

Minera Alamos Inc

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Minera Alamos says new crushing system for Santana gold mine will cut costs

Minera Alamos Inc (CVE:MAI) (OTCMKTS:MAIFF) has bought a complete crushing system for its Santana gold mine in Mexico for C\$1.2 million, which, it says, will lead to lower costs.

Earlier this month, the group said construction at Santana - a simple open-pit heap leach project - was now underway.

READ: Minera Alamos marks major milestone as it begins construction of Santana gold mine

Minera is planning to start initial operations using portable contractor crushing equipment but the new system will allow it to transition to a larger capacity crushing operation capable of the firm's future plans for significant increases in production at the project.

The company has struck an 'equipment purchase agreement' (EPA") with the sellers - Mako Mining Corp., Marlin Gold Mining Ltd. and Oro Gold de Mexico S.A. de C.V.

"This agreement leverages the financial flexibility provided by our relationship with Osisko Gold Royalties to take advantage of a unique opportunity that presented itself and that will significantly reduce longer term capital and operating costs for the development of the Santana project," Darren Koningen, Minera Alamos's chief executive told investors.

"The acquisition for this excellent collection of equipment is a small fraction of the original purchase cost and underscores our philosophy of finding innovative ways to build our projects with some of industry's lowest capital intensity."

Minera said C\$300,000 is due upon execution of the equipment purchase agreement.

Then it must pay C\$700,000 on the closing date of April 30, or any date on or before September 30, 2020; and C\$200,000 on the earlier date of the shipment of the equipment from where the unit is now stored in Arizona, USA and June 30 this year.

The design capacity of the system is around 300 tonnes per hour (5,000-6,000 tonnes per day), taking run-of-mine heap leach material and crushing/screening (three-stage crushing) to a fine size passing 3/8".

A C\$14M financing deal

In December last year, Minera Alamos reached a C\$14 million financing deal with Osisko Gold Royalties Ltd, allowing it to begin construction at Santana.

Osisko will buy 30 million shares of Minera at \$0.20 each for a total of \$6 million. In addition, it will buy a 3% net smelter royalty (NSR) of the Santana project for \$5 million in cash and Minera will have the option to draw down from Osisko as much as \$3 million more.

1 Year Share Price Graph



Share Information

Code: MAI
Listing: TSX-V
Sector: Gold & silver
Website: www.mineraalamos.com

Company Synopsis:

Minera Alamos is gold development company poised to join the ranks of gold producers in 2020. The Company has a portfolio of high-quality Mexican assets, including the 100%-owned Santana open-pit, heap-leach development project in Sonora currently under construction, which is expected to have its first gold production in late 2020. .

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Completing the financing will increase Osisko's equity stake in Minera from 12.3% to 18.7%.

Shares ticked up 3.70% in Toronto at C\$0.28.

---Updates for share price---

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