respect of CGU's are allocated on a pro rata basis to the assets in the unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows of a mine or development property are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Estimated future cash flows include estimates of recoverable ounces of gold based on proven and probable reserves. To the extent that economic value exists beyond the proven and probable reserves of a mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding gold prices, production levels, capital, reclamation costs and income taxes. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows could affect the recoverability of long-lived assets.

(vi) Reversal of impairment:

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.



Cash and cash equivalents

Cash and cash equivalents, which include cash and highly liquid investments with original maturities of three months or less at the date of acquisition, are recorded at cost, which approximates fair value.

Short-term investments

Short-term investments, which represent highly liquid investments with original maturities of greater than three months at acquisition, are recorded at cost, which approximates fair value.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in earnings except to the extent it relates to items recognized directly in equity or in other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit

- goodwill

- taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs except to the extent it relates to items recognized directly in equity or in other comprehensive income.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced to its recoverable amount.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to the same taxable entity and income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Share-based payments

The Company grants stock options to buy common shares of the Company through its stock option plan as described in note 12 b). The Company accounts for share-based payments using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized is adjusted to reflect the number of share options expected to vest.



In addition, the Company grants stock appreciation rights (“SARs”) as described in note 12 c). The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is determined using the Black-Scholes option pricing model, and is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured using the option pricing model at each reporting date, and at the intrinsic value on the settlement date. Any changes in the fair value of the liability are recognized as an expense in the statement of comprehensive income.

Decommissioning liabilities

The Company’s mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and will continue to make expenditures to comply with such laws and regulations. The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. Decommissioning costs expected to be incurred in the future are estimated by the Company’s management based on the information available to them. Actual decommissioning costs could be materially different from the current estimates. Any change in cost estimates, discount rates, or other assumptions should additional information become available would be accounted for on a prospective basis. The Company’s estimates are reviewed annually for changes in planned operations, regulatory requirements, discount rates, effects of inflation and changes in estimates.

The net present value of the future rehabilitation cost estimates arising from decommissioning of property, plant and equipment is recognized in the period in which it is incurred with an offsetting amount being recognized as an increase in the carrying amount of the corresponding mining asset. This asset is amortized on a unit-of-production basis over the estimated life of the mine while the corresponding liability accretes to its undiscounted value by the end of the mine’s life (note 11 c).

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Employee future benefits

The Company’s Mexican operations are subject to Mexican statutory laws and regulations governing employee termination benefits. Employee future benefits include statutorily mandated accrued benefits payable to employees in the event of termination in certain circumstances. The net present value of termination benefits are recognized as an expense and associated liability when the amount can be reasonably estimated at the discounted value of the expected future payments (note 11 a).

Financial instruments

The Company’s financial instruments consist primarily of monetary assets and liabilities, the fair value of which approximate their carrying value due to the short-term nature of these instruments.

The Company may enter into foreign exchange forward contracts to manage the Company’s exposure to fluctuations in the Canadian and United States dollar and Mexican peso foreign



exchange rates. The Company may also enter into forward gold sale transactions. These forward contracts are marked-to-market and recognized in the consolidated financial statements at their fair value.

Financial assets

Financial assets are classified into one of four categories:

- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available for sale (“AFS”); and,
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets:

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in earnings. The Company has classified its cash and cash equivalents, short-term investments and share purchase warrants held in third party companies as FVTPL financial assets, which are included in other financial assets on the statement of financial position.

(ii) HTM investments:

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not currently have any assets classified as HTM investments.

(iii) AFS financial assets:

Non-derivative financial assets, including investments in securities, are classified as AFS and are stated at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange differences are recognized in other comprehensive income and presented within equity in accumulated other comprehensive income (loss). As a result, the assets' carrying values approximate their fair values.

Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in earnings rather than equity. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in accumulated other comprehensive income (loss) is included in earnings for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot foreign exchange rate at the statement of financial position date. The change in fair value attributable to translation differences on the amortized cost of the asset is recognized in earnings, while other changes are recognized in equity.



(iv) Loans and receivables:

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value plus any directly attributable transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified.

(v) Impairment:

A financial asset, other than those classified as FVTPL, is assessed at each reporting period date for indicators of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in accumulated other comprehensive income (loss), and presented in unrealized gains/losses on available-for-sale financial assets in equity, to earnings. The cumulative loss that is removed from accumulated other comprehensive income (loss) and recognized in earnings is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in earnings.

If, in a subsequent period, the fair value of an impaired available-for-sale security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in earnings, then the impairment loss is reversed, with the amount of the reversal recognized in earnings. However, any subsequent recovery in the fair value of an impaired available-for-sale security is recognized in other comprehensive income.

(vi) Determination of fair value:

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of the fair value of financial assets and liabilities.

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined that available-for-sale instruments and other financial assets fall within level 1 of the fair value hierarchy, and all other financial instruments outstanding as at the date of the statement of financial position fall within level 2 of the fair value hierarchy.

**Financial liabilities****(i) Other financial liabilities:**

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company has classified accounts payable and accrued liabilities, dividends payable, and property acquisition liabilities as other financial liabilities.

Earnings per share

Basic earnings per share is calculated by dividing the net earnings available to common shareholders divided by the weighted average number of common shares outstanding during the year. The diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments and gains or losses on certain derivative instruments. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented, net of tax, in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

Future accounting policy changes

The following are new pronouncements approved by the IASB. The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods.

(i) IFRS 9 Financial Instruments was issued by the IASB on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The impact of IFRS 9 on the Company's financial instruments has not been determined.

(ii) IFRS 10 Consolidated Financial Statements is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities ("SPE's"). IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27. The impact of adoption of IFRS 10 on the consolidated financial statements has not been determined.

(iii) IFRS 12 Disclosure of Interests in Other Entities was released in May 2011 and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this standard earlier, it does not need to apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure



requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. Given the nature of the Company's interests in other entities, the Company does not expect the amendments to have a material impact on the financial statements.

(iv) IFRS 13 Fair Value Measurement, was issued in May 2011 and is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on earnings or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of IFRS 13 has not yet been determined.

(v) Amendments to IAS 1 Presentation of Financial Statements was issued in June 2011 and is effective for annual periods beginning on or after July 1, 2012. IAS 1 should be applied retrospectively, but early adoption is permitted. The amendments require that an entity present separately the items of OCI that may be reclassified to earnings in the future from those that would never be reclassified to earnings. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the earnings and other comprehensive income in two statements has remained unchanged. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of the amendments has not yet been determined.

(vi) IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine was issued in October 2011, and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRIC 20 sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that the stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRIC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of IFRIC 20 has not yet been determined.



4. ACQUISITION OF TURKISH PROPERTIES

On January 6, 2010, the Company completed the acquisition of the Ağı Dağı and Kirazlı gold projects (the “projects”) through the purchase of certain Turkish subsidiaries held by Fronteer Development Group Inc. (“Fronteer”) and Teck Resources Limited (“Teck”).

The transaction did not meet the definition of a business combination. Consequently, the transaction was recorded as an acquisition of an asset.

The Company paid a total of USD\$40 million cash and issued an aggregate of 4 million common shares to Teck (as to 60%) and Fronteer (as to 40%) in total consideration for the projects. In addition, a third party has a 2% Net Smelter Return Royalty on production from the Ağı Dağı project. The total purchase price was \$91,334,000, including transaction costs of \$704,000.

The purchase price was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration on the closing date of acquisition. All financial assets acquired and financial liabilities assumed were recorded at fair value. The fair value of the net assets acquired was in excess of the consideration paid and was therefore allocated to mineral property, plant and equipment on a pro rata basis.

Assets acquired and liabilities assumed	(\$000)
Current assets	260
Mineral property, plant and equipment	91,074
	<u>\$91,334</u>
 Consideration paid	 (\$000)
Cash	40,000
Issuance of shares	50,630
Transaction costs	704
	<u>\$91,334</u>

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Assets and Liabilities

The carrying value of the Company’s financial instruments is classified into the following categories:

	December 31 2011	December 31, 2010	January 1, 2010
	(\$000)	(\$000)	(\$000)
Fair value through profit or loss (“FVTPL”) ⁽¹⁾	222,559	188,180	186,882
Derivative instruments designated as FVTPL ⁽²⁾	244	1,094	-
Available-for-sale securities ⁽³⁾	10,355	9,380	-
Loans and receivables (Note 6)	6,147	5,749	2,369
Derivative contracts designated as FVTPL ⁽⁴⁾	-	(715)	-
Other financial liabilities ⁽⁵⁾	(23,650)	(17,831)	(14,113)

- (1) Includes cash of \$44.8 million (December 31, 2010 - \$80.6 million, January 1, 2010 - \$101 million), cash equivalents of \$124.7 million (December 31, 2010 - \$65.7 million, January 1, 2010 - \$59.7 million) and short-term investments of \$53.1 million (December 31, 2010 - \$41.8 million, January 1, 2010 - \$26.2 million).
- (2) Includes the Company' s investment in the warrants of a publicly traded company.
- (3) Includes the Company' s investment in the common shares of publicly traded entities.
- (4) Includes the Company' s foreign currency forward and option contracts and gold option contracts which, for accounting purposes, are not designated as effective hedges. These are classified within accounts payable and accrued liabilities as at December 31, 2010 in the consolidated balance sheets.
- (5) Includes all other accounts payable and accrued liabilities, income taxes payable, and property acquisition obligations.

**b) Derivative Financial Instruments**

The Company may utilize financial instruments to manage the risks associated with fluctuations in the market price of gold and foreign exchange rates. At December 31, 2011 and 2010, and January 1, 2010, the Company had no outstanding gold forward contracts.

At December 31, 2011, the Company had outstanding contracts to deliver \$10 million Canadian dollars ("CAD") in exchange for a fixed amount of USD at future dates up to March 2012, with CAD:USD rates ranging of 1.03:1 to 1:02-1. The mark-to-market gain associated with these contracts as at December 31, 2011 was nominal (December 31, 2010 - loss of \$0.7 million, January 1, 2010 - nil).

c) Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including commodity price, foreign exchange and interest rate risk), credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company may use derivative financial instruments to hedge certain risk exposures. The Company does not purchase derivative financial instruments for speculative investment purposes.

Risk management is the responsibility of the corporate finance function. The Company's corporate finance function identifies, evaluates and, where appropriate, hedges financial risks. Material risks are monitored and are regularly discussed with the Audit Committee of the Board of Directors.

i. Commodity Price Risk

The Company is exposed to commodity price risk associated with the volatility in the market price of gold. Gold prices are affected by factors beyond the Company's control, including investment and physical demand, central bank purchases and sales, producer hedging activities, the relative exchange rate of the United States dollar with other major currencies and political and economic conditions. Worldwide gold production levels also affect gold prices, and the price of gold can be subject to high levels of short-term volatility due to speculative activities. The Company may enter into derivative financial instruments to manage the Company's exposure to commodity price risk. However, at this time, the Company has elected not to actively manage its long-term exposure to commodity price risk through the use of derivative financial instruments.

ii. Foreign Exchange Risk

Certain of the Company's financial assets and liabilities are denominated in Canadian dollars, Mexican pesos or Turkish Lira. In addition, the Company incurs certain operating costs denominated in Canadian dollars, Mexican pesos or Turkish Lira. Accordingly, the Company is exposed to financial gain or loss as a result of foreign exchange movements against the United States dollar, and the Company's operating costs are affected by changes in foreign exchange rates in those currencies.

The Company has elected to hedge a portion of its exposure to fluctuations in the Canadian dollar by buying \$10 million CAD fixed rate forward contracts. At December 31, 2011, the Company had Canadian-dollar denominated assets of approximately \$22 million. At this level of exposure to fluctuations in the value of the Canadian dollar, a 10% increase (decrease) in the value of the Canadian dollar compared to the United States dollar could result in a foreign exchange gain/(loss) of approximately \$1.2 million.

In addition, corporate and administrative costs associated with the Company's head office in Toronto are mainly denominated in Canadian dollars. A 10% increase/(decrease) in the value of the Canadian dollar compared to the United States dollar could increase/(decrease) the Company's reported corporate and administrative costs by approximately \$0.9 million annually.



The Company also 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 could expose the Company to a foreign exchange gain or loss. The Company partially offsets its balance sheet exposure to changes in the Mexican peso/United States dollar exchange rate by maintaining cash balances in Mexican pesos to offset a portion of its future tax liabilities and taxes payable balances that are denominated in Mexican pesos. As at December 31, 2011, the Company had net Mexican peso-denominated liabilities of approximately \$36 million. A 10% increase (decrease) in the value of the Mexican peso compared to the United States dollar could result in a foreign exchange loss/(gain) of approximately \$3.6 million.

In addition, transactional foreign exchange gains and losses may result from the Company's inability to predict the exact timing of peso cash receipts and cash outflows. Due to the recent volatility in the value of the Mexican peso, transactional foreign exchange gains and losses can be significant. If the Mexican peso strengthens against the United States dollar, the Company's operating costs (as reported in equivalent United States dollars) increase. A 10% decrease (increase) in the value of the Mexican peso compared to the United States dollar could decrease (increase) the Company's reported mining and processing costs and increase (decrease) reported earnings before income taxes by approximately \$4.5 million annually.

Finally, the Company has exposure to monetary assets and liabilities denominated in Turkish Lira. Cash balances, outstanding amounts receivable, accounts payable or tax liabilities denominated in Turkish Lira could expose the Company to a foreign exchange gain or loss. At December 31, 2011, the Company had net Turkish Lira-denominated assets of approximately \$5 million. A 10% increase (decrease) in the value of the Turkish Lira compared to the United States dollar could result in a foreign exchange gain (loss) of approximately \$0.5 million.

iii. Interest Rate Risk

The Company's interest rate risk related to interest-bearing debt obligations is not material as the Company has no outstanding debt. As a result of the Company's minimal exposure to fluctuations in market interest rates, the Company has elected not to enter into interest rate swaps or other active interest rate management programs at this time.

iv. Credit Risk

Credit risk arises from cash and cash equivalents and short-term investments held with banks and financial institutions, derivative financial instruments (including forward gold sales contracts) and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the related financial assets.

The objective of managing counter-party credit risk is to prevent losses in financial assets. The Company assesses the quality of its counter-parties, taking into account their creditworthiness and reputation, past experience and other factors. The Company only enters into forward gold sales contracts with large reputable financial institutions.

The carrying value of amounts receivable are reduced through the use of an allowance account (when applicable) and the amount of any allowance is recognized as a loss and included in operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for amounts receivable. The majority of the Company's receivable balances consist of Mexican and Turkish value-added tax recoverable claims. The Company is exposed to credit risk in the case that the subject country is unable to reimburse the recoverable taxes owed. As at December 31, 2011, the Company was owed \$3.7 million and \$2.3 million from the Mexican and Turkish governments respectively.

v. Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements



at any point in time. At December 31, 2011, the Company had cash and cash equivalents, short-term investments of \$222.6 million, accounts payable and accrued liabilities of \$17.0 million and no debt. The Company expects that planned construction and development projects at its current operations will be financed from existing cash balances and future operating cash flows. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable and it is not currently known whether the Company will require external financing in future periods.

6. AMOUNTS RECEIVABLE

	December 31, 2011	December 31, 2010	January 1, 2010
	(\$000)	(\$000)	(\$000)
Accounts receivable	215	1,864	248
Mexican value-added tax ⁽¹⁾	3,662	2,460	2,121
Turkish value-added tax	2,270	1,425	-
	\$6,147	\$5,749	\$2,369

- ⁽¹⁾ As permitted by Mexican tax law, the Company offset \$16.9 million of Mexican value-added tax receivables against its current taxes payable liability in 2011 (December 31, 2010 - \$14.2 million, January 1, 2010 - \$10.0 million) which is not reflected in the Consolidated Statements of Cash Flows.

7. INVENTORY

	December 31, 2011	December 31, 2010	January 1, 2010
	(\$000)	(\$000)	(\$000)
Precious metals dore and refined precious metals	5,484	5,201	3,565
In-process precious metals	11,894	10,469	7,191
Parts and supplies	15,842	9,555	9,270
	\$33,220	\$25,225	\$20,026

The carrying value of inventory is calculated using weighted average cost. The amount of inventory charged to operations as mining and processing costs during the year ended December 31, 2011 was \$55.8 million (December 31, 2010 - \$46.5 million). The amount of inventory charged to operations as amortization in the year ended December 31, 2011 was \$19.1 million (December 31, 2010 - \$16.2 million).

8. EXPLORATION AND EVALUATION ASSETS

On January 6, 2010, the Company acquired 100% of the Ađi Dađı and Kirazlı Projects through the purchase of three Turkish companies for consideration of \$91.3 million including transaction costs, consisting of USD\$40 million cash and issuance of 4 million common shares. In addition, a third party has a 2% Net Smelter Return Royalty on production from the Ađi Dađı project. Exploration and evaluation assets are not subject to amortization.



The following is a continuity of the Company's exploration and evaluation assets for the years ended December 31, 2011 and 2010.

	Total
	((\$000))
Cost as at January 1, 2010	521
Additions	99,246
Cost as at December 31, 2010	99,767
Additions	8,687
Cost as at December 31, 2011	\$108,454

Exploration and evaluation immediately expensed are included in exploration expense in the statements of comprehensive income and totaled \$9.5 million for the year ended December 31, 2011 (December 31, 2010 - \$7.6 million).

9. MINERAL PROPERTY, PLANT AND EQUIPMENT

In 2003, the Company acquired a 100% interest in the Salamandra group of concessions, in consideration for the payment of CAD\$11.2 million. Certain concessions within the acquired properties are subject to a sliding scale net smelter royalty payable at a rate of 5% of the value of gold and silver production (note 16 b). Included within the Salamandra group of concessions is the Mulatos mine which began operations in 2005. With the achievement of commercial production on April 1, 2006, production, to a maximum of two million ounces of gold from certain concessions, became subject to royalty.

The majority of the Company's property, plant and equipment in operations is amortized on a units-of-production basis over an estimated ten year mine life. Certain mining and office equipment is amortized on a straight line basis over periods ranging from two to five years.

Included in mineral property and mine development are the Escondida development, Mulatos relocation and construction-in-progress costs totaling \$90.6 million at December 31, 2011 (December 31, 2010 - \$46.5 million, January 1, 2010 - \$17.4 million) which are not subject to amortization until such time as the related assets are used in operations.

For the year ended December 31, 2011, approximately \$4.6 million was offset against deferred development costs, representing the net operating income generated from Escondida during the pre-production phase. In accordance with IFRS, the Company has credited the operating income earned on the sale of ore extracted and processed from the Escondida zone against the capitalized development costs.



The following is a continuity of the Company's mineral property, plant and equipment for the year ended December 31, 2011.

	Mining plant and equipment (\$000)	Office and computer equipment (\$000)	Construction in progress (\$000)	Subtotal (\$000)	Mineral property and deferred development (\$000)	Total (\$000)
Cost as at January 1, 2011	152,606	1,733	6,236	160,575	97,697	258,272
Additions	3,696	642	34,984	39,322	28,963	68,285
Disposals	(231)	-	-	(231)	-	(231)
Transfers from construction in progress	17,322	-	(17,322)	-	-	-
Cost as at December 31, 2011	\$173,393	\$2,375	\$23,898	\$199,666	\$126,660	\$326,326
Accumulated amortization and impairment as at January 1, 2011	57,943	859	-	58,802	25,565	84,367
Amortization expense	18,838	415	-	19,253	6,780	26,033
Disposals	(202)	-	-	(202)	-	(202)
Accumulated amortization and impairment as at December 31, 2011	\$76,579	\$1,274	\$-	\$77,853	\$32,345	\$110,198
Net book value as at December 31, 2011	\$96,814	\$1,101	\$23,898	\$121,813	\$94,315	\$216,128



2011 FINANCIAL REPORT

The following is a continuity of the Company's mineral property, plant and equipment for the year ended December 31, 2010.

	Mining plant and equipment (\$000)	Office and computer equipment (\$000)	Construction in progress (\$000)	Subtotal (\$000)	Mineral property and deferred development (\$000)	Total (\$000)
Cost as at January 1, 2010	132,200	1,212	2,528	135,940	74,742	210,682
Additions	3,352	541	46,556	50,449	1,368	51,817
Change in decommissioning liability	-	-	-	-	2,036	2,036
Disposals	(6,243)	(20)	-	(6,263)	-	(6,263)
Transfers from construction in progress	23,297	-	(42,848)	(19,551)	19,551	-
Cost as at December 31, 2010	\$152,606	\$1,733	\$6,236	\$160,575	\$97,697	\$258,272
Accumulated amortization and impairment as at January 1, 2010	45,512	615	-	46,127	19,733	65,860
Amortization expense	14,864	245	-	15,109	5,832	20,941
Disposals	(2,433)	(1)	-	(2,434)	-	(2,434)
Accumulated amortization and impairment as at December 31, 2010	\$57,943	\$859	\$-	\$58,802	\$25,565	\$84,367
Net book value as at December 31, 2010	\$94,663	\$874	\$6,236	\$101,773	\$72,132	\$173,905
Net book value as at January 1, 2010	\$86,688	\$597	\$2,528	\$89,813	\$55,009	\$144,822

10. DIVIDENDS

	Year ended December 31, 2011	Year ended December 31, 2010
	(\$000)	(\$000)
Declared and paid during the period	14,114	7,495
	\$14,114	\$7,495
Dividend per share	\$0.12	\$0.065

11. PROVISIONS

a) Employee future benefits

The Company accrues employee future benefits for all contract workers paid through its subsidiary employment services company. These benefits consist of a one-time payment equivalent to twelve days' wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with fifteen or more years of service, as well as to certain employees terminated involuntarily prior



to the vesting of their seniority premium benefit. Under Mexican Labour Law, the Company also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months' wages upon involuntary termination without just cause.

The liability associated with the seniority and termination benefits is calculated as the present value of expected future payments. In determining the expected future payments, assumptions regarding employee turnover rates, inflation, minimum wage increases and expected salary levels are required and are subject to review and change.

A continuity of the employee future benefits provision is as follows:

	Year ended December 31, 2011	Year ended December 31, 2010
	(\$000)	(\$000)
Obligations at beginning of period	336	258
Current service cost	97	151
Payments made against the liability	(53)	(83)
Impact of foreign exchange	(44)	10
Obligations at end of period	\$336	\$336

b) Property acquisition obligations

The Company is in the process of acquiring property adjacent to its present and prospective mining operations, including property comprising the town of Mulatos. Property owners and possessors are being offered a comprehensive benefits package including compensation for their property and/or relocation benefits. In certain cases, relocation benefits include deferred monthly payments over periods varying from three to five years. Obligations are recognized when a legal contract is signed by both parties and are measured at the discounted value of expected future payments. The discounted value accretes to the estimated future value over the period of the payment obligation. At December 31, 2011 and December 31, 2010, the Company applied a discount rate of 4.50% to expected future payments.

Additional future property acquisition, relocation benefits, legal and related 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.

A continuity of property acquisition obligations is as follows:

	Year ended December 31, 2011	Year ended December 31, 2010
	(\$000)	(\$000)
Obligations at beginning of period	780	946
Payments made and revisions in estimated cash flows and changes in assumptions	(311)	(209)
Accretion of discounted cash flows	32	43
Obligations at end of period	\$501	\$780

Comprising:

Current obligation	\$363	\$428
Non-current obligations	138	352
	\$501	\$780

**c) Decommissioning liability**

The fair value of a decommissioning liability is recognized in the period in which it is incurred, on a discounted cash flow basis, if a reasonable estimate can be made. The liability accretes to its full value over time through charges to earnings. In addition, the fair value is added to the carrying amount of the Company's mineral property, plant and equipment, and is amortized on a units-of-production basis over the life of the Mine.

A continuity of the decommissioning liability is as follows:

	Year ended December 31, 2011	Year ended December 31, 2010
	(\$000)	(\$000)
Obligations at beginning of period	7,559	5,115
Revisions in estimated cash flows and changes in assumptions	(1,300)	2,036
Payments made against the liability	(145)	-
Accretion of discounted cash flows	566	408
Obligations at end of period	\$6,680	\$7,559

Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time.

The assumptions used in the determination of the decommissioning liability are as follows as at:

	December 31, 2011	December 31, 2010	January 1, 2010
Estimated cost (\$000)	13,431	15,682	11,042
End of mine life	2020	2020	2019
Discount rate	7.8%	7.5%	8%

12. SHARE CAPITAL

a) Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

	Number of Shares	Amount (\$000)
Outstanding at January 1, 2010	109,850,108	251,752
Acquisition of Turkish properties (note 4)	4,000,000	50,630
Exercise of stock options	2,489,900	17,637
Transfer from contributed surplus to share capital for stock options exercised	-	5,848
Outstanding at December 31, 2010	116,340,008	325,867
Exercise of stock options	2,043,000	22,267
Transfer from contributed surplus to share capital for stock options exercised	-	7,390
Outstanding at December 31, 2011	118,383,008	\$355,524



b) Stock options

The Company has a stock option plan (the “Plan”), originally approved by the Board of Directors (the “Board”) on April 17, 2003, and amended and ratified on May 25, 2007, May 15, 2008, April 7, 2009, and June 2, 2010, which allows the Company to grant incentive stock options to its directors, officers, employees and consultants. Under the Plan, the number of shares reserved for issuance cannot exceed 10% of the total number of shares which are outstanding on the date of grant. The exercise price, term (not to exceed ten years) and vesting provisions are authorized by the Board at the time of the grant.

Stock options granted to directors, officers and certain consultants under the Plan are exercisable for a five-year period, and options granted to employees are generally exercisable for a three-year period. Incentive stock options granted vest 20% on the date of grant, and 20% at each six-month interval following the date of grant.

The Plan is subject to shareholder approval and ratification every three years. The Plan was last approved by shareholders of the Company on May 15, 2008. The Company elected to withdraw its proposal to shareholders to ratify the existing Plan at its Annual and Special meeting held on June 2, 2011. As a result, the Plan expired on May 15, 2011. Accordingly, stock options outstanding at May 15, 2011 remain outstanding and exercisable subject to their initial terms and vesting conditions. New stock options cannot be granted until such time as the Company receives shareholder approval.

The following is a continuity of the changes in the number of stock options outstanding for the years ended December 31, 2011 and 2010:

	Number	Weighted average exercise price (\$CAD)
Outstanding at January 1, 2010	5,511,800	\$7.82
Granted	4,021,000	14.72
Exercised	(2,489,900)	7.26
Forfeited	(128,200)	10.63
Outstanding at December 31, 2010	6,914,700	\$11.98
Granted	2,115,000	14.30
Exercised	(2,043,000)	10.64
Forfeited	(581,000)	14.43
Outstanding at December 31, 2011	6,405,700	\$12.95

The weighted average share price at the date of exercise for stock options exercised in 2011 was CAD \$17.34 (2010 - \$15.60).

For the year ended December 31, 2011, the Company granted 2,115,000 incentive stock options to purchase common shares in the capital of the Company at exercise prices ranging from CAD \$14.24 per share to CAD \$16.39 per share. For the year ended December 31, 2010, the Company granted 4,021,000 incentive stock options at an exercise prices ranging from CAD \$13.04 to CAD \$17.28 per share.



The fair value of stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

For options granted in the year ended	December 31, 2011	December 31, 2010
Weighted average share price at grant date	\$14.30	\$14.72
Risk-free rate	1.7%-2.3%	1.2%-2.6%
Expected dividend yield	0.43% - 0.58%	Nil - 0.43%
Expected stock price volatility (based on historical volatility)	42%-58%	42%-67%
Expected option life, based on terms of the grants (months)	20-60	20-60
Weighted average per share fair value of options granted	\$4.96	\$5.80

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants.

As at December 31, 2011, 4,685,300 stock options were exercisable. The remaining 1,720,400 outstanding stock options vest over the following two years.

Stock options outstanding and exercisable as at December 31, 2011:

Range of exercise prices (\$CAD)	Outstanding			Exercisable	
	Number of options	Weighted average exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (\$CAD)
\$6.00 - \$8.00	843,100	7.22	0.41	843,100	7.22
\$8.01 - \$10.00	893,000	9.72	2.22	893,000	9.72
\$10.01 - \$14.00	140,000	12.95	2.52	70,000	12.70
\$14.01 - \$15.00	4,444,600	14.61	3.40	2,830,200	14.70
\$15.01 - \$17.28	85,000	16.71	1.92	49,000	16.87
	6,405,700	\$12.95	2.80	4,685,300	\$12.40

c) Stock Appreciation Rights ("SARs")

In 2011, the Company's Board approved a stock appreciation rights plan ("SARs Plan") to grant incentive SARs to its directors, officers, employees and consultants. Under the SARs Plan, the number of units reserved for issuance cannot exceed 8% of the total number of common shares which are outstanding on the date of grant. The exercise price, term (not to exceed ten years) and vesting provisions are authorized by the Board at the time of the grant.

SARs granted to directors, officers and certain consultants under the SARs Plan are exercisable for a five-year period, and SARs granted to employees are generally exercisable for a three-year period. SARs granted vest 20% on the date of grant, and 20% at each six-month interval following the date of grant.

SARs are cash-settled liabilities, which are remeasured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized as an expense to share-based compensation in the Statements of Comprehensive Income. As at December 31, 2011, the SARs liability was \$1,550,000 (2010 - nil) recorded in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position.



The following is a continuity of the changes in the number of units outstanding for the year ended December 31, 2011:

	Number	Weighted average exercise price (\$CAD)
Outstanding at January 1, 2011	-	\$-
Granted	770,000	16.36
Exercised	-	-
Forfeited	-	-
Outstanding at December 31, 2011	770,000	\$16.36

The fair value of SARs granted were estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2011
For SARs granted in the year ended	
Weighted average share price at grant date	\$16.36
Risk-free rate	1.1%-1.5%
Expected dividend yield	0.70%-0.80%
Expected stock price volatility (based on historical volatility)	41%-66%
Expected life, based on terms of the grants (months)	20-60
Weighted average per share fair value of SARs granted	\$5.45

Stock appreciation rights outstanding and exercisable as at December 31, 2011:

Range of exercise prices (\$CAD)	Outstanding			Exercisable	
	Number of SARs	Weighted average exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of SARs	Weighted average exercise price (\$CAD)
\$15.01 - \$17.00	370,000	15.66	2.90	74,000	15.66
\$17.01 - \$18.00	400,000	17.01	4.86	80,000	17.01
	770,000	\$16.36	3.92	154,000	\$16.36

d) Earnings per share

Basic earnings per share amounts are calculated by dividing earnings for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents



	For the year ended	
	December 31, 2011	December 31, 2010
Earnings (000)	\$60,081	\$63,795
Weighted average number of common shares outstanding (000)	117,375	115,183
Basic earnings per share	\$0.51	\$0.55
Dilutive effect of stock options outstanding (000)	1,294	1,724
Diluted weighted average number of common shares outstanding (000)	118,669	116,907
Diluted earnings per share	\$0.51	\$0.55

13. INCOME TAXES

a) Recent tax changes

In 2009, the Mexican government approved tax reform that includes a 2% increase in the income tax rate in Mexico from 28% to 30% for a three-year period starting in 2010.

Effective January 1, 2008, the Company became subject to a Single Rate Tax Law enacted by the Mexican government on September 28, 2007. Under the Single Rate Tax Law, the Company's Mexican operating subsidiaries are subject to a tax equivalent to 17.5% of the Company's revenues less certain allowable deductions (as determined on a cash basis). The single rate tax is payable each year to the extent that it exceeds income tax otherwise payable pursuant to the pre-existing Mexican income tax laws. Any excess single rate tax paid cannot be credited against income taxes payable in future periods. For the years ended December 31, 2011 and 2010, the application of the new single rate tax did not impact the Company's tax expense.

b) Rate Reconciliation

The reconciliation of the expected tax expense at a combined statutory rate in Canada of 28.25% (2010 - 31%) and provision for income tax expense is:

December 31	2011	2010
	(\$000)	(\$000)
Earnings before income taxes	105,935	90,468
Expected tax expense at statutory income tax rate	29,924	28,043
(Decrease)/increase resulting from:		
Difference in foreign tax rates	2,000	(1,250)
Non-deductible stock-based compensation expense	3,820	5,050
Non-taxable loss (gain)	3,620	(3,010)
Change in foreign exchange rates	7,270	(1,280)
Inflation net (deductible losses) taxable gains	(1,350)	(830)
Increase (decrease) in Mexican deferred income tax rates	570	(50)
Income tax expense	45,854	26,673

**c) Deferred tax reconciliation**

The following information summarizes the principal temporary differences and the related deferred tax effect:

December 31, 2011

	Canada	Mexico	Turkey	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Deferred tax assets				
Asset retirement obligations	-	1,950	-	1,950
Other short-term	-	120	-	120
	-	2,070	-	2,070
Deferred tax liabilities				
Inventory	-	(1,220)	-	(1,220)
Mineral property, plant and equipment	-	(35,408)	(450)	(35,858)
	-	(36,628)	(450)	(37,078)
Net Deferred tax liabilities	-	(34,558)	(450)	(35,008)

December 31, 2010

	Canada	Mexico	Turkey	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Deferred tax assets				
Asset retirement obligations	-	2,150	-	2,150
Other short-term	-	120	-	120
	-	2,270	-	2,270
Deferred tax liabilities				
Inventory	-	(1,160)	-	(1,160)
Mineral property, plant and equipment	-	(27,976)	-	(27,976)
	-	(29,136)	-	(29,136)
Net deferred tax liabilities	-	(26,866)	-	(26,866)

January 1, 2010

	Canada	Mexico	Turkey	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Deferred tax assets				
Asset retirement obligations	-	1,476	-	1,476
Other short-term	-	78	-	78
	-	1,554	-	1,554
Deferred tax liabilities				
Inventory	-	(630)	-	(630)
Mineral property, plant and equipment	-	(23,522)	-	(23,522)
	-	(24,152)	-	(24,152)
Net deferred tax liabilities	-	(22,598)	-	(22,598)

d) Loss Carry-forwards and other tax attributes

Deferred tax assets are recognized for the carry-forward of unused tax losses and tax credits to the extent that it is probable that taxable profits will be available against which the unused tax



losses / credits can be utilized. The Company has not recognized the benefit of tax loss carry-forwards and other tax attributes in Canada or Turkey as at December 31, 2011 and December 31, 2010.

Non-capital losses available in Canada to be utilized in subsequent years are approximately \$24 million expiring between 2014 and 2031. Net capital losses available in Canada to be utilized in subsequent years are approximately \$14 million which carryforward indefinitely. In addition, the Company has financing costs of \$2 million in Canada which will be deducted in future years.

Non-capital losses available in Turkey to be utilized in subsequent years are approximately \$3 million expiring between 2013 and 2016.

e) Unrecognized deferred tax liabilities

The temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognized, aggregate \$320 million as at December 31, 2011 (December 31, 2010 - \$255.5 million, January 1, 2010 - \$228.0 million).

14. OTHER (LOSS) INCOME

Year ended	December 31, 2011	December 31, 2010
	(\$000)	(\$000)
Fair value adjustment on financial assets	(857)	20
Fair value adjustment on derivative liabilities	715	(715)
Gain on sale of securities	783	-
Impairment of securities	(1,621)	-
Gain on settlement ⁽¹⁾	-	12,527
Loss on disposal of assets	-	(1,598)
Other	(254)	(841)
	(1,234)	9,393

- (1) On June 28, 2010, the Company entered into a preliminary settlement agreement with Primero Mining Corp. ("Primero"), formerly Mala Noche Resources, relating to Primero's proposed acquisition of the San Dimas mine. The settlement agreement released all parties from any claims. The settlement was finalized on August 6, 2010 upon completion of the acquisition of the San Dimas mine by Primero. In consideration for relinquishing all claims, the Company received Canadian dollars ("CAD") \$1.0 million cash and 2 million units of Primero (with each unit consisting of one post-consolidation common share and 0.4 of one purchase warrant) relating to the financing which Primero completed on July 20, 2010. The total consideration, consisting of cash, common shares and warrants, had a fair value of \$12.5 million on August 6, 2010, which was recorded in Other gain within the Consolidated Statement of Comprehensive Income.

**15. SEGMENTED REPORTING**

The Company operates in one business segment (the exploration, mine development and extraction of precious metals, primarily gold) in three geographic areas: Canada, Mexico and Turkey.

	Non-current assets (\$000)	Assets (\$000)	Liabilities (\$000)
As at December 31, 2011			
Mexico	215,111	395,313	61,874
Turkey	109,007	117,520	1,666
Canada	464	86,391	2,134
Total	\$ 324,582	\$ 599,224	\$ 65,674
As at December 31, 2010			
Mexico	173,361	319,242	50,694
Turkey	100,201	107,832	1,306
Canada	110	79,362	1,307
Total	\$ 273,672	\$ 506,436	\$ 53,307
As at January 1, 2010			
Mexico	145,163	266,933	41,267
Turkey	-	521	-
Canada	180	88,224	817
Total	\$ 145,343	\$ 355,678	\$ 42,084

Year ended	December 31, 2011				December 31, 2010			
	Mexico (\$000)	Turkey (\$000)	Canada (\$000)	Total (\$000)	Mexico (\$000)	Turkey (\$000)	Canada (\$000)	Total (\$000)
Revenues	227,364	-	-	227,364	189,272	-	-	189,272
Earnings (loss)	89,890	(6,135)	(23,674)	60,081	77,250	(1,089)	(12,366)	63,795

16. COMMITMENTS AND CONTINGENCIES**a) Escondida Development**

During the third quarter of 2009, the Company signed a contract with an international mining contractor to develop the Escondida zone of the Mulatos Pit. Development began in the third quarter of 2009 and is expected to be completed over approximately a two and a half year period, following which the Company will begin mining the underlying deposit. The total contract value is approximately \$61.2 million, and is subject to the contractor achieving certain preset performance conditions. As at December 31, 2011, the Company has incurred approximately \$59.7 million in project to date expenditures relating to this contract.

**b) Royalty**

Production from certain concessions within the Salamandra district, including the Mine, is subject to a sliding scale production royalty. At current gold prices above \$400 per ounce, 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, production to a maximum of two million ounces of gold is subject to royalty. As at December 31, 2011, the royalty was paid or accrued on approximately 806,000 ounces of applicable gold production. Royalty expense for the year ended December 31, 2011 was \$11.2 million (December 31, 2010: \$9.1 million).

In addition, a third party has a 2% Net Smelter Return Royalty on production from the Company's Agi Dagi project. The Company has not recorded an accrual for this royalty at December 31, 2011 as the project is not in production.

c) Mulatos Town Relocation

The Company commenced the planned relocation of the town of Mulatos in 2007. Relocation contracts have been signed with in excess of half of the families residing in Mulatos at the start of the relocation program. Property owners and possessors are being offered a comprehensive benefits package including compensation for their property at a premium to independent third-party valuations and/or relocation benefits. In certain cases, relocation benefits include deferred monthly payments. Since the start of the relocation effort in 2007, the Company has invested approximately \$7.0 million in property acquisition, relocation benefits, legal and related costs. In addition, the Company has recognized a liability of \$0.5 million representing the discounted value of expected future payments for relocation benefits to property owners and possessors that had signed contracts with the Company as at December 31, 2011. The discounted value of the liability was capitalized to mineral property, plant and equipment.

During the second quarter of 2008, the Company entered into a land purchase agreement with the Mulatos Ejido, the local landowners. Pursuant to the land purchase agreement, the Company made a payment of \$1.3 million in order to secure temporary occupation rights to specified land. An additional payment of approximately \$1.0 million based on current exchange rates is payable once the land has been vacated and is transferred to the Company, which has not been accrued as at December 31, 2011. The probability and timing of this additional payment is currently unknown to the Company.

During the third quarter of 2010, the Company received notice that the Mulatos Ejido had filed a complaint with the Unitary Agrarian Court to nullify the 2008 land purchase agreement. The Company has received a legal opinion that the action is without merit. Preliminary hearings have commenced, and the matter remains unresolved by the Court at this time. The land purchase agreement does not affect current mining operations of the Company.

Additional future property acquisition, relocation benefits, legal and related 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.

**d) Operating lease commitments**

The Company has entered into operating lease commitments relating to the Corporate office lease. Future minimum lease payments under non-cancellable operating leases as at December 31, 2011 are as follows:

	As at December 31, 2011
	(\$000)
2012	221
2013	238
2014	238
2015	238
2016 and beyond	20
Total	\$955

17. RELATED PARTY TRANSACTIONS

Remuneration of key management (includes the Corporation's directors and executive team)

Expense by nature:	2011	2010
	(\$000)	(\$000)
Management salaries and benefits	3,418	3,282
Directors fees	230	254
Share based payments ¹ - Management	5,983	10,730
Share based payments ¹ - Directors	3,536	3,724
	\$13,167	\$17,990

⁽¹⁾ Represents grant date fair value of stock options and SARs granted during the year

These transactions are in the normal course of operations and all of the transactions are measured at the exchange amount of consideration established and agreed to by the parties.

18. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its shareholders equity. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. At December 31, 2011, total managed capital was \$533.6 million (December 31, 2010 - \$453.1 million, January 1, 2010 - \$313.6 million).

The Company's capital structure reflects the requirements of a company focused on sustaining strong cash flows from its current mining operations and financing both internal and external growth opportunities and development projects. The Company faces lengthy development lead times as well as risks associated with increasing capital costs and project completion timing due to the availability of resources, permits and other factors beyond the Company's control. The Company's operations are also significantly affected by the volatility of the market price of gold.

The Company continually assesses its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, pay dividends, sell assets or enter into new debt arrangements.



The Company manages its capital structure by performing the following:

Maintaining a liquidity cushion in order to address any potential operational disruptions or industry downturns

Preparing detailed budgets and cash flow forecasts for each of mining operations, exploration, development projects and corporate activities that are approved by the Board of Directors

Regular internal reporting and Board of Directors' meetings to review actual versus budgeted spending and cash flows

Detailed project financial analysis to assess or determine new funding requirements

There were no changes in the Company's approach to managing capital during the year.

19. RECLASSIFICATION

The comparative financial statements have been reclassified to conform to the presentation of the current period financial statements.



20. IFRS TRANSITION FROM PREVIOUS GAAP

The Company's consolidated financial statements for the year ended December 31, 2011 is the first annual financial statements that comply with IFRS. The Company has prepared its opening IFRS balance sheet by applying existing IFRS standards in effect at the release of these financial statements.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous Canadian generally accepted accounting principles ("GAAP"). An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance, and cash flows is set out below.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities charged or credited to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2010:

(a) *Business Combinations*

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has utilized this election and has therefore applied IFRS 3 only to business combinations that occurred on or after January 1, 2010.

(b) *Share-based payment transactions*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the latter of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP. The effect of applying IFRS 2 to unvested options at the transition date was to reduce retained earnings by \$2.8 million as at January 1, 2010, with an offsetting adjustment to contributed surplus.

(c) *Compound financial instruments*

IAS 32 *Financial Instruments: Presentation* requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity, the first portion is in retained earnings and represents the cumulative interest accreted on the liability components, while the other portion represents the original equity component. The Company has utilized this IFRS 1 exemption to not require separation of these two portions if the liability component is no longer outstanding at the transition date.

(d) *Decommissioning liabilities*

Under IFRS 1, an entity can elect not to retrospectively calculate the effect of each change in estimate that occurred prior to the transition date on the decommissioning asset and related amortization. Instead, it can elect to measure the liability at the transition date using a short-cut method. The Company has elected to use the IFRS 1 exemption and has measured the decommissioning asset and liability using the short cut method available. The effect was to reduce mineral property, plant and equipment and decommissioning liability by \$0.3 million as at January 1, 2010.

(e) *Mineral property, plant and equipment - deemed cost*

IFRS 1 includes an election to use fair value or revaluation as deemed cost for mineral property, plant and equipment, and is available on an asset-by-asset basis. The IFRS 1 election is separate from the policy choice available to measure long-lived assets at cost or under the revaluation model. The Company has elected to apply the IFRS 1 exemption to certain mobile equipment, which has resulted in a reduction of mineral property, plant and equipment of \$1.5 million as at January 1, 2010, with an after-tax adjustment to retained earnings of \$1.0 million.



(f) *IAS 23 – Borrowing Costs*

In accordance with IFRS 1, the Company has elected to prospectively apply IAS 23 effective January 1, 2011.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2010:

(g) *Estimates*

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

(h) *Mineral property, plant and equipment*

IFRS 6 requires that an entity classify each asset in the exploration for and evaluation of mineral resources as tangible or intangible according to the nature of the assets acquired and to apply the classification consistently. As a result, the Company has reclassified certain assets previously classified as mineral property, plant and equipment to exploration and evaluation assets.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP Statement of Operations and Comprehensive Income, Statement of Financial Position and Statement of Cash Flows for the year ended December 31, 2010 have been reconciled to IFRS, with the resulting differences explained.

(i) *Mineral property, plant and equipment*

Due to the adjustments to the provision for decommissioning liabilities and the adjustment for deemed cost election discussed in (d) and (e) above respectively, the cost of property plant and equipment is different in accordance with IFRS than in accordance with Canadian GAAP. As a result, even though amortization is calculated in the same manner, the amount of amortization differs by \$0.3 million for the year ended December 31, 2010.

(j) *Share-based payments*

IFRS

Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches.

Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Canadian GAAP

The fair value of Share-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period.

Forfeitures of awards are recognized as they occur.

The effect of applying IFRS 2 was an increase to Share based compensation expense by \$3.0 million for the year ended December 31, 2010, with an offsetting adjustment to contributed surplus.



(k) Provision for decommissioning liabilities

IFRS

The provision for decommissioning liabilities must be adjusted for changes in key assumptions, including the discount rate.

Canadian GAAP

The provision for decommissioning liabilities is not adjusted for changes in key assumptions, including the discount rate.

The effect was an increase in financing expense by a nominal amount for the year ended December 31, 2010, with an offsetting adjustment to decommissioning liability.

(l) Provision for property acquisition obligations

IFRS

The provision for property acquisition obligations must be discounted using a discount rate applicable to settling the liability.

Canadian GAAP

The provision for property acquisition obligations must be discounted using a credited adjusted risk-free discount rate.

The effect was a decrease in financing expense by a nominal amount for the year ended December 31, 2010, with an offsetting adjustment to the property acquisition obligation.

(m) Deferred tax liability

IFRS

A deferred tax liability is recognized for a temporary difference, except to the extent the deferred tax liability arises from:

the initial recognition of goodwill; or

the initial recognition of an asset or liability in a transaction that:

is not a business combination; and

at the time of the transaction, affects neither accounting profit nor taxable profit.

Canadian GAAP

A deferred tax liability is recognized for all taxable temporary differences unless they arise from the initial recognition of goodwill. There is no exemption for the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit. Under Canadian GAAP, the carrying value of an asset acquired other than in a business combination is adjusted for the amount of the deferred tax recognized.

The effect was a reduction of the deferred income tax liability balance of \$2.7 million as at January 1, 2010, with an offsetting adjustment to mineral property, plant and equipment of \$2.9 million and opening retained earnings of \$0.2 million. In addition, in 2010, mineral property, plant and equipment and deferred income taxes were reduced by \$17.7 million related to the Turkish operations, as well as foreign exchange loss and deferred income tax expense increased by a total of \$1.9 million for the year ended December 31, 2010, with an offsetting adjustment to increase deferred income tax liability.

(n) Deferred tax asset / liability

IFRS

For non-monetary assets, temporary differences that arise when changes in exchange rates lead to changes in the tax basis rather than the carrying amounts of those assets measured in the functional currency are recognized as a deferred tax asset / liability.

Canadian GAAP

For non-monetary assets, temporary differences that arise when changes in exchange rates lead to changes in the tax basis rather than the carrying amounts of those assets measured in the functional currency are not recognized.



The effect was an increase in deferred income tax liability by \$5.4 million as at January 1, 2010, with an offsetting adjustment to opening retained earnings. In addition, the effect was a decrease in deferred income tax expense by \$2.5 million for the year ended December 31, 2010, with an offsetting adjustment to deferred income tax liability.

(o) Available for Sale financial assets

IFRS

For available for sale financial assets, foreign exchange amounts arising from translation of the assets are recorded in net income.

Canadian GAAP

For available for sale financial assets, foreign exchange amounts arising from translation of the assets are recorded in other comprehensive income.

(p) Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP.

**Reconciliation of the Statements of Financial Position:**

The January 1, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

A S S E T S	Ref.	IFRS		
		CDN GAAP	Adjustments	IFRS
Current Assets				
Cash and cash equivalents		\$160,682	\$ -	\$160,682
Short-term investments		26,200	-	26,200
Amounts receivable		2,369	-	2,369
Advances and prepaid expenses		1,058	-	1,058
Inventory		20,026	-	20,026
Total Current Assets		210,335	-	210,335
Non-Current Assets				
Exploration and evaluation assets	(h)	-	521	521
Mineral property, plant and equipment	(d),(e) (h),(m)	149,947	(5,125)	144,822
Total Assets		\$360,282	\$(4,604)	\$355,678
L I A B I L I T I E S				
Current Liabilities				
Accounts payable and accrued liabilities		\$11,179	\$ -	\$11,179
Income taxes payable		1,988	-	1,988
Current portion of other liabilities		370	-	370
Total Current Liabilities		13,537	-	13,537
Non-Current Liabilities				
Deferred income taxes	(d),(e) (m),(n)	20,354	2,244	22,598
Decommissioning liability	(d)	5,432	(317)	5,115
Other liabilities	(l)	759	75	834
Total Liabilities		40,082	2,002	42,084
E Q U I T Y				
Share capital		251,752	-	251,752
Contributed surplus	(b)	10,114	2,750	12,864
Retained earnings	(b),(d),(e) (m),(n),(l)	58,334	(9,356)	48,978
Total Equity		320,200	(6,606)	313,594
Total Liabilities and Equity		\$360,282	\$(4,604)	\$355,678



The December 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

A S S E T S	Ref.	IFRS		
		CDN GAAP	Adjustments	IFRS
Current Assets				
Cash and cash equivalents		\$146,334	\$-	\$146,334
Short-term investments		41,846	-	41,846
Amounts receivable		5,749	-	5,749
Advances and prepaid expenses		3,136	-	3,136
Available-for-sale securities		9,380	-	9,380
FVTPL securities		1,094	-	1,094
Inventory		25,225	-	25,225
Total Current Assets		232,764	-	232,764
Non-Current Assets				
Exploration and evaluation assets	(h)	-	99,767	99,767
Mineral property, plant and equipment	(d),(e), (h),(i),(m)	295,619	(121,714)	173,905
Total Assets		\$528,383	\$(21,947)	\$506,436
L I A B I L I T I E S				
Current Liabilities				
Accounts payable and accrued liabilities		\$14,393	\$-	\$14,393
Income taxes payable		3,373	-	3,373
Current portion of other liabilities		428	-	428
		18,194	-	18,194
Non-Current Liabilities				
Deferred income taxes	(d),(e) (m),(n)	42,784	(15,918)	26,866
Decommissioning liability	(d),(k)	7,731	(172)	7,559
Other liabilities	(l)	677	11	688
Total Liabilities		69,386	(16,079)	53,307
E Q U I T Y				
Share capital	(b)	326,119	(252)	325,867
Contributed surplus	(b),(j)	17,314	6,002	23,316
Accumulated other comprehensive income	(o)	(960)	(372)	(1,332)
Retained earnings	(b),(d),(e) (m),(n),(l)	116,524	(11,246)	105,278
Total Equity		458,997	(5,868)	453,129
Total Liabilities and Equity		\$528,383	\$(21,947)	\$506,436

**Reconciliation of the Statement of Comprehensive Income:**

The Canadian GAAP statement of comprehensive income for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Ref.	CDN GAAP	IFRS Adjustments	IFRS
OPERATING REVENUES				
Revenue		\$189,272	\$ -	\$189,272
MINE OPERATING COSTS				
Mining and processing		46,560	-	46,560
Royalties		9,090	-	9,090
Amortization	(i),(k)	20,753	(267)	20,486
		76,403	(267)	76,136
EARNINGS FROM MINE OPERATIONS		112,869	(267)	113,136
EXPENSES				
Exploration		7,594	-	7,594
Corporate and administrative		9,187	-	9,187
Share-based compensation	(j)	13,300	3,000	16,300
Accretion	(p)	460	(460)	-
		30,541	2,540	33,081
EARNINGS FROM OPERATIONS		82,328	(2,273)	80,055
OTHER INCOME (EXPENSES)				
Finance income		1,510	-	1,510
Financing expense	(k),(l),(p)	-	(451)	(451)
Foreign exchange gain (loss)	(m),(o)	294	(333)	(39)
Other income (loss)		9,393	-	9,393
EARNINGS BEFORE INCOME TAXES		93,525	(3,057)	90,468
INCOME TAXES				
Current expense		(23,410)	-	(23,410)
Deferred tax recovery (expense)	(d),(e) (m),(n)	(4,430)	1,167	(3,263)
EARNINGS		\$65,685	(\$1,890)	\$63,795
Other comprehensive income:				
Unrealized gain (loss) on securities	(o)	(960)	(372)	(1,332)
COMPREHENSIVE INCOME		\$64,725	(\$2,262)	\$62,463
EARNINGS PER SHARE				

- basic		\$0.57	(\$0.02)	\$0.55
- diluted		<u>\$0.56</u>	<u>(\$0.01)</u>	<u>\$0.55</u>
<hr/>				ALAMOS GOLD INC.
	44			

**Reconciliation of the Statements of Equity:**

The Canadian GAAP Statement of Equity as at January 1, 2010 and December 31, 2010 have been reconciled to IFRS as follows:

As at	Ref.	December 31, 2010	January 1, 2010
Total Equity - Canadian GAAP		458,997	320,200
Share-based compensation	(b),(j)	-	-
Decommissioning liabilities	(d),(k)	77	36
Mineral property, plant and equipment-deemed cost	(e)	(1,244)	(1,460)
Property acquisition obligation	(i)	19	-
Deferred taxes	(m),(n)	(3,821)	(4,988)
Available for Sale securities	(o)	-	-
Foreign exchange impact all the above differences	(m)	(899)	(194)
Total Equity - IFRS		453,129	313,594

Reconciliation of the Statement of Cash Flows:

The restatement from Canadian GAAP to IFRS did not have a significant impact on the Company's consolidated statement of cash flows for the year ended December 31, 2010. As a result, no quantitative reconciliation was performed.



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 year ended December 31, 2011 compared with the year ended December 31, 2010.

Together with the consolidated financial statements and related notes, the MD&A provides a detailed account and analysis of the Company' s financial and operating performance for the year. The Company' s functional and reporting currency is the United States dollar. This MD&A is current to February 21, 2011 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 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 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 consolidated financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to Note 3 of the December 31, 2011 consolidated financial statements for disclosure of the Company' s significant accounting policies and a discussion of future accounting policy changes.

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 and operates the Mulatos mine (“Mulatos” or the “Mine”) within the Salamandra group of concessions located in the state of Sonora in northwest Mexico. In addition, the Company owns the Ağrı Dağı and Kirazlı advanced-stage gold development projects, located in the Biga Peninsula of northwestern Turkey.

Mexico

The Salamandra group of concessions comprises 30,536 hectares, and contains the producing Mine as well as several advanced and grassroots exploration projects. The Mine achieved commercial production in 2006 and produces gold in dore form for shipment to a refinery. Exploration potential includes both mineralized extensions and satellite deposits in close proximity to the existing mining operations. Proven and probable reserves as at December 31, 2010 were 58.5 million tonnes grading 1.27 grams of gold per tonne of ore (“g/t Au”) for approximately 2.4 million contained ounces of gold, providing a mine life of approximately 9 years at current production levels. The Company expects to release an updated reserve and resource estimate as at December 31, 2011 in March 2012.

Turkey

In early 2010, the Company acquired the 7,657 hectare Ağrı Dağı and Kirazlı gold development projects, which contain established mineral resources and several highly prospective exploration targets. In March 2010, the Company published a preliminary economic assessment technical report (the “Scoping Study”) evaluating the economic potential of developing Ağrı Dağı and Kirazlı into gold mines. The findings of the Scoping Study were positive and the Company has advanced the projects to the preliminary feasibility stage. In addition, the Company owns the Çamyurt exploration project located approximately three kilometres southeast of Ağrı Dağı. As a result of exploration work completed in 2011, the Company believes that Çamyurt has the potential to develop into a stand-alone gold development project.

Measured and indicated mineral resources at Ağrı Dağı and Kirazlı (reported at a 0.2 g/t Au cut-off) at March 31, 2011 total 93.4 million tonnes grading 0.65 g/t Au and 5.13 g/t silver (“Ag”) for approximately 2 million ounces of gold and 15.4 million ounces of silver. Inferred mineral resources total 26.4 million tonnes grading 0.54 g/t Au and 4.03 g/t Ag, for approximately 0.5 million contained ounces of gold and 3.4 million contained ounces of silver.

Fourth Quarter 2011 Highlights

In the fourth quarter of 2011, the Company:

- Produced 46,500 ounces of gold at a cash operating cost of \$387 per ounce of gold sold (total cash costs inclusive of royalties were \$471 per ounce of gold sold).

- Recognized record quarterly earnings of \$21.3 million (\$0.18 per basic share).

- Generated record quarterly cash from operating activities of \$37.3 million (\$0.32 per basic share).

- Sold 45,224 ounces of gold for \$76.3 million, generating operating revenues of \$71.1 million and pre-production revenues from the Escondida zone of \$5.2 million.

- Achieved record crusher throughput for the quarter, averaging 16,000 tonnes of ore stacked per day (“tpd”).

MANAGEMENT' S DISCUSSION & ANALYSIS

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

Full Year 2011 Highlights

In the year ended December 31, 2011, the Company:

Sold 151,000 ounces of gold for \$234.7 million, generating operating revenues of \$227.4 million and pre-production revenues from the Escondida zone of \$7.4 million.

Produced 153,000 ounces of gold at a cash operating cost of \$368 per ounce of gold sold (total cash cost inclusive of royalties of \$444 per ounce of gold sold).

Recognized earnings of \$60.1 million (\$0.51 per share) compared to earnings of \$63.8 million (\$0.55 per share) in 2010.

Generated record annual cash from operating activities of \$106.5 million (\$0.91 per basic share) compared to \$89.6 million (\$0.78 per basic share) in 2010.

Reported a 19% increase in measured and indicated resources at Ağı Dağı and Kirazlı compared to the 2010 year-end reserve and resource statement.

Announced the discovery of the Çamyurt zone and the potential to develop Çamyurt into a stand alone mining project.

Doubled the semi-annual dividend from \$0.035 to \$0.07 per share and paid \$14.1 million in dividends during the year.

Subsequent to quarter-end, the Company:

Announced 2012 production guidance of 200,000 to 220,000 ounces, a significant increase from 2011, while maintaining cash cost guidance at \$365-\$390 per ounce (exclusive of the 5% royalty).

Completed construction of the mill to process high-grade ore from the Escondida zone. Commissioning is ongoing with high-grade gold production expected by the end of the first quarter of 2012.

Reported encouraging drill results at El Victor North with the potential to expand reserves along the northern boundary of the Gap to El Victor trend. Drill highlights included 4.72 g/t Au over 45.7 meters, 2.58 g/t Au over 59.5 meters and 2.40 g/t Au over 59.5 meters.

Increased its semi-annual dividend 43% from \$0.07 per share to \$0.10 per share, representing a 233% increase since the first semi-annual dividend was declared in the first quarter of 2010.

Results of Operations

Gold production of 153,000 ounces in 2011 decreased 2% compared to gold production of 156,000 ounces in 2010. The table below outlines key production indicators in 2011 and 2010:

Production summary	Q1 2011	Q2 2011	Q3 2011	Q4 2011	YTD 2011	YTD 2010
Ounces produced ⁽¹⁾	37,500	36,000	33,000	46,500	153,000	156,000
Ore crushed (tonnes)	1,069,000	1,373,000	1,255,000	1,467,000	5,164,000	4,729,000
Grade (g/t Au)	1.26	1.27	1.35	1.33	1.31	1.60
Contained ounces stacked	43,270	56,100	54,500	62,970	217,030	243,100
Ratio of ounces produced to contained ounces stacked	87%	64%	61%	74%	71%	64%
Ore mined (tonnes)	1,174,000	1,320,000	1,360,000	1,473,000	5,327,000	4,670,000
Waste mined (tonnes)	640,000	850,000	1,385,000	611,000	3,486,000	3,651,000

Total mined (tonnes)	1,814,000	2,170,000	2,745,000	2,084,000	8,813,000	8,321,000
Waste-to-ore ratio	0.55	0.64	1.02	0.41	0.65	0.78
Ore crushed per day (tonnes)	11,900	15,000	13,500	16,000	14,100	13,000

- (1) Reported gold production for YTD 2010 has been adjusted to reflect final refinery settlement. Reported gold production for Q4 2011 and YTD 2011 is subject to final refinery settlement and may be adjusted.

Fourth Quarter 2011

Gold production in the fourth quarter of 2011 of 46,500 ounces was 41% higher than production of 33,000 ounces in the third quarter of 2011 and 2% higher than production of 45,800 ounces in the fourth quarter of 2010.

The significant increase in production in the fourth quarter compared to the third quarter of 2011 was attributable to an increase in the ratio of ounces produced to contained ounces stacked or “recovery ratio”¹, in addition to a 17% increase in the number of tonnes of ore crushed. Due to flooding at a suppliers’ processing facility, the Company experienced a cyanide supply shortage from May to September 2011 that resulted in the deferral of gold production from the third to the fourth quarter when cyanide levels were returned to optimal levels. As a result of this, the recovery ratio increased from 61% in the third quarter to 74% in the fourth quarter of 2011. In addition, increased crusher throughput resulting from operational improvements and improved weather conditions contributed to higher gold production in the fourth quarter compared to the third quarter rainy season. Gold production in the fourth quarter of 2011 was consistent with the fourth quarter of 2010.

Full Year 2011

In 2011, gold production of 153,000 ounces was within the Company’s revised production guidance range of 145,000 to 160,000 ounces and was marginally below 156,000 ounces produced in 2010.

The decrease in 2011 gold production from 2010 was attributable to an 11% increase in the recovery ratio and a 9% increase in crusher throughput being offset by a budgeted 18% decrease in grade.

The recovery ratio in 2011 was 71%, an 11% increase over the comparable period of 2010, and consistent with the Company’s budgeted recovery ratio for the year of 70%. The recovery ratio was lower than budgeted in the second and third quarters of the year due to low concentrations of cyanide in solution as a result of a reduction in cyanide shipments from our primary supplier. Once normal cyanide shipments were resumed in the third quarter, deferred gold production was realized, increasing the fourth quarter recovery ratio to 74%.

¹ “recovery ratio” is defined as the ratio of gold ounces produced divided by the number of contained ounces stacked over a specific period.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

Crusher throughput in 2011 averaged 14,100 tpd, 9% higher than 13,000 tpd in the same period of last year. Crusher throughput increased sharply in the last quarter of 2011, averaging 16,000 tpd. Higher crusher throughput resulted from generally improved operating and maintenance practices and has been achieved without sacrificing size quality. The size of crushed ore stacked on the leach pad was 90% passing 3/8th' s of an inch in 2011.

The grade of ore crushed in 2011 of 1.31 g/t Au was higher than the budgeted grade of 1.24 g/t Au, but below the grade in 2010 of 1.60 g/t Au. Applying higher gold price assumptions to the mine model has resulted in material previously classified as waste becoming economic to mine and therefore classified as low grade ore. This has the effect of lowering the average grade mined. The reconciliation of mined blocks to the block model for the year ended December 31, 2011 was -7%, +18% and 11% for tonnes, grade and ounces respectively. Since the start of mining activities in 2005, the project-to-date reconciliation is -2%, +10%, +8% for tonnes, grade and ounces, respectively. Positive reconciliation variances indicate that the Company is mining more gold than what was indicated in the reserve model.

The following table compares costs per tonne for the periods ended 2011 and 2010:

Costs per tonne summary	Q1	Q2	Q3	Q4	2011	2010
	2011	2011	2011	2011		
Mining cost per tonne of material (ore and waste)	\$2.00	\$2.13	\$1.83	\$1.65	\$1.90	\$2.09
Waste-to-ore ratio	0.55	0.64	1.02	0.41	0.65	0.78
Mining cost per tonne of ore	\$3.09	\$3.51	\$3.70	\$2.34	\$3.14	\$3.73
Crushing/conveying cost per tonne of ore	\$2.52	\$2.43	\$2.56	\$2.24	\$2.42	\$2.11
Processing cost per tonne of ore	\$3.19	\$2.13	\$3.36	\$3.44	\$3.02	\$2.87
Mine administration cost per tonne of ore	\$2.24	\$1.88	\$1.85	\$1.74	\$1.91	\$2.01
Total cost per tonne of ore	\$11.04	\$9.95	\$11.47	\$9.76	\$10.49	\$10.72

Total cost per tonne of ore in 2011 of \$10.49 decreased 2% compared to 2010. The lower cost per tonne of ore in 2011 compared to 2010 is primarily attributable to increases in the tonnes of ore mined and crushed which result in fixed costs such as salaries and administration being lower on a per tonne basis. In addition, higher by-product credits resulting from the sale of silver at substantially higher prices offset increased cyanide and power costs and costs associated with the strengthening in the average value of the Mexican peso compared to the United States dollar.

Mining cost per tonne of material was \$1.90 in 2011, 9% lower than \$2.09 in 2010 as a result of lower drilling costs in 2011 compared to 2010 and a 6% increase in the number of total tonnes mined. The higher tonnes of ore mined in 2011 helped to offset increases in key input costs such as diesel and maintenance.

Crushing and conveying cost per tonne of ore of \$2.42 was 15% higher in 2011 than in 2010. In 2010, the Company made a number of improvements to the crushing circuit including closing the circuit and adding a scalping screen plant to improve crusher throughput. Higher costs in 2011 were the result of the inclusion of incremental power and maintenance costs associated with these improvements for the full year.

Processing costs per tonne of ore in 2011 were \$3.02 compared to \$2.87 in 2010, a 5% increase. Higher processing costs were attributable to higher cyanide costs in the latter half of 2011, given the supply shortage that was experienced. The increased cyanide costs were offset by higher by-product credits arising from the sale of silver in higher quantities and at higher realized prices than in 2010.

Mine administration costs per tonne of ore in 2011 decreased 5% relative to 2010. Increased overall spending associated with headcount additions, camp and security contractors and road maintenance have been more than offset on a per-tonne basis by the increase in tonnes mined and stacked.

Cash operating costs of \$368 per ounce of gold sold in 2011 were at the low end of the Company's revised guidance, but were 22% higher than \$302 in 2010. This increase is primarily attributable to an 18% decrease in the grade of ore mined. Cash operating costs include total costs incurred in the period, in addition to inventory adjustments that recognize the allocation of costs to and from the Company's in-process leach pad gold inventory in the period. The Company utilizes a gold process flow inventory model that allocates total costs incurred to the recoverable ounces stacked on the leach pad in that period, and charges each ounce of gold produced on an average cost basis. Accordingly, cash operating costs reflect not only the cash spent in a period, but also an adjustment to reflect the increase or decrease in the leach pad inventory. A reconciliation of total costs to cash operating costs is presented below:

Cash operating cost reconciliation	2011	2010
Total cost per tonne of ore	\$10.49	\$10.72
Ore crushed (tonnes)	5,164,000	4,729,000
Total cost	\$54,170,000	\$50,695,000
Inventory adjustments to reflect additional ounces produced from (allocated to) leach pad inventory and other period costs	(\$302,000)	(\$4,135,000)
Mining and processing costs allocated to ounces sold as reported on income statement	\$53,868,000	\$46,560,000
Ounces sold	146,390 ⁽¹⁾	154,343
Cash operating cost per ounce sold	\$368	\$302

- ⁽¹⁾ Total ounces sold in 2011 were 151,000, of which 4,610 ounces were estimated to have been derived from ore processed in developing the Escondida zone and have been accounted for as pre-production ounces with the associated revenues and operating costs offset against capitalized development costs.

In 2011, the Company increased the number of ounces on the leach pad inventory as the number of ounces produced was lower than the number of recoverable ounces stacked. Leach pad inventory, which incorporates both cash operating costs and amortization, has increased to \$11.9 million at December 31, 2011 from \$10.5 million at December 31, 2010, reflecting an increase in ounces on the pad in addition to higher cash operating costs and amortization per ounce.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

Investments in Mineral Property, Plant and Equipment and Acquisitions

A summary of the cash invested in operating capital and development activities for the period ended December 31, 2011 is presented below:

	2011 (\$000)
Operating and expansion capital - Mexico	
Water Treatment Plant	6,473
Crushing system	6,044
Component changes	2,365
Leach pad - inter-lift liners	1,554
Pumping system	1,201
Other	3,069
	<u>20,706</u>
Development - Mexico	
Escondida development	31,206
Pre-production operating cash flow	(5,321)
Escondida gravity mill	17,348
Capitalized exploration	3,118
Mulatos relocation	522
	<u>46,873</u>
Development - Turkey	
Development and capitalized exploration	8,687
Equipment	296
	<u>8,983</u>
Head office - Toronto	
Leasehold improvements and furniture	477
	<u>477</u>
Cash invested in mineral property, plant and equipment and exploration and evaluation assets	<u>77,039</u>

Operating and Expansion Capital - Mexico

Operating capital spending in Mexico in 2011 was focused primarily on completing construction of the water treatment plant and improvements to the crushing circuit. The water treatment plant processes and treats waste water prior to discharge or re-use in operations, and was operational in the fourth quarter of 2011. Crusher spending included replacing a tertiary crusher in addition to commencing an overhaul of the primary and secondary crushers. Other major capital spending in 2011 included leach pad inter-lift liners and upgrading the pumping system at the mine, both designed to improve mine operating performance in adverse weather conditions. Other significant investments in 2011 included \$2.4 million for component changes and \$3.1 million of other sustaining capital.

Forecast operating capital spending for 2012 includes \$7.9 million in sustaining capital, \$5.4 million for crusher improvements and \$3 million for construction activities.

Development - Mexico

Development activities in Mexico in 2011 were focused on completing development of the Escondida zone of the Mulatos pit and construction of the gravity mill to process high-grade ore from Escondida and potentially from San Carlos and other high-grade zones at Mulatos. Total capital spending related to Escondida was \$48.6 million, of which \$31.2 million was related to pre-stripping development activities and \$17.4 million was capitalized related to construction of the gravity mill. Development activities remain on schedule and high-grade ore is currently available to be processed. The gravity mill arrived on site in November and was assembled and constructed in January 2011. Commissioning and operator training are underway and production from the high-grade zone is expected by the end of the first quarter of 2012.

While developing the Escondida zone throughout the latter half of 2011, the Company encountered ore-grade material that had been classified as waste in the block model. This low grade Escondida ore averaged 1.31 g/t Au and was stacked on the heap leach pads for processing. The Company estimates that it sold approximately 4,610 ounces of gold from the Escondida zone in the second half of 2011 for revenues of \$7.4 million and net operating cash flow of \$5.3 million. This operating cash flow is considered to have been generated in the pre-production phase and is incidental to overall planned cash flows from the Escondida zone. Accordingly, the operating cash flows of \$5.3 million are offset against capitalized Escondida development costs. The sale of additional ounces of gold from the Escondida zone will continue to be offset against capitalized costs until such time as the gravity mill is operating.

Gold production for 2012 is forecast to increase to between 200,000 and 220,000 ounces of gold. The gravity mill is expected to add a minimum of 67,000 ounces of production in 2012 at a grade of 13.4 g/t Au. Based on bulk sample testing conducted in 2007, the Company believes that there is the potential for higher production from the gravity mill as a result of realizing positive grade reconciliation to the reserve grade.

Metallurgical testing completed in 2011 demonstrated that higher grade ore at San Carlos is amenable to gravity processing, potentially doubling the amount of feed available for the gravity plant. As a result, the Company anticipates that it will be able to extend the processing life of the gravity mill beyond the current three year reserve life of Escondida. Further optimization and metallurgical studies are underway in order to continue to increase the amount of high grade ore that can be processed through the gravity mill.

Development - Turkey

On January 6, 2010, the Company acquired the Ağı Dağı and Kirazlı advanced-stage gold projects located on the Biga Peninsula of northwestern Turkey. Ağı Dağı is located approximately 50 kilometres southeast of Çanakkale and Kirazlı is located approximately 25 kilometres northwest of Ağı Dağı. Çanakkale is the largest centre on the Biga Peninsula with a population of approximately 97,000. Infrastructure in close proximity to the project is excellent and well-served with paved roads, transmission lines, and electricity generating facilities.

Shortly after acquiring Ağı Dağı and Kirazlı, the Company released a Scoping Study in March 2010. The Scoping Study outlined measured and indicated resources of 0.9 million ounces of gold, and inferred resources of 0.4 million ounces of gold. These results supported the decision to advance the project to the preliminary feasibility stage given the robust economics of the projects, including average production of 135,000 ounces per annum over a minimum

MANAGEMENT' S DISCUSSION & ANALYSIS

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

8-year mine life. Following this decision, the Company released its 2010 year-end resource and reserve statement, showing an increase in indicated resources to 1.65 million ounces of gold, and inferred resources of 0.4 million ounces of gold.

In addition to continued exploration success at Ağı Dağı and Kirazlı in 2011, the Company also discovered the Çamyurt deposit and determined that it has the potential to be a stand-alone mining project. In September 2011, the Company released an updated resource estimate for Ağı Dağı and Kirazlı. Measured and indicated in-pit resources (oxide only) increased 19% to 1.96 million ounces, while inferred resources increased 10% to 0.5 million ounces.

Due to the significant increase in measured and indicated resources, the Company has resized the scale and scope of the projects, requiring additional geotechnical drilling and engineering which extended the completion deadline of the preliminary feasibility study to the second quarter of 2012. The Company expects that increased throughput and processing rates could result in higher annual production rates than initially reported in the Scoping Study of 135,000 ounces per annum.

In addition to completing the preliminary feasibility study, the Company is in the process of completing final Environmental Impact Assessment ("EIA") reports for each of the Ağı Dağı, Kirazlı and Çamyurt projects. The Company currently intends to submit the final EIA for Ağı Dağı and Çamyurt late in the second quarter of 2012, with the Kirazlı EIA submitted thereafter. A response from the Turkish government is expected in the third quarter of 2012. Permitting and construction activities are expected to take up to eighteen months once the final EIA is approved.

In 2011, total expenditures in Turkey were \$13.2 million, of which \$9 million was capitalized. Investments were focused on exploration, engineering and permitting work to support the preliminary feasibility study. The Company had six drill rigs operating in 2011, focused on condemnation, geotechnical and exploration drilling at a cost of \$8.3 million. In addition, consultant and metallurgical testing costs related to the pre-feasibility study totalled \$1.9 million, while capital purchases, salaries and other costs comprised \$3 million.

Exploration Summary

Total exploration expenditures in 2011 were \$16.7 million. In Mexico, total exploration spending in 2011 was \$8.4 million, of which \$5.3 million related to drilling El Carricito and administration costs were expensed, while \$3.1 million of drilling costs at El Victor and San Carlos were capitalized. Total exploration spending in Turkey was \$8.3 million, of which \$4.2 million primarily related to drilling at Çamyurt was expensed, while \$4.1 million related to work at Ağı Dağı and Kirazlı was capitalized.

Exploration - Mexico

The Company had up to five drills operating throughout 2011 drilling a total of 52,300 m in 321 holes, with exploration activities focused on the following areas:

Zone	Location	Stage
El Victor North	Contiguous with Mulatos Pit	Resource expansion
San Carlos	Northeast of El Victor	Resource expansion
El Carricito	20 kilometres southwest of the Mulatos Pit	Exploration

El Victor North

In the latter half of 2011, exploration activities in the Mulatos district focused on the El Victor North area with up to four drill rigs active. Access to El Victor North was granted in July 2011 after a twelve-year hiatus. The El Victor North area contains silica alteration identical to the El Victor deposit and is a northwestern extension of El Victor reserve mineralization. El Victor North has the potential to expand reserves along the northern boundary of the Gap to El Victor trend. All holes drilled to-date have encountered significant intervals of favourable silicic or advanced argillic alteration, and should extend the El Victor pit north and west of the current pit design outline.

A total of 16,200 metres in 124 holes were drilled in the El Victor area in 2011. Drill results are encouraging and the results received to-date have confirmed the continuity and extension of the El Victor mineralized body with results typical of those reported in the past. New intercepts from recent drilling include:

2.40 g/t Au over 59.5 metres (11EV119)

4.72 g/t Au over 45.7 meters (11EV120)

1.78 g/t over 29.0 metres (11EV124)

1.53 g/t Au over 53.4 metres (11EV126)

2.58 g/t over 59.5 metres (11EV132)

4.27 g/t over 16.8 metres (11EV134)

Total exploration spending at El Victor North in 2011 was \$2.1 million. An updated reserve and resource estimate at El Victor will be completed as part of the year-end global reserve and resource statement to be published in the first quarter of 2012.

San Carlos

In March 2011, the Company reported initial pit-contained mineral reserves at San Carlos of 2.6 million tonnes grading 1.89 g/t Au for approximately 160,000 ounces. As a result of establishing reserves at San Carlos and in accordance with the Company's accounting policy for exploration costs, \$1 million of spending at San Carlos was capitalized in 2011.

Exploration activities in San Carlos in 2011 focused on testing extensions of the existing mineral resource area. In-fill and step-out drilling in the second quarter confirmed the continuity of high-grade mineralization towards the northeast. In addition, the Company has identified at least two additional sub-parallel structures, located up to 600 m from the resource area, with surface mapping indicating the potential for additional parallel zones to the northeast. The new zones are located at the same elevation as existing mineralization, but under significant overburden. As a result, the Company is evaluating the potential to mine a portion of the San Carlos deposit through underground mining methods.

In addition, the Company obtained positive results from metallurgical testing conducted on the high-grade ore at San Carlos. The results indicated that the high-grade ore is amenable to gravity separation, capable of providing an additional source of feed for the gravity plant that the Company is constructing to process the high-grade ore at Escondida. Ultimate recovery rates (gravity separation followed by leaching the tailings with cyanide) were 78% and 70% for the two large samples processed. The potential exists to further improve these levels of recovery and this will be evaluated in the next phase of testing. These results could potentially double the amount of feed for the high-grade gravity mill. San Carlos drilling was inactive in the fourth quarter as all drill rigs were allocated to the El Victor drilling program.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

El Carricito

El Carricito is the largest area of favourable silicic and advanced argillic alteration in the Mulatos District. The zone of alteration is approximately 5.5 kilometres long, up to 2.7 kilometres wide, and is up to 300 metres thick in outcrop.

Exploration drilling at El Carricito began in late 2010 and continued throughout the majority of 2011. Drilling intersected broad zones of favourable alteration containing low-grade gold mineralization, with the best intercept at El Carricito being 85 m grading 0.53 g/t Au in hole 11CR77. Exploration drilling at El Carricito during the fourth quarter was focused on infill and step-out drilling of the Lower Cerro Carricito zone, where the most consistent and potentially economic gold concentrations occur. A significant area of low-grade gold mineralization with local ore-grade intercepts has been delineated. Reverse circulation drilling has been completed on 50 m centers sufficient for resource estimation, and core twins of select intercepts are in progress.

A total of 20,642 meters in 113 reverse circulation holes were drilled at Carricito during 2011, both as resource definition and exploration target evaluation holes. In addition, six core holes (588 m) have been completed to-date. The total cost of the Phase I program at El Carricito was \$3 million.

Exploration - Turkey

Exploration expenditures in Turkey in 2011 totalled \$8.3 million. A total of six drill rigs were active throughout the year drilling a total of 155 holes (28,600 m). Since the Company acquired its Turkish projects, a total of 51,200 m of drilling has been completed. Drilling in 2011 focused on in-fill and extension drilling of known zones of mineralization at Ağı Dağı, Kirazlı, and Çamyurt. The Company provided an updated mineral resource estimate for the Ağı Dağı and Kirazlı deposits during the third quarter of 2011 which demonstrated significant growth in measured and indicated resources to 1.96 million ounces of gold and 15.4 million ounces of silver in oxides.

Çamyurt

The Çamyurt project is located approximately three kilometres ("km") southeast of the Company' s development-stage Ağı Dağı project. To-date in 2011, the Company has drilled 9,600 m of a planned 10,000 m drill program. In the fourth quarter of 2011, the Company continued to report encouraging drill results from Çamyurt which validate its potential to develop into a stand-alone mining project. Notable assay results include:

- 1.30 g/t Au over 41.6 metres (11-CYD-043)
- 1.34 g/t Au over 120.8 metres (11-CYD-044)
- 1.39 g/t Au over 41.2 metres (11-CYD-046)
- 1.53 g/t Au over 53.7 metres (11-CYD-047).

Drilling at Çamyurt has defined a mineralized zone that is continuous for at least 1,100 m along strike with additional potential to extend mineralization to the northeast. The steeply dipping oxidized body starts at surface, has been vertically defined to a minimum of 150

metres, remains open at depth, and can reach up to 150 metres in thickness. An initial resource estimate at Çamyurt is planned to be included as part of the Company's year-end global reserve and resource statement in the first quarter of 2012.

Financial Highlights

A summary of the Company's financial results for the three-month periods and years ended December 31, 2011 and 2010 is presented below:

	Q4 2011	Q4 2010	2011	2010	2009 ⁽³⁾
Cash provided by operating activities before changes in non-cash working capital (000) ⁽¹⁾	\$31,801	\$34,972	\$107,226	\$94,796	\$88,541
Changes in non-cash working capital (000)	\$5,474	(\$970)	(\$692)	(\$5,148)	\$7,066
Cash provided by operating activities (000)	\$37,275	\$34,002	\$106,534	\$89,648	\$95,607
Earnings before income taxes (000)	\$37,138	\$27,270	\$105,935	\$90,468	\$78,245
Earnings (000)	\$21,294	\$18,319	\$60,081	\$63,795	\$55,962
Earnings per share					
- basic	\$0.18	\$0.16	\$0.51	\$0.55	\$0.52
- diluted	\$0.18	\$0.16	\$0.51	\$0.55	\$0.51
Comprehensive income (000)	\$21,703	\$15,918	\$60,333	\$62,463	\$56,655
Weighted average number of common shares outstanding					
- basic	118,308,000	116,100,000	117,375,000	115,183,000	106,765,000
- diluted	119,563,000	117,735,000	118,669,000	116,907,000	108,749,000
Assets (000) ⁽²⁾			\$599,224	\$506,436	\$360,282
Dividends paid (000)	\$8,280	\$4,056	\$14,114	\$7,495	-

(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.

(2) Assets are shown as at December 31, 2011 and December 31, 2010.

(3) Financial highlights for 2009 are in accordance with Canadian GAAP.

Higher realized gold prices and continued low cash costs contributed to the Company generating record cash from operating activities and record earnings in the fourth quarter of 2011. Cash from operating activities after changes in non-cash working capital in the fourth quarter of 2011 of \$37.3 million (\$0.32 per basic share) increased 10% relative to the same period of 2010.

Earnings before income taxes in the fourth quarter of 2011 were \$37.1 million or \$0.31 per share, compared to \$27.3 million or \$0.23 in the fourth quarter of 2010. Earnings in the fourth quarter of 2011 of \$21.3 million or \$0.18 per share increased 16% over 2010.

For the year ended December 31, 2011, cash from operating activities of \$106.5 million or \$0.91 per share increased 19% from the prior year due primarily to higher realized gold prices. Earnings before income taxes of \$105.9 million or \$0.90 per share increased 17% compared to the prior year. For the year ended December 31, 2011, earnings of \$60.1 million were 6% lower than in 2010 as a result of higher deferred tax expense in 2011 and a \$12.5 million (\$0.11 per share) non-recurring gain in 2010 associated with a legal settlement. In addition,

MANAGEMENT' S DISCUSSION & ANALYSIS

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

reported earnings in 2011 exclude earnings associated with the sale of ounces produced from Escondida of approximately \$3.2 million, which were offset against capitalized development costs.

Gold Sales

Details of gold sales are presented below:

	Q4 2011	Q4 2010	2011	2010
Gold sales (ounces)	45,224	44,507	151,000	154,343
Gold sales revenues (000)	\$76,319	\$60,791	\$234,748	\$189,272
Less: Pre-production revenues	<u>(\$5,186)</u>	<u>-</u>	<u>(\$7,384)</u>	<u>-</u>
Operating revenues (000)	\$71,133	\$60,791	\$227,364	\$189,272
Realized gold price per ounce	\$1,688	\$1,366	\$1,555	\$1,226
Average gold price for period (London PM Fix)	\$1,687	\$1,367	\$1,572	\$1,225

Gold sales revenues in the fourth quarter of 2011 were \$76.3 million, 26% higher than sales of \$60.8 million in the fourth quarter of 2010. The increase in gold sales in the fourth quarter is attributable to a 24% increase in the realized gold price per ounce, in addition to a 2% increase in the number of ounces sold. For the 2011 year, gold sales revenues of \$234.7 million increased 24% due primarily to a higher gold price. In 2011, the Company estimated that \$7.4 million of gold sales revenues was derived from the Escondida zone. This revenue was considered to be pre-production revenues and was offset against capitalized Escondida development costs.

The Company generally enters into forward sales contracts in order to match sales contracts with the next expected delivery date. The Company' s objective is to realize a gold sales price consistent with the average London PM Fix spot gold price. The realized gold price per ounce for the fourth quarter of 2011 was \$1,688 per ounce, consistent with the average gold price for the period. For 2011, the realized gold price per ounce was \$17 below the average gold price for the year as a result of lower than budgeted production in the third quarter, which limited the Company' s ability to benefit from an increase in the gold price during that period. As at December 31, 2011, the Company did not have any significant derivative activity outstanding related to gold, and is therefore fully leveraged to future changes in the price of gold.

Assessment of Gold Market

The market price of gold continues to exhibit significant volatility. Subsequent to the end of the fourth quarter of 2011, the spot market gold price had increased to over \$1,750 per ounce on February 21, 2012. At this gold price, the Company realizes a mine operating cash margin (before taxes and corporate and administrative costs) in excess of \$1,200 per ounce.

Operating Expenses and Operating Margins

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

	2011	2010	Change %
Gold production (ounces) ⁽¹⁾	153,000	156,000	(2%)
Gold sales (ounces) ⁽²⁾	151,000 ⁽²⁾	154,343	(2%)
Cash operating costs (000)⁽³⁾	\$53,868	\$46,560	16%
- Per ounce sold	\$368	\$302	22%
Royalties (000) ⁽⁴⁾	\$11,157	\$9,090	23%
Total cash costs (000)⁽⁵⁾	\$65,025	\$55,650	17%
- Per ounce sold	\$444	\$361	23%
Amortization (000)	\$23,423	\$20,486	14%
Total production costs (000)⁽⁶⁾	\$88,448	\$76,136	16%
- Per ounce sold	\$604	\$493	23%
- Realized gold price per ounce	\$1,555	\$1,226	27%
- Operating cash margin per ounce ⁽⁷⁾	\$1,111	\$865	28%

- (1) Reported gold production is subject to final refinery settlement.
- (2) Gold sales (ounces) for YTD 2011 includes 4,610 ounces estimated to be have been sold during the year from the Escondida zone. These ounces are excluded for purposes of calculating cash operating costs per ounce sold, total cash costs per ounce sold, total production costs per ounce sold and operating cash margin per ounce.
- (3) "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.
- (4) Royalties are included as of April 1, 2006 at 5% of net precious metals revenues (as determined in accordance with the royalty agreement).
- (5) "Total cash costs" is a non-GAAP measure which includes all "cash operating costs" and royalties. "Total cash costs" is equivalent to mining and processing costs and royalties as reported in the Company's financial statements.
- (6) "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.
- (7) "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 ("total cash costs") as reported in the Company's financial statements.

Cash operating costs in 2011 were \$368 per ounce of gold sold, at the low end of the Company's full year guidance range of \$365-\$390 per ounce and 22% higher than in 2010. Cash operating costs per ounce in 2011 were higher relative to the same periods of last year due to lower grades mined, higher input costs as well as the relative strengthening in the value of the Mexican peso compared to the United States dollar. Amortization was \$160 per ounce of gold sold in 2011, 20% higher than \$133 per ounce in the same period of 2010. The Company made significant capital additions over the past year, which has increased the capital cost base and resulted in higher amortization expense per ounce in 2011.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

Production from certain mining concessions within the Salamandra District is subject to a sliding scale production royalty. At 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, production to a maximum of two million ounces of gold is subject to royalty. As at December 31, 2011, the royalty was paid or accrued on approximately 806,000 ounces of applicable gold production. Royalty expense of \$11.2 million increased 23% from royalty expense of \$9.1 million in 2010, attributable to a higher average market gold price.

Exploration

The Company' s accounting policy for exploration costs requires that exploration expenditures that do not meet the criteria for mine development be expensed as incurred. Total exploration spending in 2011 was \$16.7 million, of which \$9.5 million was expensed. Exploration spending in Mexico of \$5.3 million was expensed, while \$3.1 million was capitalized relating to drilling at San Carlos and El Victor North. In addition, \$4.1 million of exploration costs supporting development of Ağı Dağı and Kirazlı were capitalized and \$4.2 million was expensed. Comparatively, in 2010, a total of \$13.8 million was invested in exploration, of which \$7.6 million was expensed and \$6.2 million related to Turkey was capitalized.

Corporate and Administrative

Corporate and administrative expenses of \$9.6 million in 2011 were 5% higher than the \$9.2 million incurred in 2010. Higher corporate and administrative costs were primarily the result of higher costs associated with the Company' s administration office in Turkey, higher salary costs related to new employees in the Toronto head office and increased travel costs.

Share-based Compensation

Share-based compensation expense in 2011 was \$13.5 million compared to \$16.3 million in 2010. The value of share-based compensation expense related to stock options is added to the contributed surplus account within shareholders' equity, resulting in no net effect on total shareholders' equity.

Share-based compensation expense in 2011 is comprised of \$12 million related to the Company' s stock option plan and \$1.5 million related to a stock appreciation rights ("SARs") plan that was adopted in the fourth quarter of 2011. SARs are cash-settled liabilities which entitle the holder of a vested SAR to exercise and realize a cash payment equivalent to the intrinsic value of the SAR. The fair value of SARs is measured using the Black-Scholes option pricing model and is remeasured using the Black-Scholes model at each reporting date. At settlement, the fair value of the liability is remeasured using intrinsic value and the liability is settled by a cash payment to the holder of the SAR.

All stock option and SARs grants are subject to vesting provisions under which 20% of all stock options and SARs 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.

Share-based compensation expense for 2011 was lower than in 2010 as a result of a 25% decrease in the number of stock options and SARs granted in 2011 relative to 2010.

Finance Income

Finance income in 2011 was \$1.7 million compared to \$1.5 million in 2010, as a result of higher cash and short-term investment balances. Interest rates on deposit accounts and short-term investments remain near historically low levels.

Financing Expense

Financing expense includes accretion of the Company's asset retirement and property acquisition obligation liabilities. The expense for the current year was comparable to the prior year.

Foreign Exchange Loss

The Company recognized a foreign exchange loss of \$0.2 million in 2011 compared to a foreign exchange loss of nil in 2010. Throughout 2011, the value of the United States dollar strengthened against all of the Company's operating currencies, including the Mexican peso, Turkish lira and Canadian dollar.

Significant foreign exchange movements in 2011 included a \$2.6 million foreign exchange gain on revaluation of the Company's Mexican Peso-denominated net liability position, offset by a \$1.2 million foreign exchange loss on revaluation of the Company's net Turkish lira-denominated asset position, and a \$1.6 million foreign exchange loss on the Company's Canadian dollar-denominated net assets.

Income Taxes

Tax expense in 2011 was \$45.9 million compared to \$26.7 million in 2010. 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 2011, but may in future periods. The Company is cash taxable in Mexico and must calculate and provide for tax instalments on a monthly basis. The Company satisfies its tax liability through periodic instalment payments, as well as by offsetting refundable value-added tax owed from the Mexican government against its tax payable liability.

The statutory income tax rate in Mexico for 2011 is 30%. In Canada, the combined federal and provincial statutory income tax rate is 28% in 2011. The effective tax rate for 2011 (calculated as a percentage of earnings before income tax) was 43%, substantially higher than the statutory rate. The effective tax rate results from a number of factors, many of which are difficult to forecast. In 2011, the Company recorded a \$5 million non-cash deferred tax expense to recognize the impact of foreign exchange movements on temporary tax differences associated with foreign currency denominated non-monetary assets and liabilities. This adjustment is required under IFRS and resulted in a material expense as both the Mexican peso and the Turkish lira weakened significantly. The Company expects the effective tax rate to continue to fluctuate in periods of significant change to Mexican peso and/or Turkish lira foreign exchange rates.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

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.

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011 (1)	Q4 2011 (1)
Gold production (ounces)	41,600	38,400	30,200	45,800	37,500	36,000	33,000	46,500
Gold sales (ounces)	42,148	39,688	28,000	44,507	39,186	37,800	28,790	45,224
Gold sales revenues (\$000)	46,651	47,494	34,336	60,791	54,376	56,864	47,191	76,317
Earnings from mine operations (\$000)	22,041	18,624	11,331	28,058	25,245	25,231	20,038	35,723
Earnings (\$000)	15,525	9,474	20,472	18,333	17,857	15,494	5,436	21,294
Earnings (\$ per share) - basic/diluted	0.14 / 0.13	0.08	0.18 / 0.17	0.16	0.15	0.13	0.05	0.18

- (1) Gold sales (ounces) for the third and fourth quarter of 2011 include ounces sold from the Escondida zone. Accordingly, gold sales revenues include \$2.2 million and \$5.2 million in Q3 2011 and Q4 2011 respectively of revenue from the sale of Escondida ounces which is considered to be pre-production revenue and is offset against capitalized Escondida development costs.

Gold sales revenues generally trended higher over the past eight quarters as the Company has benefited from rising gold prices. Higher realized gold prices and gold sales have resulted in generally improved financial results. Gold production in the first and fourth quarters are generally higher than in the second and third quarters of the year, which can be adversely affected by weather-related production issues. The third quarter rainy season in northwestern Mexico adversely impacted gold production, sales and operating results in 2011 and 2010. Seasonal conditions could continue to impact production and financial results in future years if rainfall is significantly different from seasonal averages.

Financial and Other Instruments

The Company' s financial assets and liabilities consist of cash and cash equivalents, short term investments, amounts receivable, available-for-sale and held-for-trading securities, accounts payable and accrued liabilities and deferred tax liabilities, some of which are denominated in Canadian dollars ("CAD"), Mexican pesos ("MXN") and Turkish Lira ("TRL"). The Company is exposed to financial gains or losses as a result of foreign exchange movements against the United States dollar ("USD").

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 December 31, 2011, the majority of the Company' s reported cash and cash equivalents were held in bank deposit accounts or 60-day to 90-day term deposits. The Company' s short-term investments are generally term deposits with an initial term-to-maturity on acquisition of greater than 90 days.

The majority of the Company's cash balances are held in United States dollars. However, the Company does maintain cash and cash equivalents denominated in CAD, MXN and TRL. At December 31, 2011, the Company had entered into derivative contracts in order to manage its exposures to fluctuations in CAD:USD foreign exchange rates.

The Company is exposed to monetary assets and liabilities denominated in CAD. The Company maintains CAD cash and investment balances, which are not fully offset by CAD-denominated liabilities. As a result, the Company has entered into forward foreign currency contracts in order to reduce its exposure to changes in the value of the CAD compared to the USD. In 2011, the weakening of the CAD resulted in a \$1.6 million foreign exchange loss. The mark-to-market gain associated with the Company's forward foreign currency contracts was \$nil for year ended December 31, 2011.

The Company also has exposure to monetary assets and liabilities denominated in MXN. Significant cash balances, outstanding amounts receivable, accounts payable or tax liabilities denominated in MXN expose the Company to foreign exchange gains or losses. The Company maintains cash balances in MXN in order to partially mitigate its balance sheet exposure to changes in the MXN/USD exchange rate resulting from its MXN-denominated taxes payable and future tax liability balances. For the year ended December 31, 2011, the Company's net MXN-denominated liability position resulted in a foreign exchange gain on revaluation of approximately \$2.6 million.

At December 31, 2011 the Company's TRL-denominated net monetary assets consist of approximately \$10 million in TRL-denominated cash and short-term investments, in addition to value-added tax ("VAT") receivables. This exposure contributed to a \$1.2 million foreign exchange loss for the quarter due to the weakening of the TRL compared to the USD during the period.

Liquidity and Capital Resources

At December 31, 2011, the Company had \$222.6 million in cash and cash equivalents and short-term investments compared to \$188.2 million at December 31, 2010. The increase in total cash and cash equivalents and short-term investments of \$34.4 million reflects positive cash flows from operations and financing activities offset primarily by capital spending in Mexico and Turkey. Significant cash in-flows in 2011 included \$106.5 million cash provided by operating activities, \$22.3 million cash proceeds on exercise of options and \$0.9 million on proceeds from the sale of equipment. Significant cash out-flows in 2011 included \$77 million of capital and exploration expenditures in Mexico and Turkey, \$2.2 million in purchases of available-for-sale securities, and \$14.1 million in the payment of dividends. The Company's working capital surplus increased to \$251.1 million at December 31, 2011 from \$214.6 million at December 31, 2010.

The Company has ongoing budgeted capital and exploration expenditures in Mexico and significant budgeted exploration and development costs in Turkey for 2012. The Company expects to invest in development and construction activities at its projects in Turkey over the next several years, which the Company expects to be able to finance from a combination of existing cash balances and operating cash flows.

The Company has increased its semi-annual dividend from \$0.03 per share in the first quarter of 2010 to \$0.10 per share in the first quarter of 2012. The Company will continue to evaluate its dividend policy with the objective of continuing to maximize shareholder returns.

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

Conversion to International Financial Reporting Standards ("IFRS")

Effective February 2008, the Accounting Standards Board announced that publicly accountable entities would be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for periods beginning on or after January 1, 2011. The transition date of January 1, 2011 required the restatement into IFRS for comparative purposes of amounts previously reported under Canadian GAAP by the Company for the year ended December 31, 2010, including a revised opening balance sheet as at January 1, 2010.

IFRS is based on a conceptual framework that is similar to Canadian GAAP, however, significant differences exist in certain areas of recognition, measurement and disclosure. While the adoption of IFRS did not have a material impact on reported cash flows, it did have a material impact on the statements of financial position and statements of comprehensive income. The impact of these differences on the January 1, 2010 opening statement of financial position, as well as the December 31, 2011 and December 31, 2010 statements of financial position have been disclosed in the consolidated financial statements. In addition, the impact of these differences on the statements of comprehensive income for the years ended December 31, 2011 and 2010 have been disclosed in the consolidated financial statements.

Impact of IFRS on Financial Position

The following is a discussion of the accounting standards that had a significant financial statement impact on the Company' s opening statement of financial position.

1) IFRS 1, First-Time Adoption of IFRS:

Significant adjustments required on transition to IFRS were made, retrospectively, to opening retained earnings as at January 1, 2010, the date of the first comparative balance sheet presented under IFRS. However, IFRS 1 provides entities adopting IFRS for the first time a number of optional exemptions and mandatory exemptions, in certain areas, to the general requirement for full retrospective application of IFRS on the date of transition. The following are the optional exemptions which the Company elected:

Business combination election - The election allows the Company to adopt IFRS 3(R) prospectively from the date of transition.

Fair value or revaluation as deemed cost election - The election allowed the Company to record certain items of property, plant and equipment at fair value at the date of transition. The Company obtained independent fair value appraisals for its mobile equipment fleet and identified certain differences between the carrying value and fair value which reduced retained earnings and the related carrying values of mineral property, plant and equipment by approximately \$1 million (net of tax) as at the transition date.

Share-based payments election - The election enabled the Company to adopt IFRS 2 for unvested options at the date of transition to IFRS.

Decommissioning liabilities included in the cost of mineral property, plant and equipment - This election enabled the Company to apply a simplified approach to the determination of the corresponding asset balance relating to decommissioning liabilities at the date of transition.

Due to changes in the discount rate applied to expected future cash out-flows, the adjustment decreased the decommissioning liability by \$0.3 million, with a corresponding decrease to the related asset of approximately \$0.3 million.

Borrowing costs - This election enabled the Company to not have to retrospectively restate balances relating to the implementation requirements of IAS 23(R), as a first-time adopter is able to apply the transitional provisions from the later of January 1, 2009 or the transition date.

- 2) IAS 37, Provisions - Differences between Canadian GAAP and IFRS with respect to the discounting calculation and discount rates applied to future asset retirement costs were noted, however, the impact on the Company's property acquisition liability was not material.
- 3) IFRS 2, Share-based payments - As a result of the adoption of IFRS, the Company changed the methodology used to calculate stock option forfeitures and the calculation of graded vesting for compensation expense. Based on the IFRS 1 election discussed above, the transition date adjustment resulted in a reduction of retained earnings of approximately \$3.0 million, with a corresponding increase to contributed surplus.
- 4) IFRS 6, Exploration costs - The Company's policy under Canadian GAAP requires that exploration and evaluation costs be capitalized when the properties are identified as having development potential, as evidenced by a positive economic analysis of the project. There was no impact on transition as a result of the IFRS 6 accounting policies elected, other than reclassifications on the statement of financial position.
- 5) IAS 12, Income Taxes - A key difference exists in that a deferred tax liability is recognized under IFRS for a temporary difference, except to the extent the deferred tax liability arises from:
 - a. The initial recognition of goodwill; or
 - b. The initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (i.e. an asset acquisition).

The Company identified differences for certain transactions in which deferred tax liabilities were recognized under Canadian GAAP. The adjustment reduced the future tax liability by \$2.7 million, reduced mineral property, plant and equipment balances by approximately \$3.0 million, and decreased opening retained earnings by \$0.3 million, as at the transition date.

IAS 12, Income Taxes - A key difference has been identified in that a deferred tax liability is recognized under IFRS for a temporary difference caused by changes in the exchange rate of non-monetary assets and liabilities settled in a foreign currency. Differences existed, given that Canadian GAAP prohibited recognition of deferred tax liabilities for foreign currency changes. The adjustment increased the future tax liability balance by approximately \$5.4 million as at the transition date, with a corresponding decrease to opening retained earnings.

Impact of IFRS on Statements of Comprehensive Income

The following is a discussion of the accounting standards that had a significant financial statement impact on the Company's comparative statements of comprehensive income for the years ended December 31, 2011 and 2010.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

- 1) Mineral property, plant and equipment - Due to the adjustments to the provision for decommissioning liabilities and the adjustment for the deemed cost election discussed above, the cost of property plant and equipment is different in accordance with IFRS than in accordance with Canadian GAAP. As a result, even though amortization is calculated in the same manner, the amount of amortization expense differs by \$0.3 million for the year ended December 31, 2010.
- 2) Share-based payments - The effect of applying IFRS 2 was an increase to stock based compensation expense by \$3.0 million for the year ended December 31, 2010, with an offsetting adjustment to contributed surplus.
- 3) Provision for decommissioning liabilities - The effect was an increase in financing expense by a nominal amount for the year ended December 31, 2010, with an offsetting adjustment to decommissioning liability.
- 4) Provision for property acquisition obligations - The effect was a decrease in financing expense by a nominal amount for the year ended December 31, 2010, with an offsetting adjustment to the property acquisition obligation.
- 5) Deferred tax liability - The effect was a reduction of the deferred income tax liability balance of \$2.7 million as at January 1, 2010, with an offsetting adjustment to mineral property, plant and equipment of \$2.9 million and opening retained earnings of \$0.2 million. In addition, in 2010, mineral property, plant and equipment and deferred income taxes were reduced by \$17.7 million, as well as foreign exchange loss and deferred income tax expense increased by a total of \$1.9 million for the year ended December 31, 2010, with an offsetting adjustment to increase the deferred income tax liability.
- 6) Deferred tax asset/liability - The effect was an increase in deferred income tax liability by \$5.4 million as at January 1, 2010, with an offsetting adjustment to opening retained earnings. In addition, the effect was a decrease in deferred income tax expense by \$2.5 million for the year ended December 31, 2010, with an offsetting adjustment to deferred income tax liability.
- 7) Available-for-sale financial assets - For available-for-sale financial assets, foreign exchange amounts arising from translation of the assets are recorded in other comprehensive income, resulting in an adjustment to foreign exchange gain of \$0.4 million for the year ended December 31, 2010, with an offsetting adjustment to comprehensive income.

Internal Control over Financial Reporting

Management is responsible for the design and operating effectiveness 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 operating effectively as at December 31, 2011.

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 at December 31, 2011 and have concluded that these controls and procedures are effective.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Commitments

The following table summarizes the Company's contractual obligations at December 31, 2011:

Payments due by period (\$000)

Contractual Obligations	Total	Less than 1 year	2 - 3 years	4 - 5 years	More than 5 years
Escondida development ⁽¹⁾	1,500	1,500	-	-	-
Operating lease	955	221	476	258	-
Accounts payable and accrued liabilities	17,024	17,024	-	-	-
Asset retirement obligations	13,431	-	-	-	13,431
Property acquisition obligations	507	363	144	-	-
	33,417	19,108	620	258	13,431

- ⁽¹⁾ During the third quarter of 2009, the Company signed a contract with an international mining contractor to develop the Escondida zone of the Mulatos deposit. Total remaining expected costs associated with this contract are approximately \$1.5 million to be incurred in 2012.

Contractual obligations 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, royalty expense is expected to be in the range of \$4 to \$5 million per quarter.

The Company has signed relocation contracts with certain property owners and possessors in the town of Mulatos. In addition, negotiations for surface rights with respect to the La Yaqui and Cerro Pelon development properties are ongoing. Negotiation efforts are currently focused on resolving differences in price expectations between the Company and various counterparties.

During the second quarter of 2008, the Company entered into a land purchase agreement with certain landowners. Pursuant to the land purchase agreement, the Company made a payment of \$1.25 million in order to secure temporary occupation rights to specified land. An additional payment of \$1 million based on current exchange rates is payable once the land has been vacated and is transferred to the Company, which has not been accrued as at December 31, 2011. The probability and timing of this additional payment is currently unknown to the Company.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

During 2010, the Company received notice that the Mulatos Ejido had filed a complaint with the Unitary Agrarian Court to nullify the 2008 land purchase agreement. The Company has received a legal opinion that the action is without merit. Preliminary hearings are being held, and the matter remains unresolved by the Court at this time. The Company is committed to completing the agreement based on the original terms. The land purchase agreement does not affect current mining operations of the Company.

Additional future property acquisition, relocation benefits, legal and related 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.

Outstanding Share Data

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

	February 21, 2012
Common shares	
- Common shares outstanding	119,114,006
Stock options	5,674,700
- Average exercise price CAD\$13.30; approximately 70% vested	
Total	124,788,706

Outlook

The Company successfully achieved its revised production and cost guidance in 2011, with the Mulatos Mine producing 153,000 ounces at a cash operating cost (exclusive of the 5% royalty) of \$368 per ounce of gold sold. Despite a number of operational challenges, including cyanide supply and weather-related issues, gold production exceeded 150,000 ounces for the fourth consecutive year in 2011, while maintaining cash operating costs well below \$400 per ounce.

In 2012, the Mulatos Mine is forecast to produce its one millionth ounce of gold. Ongoing exploration success has resulted in a track record of mined reserves being replaced. In 2012, the Company expects production to increase to between 200,000 and 220,000 ounces at a cash operating cost of \$365 to \$390 per ounce of gold sold (\$450 to \$475 per ounce of gold sold inclusive of the 5% royalty, assuming a \$1,700 gold price). The Company expects that gold produced from the gravity mill, which will process high-grade ore from Escondida, will add a minimum of 67,000 ounces of production in 2012 at a grade of 13.4 g/t Au. Based on bulk sample testing conducted in 2007, the Company believes that there is the potential for higher production from the gravity mill as a result of realizing positive grade reconciliation to the reserve grade.

The high-grade gravity mill has been constructed and is currently undergoing commissioning and is expected to be operational with high-grade production by the end of the first quarter of 2012. The current life of the Escondida zone is approximately three years and exploration efforts in Mexico in 2012 will continue to focus on sourcing additional high-grade mill feed.

Metallurgical testing completed in 2011 on higher grade ore from San Carlos demonstrated that it is amenable to gravity processing, potentially doubling the amount of available mill feed. Further optimization and metallurgical studies are underway in order to increase the amount of high grade ore that can be processed through the gravity plant.

In 2011, the Company demonstrated exploration success at its Ağrı Dağı and Kirazlı projects in northwestern Turkey, with measured and indicated resources more than doubling since the Company acquired the projects in early 2010. In addition, the discovery of Çamyurt project is expected to further increase resources and to materially contribute to the Company's production profile in Turkey. An updated resource estimate which incorporates the initial resource for Çamyurt is expected to be released in March 2012.

Throughout 2012, activities in Turkey will be focused on completing the preliminary feasibility study in the second quarter, securing EIA approvals in the third quarter and the commencement of construction activities in the fourth quarter of 2012. The preliminary feasibility study will incorporate the additional resources and accommodate the increased scope of the projects since acquisition. The Company believes that the revised combined production profile of Ağrı Dağı and Kirazlı could result in annual production rates in Turkey that are substantially higher than initially reported in the March 2010 Scoping Study of 135,000 ounces per annum over an expected 8-year mine life.

Exploration activities in 2012 are expected to continue to expand resources in both Mexico and Turkey. In Mexico, the focus will be on step-out drilling at San Carlos and expansion of the mineralized zone at El Victor North, in addition to the initiation of underground development for exploration drilling. In Turkey, drilling activities in the first half of 2012 will focus on engineering activities to support the project development plan. Infill and expansion drilling at Çamyurt will continue, in addition to drill programs at the highly prospective Rockpile target.

The Company continues to strengthen its financial position: debt-free with over \$240 million in cash and short-term investments at February 21, 2012 and continued 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 internal growth or acquisitions.

Future accounting policy changes

The following are new pronouncements approved by the IASB. The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods.

(i) IFRS 9 Financial Instruments was issued by the IASB on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The impact of IFRS 9 on the Company's financial instruments has not been determined.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

(ii) IFRS 10 Consolidated Financial Statements is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities (“SPE” s”). IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27. The impact of adoption of IFRS 10 on the consolidated financial statements has not been determined.

(iii) IFRS 12 Disclosure of Interests in Other Entities was released in May 2011 and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this standard earlier, it does not need to apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity’ s interest in other entities, and the effects of those interests on the entity’ s financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. Given the nature of the Company’ s interests in other entities, the Company does not expect the amendments to have a material impact on the financial statements.

(iv) IFRS 13 Fair Value Measurement was issued in May 2011 and is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on earnings or other comprehensive income. IFRS 13 explains ‘how’ to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of IFRS 13 has not yet been determined.

(v) Amendments to IAS 1 Presentation of Financial Statements was issued in June 2011 and is effective for annual periods beginning on or after July 1, 2012. IAS 1 should be applied retrospectively, but early adoption is permitted. The amendments require that an entity present separately the items of OCI that may be reclassified to earnings in the future from those that would never be reclassified to earnings. Consequently an entity that

presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the earnings and other comprehensive income in two statements has remained unchanged. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of the amendments has not yet been determined.

(vi) IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine was issued in October 2011, and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRIC 20 sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that the stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRIC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of IFRIC 20 has not yet been determined.

Critical Accounting Estimates

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include: impairment of tangible and intangible assets, recoverable reserves, inventory recoveries, share-based payments, decommissioning liabilities, units of production amortization, provisions and contingencies, and recovery of deferred tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years include: determination of functional currency and amortization methods.

i) Impairment:

The Company assesses its mineral property, plant and equipment and exploration and evaluation assets annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

ii) Recoverable reserves:

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company' s mining properties. The Company estimates its recoverable reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, production costs, future capital requirements, and foreign exchange rates, along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact the carrying value of exploration and evaluation assets, mineral property, plant and equipment, decommissioning liabilities, and amortization expense.

iii) Units-of-production ("UOP") amortization:

Estimated recoverable reserves are used in determining the amortization of certain mineral property, plant and equipment. This results in an amortization charge proportional to the depletion of the anticipated remaining mine life. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditures. Numerous UOP amortization methods are available to choose from; the Company has adopted a methodology based on estimated recoverable reserves over the life of mine.

iv) Inventory:

The Company accounts for its in-process precious metals inventory using a process flow for applicable costs appropriate to the physical transformation of ore through the mining, crushing, leaching and gold recovery process. The Company is required to estimate the ultimate recovery based on laboratory tests and ongoing analysis of leach pad kinetics in order to determine the recoverable metals from the leach pad at the end of each accounting period. If the Company determines at any time that the ultimate recovery should be adjusted downward, then the Company will adjust the average carrying value of a unit of metal content in the in-process inventory and adjust upward on a prospective basis the unit cost of subsequent production. Should an upward adjustment in the average carrying value of a unit of metal result in the carrying value exceeding the realizable value of the metal, the Company would write down the carrying value to the realizable value.

v) Share based payments:

The Company follows accounting guidelines in determining the fair value of share-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options or stock appreciation rights before exercise, expiry or cancellation; future volatility of the Company' s share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation incorporates an expected forfeiture rate. The

expected forfeiture rate is estimated based on historical forfeiture rates and expectations of future forfeiture rates, and is adjusted if the actual forfeiture rate differs from the expected rate.

The resulting value calculated is not necessarily the value that the holder of the instrument could receive in an arm's length transaction, given that there is no market for these instruments and they are not transferable. It is management's view that the value derived is highly subjective and dependent upon the input assumptions made.

vi) Decommissioning liabilities:

The Company is required to determine the expected value of the estimated costs of decommissioning liabilities and to recognize this value as a liability when reasonably determinable. Key assumptions in determining the amount of the liability are: total undiscounted cash outflows, expected timing of payment of the cash outflows and appropriate inflation and discount rates to apply to the timing of cash outflows. Because the liability is recorded on a discounted basis, it is increased due to the passage of time with an offsetting charge to financing expense in the statement of comprehensive income. The Company calculated its estimated mine site closure costs based on a mine closure and reclamation plan prepared by management and reviewed by an independent third party. The majority of the expenditures associated with reclamation and mine closure will be incurred at the end of the mine life, expected to be approximately 9 years based on expected proven and probable reserves and the current rate of production.

vii) Provisions:

The Company records provisions which include various estimates, including the Company's best estimate of the future costs associated with settlement of the obligation, and discount rates applied. Such estimates are necessarily calculated with reference to external sources, all of which are subject to annual review and change.

viii) Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows and the application of existing tax laws in each jurisdiction.

Risk Factors and Uncertainties

The financing, exploration, development and mining of any of the Company's properties is subject to a number of factors including the price of gold, laws and regulations, political conditions, currency fluctuations, environmental regulations, hiring qualified people and obtaining necessary services in jurisdictions where the Company operates. The current trends relating to these factors are favorable but could change at any time and negatively affect the Company's operations and business.

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry which may have a material impact on, or constitute risk factors in respect of the Company's future financial performance.

MANAGEMENT' S DISCUSSION & ANALYSIS

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

Industry

The Company is engaged in exploration, mine development and the mining and production of precious metals, primarily gold, and is exposed to a number of risks and uncertainties that are common to other companies in the same business. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are risks involved in the operation of mines and the conduct of exploration programs. The Company has relied on and may continue to rely upon consultants and others for mine operating and exploration expertise. Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, the Company may not be able to raise sufficient funds for development. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of mining and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Where expenditures on a property have not led to the discovery of mineral reserves, spent costs will not usually be recoverable.

Commodity Price

The value of the Company' s mineral resources and future operating profit and loss is affected by fluctuations in gold prices, over which the Company has no control. A reduction in the price of gold may prevent the Company' s properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low gold prices. The price of gold may also have a significant influence on the market price of the Company' s common shares. The price of gold is affected by numerous factors beyond the Company' s control, such as the level of inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, sale of gold by central banks and the political and economic conditions of major gold producing countries throughout the world. The price of gold has increased significantly in the past several years. The current gold price is significantly above impairment levels. The Company has elected not to engage in significant forward selling, as a number of gold mining companies have been adversely affected by maintaining a substantial forward sales book in the face of a rising gold market. At the current rate of production, revenue will change by approximately \$160,000 with each \$1 change in the price of gold.

Currency

The Company is subject to currency risks. The Company' s functional currency is the United States dollar, which is subject to recent fluctuations against other currencies. The Company' s primary operations are located in Mexico and many of its expenditures and obligations are denominated in Mexican pesos. In addition, the Company has exploration and development activities ongoing in Turkey where the majority of its expenditures and obligations are in Turkish lira or Euros. The Company' s head office is in Canada where it maintains cash accounts in United States and Canadian dollars. As a result, the Company has monetary assets and liabilities and expenditures in United States dollars, Canadian dollars, Mexican pesos, Turkish lira and Euros. The Company' s results of operations are subject to foreign

currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate transactional volatility in either the Mexican peso or the Canadian dollar at this time. A 1% change in the relative value of the Canadian dollar would impact corporate and administrative costs by approximately \$80,000 annually; a 1% change in the relative value of the Mexican peso would impact operating costs by approximately \$270,000 annually. A significant strengthening in the value of the Turkish lira compared to the United States dollar could adversely impact the economics associated with the Company's development-stage assets in Turkey.

Business

The Company has limited financial resources which could affect its ability to carry out its business plan. The Company's ability to secure fixed gold prices or future foreign exchange rates is affected by its creditworthiness. Because of its limited operating record, it may not be able to hedge future risk to the extent it feels is appropriate. The Company's ability to obtain financing to explore for mineral deposits and to continue and complete the development of those properties it has classified as assets is not assured, nor is there assurance that the expenditure of funds will result in the discovery of an economic mineral deposit.

Competitive

The Company's business is intensely competitive, and the Company competes with other mining companies, many of which have greater resources and experience. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate the properties; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis and some of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these mineral deposits could have a material adverse effect on the Company's results of operations and business.

Country

The Company conducts exploration, mine development and mining and production activities in Sonora, Mexico. Mexico is a developing country and obtaining financing, finding or hiring qualified people or obtaining all necessary services for the Company's operations in Mexico may be difficult. Mexico's status as a developing country may make it more difficult for the Company to attract investors or obtain any required financing for its mining projects.

The Company recently acquired development-stage assets in Turkey and is subject to risks associated with conducting exploration activities and planning mine development activities in Turkey, including risks with respect to staffing, financing, obtaining the required goods and services, permitting, community relations and environmental risks.

The Company strives to maintain good relations with the local communities in which it operates by providing employment opportunities and social services. The Company has entered into surface agreements with the Mulatos Ejido. In addition, the Company has entered

MANAGEMENT' S DISCUSSION & ANALYSIS

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

into agreements with individual Ejido members for the surface rights to which they have been assigned. The transfers of title to these surface rights have been registered under Mexican law.

The Company is also in negotiations with Ejido and non-Ejido members, as a group and individually, to relocate the existing community of Mulatos, and to acquire additional surface rights. Negotiations with the Ejido can become time-consuming if demands for compensation become unreasonable. In addition, risk exists that Ejido and/or non-Ejido members could take action in attempts to physically impede access to the mine or mining operations. Such actions could include a blockade of the mine and could result in significant downtime and associated costs or suspension of operations and loss of production. With the assistance of experienced legal advisors and input and assistance from state and local government officials, the Company expects that it will be able to acquire its land-use requirements at a reasonable cost, however, there can be no assurance that this will be the case. The Company also expects that any actions taken by Ejido or non-Ejido members to interrupt or otherwise impede mine operations will be addressed by the appropriate state and federal government authorities.

During 2010, the Company received notice that the Mulatos Ejido had filed a complaint with the Unitary Agrarian Court to nullify the 2008 land purchase agreement. The Company has received a legal opinion that the action is without merit. Preliminary hearings are being held, and the matter remains unresolved by the Court at this time. The land purchase agreement does not affect current mining operations of the Company.

The acquisition of the right to exploit mineral properties is a detailed and time-consuming process. Although the Company is satisfied it has taken reasonable measures to acquire unencumbered rights to explore on and exploit its mineral reserves on the Salamandra group of concessions, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material and adverse to the Company.

Mexico recently enacted new tax laws which provide an additional layer of complexity and uncertainty in evaluating the financial benefit from current and future operations.

Environmental

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Specifically, the Company activities related to its Salamandra Concessions are subject to regulation by SEMARNAP, the environmental protection agency of Mexico. Regulations require that an environmental impact statement, known in Mexico as a *Manifiesto Impacto Ambiental*, be prepared by a third-party contractor for submittal to SEMARNAP. Studies required to support the *Manifiesto Impacto Ambiental* include a detailed analysis of the following areas: soil, water, vegetation, wildlife, cultural resources and socio-economic impacts. The Company must also provide proof of local community support for a project to gain final *Manifiesto Impacto Ambiental* approval. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Regulatory

The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters in both Mexico and Turkey. Specifically, the Company's activities related to its Mulatos Mine and the Salamandra group of concessions are subject to regulation by SEMARNAP, the environmental protection agency of Mexico, *Comisión Nacional del Agua* ("CAN"), which regulates water rights, and the Mexican Mining Law. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. The Company's mineral exploration and mining activities in Mexico may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

A number of other approvals, licenses and permits are required for various aspects of mine development. While the Company has used its best efforts to ensure title to all its properties and secured access to surface rights, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. The Company is uncertain if all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities within the Company's Salamandra group of concessions or any other projects with which the Company becomes involved. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

A new Mining Law was adopted in Turkey in 2010. It contains certain provisions designed to streamline the permitting and development processes and encourage concession-holders to advance their projects on a more timely basis in order to maintain the concessions in good standing. The Company's concessions in Turkey are subject to meeting specific deadlines for obtaining certain permits and advancing its concessions in Turkey. While the Company is confident in its ability to meet all required deadlines or milestones to maintain its concessions in good standing, there is no guarantee that the Company will be able to do this. The loss of key concessions could have a significant adverse impact on the Company's operating and development plans.

Estimates

The mineral reserves and resource estimates of the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by ore type at

MANAGEMENT' S DISCUSSION & ANALYSIS

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

optimal crush sizes. Actual gold recoveries in a commercial heap leach operation may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work, and work interruptions, among others. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades or ore types, may have an adverse effect on mining operations or the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in proven and probable reserves or resources, grades, waste-to-ore ratios or recovery rates may affect the economic viability of projects. The estimated proven and probable reserves and resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. Based on the expected 2011 rate of production and budgeted cash operating costs, a 1% change in the expected rate of recovery of gold would result in a \$4 per ounce change in cash operating costs, and an approximate \$2,000,000 change in income and cash flow annually, before royalties and income taxes. A 1% change in cash cost per tonne of ore would result in a \$3 per ounce change in cash cost, and approximately \$500,000 change in income and cash flow annually, before royalties and tax charges.

Dependence on Management

The Company is dependent on key personnel and the absence of any of these individuals could result in a significantly negative effect on the Company. The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company' s operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries. The Company is dependent, in particular, on its Chief Executive Officer, John McCluskey and its Chief Operating Officer, Manley Guarducci. Key man life insurance is not in place on Messrs. McCluskey or Guarducci. If the services of the Company' s management and key personnel were lost, it could have a material adverse effect on future operations.

Legal

Substantially all of the Company' s assets are located outside of Canada, and are held indirectly through foreign affiliates. It may be difficult or impossible to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of the securities laws of certain provinces against the portion of the Company' s assets located outside of Canada.

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.

The Company has made projections of its annual production and operating costs based on an annual budget which incorporates assumptions based on mining in sequence its mineral reserves at projected rates of tonnes and grade, assessing probable costs for mining and processing activities, projecting reasonable foreign exchange rates and achieving indicated rates of gold recovery derived from laboratory testing and historical experience. These assumptions are considered reasonable in the circumstances, but may be subject to change as additional information becomes available.

Cautionary Non-GAAP Measures and Additional GAAP Measures

Note that for purposes of this section, GAAP refers to IFRS. The Company believes that investors use certain Non-GAAP and additional GAAP measures as 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.

Additional GAAP measures which are presented on the face of the Company’s consolidated statements of comprehensive income include “Mine operating costs”, “Earnings from mine operations” and “Earnings from operations”. These measures are intended to provide an indication of the Company’s mine and operating performance. “Cash flow from operating activities before changes in non-cash working capital” is a non-GAAP performance measure

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

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 in) operating activities" as presented on the Company' s consolidated statements of cash flows. "Mining cost per tonne of ore" and "Cost per tonne of ore" are Non-GAAP performance measures which could provide an indication of the mining and processing efficiency and effectiveness of the Mine. These measures are calculated by dividing the relevant mining and processing costs and total 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. Non-GAAP and additional GAAP measures do not have a standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other companies.



Third Quarter 2012 Report

September 30, 2012

(Based on International Financial Reporting Standards ("IFRS") and stated in thousands of United States dollars, unless otherwise indicated)

INDEX

Unaudited Condensed Interim Consolidated Financial Statements

Consolidated Statements of Financial Position

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Notes to Condensed Interim Consolidated Financial Statements

**ALAMOS GOLD INC.****Consolidated Statements of Financial Position**

(Unaudited - stated in thousands of United States dollars)

	September 30, 2012	December 31, 2011
A S S E T S		
Current Assets		
Cash and cash equivalents	\$ 287,042	\$ 169,471
Short-term investments	29,869	53,088
Amounts receivable	7,697	6,147
Advances and prepaid expenses	2,533	2,117
Available-for-sale securities (note 4)	4,346	10,355
Other financial assets (note 4)	627	244
Inventory (note 5)	46,343	33,220
Total Current Assets	378,457	274,642
Non-Current Assets		
Exploration and evaluation assets (note 6)	119,708	108,454
Mineral property, plant and equipment (note 7)	208,571	216,128
Total Assets	\$ 706,736	\$ 599,224
L I A B I L I T I E S		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 21,267	\$ 17,024
Dividends payable (note 8)	12,062	-
Income taxes payable	6,371	6,125
Current portion of other liabilities	197	363
Total Current Liabilities	39,897	23,512
Non-Current Liabilities		
Deferred income taxes	43,593	35,008
Decommissioning liability (note 9)	5,906	6,680
Other liabilities	465	474
Total Liabilities	89,861	65,674
E Q U I T Y		
Share capital (note 10 a)	\$ 388,606	\$ 355,524
Contributed surplus	22,956	27,861
Accumulated other comprehensive loss	(1,970)	(1,080)
Retained earnings	207,283	151,245
Total Equity	616,875	533,550
Total Liabilities and Equity	\$ 706,736	\$ 599,224

Commitments and Contingencies (note 12)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**ALAMOS GOLD INC.****Consolidated Statements of Comprehensive Income**

(Unaudited - stated in thousands of United States dollars, except per share amounts)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
OPERATING REVENUES	\$ 71,281	\$ 44,991	\$ 222,426	\$ 156,231
MINE OPERATING COSTS				
Mining and processing	15,519	10,474	46,688	37,549
Royalties (note 12)	3,495	2,098	11,156	7,584
Amortization	12,106	4,840	32,563	16,543
	31,120	17,412	90,407	61,676
EARNINGS FROM MINE OPERATIONS	40,161	27,579	132,019	94,555
EXPENSES				
Exploration	729	2,131	5,040	6,304
Corporate and administrative	3,296	2,370	9,419	7,471
Share-based compensation (notes 10 b and 10 c)	2,830	3,040	6,758	10,265
	6,855	7,541	21,217	24,040
EARNINGS FROM OPERATIONS	33,306	20,038	110,802	70,515
OTHER INCOME (EXPENSES)				
Finance income	731	430	2,444	1,228
Financing expense	(121)	(150)	(388)	(447)
Foreign exchange gain (loss)	2,263	(5,642)	847	(4,868)
Other income (loss)	636	660	1,277	(776)
EARNINGS BEFORE INCOME TAXES FOR THE PERIOD	36,815	15,336	114,982	65,652
INCOME TAXES				
Current tax expense	(11,035)	(6,760)	(26,347)	(21,960)
Deferred tax recovery (expense)	115	(3,140)	(8,585)	(4,905)
	\$ 25,895	\$ 5,436	\$ 80,050	\$ 38,787
EARNINGS FOR THE PERIOD				
Other comprehensive (loss)				
- Unrealized (loss) gain on securities	(798)	928	(1,285)	(2,042)
- Reclassification of realized losses on available-for-sale securities included in earnings	488	1,885	395	1,885
COMPREHENSIVE INCOME FOR THE PERIOD	\$ 25,585	\$ 8,249	\$ 79,160	\$ 38,630
EARNINGS PER SHARE				
- basic (note 10 d)	\$ 0.22	\$ 0.05	\$ 0.67	\$ 0.33
- diluted (note 10 d)	\$ 0.21	\$ 0.05	\$ 0.66	\$ 0.33

Weighted average number of common shares
outstanding

- basic	120,062,000	117,792,000	119,548,000	117,060,000
- diluted	120,915,000	119,344,000	120,627,000	118,437,000

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**ALAMOS GOLD INC.****Consolidated Statements of Changes in Equity****For the nine-month periods ended September 30, 2012 and 2011**

(Unaudited - stated in thousands of United States dollars)

	Number of shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total Equity
Balance at December 31, 2010	116,340,008	\$ 325,867	\$ 23,316	\$ (1,332)	\$ 105,278	\$ 453,129
Share-based compensation	-	-	9,875	-	-	9,875
Shares issued on exercise of options	1,940,900	28,011	(6,960)	-	-	21,051
Dividends	-	-	-	-	(14,114)	(14,114)
Earnings	-	-	-	-	38,787	38,787
Other comprehensive loss (tax impact; nil)	-	-	-	(157)	-	(157)
Balance at September 30, 2011	118,280,908	\$ 353,878	\$ 26,231	\$ (1,489)	\$ 129,951	\$ 508,571

	Number of shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total Equity
Balance at December 31, 2011	118,383,008	\$ 355,524	\$ 27,861	\$ (1,080)	\$ 151,245	\$ 533,550
Share-based compensation	-	-	3,745	-	-	3,745
Shares issued on exercise of options	2,232,200	33,082	(8,650)	-	-	24,432
Dividends	-	-	-	-	(24,012)	(24,012)
Earnings	-	-	-	-	80,050	80,050
Other comprehensive loss (tax impact; nil)	-	-	-	(890)	-	(890)
Balance at September 30, 2012	120,615,208	\$ 388,606	\$ 22,956	\$ (1,970)	\$ 207,283	\$ 616,875

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**ALAMOS GOLD INC.****Consolidated Statements of Cash Flows**

(Unaudited - stated in thousands of United States dollars)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2012	2011	2012	2011
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Earnings for the period	\$ 25,895	\$ 5,436	\$ 80,050	\$ 38,787
Adjustments for items not involving cash:				
Amortization	12,106	4,840	32,563	16,543
Financing expense	121	150	388	447
Unrealized foreign exchange (gain) loss	(1,878)	3,037	(2,074)	2,761
Deferred tax (recovery) expense	(115)	3,140	8,585	4,905
Share-based compensation	2,830	3,040	6,758	10,265
(Gain) loss on sale of securities	(426)	968	(930)	968
Other	(311)	61	(329)	749
Changes in non-cash working capital:				
Fair value of forward contracts	150	(1,658)	150	(1,182)
Amounts receivable	(4,915)	(5,185)	(14,723)	(12,568)
Inventory	(5,492)	(5,567)	(9,020)	(5,415)
Advances and prepaid expenses	610	(882)	(417)	(374)
Accounts payable, taxes payable and accrued liabilities	6,710	4,746	14,424	13,373
	35,285	12,126	115,425	69,259
INVESTING ACTIVITIES				
Sale (purchases) of securities	2,947	(1,626)	6,285	(6,460)
Contractor advances	-	(6,607)	-	(16,200)
Short-term investments (net)	15,436	4,432	23,219	(12,210)
Proceeds on sale of equipment	-	-	-	889
Decommissioning liability	(384)	-	(1,146)	(136)
Exploration and evaluation assets	(5,939)	(3,046)	(11,254)	(6,916)
Mineral property, plant and equipment	(8,156)	(12,156)	(29,304)	(34,626)
	3,904	(19,003)	(12,200)	(75,659)
FINANCING ACTIVITIES				
Common shares issued	9,931	13,655	24,432	21,051
Dividends paid	-	-	(11,950)	(5,834)
	9,931	13,655	12,482	15,217
Effect of exchange rates on cash and cash equivalents	1,724	(2,435)	1,864	(1,600)
Net increase in cash and cash equivalents	50,844	4,343	117,571	7,217
Cash and cash equivalents - beginning of period	236,198	149,208	169,471	146,334
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 287,042	\$ 153,551	\$ 287,042	\$ 153,551
Supplemental information:				

Interest paid	\$ -	\$ -	\$ -	\$ -
Interest received	\$ 989	\$ 418	\$ 2,461	\$ 1,037
Income taxes paid	\$ 5,618	\$ 865	\$ 13,530	\$ 8,850

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

ALAMOS GOLD INC.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2012 and 2011**

(Unaudited – stated in United States dollars, unless otherwise indicated)

1. NATURE OF OPERATIONS

Alamos Gold Inc., a resident Canadian company, and its wholly-owned subsidiaries (collectively the “Company”) are engaged in the acquisition, exploration, development and extraction of precious metals in Mexico and Turkey. The Company owns and operates the Mulatos mine and holds the mineral rights to the Salamandra group of concessions in the State of Sonora, Mexico, which includes several known satellite gold occurrences. In addition, the Company owns the Ağı Dağı, Kirazlı and Çamyurt gold development projects in Turkey.

2. BASIS OF PREPARATION AND ADOPTION OF NEW ACCOUNTING POLICY

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”).

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the consolidated financial statements for the year ended December 31, 2011. These condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2011.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 23, 2012.

Adoption of Accounting Policy Effective January 1, 2012

International Financial Reporting Interpretations Committee (“IFRIC”) Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine was issued in October 2011, and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when benefits accrue to the entity from the stripping activity. In addition, IFRIC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity. The Company adopted the amendments in its financial statements for the annual period beginning on January 1, 2012. The Company capitalized \$7.2 million of production stripping costs to Mineral property, plant and equipment for the nine-month period ended September 30, 2012.

3. FUTURE ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT

The following are new pronouncements approved by the IASB. The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements, however, they may impact future periods.

(i) IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in

these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 (2010) is effective for annual periods beginning on or after January 1, 2015. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

(ii) IFRS 10 Consolidated Financial Statements is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities ("SPE's"). IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27. Given the nature of the Company's operations, the Company does not expect the amendments to have a material impact on the financial statements.

(iii) IFRS 12 Disclosure of Interests in Other Entities was released in May 2011 and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this standard earlier, it does not need to apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. Given the nature of the Company's interests in other entities, the Company does not expect the amendments to have a material impact on the financial statements.

(iv) IFRS 13 Fair Value Measurement was issued in May 2011 and is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on earnings or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of IFRS 13 has not yet been determined.

(v) Amendments to IAS 1 Presentation of Financial Statements was issued in June 2011 and is effective for annual periods beginning on or after July 1, 2012. IAS 1 should be applied retrospectively, but early adoption is permitted. The amendments require that an entity present separately the items of OCI that may be reclassified to earnings in the future from those that would never be reclassified to earnings. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the earnings and other comprehensive income in two statements has remained unchanged. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of the amendments has not yet been determined.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Assets and Liabilities

The carrying value of the Company's financial instruments is classified into the following categories:

	September 30, 2012	December 31, 2011
	(\$000)	(\$000)
Fair value through profit or loss ("FVTPL") ⁽¹⁾	316,911	222,559
Derivative instruments designated as FVTPL ⁽²⁾	627	244
Available-for-sale securities ⁽³⁾	4,346	10,355
Loans and receivables ⁽⁴⁾	7,697	6,147
Derivative contracts designated as FVTPL ⁽⁵⁾	(150)	-
Other financial liabilities ⁽⁶⁾	(39,871)	(23,650)

(1) Includes cash of \$130.0 million (December 31, 2011 - \$44.8 million), cash equivalents of \$157.0 million (December 31, 2011 - \$124.7 million) and short-term investments of \$29.9 million (December 31, 2011 - \$53.1 million).

(2) Includes the Company's investment in the warrants of a publicly traded company.

(3) Includes the Company's investment in the common shares of publicly traded entities.

(4) Includes amounts receivable. As permitted by Mexican tax law, the Company offset \$13.2 million of Mexican value-added tax receivables against its current taxes payable liability for the nine-months ended September 30, 2012 (\$16.9 million for year ended December 31, 2011).

(5) Includes the Company's foreign currency forward and option contracts and gold option contracts which, for accounting purposes, are not considered to be effective hedges. These are classified within accounts payable and accrued liabilities in the consolidated balance sheet.

(6) Includes all other accounts payable and accrued liabilities, dividends payable, income taxes payable, and certain other liabilities.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

b) Derivative Financial Instruments

The Company may utilize financial instruments to manage the risks associated with fluctuations in the market price of gold and foreign exchange rates. As at September 30, 2012, the Company had outstanding contracts to deliver up to 2,000 ounces of gold at fixed prices. The mark-to-market loss associated with these contracts as at September 30, 2012 was \$0.2 million. As at December 31, 2011 the Company had no outstanding gold forward contracts.

At September 30, 2012, the Company had outstanding contracts to deliver \$10 million Canadian dollars ("CAD") in exchange for a fixed amount of USD at future dates up to December of 2012, with CAD:USD rates ranging from 0.98:1 to 0.99:1. The mark-to-market gain associated with these contracts as at September 30, 2012 was nominal (December 31, 2011 - nil).

5. INVENTORY

	September 30, 2012	December 31, 2011
	(\$000)	(\$000)
Precious metals dore and refined precious metals	5,480	5,484
In-process precious metals	20,462	11,894
Parts and supplies	20,401	15,842
	\$46,343	\$33,220

The carrying value of inventory is calculated using weighted average cost. The amount of inventory charged to operations as mining and processing costs during the three and nine-month period ended September 30, 2012 was \$16.0 million and \$49.3 million (September 30, 2011 - \$11.3 million and \$40.5 million). The amount of inventory charged to operations as amortization in the three and nine-month periods ended September 30, 2012 was \$10.4 million and \$27.4 million (September 30, 2011 - \$3.9 million and \$13.6 million).

6. EXPLORATION AND EVALUATION ASSETS

The Company classifies the Ađi Dađı, Kirazlı, and amyurt Projects in Turkey as exploration and evaluation assets. Exploration and evaluation assets are not subject to amortization.

The following is a continuity of the Company's exploration and evaluation assets for the nine-month period ended September 30, 2012.

	Total
	(\$000)
Cost as at December 31, 2011	108,454
Additions	11,254
Cost as at September 30, 2012	119,708

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

The Company owns 100% of the Salamandra group of concessions in Mexico. Included within the Salamandra group of concessions is the Mulatos mine which began operations in 2005.

The majority of the Company's property, plant and equipment in operations is amortized on a units-of-production basis over an estimated nine year mine life. Certain mining and office equipment is amortized on a straight line basis over periods ranging from two to five years.

The following is a continuity of the Company's mineral property, plant and equipment for the nine-month period ended September 30, 2012.

	Mining plant and equipment	Office and computer equipment	Construction in progress	Subtotal	Mineral property and deferred development	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cost as at December 31, 2011	\$ 173,393	\$ 2,375	\$ 23,898	\$ 199,666	\$ 126,660	\$ 326,326
Additions	4,276	564	10,754	15,594	13,710	29,304
Transfers from construction in progress	28,792	-	(28,792)	-	-	-
Cost as at September 30, 2012	\$ 206,461	\$ 2,939	\$ 5,860	\$ 215,260	\$ 140,370	\$ 355,630
Accumulated amortization and impairment as at December 31, 2011	\$ 76,579	\$ 1,274	\$-	\$ 77,853	\$ 32,345	\$ 110,198
Amortization expense	21,053	390		21,443	15,418	36,861
Accumulated amortization and impairment as at September 30, 2012	\$ 97,632	\$ 1,664	\$-	\$ 99,296	\$ 47,763	\$ 147,059
Net book value as at September 30, 2012	\$108,829	\$ 1,275	\$5,860	\$ 115,964	\$ 92,607	\$ 208,571

8. DIVIDENDS

	Nine-months ended September 30, 2012
	(\$000)
Paid during the period	11,950
Declared and payable	12,062
	\$ 24,012
Weighted average number of common shares outstanding	119,548,000
Dividend per share	\$ 0.20

9. PROVISIONS

Decommissioning Liability

The fair value of a decommissioning liability is recognized in the period in which it is incurred, on a discounted cash flow basis, if a reasonable estimate can be made. The liability accretes to its full value over time through charges to earnings. In addition, the fair value is added to the carrying amount of the Company's mineral property, plant and equipment, and is amortized on a units-of-production basis over the life of the Mine.

A continuity of the decommissioning liability is as follows:

	Nine-months ended September 30, 2012
	(\$000)
Obligations at December 31, 2011	6,680
Revisions in estimated cash flows and changes in assumptions	-
Payments made against the liability	(1,146)
Accretion of discounted cash flows	372
Obligations at September 30, 2012	\$5,906

10. SHARE CAPITAL

a) Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

	Number of Shares	Amount
		(\$000)
Outstanding at December 31, 2011	118,383,008	355,524
Exercise of stock options	2,232,200	24,432
Transfer from contributed surplus to share capital for stock options exercised	-	8,650
Outstanding at September 30, 2012	120,615,208	\$ 388,606

b) Stock options

The Company has a stock option plan (the "Plan"), originally approved by the Board of Directors (the "Board") on April 17, 2003, and amended and ratified on May 25, 2007, May 15, 2008, April 7, 2009, June 2, 2010 and May 30, 2012, which allows the Company to grant incentive stock options to officers of the Company. Under the Plan, the number of shares reserved for issuance cannot exceed 7% of the total number of shares which are outstanding on the date of grant. The exercise price, term (not to exceed ten years) and vesting provisions are authorized by the Board at the time of the grant. The plan is subject to shareholder approval and ratification every three years.

Stock options granted under the Plan are exercisable for a five-year period. Incentive stock options granted vest 1/3 on the first anniversary date, 1/3 on the second anniversary and 1/3 on the third anniversary date.

The following is a continuity of the changes in the number of stock options outstanding for the nine-month period ended September 30, 2012:

	Number	Weighted average exercise price (\$CAD)
Outstanding at December 31, 2011	6,405,700	\$12.95
Granted	840,000	16.30
Exercised	(2,232,200)	10.92
Forfeited	(77,000)	14.23
Outstanding at September 30, 2012	4,936,500	\$14.42

The weighted average share price at the date of exercise for stock options exercised in the nine-month period ended September 30, 2012 was CAD\$18.93 (for the nine-month period ended September 30, 2011 - CAD\$17.35).

For the nine-month period ended September 30, 2012, the Company granted 840,000 incentive stock options at exercise price at CAD\$16.30, compared to 2,115,000 stock options granted at an exercise prices ranging from CAD\$14.24 per share to CAD\$16.39 per share in the nine-month period ended September 30, 2011.

The fair value of stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

For options granted in the nine-month period ended:	September 30, 2012	September 30, 2011
Weighted average share price at grant date	\$16.30	\$14.30
Risk-free rate	1.0%-1.2%	1.7%-2.3%
Expected dividend yield	1.04%	0.43%-0.58%
Expected stock price volatility (based on historical volatility)	40%-51%	42%-58%
Expected life, based on terms of the grants (months)	30-60	20-60
Weighted average per share fair value of stock options granted	\$5.48	\$4.96

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants.

As at September 30, 2012, 3,500,500 stock options were exercisable. The remaining 1,436,000 outstanding stock options vest over the following three years.

Stock options outstanding and exercisable as at September 30, 2012:

Range of exercise prices (\$CAD)	Outstanding			Exercisable	
	Number of options	Weighted average exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (\$CAD)
\$6.00 - \$8.00	30,000	6.76	0.67	30,000	6.76
\$8.01 - \$10.00	450,000	9.80	1.69	450,000	9.80
\$10.01 - \$14.00	100,000	13.04	2.39	100,000	13.04
\$14.01 - \$15.00	3,431,500	14.61	2.80	2,845,500	14.69
\$15.01 - \$17.50	925,000	16.34	4.50	75,000	16.75
	4,936,500	\$ 14.42	2.99	3,500,500	\$ 13.99

c) Stock Appreciation Rights ("SARs")

In 2011, the Company's Board approved a cash-settled stock appreciation rights plan ("SARs Plan") to grant incentive SARs to its directors, officers, employees and consultants. Under the SARs Plan, the number of units reserved for issuance cannot exceed 8% of the total number of common shares which are outstanding on the date of grant. The exercise price, term (not to exceed ten years) and vesting provisions are authorized by the Board at the time of the grant.

SARs granted to directors, officers, employees and certain consultants under the SARs Plan are exercisable for a five-year period. SARs granted prior to May 31, 2012 vest 20% on the date of grant, and 20% at each six-month interval following the date of grant. Vesting provisions in the SARs Plan were amended effective May 31, 2012. All grants subsequent to this amendment are subject to vesting of 1/3 on the first anniversary date, 1/3 on the second anniversary and 1/3 on the third anniversary date.

SARs are cash-settled liabilities, which are remeasured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized as an expense to share-based compensation in the Statements of Comprehensive Income. As at September 30, 2012, the SARs liability was \$4.3 million (December 31, 2011 - \$1.6 million) recorded in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position.

The following is a continuity of the changes in the number of SARs outstanding for the nine-month period ended September 30, 2012:

	Number	Weighted average exercise price (\$CAD)
Outstanding at December 31, 2011	770,000	\$16.36
Granted	830,000	18.48
Exercised	(45,340)	15.49
Forfeited	(17,140)	15.49
Outstanding at September 30, 2012	1,537,520	\$ 17.54

The fair value of SARs granted were estimated using the Black-Scholes option pricing model with the following assumptions:

For SARs granted in the nine-month period ended:	September 30, 2012
Weighted average share price at grant date	\$18.48
Risk-free rate	1.0% - 1.6%
Expected dividend yield	0.65%-1.04%
Expected stock price volatility (based on historical volatility)	41%-64%
Expected life, based on terms of the grants (months)	20-60
Weighted average per share fair value of SARs granted	\$6.65

Stock appreciation rights outstanding and exercisable as at September 30, 2012:

Range of exercise prices (\$CAD)	Outstanding			Exercisable	
	Number of SARs	Weighted average exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of SARs	Weighted average exercise price (\$CAD)
\$15.00 - \$17.00	457,520	15.89	3.03	101,300	15.73
\$17.01 - \$19.00	605,000	17.56	4.11	195,000	17.27
\$19.01 - \$20.00	475,000	19.11	5.00	-	-
	1,537,520	\$ 17.54	4.06	296,300	\$ 16.74

d) Earnings per share

Basic earnings per share amounts are calculated by dividing earnings for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents.

	For the nine-months ended	
	September 30, 2012	September 30, 2011
Earnings (\$000)	\$80,050	\$38,787
Weighted average number of common shares outstanding	119,548,000	117,060,000
Basic earnings per share	\$0.67	\$0.33
Dilutive effect of stock options outstanding	1,079,000	1,377,000
Diluted weighted average number of common shares outstanding	120,627,000	118,437,000
Diluted earnings per share	\$0.66	\$0.33

11. SEGMENTED REPORTING

The Company operates in one business segment (the exploration, mine development and extraction of precious metals, primarily gold) in three geographic areas: Canada, Mexico and Turkey.

As at	September 30, 2012				December 31, 2011			
	Mexico	Turkey	Canada	Total	Mexico	Turkey	Canada	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Non-current assets	207,290	120,457	532	328,279	215,111	109,007	464	324,582
Assets	354,905	131,470	220,361	706,736	395,313	117,520	86,391	599,224
Liabilities	71,227	463	18,171	89,861	61,874	1,666	2,134	65,674

	Nine-months ended September 30, 2012				Nine-months ended September 30, 2011			
	Mexico	Turkey	Canada	Total	Mexico	Turkey	Canada	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenues	222,426	-	-	222,426	156,231	-	-	156,231
Earnings (loss)	94,776	(3,466)	(11,260)	80,050	58,801	(3,325)	(16,689)	38,787

12. COMMITMENTS AND CONTINGENCIES

a) Royalty

Production from certain concessions within the Salamandra district, including the Mine, is subject to a production royalty payable 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. Production to a maximum of two million ounces of gold is subject to royalty. As at September 30, 2012, the royalty was paid or accrued on approximately 943,000 ounces of applicable gold production. Royalty expense for the three and nine-month period ended September 30, 2012 was \$3.5 million and \$11.2 million (three and nine-month periods ended September 30, 2011: \$2.1 million and \$7.6 million).

In addition, a third party has a 2% Net Smelter Return Royalty on production from the Company's Ağı Dağı project. The Company has not recorded an accrual for this royalty at September 30, 2012 as the project is not in production. The Company is also subject to 2% state royalty on production in Turkey, subject to certain deductions.

b) Mulatos Town Relocation

The Company commenced the planned relocation of the town of Mulatos in 2007 and relocation contracts were signed with over half of the families residing in Mulatos at that time. Property owners and possessors were offered a comprehensive benefits package including compensation for their property at a premium to independent third-party valuations and/or relocation benefits. In certain cases, relocation benefits include deferred monthly payments. Since the start of the Mulatos relocation effort in 2007, the Company has invested approximately \$7.3 million in property acquisition, relocation benefits, legal, and related costs. In addition, the Company has recognized a liability of \$0.3 million representing the discounted value of expected future payments for relocation benefits to property owners and possessors that had signed contracts with the Company as at September 30, 2012. The discounted value of the liability was capitalized to mineral property, plant and equipment.

During 2008, the Company, through its wholly-owned subsidiaries, entered into a land purchase agreement with the Mulatos Ejido, the local landowners. Pursuant to the land purchase agreement, the Company made a payment of \$1.3 million in order to secure temporary occupation rights to specified land. An additional payment of approximately \$1.0 million (based on current exchange rates) which has not been accrued as at September 30, 2012, is payable once the land has been vacated and transferred to the Company. The probability and timing of this additional payment is currently uncertain.

In 2010, the Mulatos Ejido filed a complaint with the Unitary Agrarian Court to nullify the 2008 land purchase agreement. In June 2012, the Agrarian Unitary Court issued a judgement in which it ruled that the Company's wholly-owned subsidiary has been completely discharged of all claims made against it in this lawsuit. The Court also confirmed the validity of the 2008 land purchase agreement.

Additional future property acquisition, relocation benefits, legal and related 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.

13. RECLASSIFICATION

The comparative financial statements have been reclassified to conform to the presentation of the current period financial statements.



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 nine-month periods ended September 30, 2012 compared with the three and nine-month periods ended September 30, 2011. Together with the condensed interim consolidated financial statements and related notes, the MD&A provides a detailed account and analysis of the Company' s financial and operating performance for the period. The Company' s functional and reporting currency is the United States dollar. This MD&A is current to October 23, 2012 and should be read in conjunction with the Company' s Annual Information Form and other public filings available at www.sedar.com ("SEDAR").

The MD&A should be read in conjunction with the condensed interim consolidated financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to Notes 2 and 3 of the December 31, 2011 consolidated financial statements for disclosure of the Company' s significant accounting policies. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as at and for the three and nine-month periods ending September 30, 2012.

Overview

Alamos Gold Inc. is a publicly-traded company on the Toronto Stock Exchange (TSX: AGI). The Company owns and operates the Mulatos mine ("Mulatos" or the "Mine") within the Salamandra group of concessions located in the state of Sonora in northwest Mexico. In addition, the Company owns the Ağı Dağı, Kirazlı and Çamyurt gold development projects, located in the Biga Peninsula of northwestern Turkey.

Mexico

The Salamandra group of concessions comprises 30,536 hectares, and contains the producing Mulatos mine as well as several advanced and grassroots exploration projects. The Mine achieved commercial production in 2006 and produces gold in dore form for shipment to a refinery. Exploration potential includes both mineralized extensions and satellite deposits in close proximity to the existing mining operations. Proven and probable reserves as at December 31, 2011 were 65.0 million tonnes grading 1.14 grams of gold per tonne of ore ("g/t Au") for approximately 2.4 million contained ounces of gold, providing a mine life of approximately nine years at current production levels.

Turkey

In early 2010, the Company acquired the 8,317 hectare Ağı Dağı and Kirazlı gold development projects in Turkey, which contain established mineral resources and several highly prospective exploration targets. In June 2012, the Company published a positive preliminary feasibility study for the Ağı Dağı and Kirazlı projects, showing total life of mine production of 1.5 million ounces of gold and 4.9 million ounces of silver. In addition, the Company owns the Çamyurt exploration project located approximately three kilometres ("km") southeast of Ağı Dağı. In June 2012, the Company released an initial inferred mineral resource estimate for the Çamyurt project of 24.6 million tonnes grading 0.81 g/t Au and 4.77 g/t Ag for 640,000 ounces of gold and 3.8 million ounces of silver.

Measured and indicated mineral resources at Ağrı Dağı and Kirazlı (reported at a 0.2 g/t Au cut-off) at December 31, 2011 total 110.1 million tonnes grading 0.62 g/t Au and 4.76 g/t silver ("Ag") for approximately 2.2 million ounces of gold and 16.8 million ounces of silver. Inferred mineral resources total 26.4 million tonnes grading 0.53 g/t Au and 4.36 g/t Ag, for approximately 0.5 million contained ounces of gold and 3.7 million contained ounces of silver.

Third Quarter 2012 Highlights

Financial Performance

Sold 43,255 ounces of gold for quarterly revenues of \$71.3 million

Realized quarterly earnings of \$25.9 million (\$0.22 per basic share)

Generated strong cash from operating activities before changes in non-cash working capital of \$38.2 million (\$0.32 per basic share)

After changes in non-cash working capital, generated quarterly cash from operating activities of \$35.3 million (\$0.29 per basic share)

Increased cash and cash equivalents and short-term investments to \$316.9 million at September 30, 2012

Announced semi-annual dividend of \$0.10 per share, payable on October 31, 2012 to shareholders of record on October 15, 2012.

Operational Performance

Produced 43,500 ounces of gold at a cash operating cost of \$359 per ounce of gold sold (total cash costs including royalties were \$440 per ounce of gold sold)

Achieved record third quarter average crusher throughput of 15,200 tonnes per day ("tpd") during the rainy season

Continued to improve production from the Escondida high grade zone through higher grades milled and improved recoveries from the gravity mill. The average grade milled for the quarter was 13.2 g/t Au, including over 20 g/t Au in the month of September

Reported a net positive ounce reconciliation of 20% comparing mined blocks from the Global Mulatos Pit to the block model.

Subsequent to quarter-end:

Operational results have continued to improve with crusher throughput averaging 19,000 tonnes per-day, monthly gold production on-track to exceed 24,000 ounces for October

The Company extended its key operating licenses for the Ağrı Dağı and Kirazlı projects to 2014 and 2019 respectively.

Successful public participation meetings were conducted as part of the environmental impact assessment report ("EIA") process for the Ağrı Dağı and Kirazlı projects and the Company remains on track to submit its final EIAs over the next several months with approvals expected in the first and second quarters of 2013.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Results of Operations

Gold production of 43,500 ounces in the third quarter of 2012 increased 32% compared to 33,000 ounces in the same period of 2011. In the table below, the tonnes of crushed ore stacked on the leach pad exclude mill tailings, which are included within the number of tonnes of crushed ore milled. The table below outlines key production indicators for the third quarters and year-to-date in 2012 and 2011:

Production summary	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Ounces produced ⁽¹⁾	43,500	33,000	132,200	106,500
Crushed ore stacked on leach pad (tonnes) ⁽²⁾	1,345,000	1,255,000	4,056,000	3,697,000
Grade (g/t Au)	1.25	1.35	1.19	1.29
Contained ounces stacked	54,000	54,500	155,200	153,300
Crushed ore milled (tonnes)	49,100	-	118,700	-
Grade (g/t Au)	13.25	-	11.67	-
Contained ounces milled	20,900	-	44,500	-
Ratio of total ounces produced to contained ounces stacked and milled	58%	61%	66%	70%
Total ore mined (tonnes)	1,399,000	1,360,000	4,167,000	3,853,000
Waste mined (tonnes)	750,000	1,385,000	2,538,000	2,875,000
Total mined (tonnes)	2,149,000	2,745,000	6,705,000	6,728,000
Waste-to-ore ratio	0.54	1.02	0.61	0.75
Ore crushed per day (tonnes) - combined	15,200	13,500	15,200	13,500

⁽¹⁾ Reported gold production for Q3 2011 and YTD 2011 has been adjusted to reflect final refinery settlement. Reported gold production for Q3 2012 and YTD 2012 is subject to final refinery settlement and may be adjusted.

⁽²⁾ Excludes mill tailings stacked on the heap leach pad during the period.

Gold Production

Higher gold production in the third quarter of 2012 relative to the third quarter of 2011 was primarily attributable to production from the gravity mill, which started operation in early 2012. Gold production in the third quarter benefited from a 7% increase in crushed ore stacked in relative to the same period of 2011, which was offset by a 7% decrease in the grade stacked on the leach pad.

Crusher Throughput

Crusher throughput in the third quarter of 2012 averaged 15,200 tpd, 13% higher than 13,500 tpd in the same period of last year but below the annual average budgeted rate of 17,500 tpd. The Company anticipates lower average crusher throughput in the third quarter of each year due to heavy rains in July and August, considered the rainy season in northern Mexico. In addition to rainfall, premature crusher liner wear caused unscheduled downtime in July and August. These issues have been largely resolved, with crusher throughput averaging 16,500 tpd in September and over 19,000 tpd to date in October.

In 2012, higher crusher throughput has been achieved without sacrificing size quality. The size of crushed ore stacked on the leach pad was consistent with budgeted levels, with over 90% passing 3/8th of an inch in the third quarter of 2012.

Commissioning of the gravity mill to process ore from the Escondida high grade zone was completed in the first quarter of 2012. During the third quarter, the mill exceeded budgeted throughput of 500 tpd; a total of 49,100 tonnes of high grade ore was processed. Mill throughput continues to exceed 500 tpd in October.

Escondida High Grade Zone

In the third quarter of 2012, mill production from the Escondida high grade zone continued to improve from start-up earlier in the year. Mill throughput exceeded budgeted levels at 530 tonnes per day. The recovery from the gravity portion of the mill improved to more than 75% (ultimate recoveries remain in the 90% range as mill tails are stacked on the leach pad for further gold recovery). In addition, the grade of the Escondida high grade zone mined and milled rose to 13.25 g/t Au for the quarter. This represents a substantial increase from the grade milled in the second quarter of 2012 of 10.78 g/t Au and is consistent with the Company's budgeted annual average mill grade.

The reconciliation of the actual ore mined compared to the Escondida high grade zone block model for the quarter ended September 30, 2012 was +23%, -25% and -8% for tonnes, grade and ounces respectively. Throughout the quarter, mining activities transitioned from the periphery of the Escondida high grade zone into the main part of the deposit where higher grades were encountered during exploration drilling. The greater than projected tonnage and lower grade largely reflects the milling of mineralized material at the deposit margins that is lower grade than the average reserve grade, but too high grade to justify leach pad recoveries. With mining now focused on the higher grade portions of the deposit, ore control practices have been optimized in order to address the complexity of the geology within the zone as well as challenges arising from the coarse gold nature of the deposit. Selective mining based on visual characteristics is being applied to improve ore control. In addition, a 150 hole RC drilling program consisting of short holes on a 10 m grid is also in progress to better define high grade limits and improve geologic input to blasting and ore control.

Improvements in ore control practices throughout the third quarter have been reflected in the grade mined and milled as well as the block model reconciliation results. The grade mined and milled in September exceeded 20 g/t Au and the negative reconciliation with respect to ounces was reduced to -2%. To-date, the Company has mined and milled a total of 119,000 tonnes from the Escondida high grade zone, representing approximately 28% of the pit-contained high grade mineral reserve tonnes.

Grade - Global Mulatos Pit

The grade of the crushed ore stacked on the leach pad in the third quarter of 2012 of 1.25 g/t Au was higher than the full year budgeted grade of 1.00 g/t Au, and below the grade in the third quarter of 2011 of 1.35 g/t Au. Applying higher gold price assumptions to the mine model has resulted in material previously classified as waste becoming economic to mine and therefore classified as low grade ore. This has the effect of lowering the average grade mined.

The reconciliation of mined blocks to the block model for the Global Mulatos Pit, including Escondida, for the quarter ended September 30, 2012 was +23%, -3% and +20% for tonnes, grade and ounces respectively. During the third quarter, mining was conducted between the Mina Vieja and El Salto portions of the Global Mulatos Pit. Due to the challenging location and

MANAGEMENT'S DISCUSSION & ANALYSIS

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

topography of this area, it had not been well drill-defined in the Company's reserves. As a result, tonnes that had been modeled as waste were found to be ore-grade, resulting in the positive net ounce reconciliation of 20%. Since the start of mining activities in 2005, the project-to-date reconciliation is +2%, +7%, +9% for tonnes, grade and ounces, respectively. Positive variances indicate that the Company is mining more gold than was indicated in the reserve model.

Recovery Ratio

The recovery ratio¹ in the third quarter of 2012 was 58%, below the Company's budgeted average recovery ratio for the year of 77%. This lower recovery ratio was the result of the deferral of gold production from the third quarter to following quarters resulting from dilution on the heap leach pad due to the rainy season, as well as lower than budgeted mill recoveries.

Recoveries from the heap leach pad were below budget in the quarter, as the third quarter rainy season caused dilution of gold-bearing solution, resulting in the deferral of production and an increase in the number of ounces in in-process inventory. This deferral of gold production combined with increased crusher throughput have resulted in October 2012 gold production being on track to establish a new monthly record of approximately 24,000 ounces.

Recoveries from the gravity mill have been continuously improving since mill start-up in the first quarter of 2012; however, they remain below budgeted levels of 90%. While the lower mill recoveries slow the gold recovery process, they do not affect ultimate recoveries of the Escondida high grade ore, as tailings from the milling process are stacked on the leach pad, where bottle roll testing indicates that over 90% of this gold is recovered. In the third quarter, the gravity portion of the mill recovery was approximately 75%. The Company began operating a Falcon concentrator inline with the Knelson concentrator in the third quarter, and this improved gravity mill recoveries from approximately 65% in the second quarter to approximately 75% in the third quarter.

Operating Costs

The following table compares costs per tonne for the periods ended 2012 and 2011:

Costs per tonne summary	Q3 2012⁽¹⁾	Q3 2011⁽²⁾	YTD 2012⁽¹⁾	YTD 2011⁽²⁾
Mining cost per tonne of material (ore and waste)	\$2.87	\$1.83	\$2.66	\$1.97
Waste-to-ore ratio	0.54	1.02	0.61	0.75
Mining cost per tonne of ore	\$4.41	\$3.70	\$4.28	\$3.45
Crushing/conveying cost per tonne of ore	\$2.64	\$2.56	\$2.34	\$2.50
Processing cost per tonne of ore	\$4.80	\$3.36	\$3.49	\$2.85
Mine administration cost per tonne of ore	\$2.03	\$1.85	\$1.95	\$1.97
Total cost per tonne of ore ^{(1), (2), (3)}	\$13.88	\$11.47	\$12.06	\$10.77

¹ "recovery ratio" is defined as the ratio of gold ounces produced divided by the number of contained ounces stacked over a specific period.

- (1) Q3 and YTD 2012 cost per tonne reflects total costs related to crushed ore stacked on the leach pad and crushed ore milled on a blended basis
- (2) Q3 and YTD 2011 cost per tonne figures represent costs related crushed ore stacked on the leach pad only
- (3) Refer to “Cautionary non-GAAP Measures and Additional GAAP Measures” disclosure at the end of this MD&A for a description and calculation of certain measures presented in this table.

Total cost per tonne of ore in the third quarter 2012 of \$13.88 increased 21% compared to the same period of 2011. The higher total cost per tonne of ore in the third quarter of 2012 is primarily attributable to higher mining costs resulting from increases in input costs (including higher salaries and rising cyanide and diesel costs), as well as costs associated with the gravity mill, which are reflected in the 2012 cost per tonne figures. These inflationary pressures were partially offset by lower power consumption in 2012 than in 2011 resulting from operational efficiencies.

Mining cost per tonne of material was \$2.87 in the third quarter of 2012, 57% higher than \$1.83 in the third quarter of 2011, as a result of a substantial decrease in the total tonnes of ore and waste mined, which increases the per tonne cost of fixed charges. Mining cost per tonne of ore of \$4.41 was 19% higher in the third quarter of 2012 than in the same period of 2011 as a result of higher salary and diesel costs.

Crushing and conveying cost per tonne of ore of \$2.64 in the third quarter of 2012 was consistent with the comparable period of 2011. In late 2011 and early 2012, the Company reconfigured the crushing circuit, which has reduced year-to-date power and maintenance costs on a per tonne basis.

Processing costs per tonne of ore in the third quarter of 2012 were \$4.80 compared to \$3.36 in 2011, a 43% increase. Higher processing costs in the third quarter of 2012 relative to the same period of 2011 were the result of higher per unit cyanide costs as well as substantially higher consumption. In the third quarter of 2011, cyanide consumption was well below budget as a result of supply disruptions caused by a flood at the Company’s primary cyanide supplier. Higher processing costs were also attributable to general increases in reagent costs, as well higher per-tonne costs associated with gravity mill throughput.

Mine administration costs per tonne of ore in the third quarter of 2012 increased 10% relative to the comparable period in 2011 as a result of costs associated with the water treatment plant, which was not in operation in 2011.

Cash operating costs of \$359 per ounce of gold sold in the third quarter of 2012 were below the low end of the Company’s guidance of \$365 per ounce, and 6% lower than \$382 per ounce reported in the third quarter of 2011. This decrease is primarily due to the lower cash costs attributable to ounces produced from the Escondida high grade zone in the third quarter of 2012, as well as the weakening Mexican peso, which had the effect of lowering Mexican peso-denominated costs. These cost reductions were offset by higher input costs, including labour, cyanide and diesel.

Cash operating costs include total costs incurred in the period, in addition to inventory adjustments that recognize the allocation of costs to and from the Company’s in-process leach pad gold inventory in the period. The Company utilizes a gold process flow inventory model that allocates total costs incurred to mill processing or to the recoverable ounces stacked on the leach pad in that period, and charges each ounce of gold produced on an average cost

MANAGEMENT'S DISCUSSION & ANALYSIS

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

basis. Accordingly, cash operating costs reflect not only the cash spent in a period, but also an adjustment to reflect the increase or decrease in the leach pad inventory.

A reconciliation of total costs to cash operating costs is presented below:

Cash operating cost reconciliation ⁽¹⁾	Q3 2012	Q3 2011
Total cost per tonne of ore	\$13.88	\$11.47
Ore stacked/milled (tonnes)	1,394,100	1,255,000
Total cost	\$19,350,100	\$14,395,000
Inventory adjustments to reflect additional ounces produced from (allocated to) leach pad inventory and other period costs	(\$3,831,100)	(\$3,921,000)
Mining and processing costs allocated to ounces sold as reported on income statement	\$15,519,000	\$10,474,000
Ounces sold	43,255	27,450
Cash operating cost per ounce sold	\$359	\$382

(1) Refer to "Cautionary non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of certain measures presented in this table.

In the third quarter of 2012, the Company increased the number of ounces on the leach pad inventory, as the number of ounces produced was lower than the number of recoverable ounces stacked. Leach pad inventory, which incorporates both cash operating costs and amortization, has increased to \$20.5 million at September 30, 2012 from \$11.9 million at December 31, 2011, reflecting more ounces on the pad and higher amortization per ounce in inventory.

Investments in Mineral Property, Plant and Equipment and Acquisitions

A summary of the cash invested in operating capital and development activities for the period ended September 30, 2012 is presented below:

	Q3 2012 (\$000)	YTD 2012 (\$000)
Operating and Expansion Capital - Mexico		
Crushing system	\$551	\$2,597
Gravity mill	265	2,024
Component changes	825	3,284
Inter-lift liners	255	1,573
Construction	987	2,070
Other	1,180	3,125
	4,063	14,673
Development - Mexico		
Escondida/El Salto development	1,447	9,320
Capitalized exploration	2,226	4,542
Mulatos relocation	75	264
	3,748	14,126
Development - Turkey		
Development and capitalized exploration	5,939	11,254
Equipment	250	290
	6,189	11,544
Head office - Toronto		
Leasehold improvements and furniture	95	215
Cash invested in mineral property, plant and equipment and exploration and evaluation assets	\$14,095	\$40,558

Operating and Expansion Capital - Mexico

Operating capital spending in Mexico in the third quarter of 2012 included sustaining capital totalling \$4.1 million, including \$1.0 million for construction primarily related to achieving cyanide code certification, \$0.8 million related to the gravity mill and crushing circuit, \$0.8 million for component changes and \$1.5 million of other sustaining capital.

With the completion of major capital projects in the first quarter of 2012, forecasted operating capital spending for the remainder of 2012 includes \$2.0 - \$3.0 million of sustaining capital and construction capital. There are no additional major capital expansion projects currently budgeted in Mexico for the remainder of 2012.

Development - Mexico

Development activities in Mexico in the third quarter of 2012 were focused on continuing development of the El Salto portion of the Mulatos pit as well as additional pit design and stability work at Escondida.

The Company continues to seek additional sources of high-grade material as feed for the mill. Metallurgical testing completed in 2011 demonstrated that higher grade ore at San Carlos is amenable to gravity processing, potentially more than doubling the amount of feed available

MANAGEMENT'S DISCUSSION & ANALYSIS

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

for the gravity plant. In addition, drill results at El Victor North have intercepts of high-grade material, suggesting the potential for an additional source of future gravity mill feed. Metallurgical testing and additional exploration work is planned to further delineate these high-grade zones.

Development - Turkey

In early 2010, the Company acquired the Ağrı Dağı and Kirazlı gold projects located on the Biga Peninsula of northwestern Turkey. Ağrı Dağı is located approximately 50 km southeast of Çanakkale and Kirazlı is located approximately 25 km northwest of Ağrı Dağı. Çanakkale is the largest centre on the Biga Peninsula with a population of approximately 97,000. Infrastructure in close proximity to the project is excellent and well-serviced with paved roads, transmission lines, and electricity generating facilities.

In March 2010, the Company released a Scoping Study on Ağrı Dağı and Kirazlı. The Scoping Study indicated that the projects could produce a total of 1.139 million ounces over an eight-year mine life at an estimated capital cost of \$235 million and an average total cash cost of \$314 per ounce. These results supported the decision to advance the project to the preliminary feasibility stage. In 2011, in addition to continued exploration success at Ağrı Dağı and Kirazlı, the Company discovered the Çamyurt deposit and determined that it had the potential to be a stand-alone mining project.

In June 2012, the Company published a preliminary feasibility study summary of the Ağrı Dağı and Kirazlı projects. The highlights are summarized below:

Total life of mine production of 1.5 million ounces of gold and 4.9 million ounces of silver.

Annual combined gold production is expected to peak in 2017 at 237,000 ounces, and will average 166,000 ounces per year over the nine year combined mine life.

First gold production from the Kirazlı project in 2014, followed by gold production from Ağrı Dağı in 2016.

Mine life of seven years for Ağrı Dağı and five years for Kirazlı.

Pre-production capital expenditures of \$424.4 million.

Average life of mine cash operating costs of \$544 per ounce sold, total cash costs per ounce sold of \$579.

At a \$1,239 per ounce gold price assumption, after-tax net present value ("NPV") at a 5% discount rate of \$275.6 million and after-tax internal rate of return ("IRR") of 22.3%.

At a gold price of \$1,575 per ounce, after-tax NPV at a 5% discount rate increases to \$604.6 million and after-tax IRR of 36.5%.

In addition, the Company reported an initial inferred mineral resource estimate of 640,000 ounces at Çamyurt. Inclusion of the Çamyurt resource in a development scenario represents a major opportunity to further enhance the economic potential of the Company's Turkish projects. The preliminary feasibility study for Ağrı Dağı and Kirazlı incorporates significant capital spending on infrastructure that is expected to benefit the economics of the Çamyurt project. The average grade of the resources at Çamyurt is substantially higher than at the Ağrı Dağı and Kirazlı projects. As a result, once Çamyurt is factored into the Company's development plan, it is expected to reduce cash costs per ounce on a combined project basis, as well as enhance combined project economics.

The Company is currently focused on completing and submitting the final environmental impact assessment reports for Ağı Dağı and Kirazlı, and expects responses from the government in the first and second quarters of 2013. Permitting and construction activities are expected to take up to 18 months once the final EIAs are approved.

In the third quarter of 2012, total expenditures in Turkey were \$6.8 million, of which \$6.2 million was capitalized. Investments were focused on exploration, engineering and permitting work. The Company had up to nine drill rigs operating at a cost of \$2.4 million in the third quarter of 2012, focused on condemnation, geotechnical and exploration drilling.

Exploration Summary

Total exploration expenditures in the third quarter of 2012 were \$4.7 million. In Mexico, total exploration spending was \$2.3 million. This included \$2.2 million of drilling costs at East Estrella, San Carlos and El Victor, which were capitalized and \$0.1 million of administration costs, which were expensed. Total exploration spending in Turkey was \$2.4 million, of which \$0.6 million related to drilling at Firetower and Rock Pile was expensed, while \$1.8 million related to development work at Çamyurt, Ağı Dağı and Kirazlı was capitalized.

Exploration - Mexico

Exploration expenditures in Mexico in the third quarter of 2012 totalled \$2.3 million. The Company has completed 39,500 m of reverse circulation (“RC”) drilling in 315 holes and 6,400 m of core drilling in 38 holes to date in 2012. Exploration activities in the third quarter were primarily focused on completing the infill and step-out drilling programs at El Victor and East Estrella to upgrade mineral resources to the measured and indicated categories.

El Victor North

The El Victor North area contains gold-bearing silica and advanced argillic alteration identical to the El Victor deposit and is a northwestern extension of El Victor mineral reserve. El Victor North has the potential to expand mineral resources and reserves along the northern boundary of the Gap to El Victor trend. All holes drilled to-date have encountered significant intervals of favourable silicic or advanced argillic alteration, and are expected to extend the El Victor pit north and west of the current pit design outline.

Total exploration spending at El Victor North in the third quarter was \$0.8 million with a total of 17,300 m in 116 RC holes and 2,300 m in 13 core holes drilled to date in 2012. Ore-grade mineralization has been extended up to 300 m to the north over a strike length of 550 m directly adjacent to the El Victor mineral reserve. Wide intervals of low-grade mineralization with local high-grade intercepts have been encountered. The majority of thick low-grade intercepts are hosted by advanced argillic alteration, with high-grade in vuggy silica zones. The Company completed the infill and step-out drilling program to upgrade the resource to the measured and indicated category. New drill holes at the extreme north edge of the deposit extend the deposit an additional 80 m north of previous intercepts to a distance 420 m north of the main El Victor deposit axis. Recent highlighted intercepts from drilling include:

1.502 g/t Au over 74.50 m (12EV245)

2.659 g/t Au over 30.49 m (12EV240)

1.569 g/t Au over 73.95 m (12EV235)

1.556 g/t Au over 48.60 m (12EV231)

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Drilling is largely complete, with results to be included in the 2012 mineral reserve and resource update.

East Estrella

Exploration drilling directly east of the Mulatos pit southeast wall began in late March after a detailed evaluation of previous drill hole data indicated the potential to expand on open drill intercepts. Condemnation drilling completed to investigate a proposed waste dump site east of the Estrella Pit by previous operators encountered a number of near-surface gold intercepts along with some higher-grade silver mineralization. Drill hole results from 67 RC holes (9,779 m) and seven core holes (920 m) confirm widespread gold-silver-copper mineralization in the area.

Recent highlighted intercepts from drilling conducted to date include:

4.660 g/t Au over 21.34 m and 9.63 g/t Au over 7.63 m (12SX079)

3.406 g/t Au over 41.16 m (12SX062)

Drill hole logging is in progress and a geologic model for resource estimation is planned for the fourth quarter.

San Carlos

During the third quarter of 2012, heavy rainfall and high river levels prevented drill rig access to the San Carlos area located across the Mulatos River. An extensive directional drilling program is planned to delineate reserves in the area of deep high-grade intercepts east of the current reserve. River levels have dropped and the San Carlos directional drilling program is in progress.

In 2011, the Company obtained positive results from metallurgical testing conducted on high-grade ore at San Carlos. The results indicated that the high-grade ore at San Carlos is amenable to gravity separation and capable of providing an additional source of feed for the gravity mill. Ultimate recovery rates (gravity separation followed by leaching the tailings with cyanide) were 78% and 70% for the two large samples processed. The Company has high-grade proven and probable mineral reserves at San Carlos of 649,000 tonnes grading 7.67 g/t Au for approximately 160,000 contained ounces. The Company continues to evaluate the potential to mine a portion of the San Carlos deposit through underground mining methods.

Exploration - Turkey

Exploration expenditures in Turkey in the third quarter of 2012 totalled \$2.4 million. Up to nine drill rigs were active throughout the third quarter, drilling a total of 107 holes (20,700 m).

Çamyurt

The Company published an initial pit-constrained inferred mineral resource estimate of 24.6 million tonnes grading 0.81 g/t Au and 4.7 g/t Ag for 640,000 ounces of gold and 3.8 million ounces of silver at Çamyurt, applying a 0.2 g/t Au cut-off. The Çamyurt project is located approximately three km southeast of the Company's development-stage Ağı Dağı project. Drilling at Çamyurt has defined a mineralized zone that is continuous for at least 1,200 m along strike, with additional potential to extend mineralization to the northeast and at depth.

Gold mineralization is hosted within a tabular, steeply-dipping oxidized zone starting at surface and with a cross-strike width up to 150 m. The average drill spacing is approximately 55 m along strike, and 59 drill holes were used in the estimate. The new inferred mineral resource estimate for Çamyurt represents a significant addition to the Company' s mineral resource base in Turkey. In addition, the average grade of the mineral resource is substantially higher than at the Ağı Dağı and Kirazlı projects. The Company intends to continue expanding mineral resources at Çamyurt in 2012.

Recent highlighted intercept from drilling conducted to date include:

2.213 g/t Au over 49.70 m (12CYD63)

1.124 g/t Au over 65.10 m (12CYD59)

0.747 g/t Au over 131.00 m (12CYD56)

Firetower

The Ağı Dağı project is composed of two planned pits, Baba and Deli. The Firetower project is contiguous with the Baba deposit. Gold mineralization extends more than 880 m to the northeast, towards the Deli deposit, and is part of the Ağı Dağı resource area. Two drill rigs have operated on the project in 2012, drilling 6,300 m in 17 holes. A portion of the Firetower mineral resource area was included in the Company' s year-end 2011 mineral reserve and resource statement as inferred mineral resources. However, these were not incorporated into the June 2012 preliminary feasibility study as it included only measured and indicated resources. Upgrading these mineral resources to measured and indicated is expected to improve the economics of the Ağı Dağı project.

Rock Pile

Rock Pile is an exploration target located immediately west of the planned Kirazlı pit. The sampling area is 400 m long by 100 m wide and an inverse polarization ("IP") survey identified probable zones of silicification that correspond to the sample area. Drilling is testing a portion of the Rock Pile target, and 2,800 m of drilling has been completed to date. The work completed to date in 2012 has intersected oxide gold mineralization at surface over moderate widths, but has not yet been successful in identifying the gold grades identified in the previous operator' s rock chip sampling.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Financial Highlights

A summary of the Company's financial results for the three and nine-month periods ended September 30, 2012 and 2011 is presented below:

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Cash provided by operating activities before changes in non-cash working capital (000) ⁽¹⁾ ⁽²⁾	\$38,222	\$20,672	\$125,011	\$75,425
Changes in non-cash working capital	(\$2,937)	\$(8,546)	(\$9,586)	\$(6,166)
Cash provided by operating activities (000)	\$35,285	\$12,126	\$115,425	\$69,259
Earnings before income taxes (000)	\$36,815	\$15,336	\$114,982	\$65,652
Earnings (000)	\$25,895	\$5,436	\$80,050	\$38,787
Earnings per share				
- basic	\$0.22	\$0.05	\$0.67	\$0.33
- diluted	\$0.21	\$0.05	\$0.66	\$0.33
Comprehensive income (000)	\$25,585	\$8,249	\$79,160	\$38,630
Weighted average number of common shares outstanding				
- basic	120,062,000	117,792,000	119,548,000	117,060,000
- diluted	120,915,000	119,344,000	120,627,000	118,437,000
Assets (000) ⁽³⁾			\$706,736	\$599,224

(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.

(2) Refer to "Cautionary non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of this measure.

(3) Assets are shown as at September 30, 2012 and December 31, 2011.

Strong operating margins from higher realized gold prices and continued low cash costs contributed to the Company generating strong cash provided by operating activities and earnings in the third quarter of 2012. Cash from operating activities before changes in non-cash working capital in the third quarter of 2012 of \$38.2 million (\$0.32 per basic share) increased 85% relative to the same period of 2011.

Earnings before income taxes in the third quarter of 2012 were \$36.8 million or \$0.31 per basic share, compared to \$15.3 million or \$0.13 per basic share in the third quarter of 2011. On an after-tax basis, earnings in the third quarter of 2012 of \$25.9 million or \$0.22 per basic share increased 376% over the comparable period of 2011 as the prior period earnings were adversely affected by lower gold production, a significant foreign exchange loss and a high effective tax rate.

On a year-to-date basis, cash flows from operations and earnings have increased substantially in 2012 relative to 2011. These increases have been attributable to higher revenues resulting from an increase in the number of ounces of gold sold and a higher realized gold price.

Gold Sales

Details of gold sales are presented below:

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Gold sales (ounces)	43,255	28,790	135,000	105,776
Operating revenues (000) ⁽¹⁾	\$71,281	\$44,991	\$222,426	\$156,231
Realized gold price per ounce	\$1,648	\$1,639	\$1,648	\$1,498
Average gold price for period (London PM Fix)	\$1,652	\$1,702	\$1,651	\$1,534

⁽¹⁾ Gold sales revenue for Q3 2011 and YTD 2011 excludes \$2.2 million of pre-production revenue which was offset against capital development costs at Escondida.

Operating revenues in the third quarter of 2012 of \$71.3 million increased 58% over \$45.0 million in the third quarter of 2011. The increase in gold sales in the third quarter is attributable to a 50% increase in the number of ounces of gold sold.

The Company generally enters into forward sales contracts in order to match sales contracts with the next expected delivery date. The Company's objective is to realize a gold sales price consistent with the average London PM Fix spot gold price. The Company achieved a realized gold price per ounce for the third quarter of 2012 of \$1,648 per ounce, slightly below the average gold price for the period. As at September 30, 2012, the Company did not have any significant derivative activity outstanding related to gold, and was therefore leveraged to future changes in the price of gold.

Assessment of Gold Market

The market price of gold continues to exhibit significant volatility. The spot market gold price was approximately \$1,700 per ounce on October 23, 2012. At this gold price, the Company realizes a mine operating cash margin (before taxes and corporate and administrative costs) in excess of \$1,250 per ounce.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Operating Expenses and Operating Margins

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

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Gold production (ounces) ⁽¹⁾	43,500	33,000	132,200	106,500
Gold sales (ounces) ⁽²⁾	43,255	28,790	135,000	105,776
Cash operating costs (000) ⁽³⁾	\$15,519	\$10,474	\$46,688	\$37,549
- Per ounce sold	\$359	\$382	\$346	\$360
Royalties (000) ⁽⁴⁾	\$3,495	\$2,098	\$11,156	\$7,584
Total cash costs (000) ⁽³⁾	\$19,014	\$12,572	\$57,844	\$45,133
- Per ounce sold	\$440	\$458	\$428	\$432
Amortization (000)	\$12,106	\$4,840	\$32,563	\$16,543
Total production costs (000) ⁽⁵⁾	\$31,120	\$17,412	\$90,407	\$61,676
- Per ounce sold	\$719	\$634	\$670	\$591
- Realized gold price per ounce	\$1,648	\$1,639	\$1,648	\$1,498
- Operating cash margin per ounce ⁽⁶⁾	\$ 1,208	\$1,181	\$1,220	\$1,066

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

(2) Gold sales (ounces) for Q3 2011 and YTD 2011 include 1,340 ounces estimated to have been sold from the Escondida zone during pre-production. These ounces are excluded for purposes of calculating cash operating costs per ounce sold, total cash costs per ounce sold, total production costs per ounce sold and operating cash margin per ounce.

(3) "Cash operating costs" and "Total cash costs" are non-GAAP measures. Refer to "Cautionary non-GAAP Measures and Additional GAAP Measures" disclosure at the end of this MD&A for a description and calculation of these measures.

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

(5) "Total production costs" is a non-GAAP measure that includes all "total cash costs" and amortization. "Total production costs" is equivalent to mining and processing costs, royalties and amortization as reported in the Company's financial statements.

(6) "Operating cash margin per ounce" is a non-GAAP measure that is calculated as the difference between the Company's gold sales and mining and processing and royalty expenses ("total cash costs") as reported in the Company's financial statements.

Cash operating costs in the third quarter of 2012 were \$359 per ounce of gold sold, below the low end of the Company's full year guidance range of \$365 to \$390 per ounce. Cash operating costs per ounce in the third quarter of 2012 were 6% less than in the same period last year due to lower cost ounces produced from the gravity mill in the third quarter of 2012, as well as the weakening Mexican peso, offset by higher input costs. Amortization was \$279 per ounce of gold sold in the third quarter of 2012, 59% higher than \$176 per ounce in the same period of 2011. Amortization per ounce is higher in 2012 due to production from the Escondida high-grade zone, which contributes a higher amortization per ounce of production than low-grade ounces produced.

Production from certain mining concessions within the Salamandra District is subject to a sliding scale production royalty. At 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, production to a maximum of two million ounces of gold is subject to royalty. As at September 30, 2012, the royalty was paid or accrued on approximately 943,000 ounces of applicable gold production. Royalty expense in the third quarter of 2012 of \$3.5 million increased 67% from royalty expense of \$2.1 million in the third quarter of 2011, attributable to a higher average market gold price and higher number of ounces produced.

Exploration

The Company's accounting policy for exploration costs requires that exploration expenditures that do not meet the criteria for mine development be expensed as incurred, while costs incurred to expand operating capacity, develop new ore bodies or develop mine areas in advance of current production are capitalized.

Total exploration spending in the third quarter of 2012 was \$4.7 million, of which \$0.7 million was expensed. Exploration spending in Mexico totaled \$2.3 million of which \$2.2 million was capitalized mainly related to drilling at East Estrella and El Victor North. In Turkey, \$1.8 million of exploration costs supporting development of Ağı Dağı and Kirazlı were capitalized and \$0.6 million was expensed, mainly related to drilling at the Firetower and Rock Pile exploration targets. In comparison, in the third quarter of 2011, exploration spending in Mexico of \$1.3 million was expensed, while \$1.4 million related to work performed on El Victor North was capitalized. In addition in 2011, \$1.4 million of exploration costs supporting development of Ağı Dağı and Kirazlı was capitalized and \$0.8 million was expensed.

Corporate and Administrative

Corporate and administrative expenses of \$3.3 million in the third quarter of 2012 were 38% higher than \$2.4 million incurred in the same period of 2011. Higher corporate and administrative costs were primarily the result of increased costs associated with the Company's administration office in Turkey, greater salary costs related to new employees in the Toronto head office and increased travel costs.

Share-based Compensation

Share-based compensation expense, related to stock options and cash-settled stock appreciation rights ("SARs"), in the third quarter of 2012 was \$2.8 million compared to \$3.0 million in the comparable period of 2011. The value of share-based compensation expense related to stock options is added to the contributed surplus account within shareholders' equity, resulting in no net effect on total shareholders' equity. SARs are cash-settled liabilities, which are remeasured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized as an expense to share-based compensation in the Statements of Comprehensive Income.

All outstanding stock options and SARs grants are subject to vesting provisions. 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.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Share-based compensation expense in the third quarter of 2012 is comprised of \$0.8 million related to the Company's stock option plan, and \$2.0 million related to the Company's outstanding SARs liability. The Company's outstanding SARs liability increased from \$2.4 million at June 30, 2012 to \$4.3 million at the end of the third quarter as a result of the increase in the Company's share price during this period as well as new SARs granted during the period.

Finance Income

Finance income in the third quarter of 2012 was \$0.7 million compared to \$0.4 million in the third quarter of 2011, as a result of higher cash and short-term investment balances and higher average rates. Interest rates on deposit accounts and short-term investments remain near historically low levels.

Financing Expense

Financing expense includes accretion of the Company's asset retirement and property acquisition obligation liabilities. The expense for the current quarter was comparable to the prior period.

Foreign Exchange Gain/(Loss)

The Company recognized a foreign exchange gain of \$2.3 million in the third quarter of 2012, compared to a \$5.6 million foreign exchange loss in the third quarter of 2011. Throughout the third quarter of 2012, the value of the United States dollar ("USD") weakened against all three of the Company's operating currencies, the Mexican peso ("MXN"), Canadian dollar ("CAD") and Turkish Lira ("TL"). The significant foreign exchange loss in the third quarter of 2011 was attributable to a weakening of the USD against the Company's operating currencies in that period.

Significant foreign exchange movements in the third quarter of 2012 included, a \$1.1 million foreign exchange gain on the Company's Canadian dollar-denominated net assets, a \$0.9 million foreign exchange gain on revaluation of the Company's MXN-denominated assets, and a \$0.3 million foreign exchange gain on revaluation of the Company's TL-denominated asset position. Starting in the first quarter of 2012, the Company has classified the foreign exchange gain or loss on revaluation of its Mexican and Turkish deferred tax liabilities within deferred tax expense rather than within foreign exchange gain or loss.

Income Taxes

Tax expense in the third quarter of 2012 was \$10.9 million compared to \$9.9 million in the third quarter of 2011. 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 2012, but may in future periods. The Company is cash taxable in Mexico and must calculate and provide for tax instalments on a monthly basis. The Company satisfies its tax liability through periodic instalment payments, as well as by offsetting refundable value-added tax owed from the Mexican government against its tax payable liability.

The statutory income tax rate in Mexico for 2012 is 30%. In Canada, the combined federal and provincial statutory income tax rate is 26% in 2012. The effective tax rate for the third quarter of 2012 (calculated as a percentage of earnings before income tax) was 30%, consistent with

the statutory rate in Mexico and higher than the statutory rate in Canada. The effective tax rate results from a number of factors, many of which are difficult to forecast. In the third quarter of 2012, a net \$0.6 million non-cash deferred tax gain was realized to recognize the impact of foreign exchange movements, comprising a \$2.6 million gain on revaluation of temporary tax differences associated with foreign currency denominated non-monetary assets and liabilities, offset by a \$2.0 million loss on revaluation of the Company's Mexican peso denominated deferred tax balance. The Company expects the effective tax rate to continue to fluctuate in periods of significant change to Mexican peso and/or Turkish lira foreign exchange rates.

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.

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Gold production (ounces)	45,800	37,500	36,000	33,000	46,500	40,500	48,200	43,500
Gold sales (ounces)	44,507	39,186	37,800	28,790	45,224	41,745	50,000	43,255
Operating revenues (\$000)	60,791	54,376	56,864	44,991	71,133	70,256	80,889	71,281
Earnings from operations (\$000)	28,058	25,245	25,231	20,038	35,723	37,047	40,447	33,306
Earnings (\$000)	18,333	17,857	15,494	5,436	21,294	29,470	24,684	25,895
Earnings (\$ per share)						0.25/	0.21/	0.22/
- basic/diluted	0.16	0.15	0.13	0.05	0.18	0.24	0.20	0.21

Operating revenues generally trended higher over the past eight quarters as the Company has benefited from rising gold prices. Higher realized gold prices and gold sales have resulted in generally improved financial results. Gold production in the first and fourth quarters are generally higher than in the second and third quarters of the year, which can be adversely affected by weather-related production issues. The third quarter rainy season in northwestern Mexico adversely impacted gold production, sales and operating results in 2012 and 2011. Seasonal conditions could continue to impact production and financial results in future periods if rainfall is significantly above or below seasonal averages.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, short-term investments, amounts receivable, available-for-sale and held-for-trading securities, accounts payable and accrued liabilities and deferred tax liabilities, some of which are denominated in CAD, MXN and TL. The Company is exposed to financial gains or losses as a result of foreign exchange movements against the USD.

The Company's cash and cash equivalents may be invested in short-term liquid deposits or investments that provide a revised rate of interest upon maturity. At September 30, 2012, the majority of the Company's reported cash and cash equivalents were held in bank deposit accounts or 60-day to 90-day term deposits. The Company's short-term investments are generally term deposits with an initial term-to-maturity on acquisition of greater than 90 days.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

The majority of the Company's cash balances are held in USD; however, the Company does maintain cash and cash equivalents denominated in CAD, MXN and TL. The Company may enter into derivative contracts in order to manage its exposures to fluctuations in foreign exchange rates to the CAD, MXN, or TL. As at September 30, 2012, the Company had outstanding contracts to deliver \$10 million CAD in exchange for a fixed amount of USD at future dates up to November 2012, with CAD:USD rates of 1:1. The mark-to-market gain associated with these contracts as at September 30, 2012 was nominal.

The Company is exposed to monetary assets and liabilities denominated in CAD. The Company maintains CAD cash and investment balances, which are not fully offset by CAD-denominated liabilities. This resulted in a gain of \$1.1 million for the period, given the strengthening of the CAD.

The Company also has exposure to monetary assets and liabilities denominated in MXN. Significant cash balances, outstanding amounts receivable, accounts payable or tax liabilities denominated in MXN expose the Company to foreign exchange gains or losses. The Company maintains cash balances in MXN in order to partially mitigate its balance sheet exposure to changes in the MXN/USD exchange rate resulting from its MXN-denominated taxes payable and deferred tax liability balances. For the period ended September 30, 2012, the Company's net MXN-denominated liability position resulted in a foreign exchange loss of approximately \$1.1 million, of which a \$0.9 million gain was classified within foreign exchange gain and a \$2.0 million loss was recorded in deferred tax expense.

At September 30, 2012 the Company's TL-denominated net monetary assets mainly consisted of TL-denominated cash and short-term investments, in addition to value-added tax ("VAT") receivables. This exposure contributed to a \$0.3 million foreign exchange gain for the quarter due to the strengthening of the TL compared to the USD during the period.

Liquidity and Capital Resources

At September 30, 2012, the Company had \$316.9 million in cash and cash equivalents and short-term investments compared to \$222.6 million at December 31, 2011. The increase in total cash and cash equivalents and short-term investments of \$94.3 million reflects positive cash flows from operations and financing activities offset primarily by capital spending in Mexico and Turkey. Significant cash inflows in the third quarter of 2012 included \$35.2 million cash provided by operating activities, and \$9.9 million cash proceeds on the exercise of stock options. Significant cash outflows in the third quarter of 2012 included \$14.1 million of capital and exploration expenditures in Mexico and Turkey. The Company's working capital surplus increased to \$338.6 million at September 30, 2012 from \$251.1 million at December 31, 2011.

The Company has ongoing budgeted capital and exploration expenditures in Mexico and significant budgeted exploration and development costs in Turkey for 2012. The Company expects to invest in development and construction activities at its projects in Turkey over the next several years and expects to be able to finance these from a combination of existing cash balances and operating cash flows. The Company has declared a semi-annual dividend of \$0.10 per share in the third quarter of 2012 and will continue to evaluate its dividend policy in accordance with its financial performance and strategic objectives.

Internal Control over Financial Reporting

Management is responsible for the design and operating effectiveness 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 as at September 30, 2012.

Changes in Internal Control over Financial Reporting

There were no significant changes in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 design of the Company's disclosure controls and procedures as at September 30, 2012 and have concluded that these are appropriately designed.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that internal controls over financial reporting and disclosure controls and procedures, no matter how well designed and operated, have inherent limitations. Therefore, even those systems determined to be properly designed and effective can provide only reasonable assurance that the objectives of the control system are met.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outstanding Share Data

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

	October 23, 2012
Common shares	
- Common shares outstanding	120,736,306
Stock options	
- Average exercise price CAD \$14.42; approximately 70% exercisable	4,815,400
Total	125,551,706

MANAGEMENT'S DISCUSSION & ANALYSIS

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

Outlook

The Company expects to achieve the low end of its production guidance range of 200,000 to 220,000 ounces of gold in 2012 at a cash operating cost, exclusive of the 5% royalty, at or below \$360 per ounce, lower than initial operating cost guidance of \$365 to \$390 per ounce. Subsequent to the end of the third quarter, crusher throughput, mill feed grades and daily gold production have all increased significantly and the Company is expecting gold production in October to represent a new monthly record.

The Mulatos Mine is on track to produce its one millionth ounce of gold and generate its one billionth dollar of revenue this month. The Company's mineral reserve and resource update released in the first quarter of 2012 confirmed that the life of the Mulatos Mine remains unchanged at nine years. Despite mining one million ounces to-date, exploration success at Mulatos has resulted in replacing mined mineral reserves each year since the start of production in 2005. The current focus of exploration at Mulatos is on continuing to delineate high-grade mineral reserves to provide mill feed beyond the life of the Escondida high-grade deposit.

In Turkey, the Company published an NI 43-101 compliant preliminary feasibility study summary of the Ağı Dağı and Kirazlı projects in June 2012 which demonstrated robust economics and supported the Company's decision to proceed with permitting and development activities.

Early in the fourth quarter, the Company extended its key operating licenses at Ağı Dağı and Kirazlı to 2014 and 2019 respectively. In addition, the Company recently completed successful public participation meetings as part of its EIA process. The Company intends to submit the final EIAs in the next several months and expects responses from the government in the first and second quarters of 2013 for Kirazlı and Ağı Dağı, respectively. The Company is also committed to aggressively drilling the Çamyurt project to bring the inferred mineral resource ounces into the measured and indicated categories, which is the next step in fast-tracking the project toward production.

The Company has further enhanced its financial position with continuing strong cash flows from operations and is debt-free with over \$316.9 million in cash and short-term investments. This will enable the Company to finance its immediate capital, development and exploration plans, as well as provide significant funding for organic growth or acquisitions.

Adoption of accounting policy effective January 1, 2012

International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine was issued in October 2011, and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRIC 20 sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that the stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRIC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity. The Company adopted the amendments in its financial statements for the period beginning on January 1, 2012.

Future accounting policy changes not yet in effect

The following are new pronouncements approved by the IASB. The standards and interpretations are not yet effective and have not been applied in preparing these financial statements; however, they may impact future periods.

(i) IFRS 9 Financial Instruments was issued by the IASB on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The impact of IFRS 9 on the Company's financial instruments has not been determined.

(ii) IFRS 10 Consolidated Financial Statements is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities ("SPEs"). IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27. Given the nature of the Company's operations, the Company does not expect the amendments to have a material impact on the financial statements.

(iii) IFRS 12 Disclosure of Interests in Other Entities was released in May 2011 and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this standard earlier, it does not need to apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. Given the nature of the Company's interests in other entities, the Company does not expect the amendments to have a material impact on the financial statements.

(iv) IFRS 13 Fair Value Measurement was issued in May 2011 and is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value

MANAGEMENT'S DISCUSSION & ANALYSIS

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

measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on earnings or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of IFRS 13 has not yet been determined.

(v) Amendments to IAS 1 Presentation of Financial Statements was issued in June 2011 and is effective for annual periods beginning on or after July 1, 2012. IAS 1 should be applied retrospectively, but early adoption is permitted. The amendments require that an entity present separately the items of Other comprehensive income ("OCI") that may be reclassified to earnings in the future from those that would never be reclassified to earnings. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the earnings and other comprehensive income in two statements has remained unchanged. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The impact of adoption of the amendments has not yet been determined.

Forward-Looking Statements

This MD&A contains "forward-looking information", as such term is defined in applicable Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, concerning Alamos' s future financial or operating performance and other statements that express management' s expectations or estimates of future developments, circumstances or results. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "believes", "anticipates", "budget", "scheduled", "estimates", "forecasts", "intends", "plans" and variations of such words and phrases, or by statements that certain actions, events or results "may", "will", "could", "would" or "might", "be taken", "occur" or "be achieved". Forward-looking information is based on a number of assumptions and estimates that, while considered reasonable by management based on the business and markets in which Alamos operates, are inherently subject to significant operational, economic and competitive uncertainties and contingencies. Alamos cautions that forward-looking information involves known and unknown risks, uncertainties and other factors that may cause Alamos' s actual results, performance or achievements to be materially different from those expressed or implied by such information, including, but not limited to, gold and silver price volatility; fluctuations in foreign exchange rates and interest rates; the impact of any hedging activities; discrepancies between actual and estimated production, between actual and estimated reserves and resources or between actual and estimated metallurgical recoveries; costs of production; capital expenditure requirements; the costs and timing of construction and development of new deposits; and the success of exploration and permitting activities. In addition, the factors described or referred to in the section entitled "Risk Factors" in the Company' s Annual Information Form for the year ended December 31, 2011 which is available on the SEDAR website at www.sedar.com, should be reviewed in conjunction with the information found in this MD&A. Although Alamos has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in forward-looking information, there can be other factors that cause results,

performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information in this MD&A is made as of the date of this interim report, and Alamos disclaims any intention or obligation to update or revise such information, except as required by applicable law.

Cautionary non-GAAP Measures and Additional GAAP Measures

Note that for purposes of this section, GAAP refers to IFRS. The Company believes that investors use certain non-GAAP and additional GAAP measures as 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. Non-GAAP and additional GAAP measures do not have a standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other companies.

(i) Cash flow from operating activities before changes in non-cash working capital

"Cash flow from operating activities before changes in non-cash working capital" is a non-GAAP performance measure that 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 in) operating activities" as presented on the Company's consolidated statements of cash flows.

The following table reconciles the non-GAAP measure to the consolidated statements of cash flows.

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Cash flow from operating activities - IFRS (000)	\$35,285	\$12,126	\$115,425	\$69,259
Changes in non-cash working capital (000)	2,937	8,546	9,586	6,166
Cash flow from operating activities before changes in non-cash working capital (000)	\$38,222	\$20,672	\$125,011	\$ 75,425

(ii) Mining cost per tonne of ore

"Mining cost per tonne of ore" and "Cost per tonne of ore" are non-GAAP performance measures that could provide an indication of the mining and processing efficiency and effectiveness of the mine. These measures are calculated by dividing the relevant mining and processing costs and total 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. The following table reconciles the non-GAAP measure to the consolidated statements of comprehensive income

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Mining and processing costs - IFRS (000)	\$15,519	\$10,474	\$46,688	\$37,549
Inventory adjustments and period costs (000)	3,831	3,921	3,659	2,268
Total cost (000)	\$19,350	\$14,395	\$50,347	\$39,817
Tonnes Ore stacked / milled (000)	1,394.1	1,255	4,174.7	3,697
Total cost per tonne of ore	\$13.88	\$11.47	\$12.06	\$10.77

MANAGEMENT'S DISCUSSION & ANALYSIS

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

(iii) Cash operating costs per ounce and total cash costs per ounce

"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.

The following table reconciles these non-GAAP measure to the consolidated statements of comprehensive income.

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Mining and processing costs - IFRS (000)	\$15,519	\$10,474	\$46,688	\$37,549
Divided by: Gold ounces sold ⁽¹⁾	43,255	28,790	135,000	105,776
Total Cash operating costs per ounce	\$359	\$382	\$346	\$360
Mining and processing costs - IFRS (000)	\$15,519	\$10,474	\$46,688	\$37,549
Royalties - IFRS (000)	3,495	2,098	11,156	7,584
Total Cash costs (000)	\$19,014	\$12,572	\$57,844	\$45,133
Divided by: Gold ounces sold ⁽¹⁾	43,255	28,790	135,000	105,776
Total Cash costs per ounce	\$440	\$458	\$428	\$432

⁽¹⁾ Gold sales (ounces) for Q3 2011 and YTD 2011 include 1,340 ounces estimated to have been sold from the Escondida zone during pre-production. These ounces are excluded for purposes of calculating cash operating costs per ounce sold, total cash costs per ounce sold, total production costs per ounce sold and operating cash margin per ounce.

(iv) Other additional GAAP measures

Additional GAAP measures that are presented on the face of the Company's consolidated statements of comprehensive income and are not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. The following additional GAAP measures are used and are intended to provide an indication of the Company's mine and operating performance:

Mine operating costs - represents the total of mining and processing, royalties, and amortization expense

Earnings from mine operations - represents the amount of revenues in excess of mining and processing, royalties, and amortization expense.

Earnings from operations - represents the amount of earnings before net finance income/expense, foreign exchange gain/loss, other income/loss, and income tax expense

Cautionary Note to US Investors Regarding Mineral Reporting Standards

Alamos prepares its disclosure in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of US securities laws. Terms relating to mineral resources in this MD&A are defined in accordance with National Instrument 43-101-Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy, and Petroleum Standards on Mineral Resources and Mineral Reserves. The Securities and Exchange Commission (the “SEC”) permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. The Corporation uses certain terms, such as, “measured mineral resources”, “indicated mineral resources”, “inferred mineral resources” and “probable mineral reserves” that the SEC does not recognize (these terms may be used in this MD&A and are included in the Company’s public filings which have been filed with securities commissions or similar authorities in Canada).



ALAMOS GOLD INC.
Suite 2200 - 130 Adelaide Street West
Toronto, Ontario M5H 3P5
416-368-9932

MANAGEMENT INFORMATION CIRCULAR

Dated this 26th day of April, 2012

TABLE OF CONTENTS

SOLICITATION OF PROXIES	3
RECORD DATE	3
APPOINTMENT AND REVOCATION OF PROXIES	3
Provisions Relating to Voting of Proxies	4
Revocation of Proxies	4
ADVICE TO BENEFICIAL SHAREHOLDERS OF COMMON SHARES	4
VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES	5
VOTING SHARES AND PRINCIPAL HOLDERS THEREOF	6
PARTICULARS OF MATTERS TO BE ACTED UPON	6
Election of Directors	6
Appointment of Auditor	11
STATEMENT OF EXECUTIVE COMPENSATION	11
Compensation Discussion and Analysis	12
Summary of Compensation	17
Incentive Plan Awards	21
Termination And Change Of Control	22
DIRECTOR COMPENSATION	25
Incentive Plan Awards	26
PERFORMANCE GRAPH	28
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	29
Stock Option Plan	29
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	33
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	33
MANAGEMENT CONTRACTS OF NAMED EXECUTIVE OFFICERS	33
AUDIT COMMITTEE	33
CORPORATE GOVERNANCE PRACTICES	34
BOARD OF DIRECTORS	34
Mandate of the Board	38
Position Descriptions	38
Orientation, Education and Effectiveness	39
Potential Conflicts of Interest	39
Shareholder Feedback and Concerns	39
Committees of the Board	40
Assessments	42
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON	42
PARTICULARS OF OTHER MATTERS TO BE ACTED UPON	42
Approval Of Amendments To The Plan And Of Unallocated Options Pursuant To The Plan	42
ADDITIONAL INFORMATION	44

ALAMOS GOLD INC.

Suite 2200 - 130 Adelaide Street West
Toronto, Ontario
Canada M5H 3P5

MANAGEMENT INFORMATION CIRCULAR

(This information is given as at April 26, 2012, unless otherwise indicated)

SOLICITATION OF PROXIES

This Management Information Circular (the “Information Circular” or “Circular”) is furnished in connection with the solicitation of proxies by the management of Alamos Gold Inc. (the “Company” or “Alamos”) for use at the Annual and Special General Meeting of the Shareholders of the Company (“the Meeting”) (and at any adjournment thereof) to be held on **Thursday, May 31, 2012** at the time and place and for the purposes set forth in the accompanying Notice of Meeting.

The Company will bear the expense of this solicitation. It is expected the solicitation will be made primarily by mail, but regular employees or representatives of the Company (none of whom shall receive any extra compensation for these activities) may also solicit by telephone, facsimile and in person and arrange for intermediaries to send this Information Circular and the form of proxy to their principals at the expense of the Company.

The contents and the sending of this Information Circular have been approved by the Board of Directors of the Company (the “Board”).

All dollar amounts referenced herein are in United States Dollars, unless otherwise specified. The exchange rate as at December 31, 2011 was CAD\$1.00 = US\$0.98. The average exchange rate for 2011 was CAD\$1.00 = US\$1.01.

RECORD DATE

The directors of the Company have set the close of business on April 26, 2012 as the record date (the “Record Date”) for determining which shareholders shall be entitled to receive notice of and to vote at the Meeting. Only shareholders of record as of the Record Date shall be entitled to receive notice of and to vote at the Meeting, unless after the Record Date a shareholder transfers his or her common shares and the transferee (the “Transferee”), upon establishing that the Transferee owns such common shares, requests in writing, at least 10 days prior to the Meeting or any adjournments thereof, that the Transferee may have his or her name included on the list of shareholders entitled to vote at the Meeting, in which case the Transferee is entitled to vote such shares at the Meeting. Such written request by the Transferee shall be sent to the Company’s Corporate Secretary at the following address: Suite 2200, 130 Adelaide Street West, Toronto, Ontario, Canada, M5H 3P5.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are designated as proxy holders by management of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in the accompanying form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy

to Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently. Telephone voting can be completed at 1-866-732-vote (1-866-732-8683) and Internet voting can be completed at www.investorvote.com.

Provisions Relating to Voting of Proxies

The shares represented by proxy will be voted or withheld from voting by the designated proxy holder in accordance with the instructions of the shareholder appointing him or her on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If there are no instructions provided by the shareholder, those shares will be voted in favour of all proposals set out in this Circular. The proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the notice of meeting.

Revocation of Proxies

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by an attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The instrument revoking the proxy must be deposited at (i) the registered office of the Company, Axium Law Corporation, 1055 Dunsmuir Street, P.O. Box 49222, Suite 3350, Four Bentall Centre, Vancouver British Columbia, Canada, V7X 1L2, at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof duly authorized; or (ii) provided at the Meeting to the Chairman of the Meeting. Only registered shareholders have the right to revoke a proxy. Non-registered shareholders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective intermediaries to revoke the proxy on their behalf.

ADVICE TO BENEFICIAL SHAREHOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold common shares in their own names. **Shareholders who do not hold their shares in their own name (“Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in the shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name of CDS & Co (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholders.** Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person well in advance of the Meeting.

Applicable regulatory policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in Canada. Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Shareholders, and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be presented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote common shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of the Beneficial Shareholder broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxy holder for the registered shareholder and vote the common shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their common shares as proxy holder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provide by such broker (or agent), well in advance of the Meeting. Alternatively, a Beneficial Shareholder may request in writing that their broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote their common shares.

In addition, Canadian securities legislation permits the Company to forward meeting materials directly to "non-objecting Beneficial Shareholders". If the Company or its agent has sent these materials directly to you (instead of through a nominee), your name, address and information about your holding of securities has been obtained in accordance with applicable securities regulatory requirements from the nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the nominee holding on your behalf) has assumed responsibility for (i) delivering materials to you; and (ii) executing your proper voting instructions.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed and, where instructions are given by the shareholder in respect of voting for or against any resolutions, will do so in accordance with such instructions.

In the absence of any direction in the proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular. The form of proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters which may properly be brought before the Meeting. At the time of printing of this Information Circular, management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters, which are not now known to the management, should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the proxyholders.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value. On April 26, 2012, the Record Date of the Meeting, 119,502,808 common shares were issued and outstanding, each share carrying the right to one vote. On any poll, the persons named in the enclosed proxy will vote the shares in respect of which they are appointed. Where instructions are given by the shareholder in respect of voting for or against any resolution, the proxy holders will do so in accordance with such instructions.

Only shareholders of record on the close of business on April 26, 2012, who either personally attend the Meeting or who complete and deliver a proxy in the manner and subject to the provisions set out under the headings “Record Date” and “Appointment and Revocation of Proxies” will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Company, as at the date of this Information Circular, there are no persons or companies beneficially owning or controlling or directing, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company other than CDS & Co. and Cede & Co. which are intermediaries that hold shares of the Company in electronic form for various brokerage houses and banks, except as follows:

Name and address	Number of Shares	Percentage of Outstanding Common Shares
Fidelity (on behalf of its investment advisory subsidiaries) ⁽¹⁾ 82 Devonshire Street Boston, MA, 02109 United States of America	12,656,017	10.6%

(1) According to a report filed under National Instrument 62-103 on SEDAR on March 12, 2012 this company owned or exercised control or direction over the number of common shares of the Company indicated as at February 29, 2012 divided by the shares outstanding at the date of this Information Circular.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The board of directors of the Company (the “Board”) presently consists of seven directors. Management is only nominating six individuals to stand for election as directors at the Meeting. It is proposed that the number of directors to be elected at the Meeting for the ensuing year be fixed at six.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management’s nominees. Shareholders can vote for all of the proposed nominees, vote for some of the proposed nominees and withhold for others, or withhold for all of the proposed nominees. Unless otherwise instructed, the persons named in the accompanying form of proxy intend to vote for the election of each of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Subject to the Company’s majority voting policy in its Corporate Governance Principles (attached as Appendix ‘A’ to the Company’s *Corporate Governance Committee Charter*), each director elected will hold office until the next annual general

meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of the British Columbia *Business Corporations Act*. See “Election of Directors - Majority Voting”.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, the country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation or employment during the past five years if such nominee is not presently an elected director, the period of time for which he has been a director of the Company, and the number of common shares of the Company beneficially owned by him, or controlled or directed by him, directly or indirectly, as at April 26, 2012.

NAME, POSITION PROVINCE OR STATE AND COUNTRY OF RESIDENCE ⁽¹⁾	PRINCIPAL OCCUPATION AND, IF NOT AT PRESENT AN ELECTED DIRECTOR, EMPLOYMENT FOR LAST 5 YEARS	TERM AS A DIRECTOR	NUMBER OF SHARES ⁽²⁾
ANTHONY GARSON ^{(3) (4)} Director Ontario, Canada	Consultant and a director of several mining companies.	Since June 7, 2010	3,000
DAVID GOWER ⁽⁴⁾ Director Ontario, Canada	President of Brazil Potash Corporation and Chairman of Castillian Resources Corporation.	Since May 19, 2009	5,000
JOHN A. McCLUSKEY ⁽⁵⁾ President, Chief Executive Officer and Director Ontario, Canada	Chief Executive Officer and President of the Company.	Since February 21, 2003	890,109 ⁽⁶⁾
PAUL J. MURPHY ⁽⁷⁾ Director Ontario, Canada	Chief Financial Officer, Guyana Goldfields; Partner, PricewaterhouseCoopers LLP from 1981 to June 2010, and National Mining Leader from 2004 to April 2010.	Since February 18, 2010	3,000
KENNETH G. STOWE ⁽³⁾ Director Ontario, Canada	Director of several mining companies and Chief Executive Officer, Northgate Minerals from 2001 to 2011.	Since September 26, 2011	Nil
MARK WAYNE ⁽⁷⁾⁽⁸⁾ Chairman and Director Alberta, Canada	Vice President of MGI Securities Inc., a registered investment dealer; Chief Financial Officer of Regulus Resources Inc.; Chief Financial Officer of Antares Minerals from 2004 to 2010.	Since May 24, 2005	205,000

- (1) *The information as to province of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.*
- (2) *The information as to shares beneficially owned or over which a director or executive officer exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors and executive officers individually as at April 26, 2012 as reported on the SEDI website at www.sedi.ca.*
- (3) *Denotes member of the Technical, Environmental, Social and Employee Health and Safety (the "TESS Committee"). Mr. Stowe is the Chair of this committee. Mr. James McDonald currently serves as a member of this Committee. He is not standing for re-election as a director at the Meeting.*
- (4) *Denotes member of Compensation and Nominating Committee. Mr. Gower is the Chair of this committee. Mr. James McDonald currently serves as a member of this Committee. He is not standing for re-election as a director at the Meeting.*
- (5) *Denotes member of Corporate Disclosure Committee. Mr. McCluskey is the Chair of this committee. James Porter, the Chief Financial Officer (the "CFO") of the Company, Gregory Fisher, the Vice President, Finance of the Company and Charles Tarnocai, the Vice President, Exploration and Corporate Development of the Company are members of this Committee.*
- (6) *Of this amount, 229,941 common shares are held by Mr. McCluskey's spouse, 144,368 common shares are held by No. 369 Sail View Ventures Ltd., a corporation wholly-owned by Mr. McCluskey and his spouse, and a total of 515,800 common shares are held directly by Mr. McCluskey.*
- (7) *Denotes member of Audit Committee. Mr. Murphy is the Chair of this committee. Mr. James McDonald currently serves as a member of this Committee. He is not standing for re-election as a director at the Meeting. Denotes member of Corporate Governance Committee. Mr. James McDonald currently serves as Chair of this committee. He is not standing for re-election as a director at the Meeting.*

The term of office of each of the current directors expires at the next annual general meeting of shareholders.

Minimum Share Ownership

On April 13, 2010, as amended March 8, 2012, the Board adopted resolutions requiring each director to own shares, directly or indirectly, of the Company equivalent in value to their respective director's fee retainer (excluding the value of stock option grants) or a minimum of 3,000 shares, whichever is lower. The CEO is required to own a minimum number of shares equivalent in value to three times his base salary. New directors have one year from the date of their appointment to the Board to meet the ownership requirement.

At April 26, 2012, the Company's directors and executive officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over a total of 1,354,887 common shares with a total value of approximately CAD\$24.6 million (with the President and Chief Executive Officer (the "CEO") owning CAD\$16.2 million), directly or indirectly, representing approximately 1.1% of the issued and outstanding common shares of the Company. Five out of six directors' share ownership meets the minimum requirement, while the director who does not meet the minimum share ownership requirement has one year from the date of his appointment, or until September 26, 2012, to meet the requirement. The President and CEO's share ownership substantially exceeds the minimum limit of three times the value of his base salary.

Share Ownership Guidelines - Executives

The Company has established a minimum share ownership guideline which requires the CEO to own shares equivalent in value to three (3) times base salary. As at December 31, 2011, the CEO owned (directly or indirectly) shares equivalent to approximately 25 times his 2011 base salary.

The table below outlines share ownership for the Company's five Named Executive Officers (as defined below) as at April 26, 2012.

Name	Ownership	Value (\$CAD) ⁽¹⁾
McCluskey, John	890,109	\$16,173,281
Porter, James	8,000	\$145,360
Guarducci, Manley	-	-
Tarnocai, Charles	-	-
Ilhan, Han	-	-

(1) Calculation based on the number of shares owned and the closing price (\$CAD) of the Company's shares as at April 26, 2012.

Share Ownership Guidelines - Directors

The Company has established share ownership guidelines for its directors which require directors to own shares equivalent in value to a minimum of the value of their respective director's fee retainer (excluding the value of stock option grants) or a minimum of 3,000 shares, whichever is lower. Directors have a one-year period from the date of joining the Board to achieve the required share ownership. The table below outlines share ownership as at April 26, 2012 for the Company's directors who were not Named Executive Officers during the most recently completed financial year ended December 31, 2011.

Name	Ownership	Value (\$CAD) ⁽¹⁾
Anthony Garson	3,000	\$54,510
David Gower	5,000	\$90,850
Paul J. Murphy	3,000	\$54,510
Kenneth G. Stowe ⁽²⁾	-	-
Mark Wayne	205,000	\$3,724,850
James McDonald ⁽³⁾	240,778	\$4,374,936

(1) Calculation based on the number of shares owned and the closing price (\$CAD) of the Company's shares as at April 26, 2012.

(2) Kenneth G. Stowe joined the Board on September 26, 2011 and has until September 26, 2012 to achieve the minimum share ownership guideline for directors.

(3) James McDonald is not standing for re-election as a director at the Meeting.

Committees of the Board of Directors

As at the date of this Information Circular, there are five Committees of the Board, namely: (1) the Audit Committee, (2) the Compensation and Nominating Committee, (3) the Corporate Governance Committee, (4) the Corporate Disclosure Committee, and (5) the Technical, Environmental, Social and Employee Health and Safety Committee. The Board does not currently have an Executive Committee.

The following table sets out the members of such Committees as at the date of this Information Circular:

<u>NAME OF COMMITTEE</u>	<u>MEMBERS OF COMMITTEE</u>	<u>DATE OF APPOINTMENT</u>
Audit Committee	Paul J. Murphy (Chair)	June 2, 2011
	Mark Wayne	June 2, 2011
	James McDonald ⁽¹⁾	June 2, 2011
Compensation and Nominating Committee	David Gower (Chair)	June 2, 2011
	Anthony Garson	June 2, 2011
	James McDonald ⁽¹⁾	June 2, 2011
Corporate Governance Committee	James McDonald (Chair) ⁽¹⁾	June 2, 2011
	Mark Wayne	June 2, 2011
	Kenneth G. Stowe	November 1, 2011
Corporate Disclosure Committee	John A. McCluskey (Chair)	June 2, 2011
	James Porter ⁽²⁾	June 2, 2011
	Greg Fisher ⁽²⁾	August 2, 2011
	Charles Tarnocai ⁽²⁾	August 2, 2011
Technical, Environmental, Social and Employee Health and Safety Committee	Kenneth G. Stowe (Chair)	November 1, 2011
	James McDonald ⁽¹⁾	June 2, 2011
	Anthony Garson	June 2, 2011

(1) Mr. McDonald is not standing for re-election as a director at the Meeting.

(2) Mr. Porter is the CFO of the Company, and serves as Secretary of the Corporate Disclosure Committee, Mr. Fisher is the Vice-President, Finance of the Company and Mr. Tarnocai is the Vice-President, Exploration and Corporate Development of the Company.

Majority Voting

The Company has adopted a majority voting policy in its Corporate Governance Principles (attached as Appendix “A” to the Company’s Corporate Governance Committee Charter) pursuant to which any nominee proposed for election as a director in an uncontested election who receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favor of his or her election, must promptly tender his or her resignation to the Chair of the Board, to take effect on acceptance by the Board. The Compensation and Nominating Committee will expeditiously consider the director’s offer to resign and, unless there are extraordinary circumstances, will recommend to the Board to accept such resignation. The Board will have 90 days to make a final decision and announce such decision, including any reasons for not accepting a resignation, by way of press release. The applicable director will not participate in any Committee or Board deliberations on the resignation offer. The *Corporate Governance Committee Charter* is available on the Company’s website at www.alamosgold.com.

Cease Trade Orders, Bankruptcies and Penalties and Sanctions

No proposed director of the Company is, as at the date of this Information Circular, or was within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, no proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In February 2009, Railpower Technologies Corporation filed for bankruptcy. Mr. Mark Wayne was a former director of that company, having ceased to be a director in June 2008.

No proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Appointment of Auditor

The persons named in the enclosed form of proxy will vote for the appointment of Ernst & Young LLP, Chartered Accountants, of Ernst & Young Tower, Toronto-Dominion Centre, 222 Bay Street, Toronto, Ontario, as auditor of the Company for the ensuing year, until the close of the next annual general meeting of shareholders at remuneration to be fixed by the directors.

STATEMENT OF EXECUTIVE COMPENSATION

For purposes of this Information Circular, named executive officers of the Company mean the following individuals (the “Named Executive Officers” or “NEO”):

- (a) the Company’s Chief Executive Officer (the “CEO”);
- (b) the Company’s Chief Financial Officer (the “CFO”);
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation (see “Summary of Compensation”) was, individually, more than CAD\$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102 F6 – Statement of Executive Compensation for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

As at December 31, 2011, the end of the most recently completed financial year of the Company, the Company had five Named Executive Officers, being the President and CEO (John A. McCluskey), the CFO (James Porter), the Vice President and Chief Operating Officer (the “COO”) (Manley Guarducci), the Vice President, Exploration and Corporate Development (Charles Tarnocai) and the Vice President, Projects (Han Ilhan).

Compensation Discussion and Analysis

Board Compensation and Nominating Committee Report on Executive Compensation

The Company’s executive compensation program is administered by the Compensation and Nominating Committee (the “CNC”) which is comprised of David Gower (Chair), Anthony Garson and James McDonald, all of whom are independent within the meaning of National Instrument 52-110 - *Audit Committees* and have experience in dealing with compensation matters. The Board is of the view that the members of the CNC collectively have the knowledge, skills, experience and background to make decisions on the suitability of the Company’s compensation policies and practices. A description of such skills and experience of each member of the CNC is set out in this Circular under “Corporate Governance Practices – Board of Directors”. Mr. McDonald will not be standing for re-election as a director at the Meeting and therefore he will not continue as a member of the CNC.

The CNC has, as part of its mandate, primary responsibility for the appointment and remuneration of executive officers of the Company. In this regard, the CNC makes recommendations to the Board with respect to the Compensation (including salary, bonus, stock options, and stock appreciation rights) and benefits of the CEO and other senior officers of the Company; reviews and approves the terms of the employment agreements of the CEO and other senior officers of the Company and researches and identifies trends in employment benefits and compensation structures and reports its findings to the Board. The Board also evaluates the performances of the Company’s executive officers and reviews the design and competitiveness of the Company’s compensation plans.

Executive Compensation Program

The Company’s executive compensation program is based on a pay-for-performance philosophy. It is designed to encourage, and reward employees on the basis of individual and corporate performance, both in the short and long-term. The CNC reviews and recommends base salary levels to the Board based on a number of factors, in order to enable the Company to compete for and retain executives critical to the Company’s long-term success. Incentive compensation is directly tied to individual and corporate performance. Long-term incentive compensation is provided to align the interests of executive officers with the longer term interests of shareholders. Independent consultants are engaged on an as needed basis by the Company to assess its executive compensation strategy and plans and maintain its competitiveness. Additionally, the Company participates annually in relevant compensation surveys.

Compensation for the Named Executive Officers, as well as for officers as a whole, consists of a base salary, along with annual incentive compensation in the form of a discretionary annual bonus, and a longer-term incentive in the form of stock option grants and/or cash-settled stock appreciation rights. Overall, the Company’s total compensation strategy is to pay its executives up to the 75th percentile of its defined peer group. Historically, the Company placed greater weighting on short and long-term incentives to achieve the 75th percentile. However, since 2010 the Company has placed greater weighting on base salaries moving them closer to the 75th percentile. The Company expects to offset the increased base salaries with lesser stock option/stock appreciation rights grants relative to prior years. As an executive officer’s level of responsibility and ability to influence Company operations and results increases, the mix of total compensation is weighted more heavily to pay at risk (bonus and long-term incentive), thereby increasing the mutuality of interest between executive officers and shareholders.

The objectives of the compensation program are to:

- ensure external competitiveness and executive retention by developing and maintaining compensation levels that reflect current relevant market rates of pay;
- promote pay-for-performance levels that reward consistently high performance levels;
- provide the Company with the resources to recruit and retain a highly capable work force; and
- establish incentives to develop and achieve performance targets that maximize the value of the Company to the benefit of its shareholders and other stakeholders.

The Company's compensation plan meets these objectives by addressing each key component of total compensation: base salary, annual incentive and long-term incentive awards, and all other compensation. Based on benchmarking against what was originally 19 peer group companies in 2010 and 16 peer group companies in 2011, there is wide variation with respect to the cash component of compensation among companies. Certain companies opt for a lower base salary and weight bonus payments more heavily, whereas other companies opt for a higher base salary and relatively lower bonuses as a percentage of the base salary, and a broad range exists between. The Company has set its salary and bonus compensation such that the combined salary and bonus cash component of compensation for executives is targeted in the range of the 50th and 75th percentile for high performing executives. The Company has placed greater emphasis on base salary (as compared to long-term incentive awards) since 2010, to better align this element of pay with the market and the peer group. Pay at risk (discretionary annual bonus and long-term incentive) continue to incent the behaviours and ultimate performance for achieving superior results. The Board places significant emphasis on aligning the interests of its executives with those of its shareholders. As a result, appropriate weighting is placed on all three elements of awards to reflect the role and responsibilities of the respective NEO. No benefit is conferred through a contribution to a pension plan.

The Company's annual performance and compensation review was led and conducted by the CNC in late 2011 with conclusions on 2011 bonuses and 2012 base salaries determined at a Board meeting held on December 6, 2011. Decisions on 2011 base salaries for the Named Executive Officers and other executive officers were taken by the Board during the annual review meeting held on December 7, 2010. Decisions on 2011 stock option grants were made by the Board of Directors on May 12, 2011.

The Company participated in the following surveys in 2011:

2011 Mining Industry Salary Survey conducted by Coopers Consulting and PwC;

2011 Global Mining Compensation Review conducted by Hay Group;

2011 Compensation of Investor Relations Positions in Canada, conducted by Canadian Compensation Resources Ltd.; and

2011 Top 10 Global Mining Survey, conducted by Equilar Inc.

The above surveys include organizations varying in size by market capitalization, headcount and location of corporate office, and report findings on those bases. In June 2010, the CNC commissioned a study with Towers Watson to provide a review of compensation among the Company's defined peer group. The companies that were selected to be a part of the peer group were chosen based on their having similar characteristics to the Company with respect to some or all of: industry, production and growth profile, corporate structure and market capitalization. The peer group is as listed in the table below:

B2Gold Corporation	AuRico Gold Incorporated	Lundin Mining Corporation	Red Back Mining Incorporated ⁽⁴⁾
Centerra Gold Incorporated	Hudbay Minerals Incorporated	Minefinders Corporation ⁽³⁾	Silver Wheaton Corporation

Eldorado Gold Corporation	IAMGOLD Corporation	New Gold Incorporated	Thompson Creek Metals Company
Equinox Minerals Limited. ⁽¹⁾	Inmet Mining Corporation	Osisko Mining Corporation	Uranium One Incorporated
Quadra FNX Mining Ltd. ⁽²⁾	Katanga Mining Limited		

(1) *Equinox Minerals Ltd. was purchased by Barrick Gold Corp. on July 19, 2011.*

(2) *Quadra Mining Ltd. became Quadra FNX Mining Ltd. "FNX" on May 21, 2010. On February 20, 2012, FNX was acquired by KGHM Polska Miedz S. A.*

(3) *Minefinders Corporation Ltd. was purchased by Pan American Silver Corp. on March 30, 2012.*

(4) *Red Back Mining Inc. was purchased by Kinross Gold Corporation on September 17, 2010.*

Given the detailed comprehensive analysis performed in the Towers Watson survey in 2010, the CNC decided that the data remained valid for 2011 and continued to reflect the Company's peer group. The data reported in the Towers Watson 2010 survey was increased by 4% to reflect general market increases as reported by various compensation sources.

The CNC and the Board approved an Executive Compensation Strategy in 2010 that reflects the need to attract and retain top executives to continue to lead Alamos amongst its peer group and in the gold mining industry in general. Overall, total compensation for executives is targeted between the 50th and 75th percentile. On average, it will take an executive, new to their role, up to five (5) years to meet this target and hence, to be considered performing as "fully-functioning".

Total fees paid in 2011 for compensation surveys was CAD\$30,200. In 2010, total fees paid for executive compensation consulting and compensation surveys was CAD\$64,200.

Key components of the Company's compensation plan are discussed below.

Base Salary

Base salaries provide executive officers with monthly remuneration based on the position and the required qualifications and skills to effectively perform the functions contained in the job description. Base salaries are also the determinant for other forms of compensation (annual incentive and long-term incentive) in the case that these are paid/granted as a percentage of base salary. Base salaries are intended to be internally equitable and externally competitive. Salaries are reviewed annually based on performance levels within the Company, and in comparison to base salaries for similar roles in peer group companies. The target base salary range is between the 50th and 75th percentile of the peer group and/or the market at large. Annual adjustments to base salary are assessed and recommended by the CNC to the Board for final decision. Greater emphasis has been placed on base salary adjustments since 2010 to ensure base salaries paid to NEOs are in the appropriate base salary range per respective role, and have been corrected if and when they have fallen outside this range.

Annual Incentive Plans

The CNC determines, on a discretionary basis, annual incentive awards or bonuses to be paid by the Company to the executive officers of the Company, in respect of a financial year, based on both individual and corporate performance. Each executive officer is responsible for presenting specific individual goals and objectives to the Board for review and approval on an annual basis. The CEO approves, on a discretionary basis, bonuses to be paid by the Company to all other eligible employees and consultants of the Company in respect of a financial year. An annual performance bonus is provided as an element of total compensation to provide an incentive to achieve or exceed annual goals consistent with

operating or financial metrics that can generally be improved on a year over year basis. The Company metrics are outlined in the table below under “Review of Recent Performance and Performance Objectives”.

Stock Option Plan

The CEO, in discussion with management, makes recommendations to the CNC and Board on the grant of options consistent with the terms and conditions of the Company’s stock option plan (the “Plan”). The Board approves all stock option grants. The Board may delegate the authority to review and approve stock option grants to a committee of the Board. Individual grants are determined by an assessment of an individual’s current and expected future performance, level of responsibility and the ability of the position to influence Company performance. Stock option awards are paid in alignment with the overall compensation strategy to pay its executives at the 75th percentile. Grants are typically made to new hires who qualify for option award grants based on the terms of their contract. The initial level of grant is generally higher than subsequent annual grants at a ratio of 2:1 or 3:1 depending on the total compensation package. All grant awards are subject to a vesting period.

The Plan is a key component of total compensation whereby the Company provides its officers with the incentive to achieve the Company’s goal of achieving price appreciation for its common shares. Because each officer is charged with achieving maximum performance through its operating and financial metrics, each officer is capable of delivering performance-based results which can result in share price appreciation. Each officer is awarded a substantial option package on entering service and annual grants are reviewed by the Board. The Company does not consider that the initial valuation of a grant through an option pricing model is an appropriate metric for evaluating executive compensation since the option holder cannot normally monetize the value of the grant through any existing market, and such a metric is abnormally high in the year an executive is appointed to his or her position as a result of the initial grant.

The Plan was initially established and approved in 2003 to allow the Company to grant incentive stock options to directors, officers, employees and consultants of the Company and its subsidiaries and affiliates. Amendments to the Plan are being submitted to the shareholders for approval at the Meeting. If these amendments are approved, only officers of the Company will be eligible for future stock option grants, vesting terms will be amended and the number of stock option available for grant will be reduced to 7% of the outstanding shares of the Company from time to time, among other changes.

The number of stock options which may be issued under the Plan in the aggregate and in respect of any financial year is limited under the terms of the Plan and cannot be increased without shareholder approval. Stock options granted to officers have a five year term and are exercisable at the price determined by the Board, at the time any option is granted. In no event shall such price be lower than the price permitted by the Toronto Stock Exchange (the “TSX”) and any stock exchange or exchanges or regulatory agency having jurisdiction. See “Securities Authorized for Issuance under Equity Compensation Plans” below for further detail of the Plan.

Option Re-pricing

No options held by the Named Executive Officers are permitted to be, or were, re-priced downward during the Company’s most recently completed financial year ended December 31, 2011.

Stock Appreciation Rights (“SARs”)

In 2011, the Board approved a cash-settled stock appreciation rights plan (the “SARs Plan”) to grant incentive SARs to the directors, officers, employees and consultants of the Company or any of its subsidiaries and affiliates. A cash-settled stock appreciation right (“SAR”) entitles a participant to receive

cash consideration equal to the appreciation in value of the Company's common shares over a certain period of time. The term (not to exceed ten years) and vesting provisions are authorized by the Board at the time of the grant.

SARs granted to directors, officers and certain consultants under the SARs Plan are exercisable for a five-year period, and SARs granted to employees are generally exercisable for a three-year period. SARs granted vest 20% on the date of grant, and 20% at each six month interval following the date of grant. The strike price of a SAR cannot be lower than the market price of the common shares of the Company at the date of the grant of the SAR, where market price is the closing price of the Company's common shares on the TSX on the business day on which the grant of the SAR is approved by the Board.

SARs are cash-settled liabilities, which are initially valued and re-measured at each reporting date using the Black-Scholes option-pricing method. At the settlement date, the SARs liability is re-measured to the intrinsic value or cash payment required to settle the SARs liability. Changes in the fair value of the SARs liability are recognized as an expense within share-based compensation in the Statements of Comprehensive Income.

Pension Plans

The Company does not provide pension plan benefits to its directors or executive officers.

Managing Compensation-Related Risk

The Board and the CNC have an active role in risk oversight regarding the Company's compensation policies and practices. They consider all factors related to an executive's performance and regularly assess, as part of their respective deliberations, the risk implications of the Company's compensation policies and practices, including the potential for any inappropriate or excessive risk-taking by its executive officers, in determining compensation. The Company uses the following practices to discourage or mitigate inappropriate or excessive risk-taking by directors and executive officers:

The structure of incentive compensation is designed not to focus on a single metric, which in the Company's view could be distortive, but instead a combination of both corporate and personal objectives.

Each director of the Company is required to own common shares in the capital of the Company equivalent to their respective annual remuneration or a minimum of 3,000 common shares, whichever is lower. The CEO is required to own a minimum number of common shares equivalent to three times his base salary. See "Particular of Matters to be Acted Upon - Election of Directors - Minimum Share Ownership".

The Company has an appropriate compensation mix, including fixed and performance based compensation with short and longer term performance conditions and multiple forms of compensation.

The CNC has discretion in assessing the annual incentive awards paid to executive officers of the Company based on both individual and corporate performance.

The SARs granted pursuant to the SARs Plan, and stock options granted pursuant to the Plan, are subject to vesting provisions so directors and executive officers are exposed to the risks of their decisions and vesting periods align with risk realization periods.

In order to further mitigate the potential for executive officers to take inappropriate or excessive risks relating to compensation, the Board has passed a resolution which prohibits directors and executive officers from purchasing financial instruments (including prepaid variable forward contracts, equity

swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a director or executive officer. The Board has further authorized the CNC to consider and prepare an appropriate policy (or to revise the Company's existing policies) for adoption by the Board to reflect this directive in this resolution and to consider the need for the adoption of any other policies relating to the management of compensation-related risks.

Summary of Compensation

The following table is a summary of compensation paid for the Named Executive Officers for the financial years ended December 31, 2011, December 31, 2010, and December 31, 2009. All figures are in United States dollars, the same currency that the Company uses in its financial statements, unless otherwise indicated. Fees earned and option-based awards amounts that have been paid in Canadian dollars have been converted into United States dollars at the average 2011 CAD:USD exchange rate of CAD\$1.00 = US\$1.01. The value of option-based awards is translated into United States dollars at the exchange rate in effect on the date of the option grant.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) ⁽¹⁾	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual Incentive Plans (\$) ⁽²⁾	Long-term incentive Plans ⁽³⁾			
John A. McCluskey President and CEO	2011	581,555	N/A	1,512,000	535,031	N/A	N/A	8,624	2,637,210
	2010	509,250	N/A	3,768,000	585,638	N/A	N/A	6,898	4,869,786
	2009	440,145	N/A	1,095,000	528,174	N/A	N/A	4,055	2,067,374
James Porter⁽⁵⁾ CFO	2011	230,404	N/A	630,000	163,847	N/A	N/A	4,200	1,028,451
	2010	175,735	N/A	1,256,000	145,500	N/A	N/A	-	1,577,235
	2009	139,969	N/A	182,500	167,270	N/A	N/A	532	490,271
Manley Guarducci VP and Chief Operating Officer ("COO")	2011	404,304	N/A	756,000	291,283	N/A	N/A	2,593	1,454,180
	2010	297,000	N/A	2,512,000	257,050	N/A	N/A	9,564	3,075,614
	2009	270,000	N/A	547,500	310,833	N/A	N/A	10,184	1,138,517
Charles Tarnocai Vice President Corporate Development	2011	242,736	N/A	504,000	163,847	N/A	N/A	-	910,583
	2010	208,429	N/A	1,256,000	145,500	N/A	N/A	-	1,609,929
	2009	145,248	N/A	182,500	139,306	N/A	N/A	-	467,054
Han Ilhan⁽⁶⁾	2011	75,000	N/A	N/A	27,000	1,245,000 ⁽³⁾	N/A	3,600	1,350,600
		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Vice President Projects	2010								
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- 1) The value of option-based awards was calculated using a Black-Scholes option pricing model, given that it is one of most common valuation methodologies available, and applying the following key inputs:

Risk-free rate	1.7%-2.3%
Expected dividend yield	0.43%-0.58%
Expected stock price volatility	42%-58%
Expected option life, based on terms of the grants (months)	20-60

Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and, therefore, it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for by the employee as income received for tax purposes.

- 2) Represents discretionary bonus payments made in cash in the years indicated to the Named Executive Officers.
- 3) The value of SARs awards was calculated using a Black-Scholes option pricing model, given that it is one of most common valuation methodologies available, and applying the following key inputs:

Risk-free rate	1.1%-1.5%
Expected dividend yield	0.88%
Expected stock price volatility	41%-66%
Expected option life, based on terms of the grants (months)	20-60

- 4) Consists of Company-paid parking, extended medical and, in the case of Han Ilhan, a living allowance.
- 5) Promoted from Vice President Finance to CFO at the Company's Annual General Meeting held on June 2, 2011.
- 6) Han Ilhan joined Alamos on October 17, 2011 and his annual salary is US\$360,000. The amount reported is the pro-rated salary for his period of employment in 2011. Han Ilhan's SARs grant was an initial grant upon commencement of employment with the Company.

CEO Compensation

The table below outlines key metrics with respect to CEO total compensation.

Differential between CEO Total Compensation and Next Highest NEO	Total Compensation of the CEO as a Percentage of Net Profit (\$60.1M)
181.8%	4.4%

Review of Recent Performance and Performance Objectives

The annual incentive plan is structured to recognize individual and Company-wide performance. Goal achievement equates to a 100% target payout, while exceeding goals is recognized by up to a 130% target payout. Individual goal recognition is determined in concert with overall corporate performance. Equally, the Board has the discretion to recognize goals that are not fully achieved but would be paid at a threshold level (below target). Target annual incentive payout levels are expressed in ranges and as percentages of base salary.

The NEOs are measured on their individual goals and on the corporate metrics which are set out in the table below. For all NEOs and executives, other than the CEO, individual and corporate metrics are weighted equally. The President and CEO, John McCluskey, however, is evaluated on the achievement of corporate metrics only.

The CNC and the Board considered the individual and corporate goals and results for 2011 and determined that, while the key corporate metrics were achieved, certain results, such as annual gold production, did not achieve the low end of the initial forecast range. The Board concluded that corporate metrics were achieved at 80%. As a result, the CEO's bonus was paid at 80% of target. The bonus of Manley Guarducci, the Vice President and COO was also paid at 80% of the target payout (corporate and individual metrics) given his influence and responsibility over the operations of the Company. The balance of the NEO bonuses were paid at a rate of 80% of corporate metrics and 100% of individual metrics, split 50:50.

Chief Executive Officer

Reports directly to the Board, and is responsible for providing leadership and vision leading to the success of the Company and the best interests of its shareholders. In addition to being the Company's public spokesman, the CEO has overall responsibility for ensuring that the Company is adequately financed for operations and growth opportunities. The CEO is also charged with developing and maintaining a team of individuals to assist him in managing the day-to-day affairs of the Company, as well as carrying out the other duties and responsibilities assigned by the Board to the CEO. Mr. McCluskey's bonus in 2011 was based on his leadership of the Company and shared responsibility with his executives to meet their corporate goals. Share price performance was also a factor considered in his compensation.

Chief Financial Officer

Responsible for monitoring and maintaining the Company's financial strength, ensuring adequate liquidity and managing counterparty arrangements, achieving return on investment targets, reviewing and implementing tax savings opportunities, analysis and funding of acquisition/merger opportunities, and overall financial disclosures. Mr. Porter's bonus in 2011 was based on continued corporate balance sheet strength which allowed the Company to increase its dividend. In addition, the Company achieved a high rate of return on assets and equity (significantly better than industry average) and maintained high quality financial disclosures, while improving the timeliness of its financial reporting.

Vice President and Chief Operating Officer

Responsible for establishing operating performance objectives, health and safety standards, meeting or exceeding budgeted cash flows, ensuring adequate return on capital investments and various community-based goals. Mr. Guarducci's bonus in 2011 was based on achieving the mid-range of the revised production guidance in addition to maintaining industry leading low operating costs

Vice President, Exploration and Corporate Development

Responsible for reviewing and identifying new projects that meet internal acquisition criteria and making recommendations to the Board. Mr. Tarnocai's bonus in 2011 was based on discerning promising acquisition targets from those not suited for the Company's investment. He has made a number of recommendations for acquisitions for consideration by the Board and has cycled through numerous project reviews that do not meet the Company's investment criteria. He also successfully transitioned additional responsibilities of managing the exploration function.

Vice President, Projects

Responsible for overseeing the advancement of the Company's key development projects in Turkey. Responsible for managing local teams comprised of consultants, contractors and/or employees of professionals specializing in mining, metallurgy, process design, engineering, power, procurement (contracts, procurement and logistics) and government and community relations. Mr. Ilhan's bonus in 2011 was based on continuing to develop and strengthen teams in Turkey, while advancing the Turkish projects towards the preliminary feasibility stage.

Corporate Metric	2011 Plan	2011 Actual
Earnings Per Share (basic, after tax)	\$0.44	\$0.51
Return on Average Assets (ROAA)	9.2%	10.9%
Return on Average Assets (excluding cash and short-term investments)	15.2%	17.3%
Return on Equity (ROE)	9.4%	12.2%
Cash Operating Cost per Ounce Sold (excluding royalty)	\$350 - \$365/oz	\$368
Stock Price Performance (annual)	AGI TSX Gold Index Peers S&P 500 S&P/TSX Composite	-7.2% -14.3% -21.5% 0% -11.1%
Safety Record	Goal is zero safety incidents and continuous improvement.	Frequency ¹ - 4.99 Severity ² - 5.49
Production (ounces (Au))	160,000 - 175,000	156,000
Capital and Development Priorities: Escondida Development Budget 2011 Escondida Gravity Mill Pre-feasibility study on Turkish development projects	\$23.2M (Q1 2012) \$17.5M (Q1 2012) Q4 2011	\$31.2M - on-track \$17.3M - on-track Delayed to incorporate resource growth.
Resource & Reserve Growth (ounces (Au))	1.5M oz	0.57M

1) Calculated as the number of accidents multiplied by one million divided by the number of exposure hours worked.

2) Calculated as the number of hours lost multiplied by one million divided by the number of exposure hours worked.

Incentive Plan Awards***Value Vested or Earned During Year***

The following table sets out the value vested or earned for all incentive plan awards held by Named Executive Officers during the most recently completed financial year ended December 31, 2011 (values are in United States dollars converted at the average rate for 2011 of CAD\$1.00 = US\$1.01 for vested amounts):

Name	Value Vested Option-based awards during the year (\$) ⁽¹⁾	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
John A. McCluskey	643,250	N/A	N/A
James Porter	176,388	N/A	N/A
Manley Guarducci	353,181	N/A	N/A
Charles Tarnocai	163,847	N/A	N/A
Han Ilhan	N/A	N/A	-

(1) For each stock option grant, 20% vests immediately, and an additional 20% vests at each six month anniversary date (two-year total vesting period). Amounts vesting in 2011 related to options granted in the years 2009 to 2011.

Outstanding Share-based Awards and Option-based Awards

The following table sets out the outstanding option-based awards (excludes SARs) held by the Named Executive Officers as at December 31, 2011 (no share-based awards are outstanding). Values are in United States dollars converted at the year-end rate for 2011 of CAD\$1.00 = US\$0.98 for unexercised value:

Name	Option-based Awards (excludes SARs)			
	Number of securities underlying unexercised options	Option exercise price (CAD\$)	Option expiration date (dd/mm/yyyy)	Value of unexercised in- the-money options ⁽¹⁾ (\$)
John A. McCluskey	71,500	6.22	15/05/2013	793,893
	600,000	7.29	15/04/2012	6,032,880
	300,000	9.80	08/06/2014	2,278,500
	300,000	14.24	12/05/2016	973,140
	600,000	14.92	02/06/2015	1,546,440
James Porter	10,000	9.80	08/06/2014	75,950
	125,000	14.24	12/05/2016	405,475
	200,000	14.92	02/06/2015	515,480
Manley Guarducci	150,000	9.80	08/06/2014	1,139,250
	150,000	14.24	12/05/2016	486,570
	400,000	14.92	02/06/2015	1,030,960
Charles Tarnocai	100,000	14.24	12/05/2016	324,380
	160,000	14.92	02/06/2015	412,384
Han Ilhan	Nil	N/A	N/A	N/A

(1) Calculation based on the closing price of the Company's common shares on the TSX at December 31, 2011.

Outstanding SARs Awards

The following table sets out the outstanding SARs awards held by the Named Executive Officers as at December 31, 2011 (values are in United States dollars converted at the year-end rate for 2011 of CAD\$1.00 = US\$0.98 for unexercised value):

Name	Stock Appreciation Rights Awards			
	SARs Outstanding	SARs Strike price (CAD\$)	SARs expiration date (dd/mm/yyyy)	Value of unexercised in-the-money SARs (\$) ⁽¹⁾
John A. McCluskey	Nil	N/A	N/A	N/A
James Porter	Nil	N/A	N/A	N/A
Manley Guarducci	Nil	N/A	N/A	N/A
Charles Tarnocai	Nil	N/A	N/A	N/A
Han Ilhan	200,000	17.01	07/11/2016	105,840

(1) Calculated based on the closing price of the Company's common shares on the TSX at December 31, 2011

Gains Realized on Stock Options Exercised by NEO's in 2011

The table below summarizes the realized gains on stock options exercised by the NEO's during the 2011 year.

Name	Gains Realized on Stock Options Exercised (\$)
John A. McCluskey	1,205,589
James Porter	488,911
Manley Guarducci	1,366,664
Charles Tarnocai	1,109,354
Han Ilhan	N/A ⁽¹⁾

(1) There were no SARs exercises and therefore no gains realized by the VP Projects on SARs in the 2011 year.

Termination And Change Of Control

Based on a market and peer group review, change of control terms for all NEO's were revised in 2011 as per a Board resolution dated August 2, 2011. These changes, in addition to modifications to the restrictive covenant terms in each NEO's employment agreement, are in the process of being incorporated into revised employment agreements.

As at December 31, 2011, the end of the most recently completed financial year of the Company, the Company had entered into employment agreements with each of the Named Executive Officers, as follows.

John A. McCluskey, President and CEO

Under an agreement with John A. McCluskey dated November 1, 2004, Mr. McCluskey acts as President and CEO of the Company. He receives annual compensation of CAD\$575,000 effective January 1, 2011 (all amounts paid to Mr. McCluskey are in Canadian funds) payable in equal semi-monthly installments. In addition, he participates in the Company's medical, dental and fitness benefit program offered to all its employees in Canada. As an officer, he also receives an additional CAD\$2,000 medical benefit allowance as part of an executive medical plan established in 2010. Mr. McCluskey also has an annual medical benefit with a private healthcare provider valued

at CAD\$2,593 per annum. His compensation is reviewed annually by the Board, and may be increased at the Board' s discretion each year.

Mr. McCluskey is also eligible for a discretionary annual cash bonus. In 2011, Mr. McCluskey received a bonus of 80% of his target bonus for a total payment of CAD\$529,000. In 2010, Mr. McCluskey received a bonus of CAD\$603,750 in respect of his performance in 2010. In 2009, Mr. McCluskey received an annual bonus of CAD\$400,000 in respect of 2009 performance. In addition, Mr. McCluskey received a grant of options to purchase 300,000 common shares at CAD\$14.24 per share in 2011, a grant of options to purchase 600,000 common shares at CAD\$14.92 in 2010 and a grant of options to purchase 300,000 common shares at CAD\$9.80 in 2009. All stock option grants were for a period of five years, subject to a two-year vesting provision. Mr. McCluskey is entitled to 28 calendar days of paid vacation each year.

The term of Mr. McCluskey's engagement is indefinite. If Mr. McCluskey is terminated without cause, he is entitled to receive any compensation owed and expenses incurred up to the date of termination plus a termination payment equal to 24 months' compensation plus two additional months' for each year subsequent to the first year of his engagement. If Mr. McCluskey's engagement as President and CEO is terminated as a result of a change of control of the Company, he is entitled to receive any compensation owed and expenses incurred up to the date of termination plus a termination payment of 36 months base fee plus an amount on account of the annual incentive fee equivalent to one year's incentive fee based on the average of the prior three years and an amount equal to the value of benefits paid for by the Company in the prior year and payable hereunder.

James Porter, CFO

James Porter was promoted to CFO from Vice President, Finance on June 2, 2011. Subsequent to his promotion, Mr. Porter's salary was increased to CAD\$240,000 (all amounts paid to Mr. Porter are in Canadian funds) payable in equal semi-monthly installments. In addition, he participates in the Company's medical, dental and fitness benefit program offered to all its employees in Canada. As an officer, he also receives an additional annual CAD\$2,000 benefit allowance as part of an executive medical plan established in 2010. Mr. Porter also has an annual medical benefit with a private healthcare provider valued at CAD\$2,593 per annum.

Mr. Porter is also eligible for a discretionary annual cash bonus. In 2011, Mr. Porter received a bonus of CAD\$162,000 in respect of his performance in 2011, and in 2010, Mr. Porter received a CAD\$150,000 bonus in respect of his performance in 2010. Mr. Porter received a CAD\$191,080 bonus in respect of 2009 performance, paid in 2009. In 2011, Mr. Porter received a grant of options to purchase 125,000 common shares at CAD\$14.24 per share. He received a grant of options to purchase 200,000 common shares at CAD\$14.92 in 2010 and in 2009 received a grant of options to purchase 50,000 common shares at CAD\$9.80. All options grants are for a period of five years, subject to a two-year vesting provision. Mr. Porter is entitled to 20 calendar days of paid vacation each year.

The term of Mr. Porter's engagement is indefinite. If Mr. Porter's engagement is terminated without cause, he is entitled to receive any compensation owed and expenses incurred up to the date of termination plus a termination payment of two months compensation plus one additional month for each year subsequent to the first year of his engagement. If Mr. Porter's engagement is terminated as a result of a change of control of the Company, he is entitled to receive 24 months base fee plus an amount on account of the annual incentive fee equivalent to one year's incentive fee based on the average of the prior three years and an amount equal to the value of benefits paid for by the Company in the prior year and payable hereunder.

Manley Guarducci, Vice President and COO

Under an agreement with Manley Guarducci dated May 22, 2008, as revised on August 2, 2011, Mr. Guarducci acts as Vice President and COO of the Company. He receives annual compensation of

CAD\$400,000 effective January 1, 2011 (Mr. Guarducci is paid in Canadian funds) payable in equal semi-monthly installments. In addition, he participates in the Company's health benefit program offered to all its employees in Canada. As an officer, he also receives an additional annual \$2,000 benefit allowance as part of an executive medical plan established in 2010. Mr. Guarducci has an annual medical benefit with a private healthcare provider valued at CAD\$2,593.

Mr. Guarducci is also eligible for a discretionary annual cash bonus. Mr. Guarducci received a bonus of CAD\$288,000 in respect of 2011 at 80% of his target bonus, a bonus of CAD\$265,000 in respect of performance in 2010 and a bonus of CAD\$216,000 in respect of his performance in 2009. In 2011, he received a grant of options to purchase 150,000 common shares at CAD\$14.24 per share and in 2010 he received a grant of options to purchase 400,000 common shares at CAD\$14.92 per share, and in 2009 a grant of options to purchase 150,000 common shares at CAD\$9.80, each for a period of five years, subject to a two-year vesting provision. Mr. Guarducci is entitled to 20 calendar days of paid vacation each year.

The term of Mr. Guarducci's engagement is indefinite. If Mr. Guarducci's engagement is terminated without cause, he is entitled to receive any compensation owed and expenses incurred up to the date of termination plus a termination payment of 12 months' compensation plus one additional month for each year subsequent to the first year of his engagement. If Mr. Guarducci's engagement is terminated as a result of a change of control of the Company, he is entitled to receive 24 months' base fee plus an amount on account of the annual incentive fee equivalent to one year's incentive fee based on the average of the prior three years and an amount equal to the value of benefits paid for by the Company in the prior year and payable hereunder.

Charles Tarnocai, Vice President Exploration and Corporate Development

Under an agreement with Charles Tarnocai, dated April 17, 2008, Mr. Tarnocai agreed to act as Vice President, Corporate Development of the Company. On February 23, 2012, he took on the additional role of Vice President Exploration. He receives annual compensation of CAD\$240,000 effective July 1, 2011 (all amounts paid to Mr. Tarnocai are in Canadian funds) payable in equal semi-monthly installments, plus he participates in the Company's health benefit program offered to all its employees in Canada. As an officer, he also receives an additional CAD\$2,000 benefit allowance as part of an executive medical plan established in 2010. His compensation is reviewed annually by the CEO and the Board, and may be increased at its discretion each year.

Mr. Tarnocai is eligible for a discretionary annual cash bonus. Mr. Tarnocai received a performance-based bonus of CAD\$162,000 in 2011, a bonus of CAD\$150,000 in 2010 with respect to his performance in 2010 and a bonus of CAD\$132,000 in respect of 2009. In 2011, he received a grant of options to purchase 100,000 common shares at CAD\$14.24, in 2010 he received a grant of options to purchase 200,000 common shares at CAD\$14.92 per share, and in 2009, Mr. Tarnocai received a grant of options to purchase 50,000 common shares at CAD\$9.80, each for a period of five years, subject to a two-year vesting provision. Mr. Tarnocai is entitled to 20 calendar days of paid vacation each year.

The term of Mr. Tarnocai's engagement is indefinite. If Mr. Tarnocai's engagement is terminated without cause, he is entitled to receive any compensation owed and expenses incurred up to the date of termination plus a termination payment of three months' compensation plus one additional month for each year subsequent to the first year of his engagement. If Mr. Tarnocai's engagement is terminated as a result of a change of control of the Company, he is entitled to receive 24 months' base fee plus an amount on account of the annual incentive fee equivalent to one year's incentive fee based on the average of the prior three years and an amount equal to the value of benefits paid for by the Company in the prior year and payable hereunder.

Han Ilhan, Vice President Projects

Under an agreement with Han Ilhan, dated October 17, 2011, Mr. Ilhan acts as Vice President, Projects of the Company. He receives annual compensation of US\$360,000 effective October 17, 2011 (all amounts paid to Mr. Ilhan are in US funds) payable in equal monthly installments, plus he participates in the Company's medical and dental benefit program offered to all its expatriate employees. His base salary will be reviewed annually by the Board, and may be increased at its discretion each year.

Mr. Ilhan is eligible for a discretionary annual cash bonus. Mr. Ilhan received a US\$27,000 bonus in respect of his performance in 2011 which was pro-rated to reflect his period of employment in 2011. Mr. Ilhan is eligible for a completion bonus that may be paid at two critical points in the project timeline; approval of specific permits and project commissioning. The amount that may be paid is between 20% and 50% of his base fee and is at the discretion of the Board. On November 7, 2011, he received an initial grant of 200,000 SARs at CAD\$17.01 per share for a period of five years, subject to vesting provisions. Mr. Ilhan is entitled to four weeks of paid vacation each year. Mr. Ilhan also receives a monthly living allowance of US\$4,000 given his relocation to Turkey.

The term of Mr. Ilhan's engagement is indefinite. If Mr. Ilhan's engagement is terminated without cause, he is entitled to receive any compensation owed and expenses incurred up to the date of termination plus a termination payment of 18 months' compensation. If Mr. Ilhan's engagement is terminated as a result of a change of control of the Company, he is entitled to receive 12 months' base fee plus an amount on account of the annual incentive fee equivalent to one year's incentive fee based on the average of the prior three years (or an average of prior years should Mr. Ilhan have less than three years of employment with the Company) and an amount equal to the value of benefits paid for by the Company in the prior year and payable hereunder.

DIRECTOR COMPENSATION

Effective December 9, 2008, based on a report prepared by an independent compensation consultant, the Board agreed that the following compensation be paid to Directors, Committee chairs and Committee members. This same rate applied to the 2011 calendar year (values are in United States dollars converted at the average rate for 2011 of CAD\$1.00 = US\$1.01).

Position	Annual Compensation (\$)
Chairman of the Board:	40,456
Director (other than Chairman):	18,205
Audit Committee Chair, additional:	10,114
Other Committee Chairs, additional:	6,068

In addition to the foregoing, each Director is paid an attendance fee of \$1,000 for each full-day Board or Committee meeting attended and \$500 for unplanned/unscheduled and/or half-day Board or Committee meetings attended.

During the most recently completed financial year ended December 31, 2011, the directors who are not Named Executive Officers received the following compensation for services provided to the Company. All figures are in United States dollars, unless otherwise indicated. Fees earned and option-based awards amounts that have been paid in Canadian dollars have been converted into United States dollars at the average 2011 CAD:USD exchange rate of CAD\$1.00 = US\$1.01. The value of option-based awards is translated into United States dollars at the exchange rate in effect on the date of the option grant.

Name	Fees Earned	Share-based Awards (\$)	Option-based Awards ⁽³⁾ (\$)	Non-equity Incentive Plan Compensation ⁽⁴⁾ (\$)	Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
James M. McDonald	47,536	N/A	403,000	N/A	N/A	N/A	450,536
Leonard Harris⁽²⁾	22,543	N/A	52,000	N/A	N/A	N/A	74,543
Mark Wayne	51,581	N/A	504,000	N/A	N/A	N/A	555,581
David Gower	34,388	N/A	403,000	N/A	N/A	N/A	437,388
Paul Murphy	39,445	N/A	403,000	N/A	N/A	N/A	442,445
Anthony Garson	34,388	N/A	403,000	N/A	N/A	N/A	437,388
Kenneth G. Stowe⁽¹⁾	7,885	N/A	-	1,245,000	N/A	N/A	1,252,885

(1) Mr. Stowe joined the Board on September 26, 2011.

(2) Mr. Harris resigned as at July 12, 2011

(3) The value of option-based awards was calculated using a Black-Scholes option pricing model, given that it is one of most common valuation methodologies available, and applying the following key inputs:

Risk-free rate:	1.7%-2.3%
Expected dividend yield:	0.43%-0.58%
Expected stock price volatility:	42%-58%
Expected option life, based on terms of the grants (months):	20-60

(4) The value of SARs awards was calculated using a Black-Scholes option pricing model, given that it is one of most common valuation methodologies available, and applying the following key inputs:

Risk-free rate:	1.1%-1.5%
Expected dividend yield:	0.88%
Expected stock price volatility:	41%-66%
Expected option life, based on terms of the grants (months):	20-60

Incentive Plan Awards

Value Vested or Earned During Year

The following table sets out the value vested or earned for all incentive plan awards held by Directors who were not Named Executive Officers during the most recently completed financial year ended December 31, 2011 (values are in United States dollars converted at the average rate for 2011 of CAD\$1.00 = US\$1.01 for vested amounts):

Name	Option-Based Awards - Vested During the Year ⁽¹⁾ (\$)	Share-Based Awards - Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
James M. McDonald	111,214	N/A	N/A
Leonard Harris ⁽²⁾	50,570	N/A	N/A

Mark Wayne	121,247	N/A	N/A
David Gower	262,924	N/A	N/A
Paul Murphy	438,098	N/A	N/A
Anthony Garson	401,202	N/A	N/A
Kenneth Stowe⁽³⁾	N/A	N/A	-

- (1) For each stock option grant, 20% vests immediately, and an additional 20% vests at each six month anniversary date (two-year vesting period). Amounts vesting in 2011 related to options granted in the years 2009 to 2011.
- (2) Mr. Harris resigned from the Board on July 12, 2011.
- (3) Mr. Stowe joined the Board on September 26, 2011.

Outstanding share-based awards and option-based awards

The following table sets out the outstanding option-based awards other than SARs (which are set out in the table below) held by the Directors who were not Named Executive Officers as at the end of December 31, 2011 (no share-based awards are outstanding), (values are in United States dollars converted at the year-end rate of CAD\$1.00 = US\$0.98 for unexercised value):

Name	Option Based Awards (Other than SARs)			Value Of Unexercised In-The-Money Options ⁽¹⁾ (USD \$)
	Number Of Securities Underlying Unexercised Options	Option Exercise Price (CAD \$)	Option Expiration Date D/M/Y	
James McDonald	80,000	14.24	12/05/2016	259,504
	65,000	14.92	02/06/2015	167,531
Mark Wayne	75,000	7.29	15/04/2012	754,110
	30,000	6.76	03/06/2013	317,226
	50,000	9.80	08/06/2014	379,750
	100,000	14.24	12/05/2016	324,380
David Gower	65,000	14.92	02/06/2015	167,531
	120,000	9.80	08/06/2014	911,400
	80,000	14.24	12/05/2016	259,504
	65,000	14.92	02/06/2015	167,531
Paul Murphy	100,000	13.04	18/02/2015	441,980
	80,000	14.24	12/05/2016	259,504
	65,000	14.92	02/06/2015	167,531
Anthony Garson	64,000	14.24	12/05/2016	207,603
	180,000	14.94	07/06/2015	460,404
Kenneth Stowe	Nil	N/A	N/A	N/A

- (1) Calculated based on the closing price of the Company's shares on the TSX at December 31, 2011.

Outstanding SARs Awards

The following table sets out the outstanding SARs awards held by the Directors who were not Named Executive Officers as at the end of December 31, 2011 (no share-based awards are outstanding), (values are in United States dollars converted at the year-end rate of CAD\$1.00 = US\$0.98 for unexercised value):

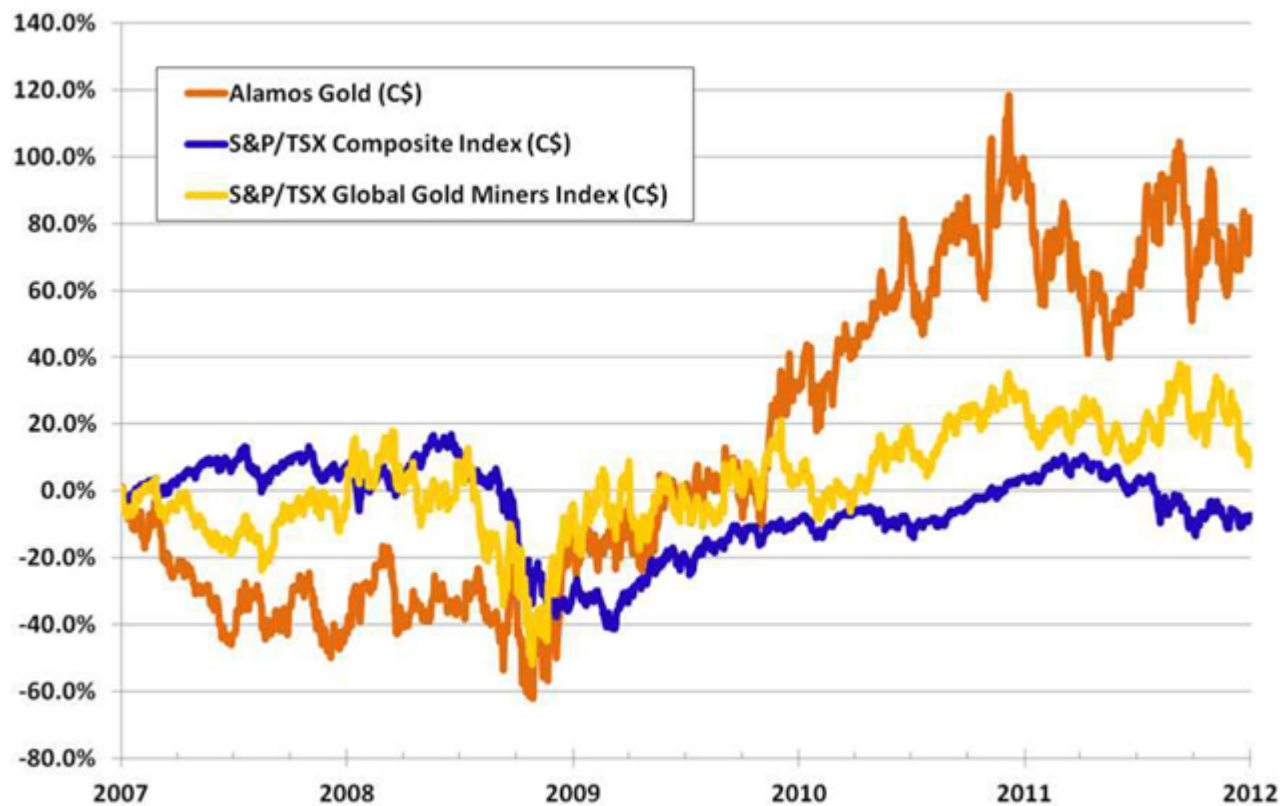
Name	SARs Awards			Value Of Unexercised In-The-Money SARs ⁽¹⁾ (USD \$)
	SARs Outstanding	SARs Strike Price (CAD \$)	SARs Expiration Date D/M/Y	
James M. McDonald	Nil	N/A	N/A	N/A
Leonard Harris	Nil	N/A	N/A	N/A
Mark Wayne	Nil	N/A	N/A	N/A
David Gower	Nil	N/A	N/A	N/A
Paul Murphy	Nil	N/A	N/A	N/A
Anthony Garson	Nil	N/A	N/A	N/A
Kenneth Stowe	200,000	17.01	07/11/2016	105,840

1) Calculated based on the closing price of the Company's common shares on the TSX at December 31, 2011.

PERFORMANCE GRAPH

The Company's shares were listed for trading on the TSX on June 18, 2004 (trading symbol "AGI"). The following graph compares the yearly percentage change in the cumulative total shareholder return of the Company's common shares with the S&P/TSX Composite Index and the S&P/Capped Gold Index for the period from January 1, 2006 to December 31, 2011 assuming a \$100 investment in its common shares.

Comparison of Cumulative Total Return since January 1, 2007 between the Company's Shares, S&P/TSX Composite Index and S&P/TSX Global Gold Miners index



SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as at December 31, 2011, the number of securities authorized for issuance under the Plan which was last ratified, confirmed and approved by the shareholders of the Company on May 15, 2008.

Plan Category	Maximum number of securities available to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	6,405,700 ⁽¹⁾	CAD\$12.95	1,881,110 ⁽²⁾
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	6,405,700	CAD\$12.95	1,881,110

(1) This figure represents the total number of options granted and outstanding as at December 31, 2011.

(2) The Board approved amendments to the Plan on April 24, 2012 which reduced the number of shares issuable under the Plan to 7% of the total number of issued and outstanding shares of the Company from time to time, subject to shareholder approval. This figure assumes shareholder approval of such amendments and ratification of the unallocated options under the Plan. As at April 26, 2012, a total of 8,365,197 shares are available for issuance under the Plan assuming shareholder approval of the amendments to the Plan and ratification of the unallocated options under the Plan. As 5,240,900 options are outstanding as at April 26, 2012, 3,124,297 shares remain available for future issuance under the Plan, assuming shareholder approval of the amendments to the Plan and ratification of the unallocated options.

Stock Option Plan

The Board approved the establishment of the Plan to allow the Company to grant incentive stock options to directors, officers, employees and consultants of the Company and its subsidiaries and affiliates (the “Participants”). The Plan was originally approved by the shareholders of the Company at the 2003 Annual and Special General Meeting of the shareholders of the Company.

On May 24, 2005, the shareholders of the Company approved the amendment of the Plan from a 10% “fixed stock option plan” to a “rolling stock option plan”. Under a rolling stock option plan the number of shares reserved for issuance must not exceed a fixed percentage of the total number of common shares which are issued and outstanding on the particular date of grant, as set out below. The Plan was further amended by the Board on May 17, 2006, March 27, 2007, April 14, 2009 and January 1, 2011.

On April 24, 2012, the Board approved further amendments to the Plan. Such amendments are subject to the approval of the shareholders of the Company, and are being submitted to the shareholders for approval at the Meeting (see “Particulars of Other Matters to be Acted Upon”). The Board approved such amendments to the Plan in order to:

restrict the persons eligible to receive grants of new options under the Plan to officers of the Company and its subsidiaries and affiliates, instead of officers, directors, employees and consultants of the Company and its subsidiaries and affiliates as was previously permitted under the Plan (the Plan continues to govern outstanding options previously granted to officers, directors, employees and consultants of the Company and its subsidiaries and affiliates);

adopt a provision clarifying that in the event of an inconsistency between the option terms set out in the Plan and the option terms set out in other agreements under which a Participant may have received such options, the terms provided in the Plan will prevail;

reduce the maximum number of shares issuable under the Plan to 7% of the issued and outstanding shares from time to time;

restrict the options which can be granted to a Participant in any 12 month period to the number of options which permit the Participant to purchase a maximum of 3% of the number of issued and outstanding shares of the Company;

reduce the maximum term of any option granted under the Plan to five years, subject to an extension of 10 business days in the event of a black-out period;

adopt amended vesting, adjustment and termination provisions in connection with alterations to the Company's capital structure, a change of control and certain triggering events;

adopt additional amendment provisions specifying when shareholder approval of amendments is required; and

adopt certain other minor amendments of a "housekeeping nature".

The Plan does not permit grants of new options to employees, directors and consultants of the Company, unless such persons are also officers of the Company. A summary of the terms of the Plan, including the amendments of April 24, 2012, is set out below.

Every three years after institution, all unallocated options under the Plan must be approved by a majority of the Company's directors and the shareholders of the Company. The Plan was last ratified, confirmed and approved by the shareholders of the Company on May 15, 2008. The Company did not obtain renewed shareholder approval of its unallocated options under the Plan by May 15, 2011 and has, consequently, not granted any new options since that date, nor will it grant any further options until such shareholder approval is obtained. The Company is seeking approval of the unallocated options under the Plan at the Meeting. See "Particulars of Matters to be Acted Upon".

The maximum number of common shares issuable on exercise of options granted under the Plan as at April 26, 2012 was 8,365,197 shares (which represents 7% of the issued and outstanding share capital as at April 26, 2012), assuming shareholder approval of the amendments to the Plan and ratification of the unallocated options is obtained. As at April 26, 2012, there were outstanding options to purchase 5,240,900 common shares which represent 4.4% of the Company's outstanding share capital as at April 26, 2012. A balance of 3,124,297 common shares is unallocated under the Plan which represents 2.6% of the Company's outstanding share capital as at April 26, 2012, assuming shareholder approval of the amendments to the Plan is obtained. In 2011 (prior to May 15, 2011), the Company granted 2,115,000 stock options, or 1.8% of the weighted average number of shares outstanding for the year (2010 - 4,021,000 or 3.5%). Since implementation of the Plan in 2003 up to and including April 26, 2012, Alamos has issued a total of 12,693,483 shares on exercise of options (which represents 10.6% of the Company's issued and outstanding share capital as at April 26, 2012).

The number of shares subject to an option granted to any one Participant shall be determined by the Board or such committee of the Board which is appointed to administer the Plan (such committee or, if no such committee is appointed, the Board is hereinafter referred to as the "Board Committee") based on its review of the performance of the Participant, but no Participant shall be granted an option in any

12-month period which exceeds 3% of the issued and outstanding shares of the Company at the time of grant. The aggregate number of securities issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding securities of the Company. The number of securities issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of issued and outstanding securities.

The exercise price of the shares subject to each option shall be determined by the Board Committee, subject to applicable TSX approval, at the time any option is granted. In no event shall such price be lower than the price permitted by the TSX. The Board Committee has customarily set the option exercise price as the closing price for trading on the TSX on the date of the option grant.

The vesting schedule for an option, if any, is determined by the Board Committee and is set out in the option agreement entered into in respect of the option. The Board Committee may elect, at any time, to accelerate the vesting schedule of one or more options including, without limitation, on a triggering event, including a proposed change of control (such terms are as defined in the Plan). The Board Committee has customarily set a vesting period of two years over which options vest in instalments. It is expected that new grants of options will be subject to a vesting period of three years over which options will vest in instalments.

If there is a material alteration in the capital structure of the Company and the shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Board Committee shall, to the extent practicable and feasible, make such adjustments to the Plan and to the options then outstanding under the Plan as the Board Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Participant shall, to the extent practicable, be maintained as before the occurrence of such event.

Upon the occurrence of a triggering event (including a proposed change of control) the Company may:

- (a) cause all or a portion of any of the options outstanding under the Plan to terminate;
- (b) cause all or a portion of any of the options outstanding under the Plan to be exchanged for incentive stock options of another corporation in such ratio and at such exercise price as the Board Committee deems appropriate, acting reasonably; or
- (c) cause the continuance of the Plan and the assumption of all or a portion of any of the options outstanding under the Plan by a successor corporation.

If the options outstanding under the Plan are exchanged, continued or assumed in accordance with either of paragraphs (b) or (c) as set out above, all of the options outstanding under the Plan (or outstanding stock options which were provided in exchange therefore under paragraph (b) above) will vest immediately and become exercisable.

In the event that the Board Committee wishes to cause all or a portion of any of the options outstanding under the Plan to terminate on the occurrence of a triggering event, it must give written notice to the Participants in question not less than 10 days prior to the consummation of a triggering event so as to permit the Participant the opportunity to exercise the vested portion of the options prior to such termination. Upon the giving of such notice and subject to any necessary regulatory approvals, all options or portions thereof outstanding under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such options may have otherwise been subject.

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided for by the Plan.

The option period shall be a period of time fixed by the Board Committee not to exceed a maximum of five years.

The expiry date of outstanding options which may expire during a Blackout Period imposed by the Company in accordance with applicable securities laws will be extended for a period of ten business days commencing on the first business day after the expiry date of the Blackout Period.

If a Participant shall cease to be a director, officer, consultant or employee of the Company or its subsidiaries or affiliates for any reason (other than death and cause), the Participant may exercise the Participant's options to the extent that the Participant was entitled to exercise such options at the date of such cessation as set out in an option agreement with such Participant, or if there is none, no later than the first to occur of the expiry date of the option and 90 days after the date of such cessation as a director, officer, consultant or employee of the Company or its subsidiaries or affiliates, subject to the Board Committee, in its sole discretion, approving a reasonable period which is longer than 90 days and subject to any restrictions under applicable TSX policies and rules.

If a Participant shall cease to be a director, officer, consultant or employee of the Company for cause, such Participant's options shall terminate immediately when the Participant ceases to be a director, officer, consultant or employee. For the purposes of the Plan, "cause" means any act or omission of the Participant in connection with providing services as a director, officer, consultant or employee which, if the Participant were an employee of the Company, would in law permit the Company to, without a notice period or payment in lieu of a notice period, terminate the employment of an employee in the Participant's circumstances.

Subject to applicable approval of the TSX, the Board Committee may, at any time, suspend or terminate the Plan. Subject to applicable approval of the TSX, the Board Committee may also at any time amend or revise the terms of the Plan, provided that no such amendment or revision shall alter the terms of any options theretofore granted under the Plan, except as otherwise set out herein.

Pursuant to the policies of the TSX, the Board Committee may, at any time, without further approval by the shareholders of the Company, amend the Plan or any option granted thereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:

- (a) amend typographical, clerical and grammatical errors;
- (b) reflect changes to applicable securities laws;
- (c) change the termination provisions of an option or the Plan which do not entail an extension beyond the original expiry date, except as otherwise permitted in the event of a Blackout Period;
- (d) include the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve; and
- (e) ensure that the options granted under the Plan will comply with any provisions respecting the income tax and other laws in force in any country or jurisdiction of which a Participant to whom an option has been granted may from time to time be resident or a citizen.

The Board Committee may not, at any time, without further approval by the shareholders of the Company (which may include disinterested shareholder approval in certain circumstances), amend the Plan or any option granted thereunder for the purposes of the following:

- (A) to increase the number of shares reserved for issuance under the Plan or the Plan maximum;
- (B) to reduce the exercise price of options or to cancel and reissue options or other entitlements;
- (C) to extend the term of options beyond the original expiry, except as otherwise permitted in the event of a Blackout Period;
- (D) to make amendments to the eligibility of Participants that may permit the introduction or reintroduction of non-employee directors as Participants on a discretionary basis or increase limits previously imposed on non-employee director participation;
- (E) to make amendments which would permit options granted under the Plan to be transferable or assignable other than for normal estate settlement purposes;
- (F) to make any amendment to remove or exceed the insider participation limit; and
- (G) to make amendments to the Plan's amendment provisions.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the financial year ended December 31, 2011 was any director or executive officer of the Company, proposed management nominee for election as a director of the Company or each associate or affiliate of any such director, executive officer or proposed nominee indebted to the Company or any of its subsidiaries or was indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular and other than with respect to transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or officers of the Company, proposed management nominees for election as a director of the Company, shareholders beneficially owning shares carrying more than 10% of the voting rights attached to the shares of the Company or any associate or affiliate of any of the foregoing persons has during the Company's last completed financial year ended December 31, 2011, any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS OF NAMED EXECUTIVE OFFICERS

Management functions of the Company are substantially performed by directors or executive officers of the Company, and not, to any substantial degree, by any other person with whom the Company has contracted.

AUDIT COMMITTEE

Information concerning the Company's Audit Committee is set out under the heading "Audit Committee" in the Company's Annual Information Form ("AIF") dated March 29, 2012 which contains information for the year ended December 31, 2011. The AIF may be obtained from SEDAR under the Company's profile at www.sedar.com.

CORPORATE GOVERNANCE PRACTICES

In compliance with the requirements of the *Business Corporations Act* of British Columbia, under which the Company was continued in 2005, the directors are elected by the shareholders to manage, or supervise the management of, the business and affairs of the Company. In exercising their powers and discharging their duties, the directors are required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Company is required to disclose its corporate governance practices, as summarized below.

BOARD OF DIRECTORS

The Board is currently comprised of seven directors, Messrs. John A. McCluskey, James M. McDonald, Mark Wayne, David Gower, Paul Murphy, Anthony Garson and Kenneth Stowe. Mr. McDonald is not standing for re-election at the Meeting. All proposed nominees are current directors of the Company. It is proposed to set the number of directors to six for the ensuing year.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the Board should include a number of directors who do not have interests in either the company or a significant shareholder thereof. Of the proposed nominees of the Company, Mark Wayne, David Gower, Paul Murphy, Anthony Garson and Kenneth Stowe are all considered by the Board to be “independent” within the meaning of NI 58-101 and John A. McCluskey is a management director and accordingly is considered to be “non-independent”.

The independent directors exercise their responsibilities for independent oversight of management, and are provided leadership through their majority control of the Board and schedule to meet independently of management at each Board meeting, or whenever deemed necessary.

Director Biographies

Mark Wayne, LL.B., CFA **Chairman**

After beginning his career practising corporate and securities law for seven years with Bennett Jones, Mr. Wayne has been directly involved in the investment industry since 1987. He founded and was President of AltaFund Investment Corp. from 1987 to 1991. He was a Vice President of Altamira for seven years and is currently a Vice President of MGI Securities Inc. Mr. Wayne has played a key role in raising funds for a broad array of companies in several industries. He has been an officer and/or director of several other companies including Antares Minerals Inc., Karnalyte Resources Inc., and QGX Ltd.

John A. McCluskey**President & Chief Executive Officer**

Mr. McCluskey co-founded Alamos Minerals with mining hall of fame Chester Millar, and has been President and CEO since 2003 when Alamos merged with National Gold to form Alamos Gold Inc. Mr. McCluskey has worked in the mining business for more than 25 years, beginning his career with Glamis Gold Ltd. in 1983.

David Gower, M.Sc., P.Geo.**Director, Chair of Compensation Committee**

Mr. Gower has been involved in the mineral industry for over 25 years; including positions with Falconbridge Limited and Noranda Inc. (now Xstrata). While at Falconbridge he was General Manager of Global Nickel and PGM Exploration and a member of the senior operating team that approved capital budgets for new mining projects. Mr. Gower has been involved in numerous discoveries and mine development projects, including brown field discoveries at Raglan, Matagami, and Sudbury in Canada, and at Falcondo in the Dominican Republic, and green field discoveries in Brazil and at Kabanga in Tanzania. Mr. Gower has also been an executive of two junior mineral exploration companies of the Forbes and Manhattan Group – both focused in South America with advanced projects in Brazil and Bolivia since 2006, and he also serves as a director of several junior exploration and development companies.

Paul J. Murphy, B.Comm., CA**Director**

Mr. Murphy was previously a Partner of PricewaterhouseCoopers LLP, and was the National Mining Leader in Canada as well as leader for the Western Hemisphere Centre of Excellence. Throughout his career, he has worked primarily in the resource sector, with a client list that includes major international oil and gas and mining companies. Mr. Murphy's professional experience includes financial reporting controls, operational effectiveness, International Financial Reporting Standards ("IFRS"), and SEC reporting issues, financing, valuation, and taxation as they pertain to the mining sector. Mr. Murphy is currently the Chief Financial Officer of Guyana Goldfields Inc. He is also a director of Century Iron Mines Corporation and Continental Gold Inc.

Kenneth G. Stowe, BSc., MSc. (Mining Engineering)**Director**

Mr. Stowe obtained a Bachelor of Science and Master of Science in Mining Engineering from Queen's University. He began his career with Noranda Inc. and spent 21 years in progressive operational, research and development, and corporate roles. In 1999, Mr. Stowe was appointed President of Northgate Minerals and served as Chief Executive Officer from 2001 to 2011. Mr. Stowe received the prestigious Canadian Mineral Processor of the Year Award in 2006, recognizing his superior accomplishments and contributions in the field of mineral processing.

Mr. Stowe has also held senior positions with mining, mine development, and mineral exploration companies. He is currently a director of Hudbay Minerals and the lead director of Klondex Minerals.

Anthony Garson, BSc., MBA**Director**

Mr. Garson obtained a Bachelor of Science in Earth Science in 1969 from the University of Waterloo, and received a Masters in Business Administration from the University of Toronto in 1983. He began his career with the Ontario Department of Mines and subsequently with Derry, Michener and Booth, a geological consulting firm in Toronto. For the past 30 years, Mr. Garson has been extensively involved in capital markets and spent much of his career employed as a Mines and Metals Analyst with several international organizations, including the Bank of Nova Scotia, Nesbitt Thompson, Dean Witter Reynolds, Haywood Securities, Canaccord Capital, and Union Capital Markets (UK) Ltd. Mr. Garson has held senior positions with mine development and mineral exploration companies. He is currently a director of two mineral exploration companies.

Other Directorships

As of the date of this Information Circular, the following directors of the Company are directors of other reporting issuers:

<u>Director</u>	<u>Independent Or Not</u>	<u>Directorships In Other Public Companies</u>	<u>Attendance At Board Meetings/ Committee Meetings ⁽¹⁾</u>
Anthony Garson	Independent	St. Georges Platinum and Base Metals Ltd. and Argex Mining Inc.	9 out of 9 4 out of 4 ⁽²⁾ 2 out of 2 ⁽⁶⁾
David Gower	Independent	Apogee Minerals Ltd., Castillian Resources Corp. and Forbes & Manhattan Coal Corp.,	8 out of 9 4 out of 4 ⁽²⁾
John A. McCluskey ⁽³⁾	Not Independent	N/A	8 out of 9 N/A
Paul J. Murphy	Independent	Century Iron Mines Corporation and Continental Gold Ltd.	9 out of 9/ 4 out of 4 ⁽⁴⁾
Mark Wayne	Independent	Regulus Resources Inc., Karnalyte Resources Inc. Consolidated Westview Resource Corp., and Tanqueray Exploration Ltd.	9 out of 9 4 out of 4 ⁽⁴⁾
Kenneth G. Stowe⁽⁵⁾	Independent	Hudbay Minerals Inc. and Klondex Mines Ltd.	2 out of 9 ⁽⁵⁾ 1 out of 1 ⁽²⁾ 2 out of 2 ⁽⁶⁾

(1) During the financial year ended December 31, 2011, the Board held 9 meetings.

(2) Compensation and Nominating Committee meetings.

(3) John A. McCluskey is President and CEO of the Company, and is therefore considered pursuant to securities legislation not to be independent.

(4) Audit Committee meetings.

(5) Kenneth Stowe was elected to the Board on September 26, 2011.

(6) Technical, Environmental, Social and Employee Health and Safety Committee.

Five of the six nominees standing for election as directors of the Company are considered to be independent based on their not having a direct interest in the affairs of the Company and not being a member of management. Accordingly, the majority of the directors are independent.

In-camera Meetings/Total Meetings

Board of Director
3 of 9

Audit Committee
4 of 4

CNC
1 of 4

TESS Committee
2 of 2

In-camera sessions without management present are on the agenda for each Board of Director and Committee meetings, and are held if the Board and/or committee members consider it advisable to do so. The independent directors determine after each Board and committee meeting as to the necessity of holding an in-camera meeting at which only the independent directors attend in order to assert themselves individually and collectively when considering the conduct of the Company's business and affairs. A total of three Board meetings, four Audit committee meetings, one CNC meeting and two TESS committee meetings were held in-camera in 2011. All in-camera sessions were held without the presence of management.

The Company is engaged in gold mining and mineral exploration activities. All members of the Board have held senior positions with other mining or mineral exploration companies and in many cases are directors of other mining or mineral exploration companies (see Principal Occupations and Other Directorships within this Circular). Mr. Gower is a professional geologist who provides valuable oversight of the Company's exploration programs. Mr. Murphy is experienced in serving mining clients on a financial advisory basis, and brings valuable experience to the Audit Committee function. Mr. Wayne is a former securities lawyer and a CFA and brings additional financial and legal expertise to the Board. Mr. Garson is experienced in mining finance and brings valuable capital markets expertise to the Board. Mr. Stowe holds a Master of Science in Mining Engineering from Queen's University, and has held senior positions with mining, mine development and mineral exploration companies including Noranda Inc. and Northgate Minerals.

John A. McCluskey is the President and CEO of the Company. The CEO is the senior management officer of the Company. His role and responsibilities include leading an effective and cohesive management team, setting the tone for the Company by exemplifying consistent values of high ethical standards and fairness and leading the Company in defining its vision. He is the main spokesperson for the Company and bears the chief responsibility to ensure it meets its short-term operational and long-term strategic goals. The CEO works with and is accountable to the Board with due regard to the Board's requirement to be informed and to be independent.

Mark Wayne is the non-executive Chairman of the Board and is independent. The position description for the Chairman is included in the amended Board of Directors Mandate which was adopted by the Board on December 9, 2008. The Chairman ensures that the responsibilities of the Board are carried out effectively in accordance with good corporate governance practices. His duties and responsibilities as Chairman include, but are not limited to: preside at meetings of the Board; provide leadership to the Board and assist in reviewing and monitoring the strategy, goals and objectives of the Company; establish procedures to govern the Board's work; ensure the Board is alert to its obligations and responsibilities and fully discharges its duties; schedule meetings of the Board and organize and present agendas; communicate with the Board and keep it up to date; work with the Corporate Governance Committee in constituting the Board and ensuring a proper committee structure.

The Board is responsible for succession planning as it relates to the Company's CEO and other Named Executive Officers. On an annual basis, the Corporate Governance Committee of the Board prepares a draft succession plan report for the CEO and Named Executive Officers and presents it to the Board. The Board is responsible for:

- ensuring there is an orderly succession plan for the Chairman, CEO and other Named Executive Officers;
- reviewing and approving the succession plan; and
- ensuring that the succession plan includes a process that would respond to an emergency situation which required an immediate replacement of the Chairman, CEO or other Named Executive Officer.

Mandate of the Board

The Board has, as a component of its code of conduct, adopted a written mandate. Copies of the *Board of Directors Mandate* may be obtained by writing to the Company at the address provided on the cover of this Circular or by viewing it on Company's website at www.alamosgold.com. The Board does not actively monitor compliance with the Mandate, but requires prompt notification of apparent or real breaches to it that it may investigate and take action on.

The Board is responsible for the encouragement and promotion of a culture of ethical business conduct through the adoption of a Code of Business Conduct and Ethics that addresses the following:

- honest and ethical business conduct of directors, officers, employees and consultants;
- conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- protection and proper use of corporate assets and opportunities;
- confidentiality of corporate information and personal information;
- proper authorization and approval and full and accurate recording of all financial and other transactions in the records of the Company in accordance with generally accepted accounting principles;
- fair dealing with the Company's security holders, customers, suppliers, competitors and employees;
- compliance with laws, rules and regulators; and
- reporting of any illegal or unethical behavior.

Copies of the *Code of Business Conduct and Ethics* may be obtained by writing to the Company at the address given on the cover of this Circular, by referring to the Company's website www.alamosgold.com or under the Company's profile on SEDAR at www.sedar.com.

Position Descriptions

At present, the Board has delegated the day-to-day management of the business and affairs of the Company to the executive officers of the Company. Generally, operations in the ordinary course or that are not in the ordinary course and do not exceed material levels of expenditures or commitment on the part of the Company have been delegated to management. Decisions relating to matters that are not in the ordinary course and that involve material expenditures or commitments on the part of the Company require prior approval of the Board. Any responsibility which is not delegated to management or a Board committee remains with the Board. The CEO reviews corporate objectives with the Board on a quarterly basis. In this manner, the Board approves or develops the corporate objectives which the CEO is responsible for meeting.

The Board has developed written position descriptions for the chair of each Board committee, with the exception of the Corporate Disclosure Committee. The Corporate Disclosure Committee's responsibilities are clearly delineated in the Company's *Disclosure Policy* which may be obtained by writing to the Company at the address given on the cover of this Circular or by viewing it on the Company's website www.alamosgold.com. This Committee consists of the CEO, the CFO and the Vice President Finance.

Orientation, Education and Effectiveness

New directors are provided with a complete set of the Company's public filings in the most recent 12 months, and an individual review of the Company's business, operations and finances by the CEO and by the CFO. They are also encouraged to visit the Company's principal asset accompanied by the senior executives responsible for their operation. It is the continuing obligation of the Chairman of the Board, the CEO and the senior executives, to bring to the Board's attention all developing issues, risks and opportunities and proposed regulations that may have an impact on the Company, its business and its operations. Individual directors are responsible for maintaining their own education, skills and knowledge at an appropriate level. Any director may, with Board approval, attend an educational course or undertaking at the Company's expense.

Potential Conflicts of Interest

When proposed transactions or agreements in which directors or officers may have an interest, material or not, are presented to the Board, such interest is disclosed and the persons who have such an interest are excluded from all discussion on the matter, and are not allowed to vote on the proposal. All such matters involving senior management must be dealt with by the Board regardless of apparent immateriality.

Shareholder Feedback and Concerns

The Company presently conducts an active shareholder relations program. The program involves meeting with a broad spectrum of investors, including briefing sessions for analysts and investment fund managers on reported financial results and other announcements by the Company, as well as meeting with individual investors, members of the press and the public. Shareholders are informed of developments by the Company by the issuance of timely press releases, all of which have been reviewed and approved by the CEO and where appropriate by the Board.

Management of the Company routinely makes itself available to shareholders to respond to questions and concerns. Shareholder concerns are dealt with on an individual basis, usually by providing requested information. Significant shareholders' concerns are brought to the attention of the management of the Company and the Board.

Under the Company's *Disclosure Policy*, the Corporate Disclosure Committee (consisting of the CEO, the CFO, the Vice President of Finance and the Vice President of Exploration and Corporate Development) is required to oversee the Company's communications policy. The Corporate Disclosure Committee and the Board monitor the policies and procedures that are in place to provide for effective communication by the Company with its shareholders and with the public generally, including effective means to enable shareholders to communicate with senior management of the Board. The Corporate Disclosure Committee and the Board also monitor the policies and procedures that are in place to maintain a cohesive and positive image of the Company with shareholders, the mining industry, governments and the public generally.

Committees of the Board

The Company has five active Committees of the Board, namely: the Audit Committee, the Compensation and Nominating Committee, the Corporate Governance Committee, the Corporate Disclosure Committee and the Technical, Environmental, Social and Employee Health and Safety Committee.

Audit Committee

The Audit Committee meets regularly with the CFO and Vice President Finance and the independent auditors to review and enquire into matters affecting financial reporting, the system of internal accounting, financial and disclosure controls, and the independent auditors' procedures and audit plans. The Audit Committee recommends to the Board the accounting firm to be appointed as independent auditors. The Audit Committee reviews and recommends to the Board for approval the interim and annual financial statements, and undertakes other activities required by regulatory authorities. The Audit Committee met four times during 2011.

The Audit Committee presently consists of three directors, Paul Murphy (Chair), Mark Wayne and James McDonald each of whom is financially literate. Mr. McDonald will not be standing for re-election as a director at the Meeting. The Company considers "*financial literacy*" to be the ability to read and understand a company's fundamental financial statements, including a company's balance sheet, income statement and a cash flow statement. Each of the members of the Audit Committee is considered to be independent and financially literate. The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholders' meeting to serve one year terms and are permitted to serve an unlimited number of consecutive terms.

A copy of the Company's *Audit Committee Charter* may be obtained by writing to the Company at the address given on the cover of this Circular or by viewing it on the Company's website www.alamosgold.com or under the Company's profile on SEDAR at www.sedar.com.

Compensation and Nominating Committee

The CNC assists the Board, annually and more frequently if appropriate, in fulfilling its responsibilities with respect to: the composition and operation of the Board and Board committees; the appointment of the CEO; the assessment of the performance and the compensation of the CEO; the compensation of the other senior officers of the Company and the directors of the Company; executive compensation disclosure; and, oversight of the compensation structure and benefit plans of the Company.

The CNC is comprised of David Gower (Chair), James M. McDonald and Anthony Garson, all of whom are independent directors. Mr. McDonald will not be standing for re-election as a director at the Meeting.

A copy of the Company's *Compensation and Nominating Committee Charter* may be obtained by writing to the Company at the address given on the cover of this Circular or by viewing it on the Company's website www.alamosgold.com.

Corporate Governance Committee

The Corporate Governance Committee assists the Board in fulfilling its responsibilities with respect to corporate governance standards, policies and practices. Corporate governance processes and structures define the division of power among shareholders, the Board and management and can have an impact on other stakeholders such as employees, suppliers and communities and establish appropriate authority and accountability.

The Corporate Governance Committee (i) identifies corporate governance standards and practices applicable to the Company and monitors new developments in corporate governance, and makes recommendations to the Board periodically; (ii) monitors the ongoing application of the Company's corporate governance principles; (iii) periodically reviews and makes recommendations to the Board on the Articles of the Company, corporate governance principles, Code of Business Conduct and Ethics, the Disclosure Policy, the Board of Directors' Mandate and the Charters of the Board Committees; (iv) assists the Board in reviewing and approving disclosure with respect to corporate governance practices required to be included in regulatory filings and the annual management information circular; and (v) assists the Board in reviewing and approving any other corporate governance practices disclosure before publicly disclosed by the Company based on advice from its legal and accounting advisors.

The Corporate Governance Committee is comprised of James M. McDonald (Chair), Mark Wayne and Kenneth Stowe, all of whom are independent directors. Mr. McDonald will not be standing for re-election as a director at the Meeting.

A copy of the Company's Corporate Governance Committee Charter may be obtained by writing to the Company at the address given on the cover of this Circular or by viewing it on the Company's website www.alamosgold.com.

Corporate Disclosure Committee

The Company has created a Corporate Disclosure Committee which is responsible for the implementation of the Company's disclosure policy. The disclosure policy was adopted to: ensure the Company complies with its timely disclosure obligations under applicable Canadian securities laws; prevent selective disclosure of undisclosed material information to analysts, institutional investors, market professionals and others; prohibit trading in securities of the Company by all appropriate parties who have undisclosed material information; ensure the CEO and the CFO receive reports prior to executing their certifications related to the Company's financial statements; and the Company receives and responds to feedback from its shareholders in a timely and effective manner.

The Corporate Disclosure Committee is comprised of the CEO (John A. McCluskey), the CFO (James Porter), the Vice-President Finance (Gregory Fisher) and the Vice-President, Exploration and Corporate Development (Charles Tarnocai). Mr. McCluskey is the Chair of the Corporate Disclosure Committee.

A copy of the Company's *Disclosure Policy* may be obtained by writing to the Company at the address given on the cover of this Circular or by viewing it on the Company's website www.alamosgold.com.

Technical, Environmental, Social and Employee Health and Safety Committee

The overall purpose of the TESS Committee is to assist the Board in fulfilling its responsibilities and to: (i) ensure that the Company's management has an effective reporting system in place to fully report to the Board on a regular basis on all aspects of the Company's exploration, development and mining programs and plans (Technical Programs) and to assist the Board to monitor the Company's actual performance against capital budgets, timelines and Technical Programs; (ii) review and approve of policies and monitor activities of the Company as they relate to public disclosure made by the Company in respect of its mineral projects and reserves to ensure compliance with all applicable regulatory requirements; (iii) review and approve of environmental policies and monitor activities of the Company as they relate to environmental matters; (iv) review and approve of social policies and programs of the Company as they

relate to social issues affecting communities where the Corporation is conducting its Technical Programs and activities; and (v) review and monitor the activities of the Company as they relate to the health and safety of employees of the Company in the workplace.

The TESS Committee is comprised of Kenneth Stowe (Chair), James McDonald and Anthony Garson. Mr. McDonald will not be standing for re-election as a director at the Meeting.

A copy of the Company's *Technical, Environmental, Social and Employee Health and Safety Committee Charter* may be obtained by writing to the Company at the address given on the cover of this Circular or by viewing it on the Company's website www.alamosgold.com.

Assessments

The entire Board evaluates the effectiveness of the Board, its committees and individual directors on an annual basis. To facilitate this evaluation, each committee conducts an annual assessment of its performance, consisting of a review of its Charter or mandate, the performance of the committee as a whole and the performance of the committee Chair. Assessment of individual Board member effectiveness is the principal criteria for retention; therefore the Company does not have a formal retirement policy for directors.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who has been a director or executive officer of the Company at any time since January 1, 2011 (being the commencement of the Company's last completed financial year), and no shareholder beneficially owning shares carrying more than 10% of the voting rights attached to the shares of the Company nor an associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of Amendments to the Plan and of Unallocated Options Pursuant to the Plan

The Company originally implemented the Plan as a "rolling stock option plan" in 2005 and initially obtained shareholder approval of the Plan on May 24, 2005. The Plan was last ratified by the shareholders of the Company on May 15, 2008. The purpose of the Plan is to advance the interests of the Company and its stakeholders and subsidiaries by attracting, retaining and motivating the performance of selected officers of high calibre and potential, and those employees, consultants and directors of the Company or its subsidiaries or affiliates who were previously granted options under the Plan, and to encourage and enable such persons to acquire and retain a proprietary interest in the Company by ownership of its shares. The Company views the grant of stock options to its officers as critical to its ability to attract and retain highly skilled professionals. The Company is also of the view that if such professionals were not incentivized through stock options, they would need to be otherwise incentivized through substantially increased cash compensation.

On April 24, 2012, the Board approved certain amendments to the Plan, as set out above under "Securities Authorized for Issuance under Equity Compensation Plans". Such amendments are subject to the approval of the shareholders of the Company. At the Meeting, the shareholders of the Company will be asked to consider and, if deemed advisable, approve an ordinary resolution to approve such amendments to the Plan.

The Plan permits the Company, from time to time and in accordance with applicable regulatory requirements, to grant to Participants options to purchase common shares, of up to 7% of the Company's issued and outstanding common shares, assuming shareholder approval of the amendments to the Plan are obtained. See "Securities Authorized for Issuance under Equity Compensation Plans" for a summary of the material terms of the Plan. In accordance with the requirements of the TSX, every three years after institution, all unallocated options, rights and other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable (commonly referred to as a "rolling plan") must be approved by a majority of the issuer's directors and the issuer's securityholders. Accordingly, at a board of directors meeting held on April 24, 2012, the Board unanimously approved all unallocated stock options which may be granted under the Plan for a further term of three years. Additionally, in accordance with the policies of the TSX, the Company will be seeking shareholder approval to approve all unallocated stock options which may be granted under the Plan for a further term of three years.

As at April 26, 2012, the Company had 119,502,808 common shares issued and outstanding. Under the Company's rolling stock option plan it is permitted to issue options representing up to 7% of the issued and outstanding shares, assuming shareholder approval of the amendments to the Plan are obtained. Based on 119,502,808 common shares outstanding, this permits the Company to issue stock options for the purchase of 8,365,197 common shares, assuming shareholder approval of the amendments to the Plan are obtained. As at April 26, 2012, the Company has granted stock options for the purchase of 5,240,900 common shares representing 4.4% of the issued and outstanding common shares.

If the resolution approving all unallocated options under the Plan is not approved by shareholders of the Company at the Meeting, currently outstanding options will continue unaffected; however, the Company will not have the ability to grant further stock options under the Plan. Furthermore, currently outstanding options that are subsequently cancelled or terminated will not be available for re-issuance under the Plan. At the Meeting, the shareholders of the Company will be asked to consider and, if deemed advisable, approve an ordinary resolution to approve all unallocated options under the Plan.

The form of ordinary resolution to be considered by shareholders of the Company at the Meeting is as follows:

BE IT RESOLVED THAT:

1. the amendments to the stock option plan (the "Plan") of Alamos Gold Inc. (the "Company") which were approved by the board of directors of the Company on April 24, 2012 are hereby approved, including:
 - (a) the persons eligible to receive grants of new options under the Plan be restricted to officers of the Company and its subsidiaries and affiliates; provided that the Plan continues to govern the outstanding options previously granted to officers, directors, employees and consultants of the Company and its subsidiaries and affiliates;
 - (b) a provision be adopted which clarifies that in the event of an inconsistency between the option terms set out in the Plan and the option terms set out in other agreements under which a Participant may have received such options, the terms provided in the Plan will prevail;
 - (c) the maximum number of shares issuable under the Plan be reduced to 7% of the issued and outstanding shares from time to time;
 - (d) the options which can be granted to a Participant in any 12 month period be restricted to such number of options which permit the Participant to purchase a maximum of 3% of the number of issued and outstanding shares of the Company;

- (e) the maximum term of any option granted under the Plan be reduced to five years, subject to an extension of 10 business days in the event of a black-out period;
 - (f) amended vesting, adjustment and termination provisions be adopted in connection with alterations to the Company's capital structure, a change of control and certain triggering events;
 - (g) additional amendment provisions specifying when shareholder approval of amendments is required be adopted; and
 - (h) certain other minor amendments of a "housekeeping nature" be adopted.
2. all unallocated options under the Plan are hereby approved and the Company has the ability to grant options under the Plan until May 31, 2015, that is until the date that is three years from the date of the Meeting at which this resolution is passed by shareholders of the Company; and
3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution.

In the absence of contrary instructions, the persons designated in the accompanying Form of Proxy intend to vote in favour of the above resolutions.

In order to be effective, the ordinary resolution approving the unallocated options under the Plan must be approved by a majority of votes cast at the meeting, in person or by proxy.

The directors believe that the above ordinary resolution to approve unallocated stock options that may be granted under the Plan is in the best interests of the Company and recommend that the shareholders approve such resolution.

A complete copy of the Plan will be available for inspection at the Meeting and is available upon request to the Company at the address set out below in "Additional Information".

Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com or on the Company's website, www.alamosgold.com. Financial information relating to the Company is provided in the Company's comparative financial statements and management's discussion and analysis for the most recently completed financial year ended December 31, 2011.

Shareholders may obtain a copy of the Company's financial statements and management's discussion and analysis upon request to the Company at Suite 2200, 130 Adelaide Street West, Toronto, Ontario, Canada, M5H 3P5.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form F-10 (the “Registration Statement”) of Alamos Gold Inc. filed with the Securities and Exchange Commission on January 14, 2013 of our report dated February 21, 2012 relating to the consolidated financial statements of Alamos Gold Inc. as at December 31, 2011 and 2010, and January 1, 2010 and for the years ended December 31, 2011 and 2010. We also consent to the reference to our firm under the caption “Experts” in the Registration Statement.

Toronto, Canada
January 14, 2013

(Signed) ERNST & YOUNG LLP
Chartered Accountants
Licensed Public Accountants



January 14, 2013

Alamos Gold Inc.
2200 - 130 Adelaide Street West
Toronto, Ontario M5H 3P5
Canada

Ladies and Gentlemen:

RE: ALAMOS GOLD INC. REGISTRATION STATEMENT ON FORM F-10

We hereby consent to the use of our firm name and opinions in the offer and circular filed as part of the registration statement on Form F-10 relating to the exchange offer by Alamos Gold Inc. for the issued and outstanding common shares of Auriton Mines Ltd. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required by the U.S. Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder.

Sincerely,

/s/ TORYS LLP

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Joseph M. Keane, P.E., have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Joseph M. Keane

 Signature of Qualified Person

Joseph M. Keane

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Marc Jutras, P.Eng., M.A.Sc., have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14th day of January, 2013.

/s/ Marc Jutras

Signature of Qualified Person

Marc Jutras

Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Marc A. Jutras, P.Eng., M.A.Sc., have prepared a report entitled “NI 43-101 Technical Report – Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Marc A. Jutras

 Signature of Qualified Person

Marc A. Jutras

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Kenneth J. Balleweg, P.Geo., B.Sc, M.Sc., have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Kenneth J. Balleweg

 Signature of Qualified Person

Kenneth J. Balleweg

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Herbert E. Welhener, MMSA-QPM, have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Herbert E. Welhener

 Signature of Qualified Person

Herbert E. Welhener

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Herbert E. Welhener, SME-QP, have prepared a report entitled “NI 43-101 Technical Report – Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Herbert E. Welhener

 Signature of Qualified Person

Herbert E. Welhener

 Name of Qualified Person



January 14, 2013

LETTER OF CONSENT

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Superintendent of Securities, Prince Edward Island Securities Office
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Government of Yukon
Superintendent of Securities, Government of Northwest Territories
Superintendent of Securities, Government of Nunavut
United States Securities and Exchange Commission

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

Dear Sirs/Madams:

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Mark A. Odell, P.E., have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Mark A. Odell

Signature of Qualified Person

Mark A. Odell

Print Name of Qualified Person

*495 Idaho Street, Suite 205
(775) 345-3718*

*Elko, Nevada 89801
Fax (775) 778-9722*

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Russell A. Browne, P.E., have prepared heap leach facility discussions and capital cost estimating in Sections 17.2, 21.1, and 26 of a report entitled “Minas de Oro Nacional, S.A. de C.V. - Mulatos Project - Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report that I have prepared.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the portions of the Technical Report that I prepared or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Russell A. Browne

 Signature of Qualified Person

Russell A. Browne

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Russell A. Browne, P.E., have prepared Sections 17.3 and 24.1 a report entitled “NI 43-101 Technical Report - Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from Sections 17.3 and 24.1 of the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from Sections 17.3 and 24.1 of the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Russell A. Browne

 Signature of Qualified Person

Russell A. Browne

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Susan E. Ames, Ph.D., P.Ag., have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Susan E. Ames

 Signature of Qualified Person

Susan E. Ames

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Dawn H. Garcia, P.G., C.P.G., have prepared a report entitled “Minas de Oro Nacional, S.A. de C.V. – Mulatos Project – Technical Report Update (2012)” dated December 21, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Dawn H. Garcia

 Signature of Qualified Person

Dawn H. Garcia

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Carl E. Defilippi, SME, being an author of a report entitled “NI 43-101 Technical Report – Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14th day of January, 2013.

/s/ Carl E. Defilippi

 Signature of Qualified Person

Carl E. Defilippi

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Michal Dobr, P.Geo., am one of the authors of a report entitled “NI 43-101 Technical Report – Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company. I am responsible for Sections 5 and 20 of the Technical Report.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Sections 5 and 20 of the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Sections 5 and 20 of the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Michal Dobr

Signature of Qualified Person

Michal Dobr

Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Dennis Ferrigno, PE, have prepared a report entitled “NI 43-101 Technical Report - Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Dennis Ferrigno

Signature of Qualified Person

Dennis Ferrigno

Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Allen Ray Anderson, PE, am an author of, and have prepared Section 13 of, a report entitled “NI 43-101 Technical Report – Kirazlı & Ağrı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Allen Ray Anderson

 Signature of Qualified Person

Allen Ray Anderson

 Name of Qualified Person

LETTER OF CONSENT

January 14, 2013

To: British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 The Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Nova Scotia Securities Commission
 Superintendent of Securities, Prince Edward Island Securities Office
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Government of Yukon
 Superintendent of Securities, Government of Northwest Territories
 Superintendent of Securities, Government of Nunavut
 United States Securities and Exchange Commission

Dear Sirs/Mesdames:

RE: Offer to Acquire all of the Issued and Outstanding Common Shares of Aurizon Mines Ltd. (“Aurizon”) by Alamos Gold Inc. (the “Company”)

I refer to the take-over bid circular (the “**Circular**”) and the Registration Statement on Form F-10 (the “**Registration Statement**”) filed by the Company on January 14, 2013, pursuant to which the Company has offered to acquire all of the issued and outstanding common shares of Aurizon.

I, Pedro C. Repetto, PE, am one of the authors of a report entitled “NI 43-101 Technical Report – Kirazlı & Ağı Dağı Gold Project” dated July 31, 2012 (the “**Technical Report**”) for the Company. I am responsible for Section 4 “Property Description and Location” and Section 18.4 “Water Supply”.

I hereby consent to the use of my name in the Circular and the Registration Statement and to the inclusion or incorporation by reference of information derived from the Technical Report.

I also confirm that I have read the Circular and Registration Statement and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are (i) derived from Sections 4 and 18.4 of the Technical Report or (ii) within my knowledge as a result of the service I have performed for the Company in connection with such report.

Dated this 14 day of January, 2013.

/s/ Pedro C. Repetto

 Signature of Qualified Person

Pedro C. Repetto

 Name of Qualified Person