

TORONTO, Feb. 3, 2016 /CNW/ - [AuRico Metals Inc.](#) (TSX: AMI), ("AuRico" or the "Company") today reported its financial results for the quarter and year ended December 31, 2015. For complete details of the Financial Statements and associated Management's Discussion and Analysis for the year ended December 31, 2015, please see the Company's filings on SEDAR (www.sedar.com) or the Company's website (www.auricometals.ca). All amounts are in US dollars unless otherwise indicated.

Annual Highlights

- Earned royalty revenues of \$3.0 million since inception on July 2, 2015;
- Completed the acquisition of Mineral Streams, which is anticipated to add approximately CAD \$1.0 million per year in royalty income;
- On January 15, 2016, shareholders confirmed the Company's shareholders' rights plan;
- Negotiated terms for an acquisition credit facility with Macquarie Group for up to \$15.0 million to support potential royalty acquisitions. The credit facility is expected to be finalized in February 2016;
- Completed a private placement with Alamos for total proceeds of \$4.2 million;
- Completed its 2015 exploration program at Kemess East, with 27,719 metres drilled. Highlights included the intersection of 772 metres of 0.465 grams per tonne ("g/t") gold and 0.365% copper (further results below);
- Continued permitting efforts at Kemess Underground with the completion of the Environmental Application ("EA") and submission of the EA to local First Nations in early January, and planned submission to the BC Environmental Assessment Office by the end of February 2016;
- Continued to advance the updated Kemess Underground Feasibility Study which is expected to be released in March 2016 along with an updated resource estimate for Kemess East;
- Reported \$8.4 million in cash and \$6.9 million in working capital, excluding inventories, as at December 31, 2015. In January 2016, an outstanding Harmonized Sales Tax (HST) receivable of \$1.3 million was received;
- Expect to be free cash flow positive in 2017 following the completion of this year's investments in Kemess and through ongoing cost cutting measures being pursued.

Commenting on the results, Chris Richter, President and CEO stated, "Since becoming an independent company on July 2nd last year, AuRico Metals has made significant progress in growing its royalty business and advancing our wholly owned Kemess Gold-Copper project in British Columbia. The acquisition of Mineral Streams added two more cash flowing royalties in Canada to our portfolio. At Kemess we completed a significant exploration program in 2015 and with the completion of our Environmental Assessment application we've significantly advanced the de-risking of this asset. We look forward to building on these efforts in 2016 as we look to create value both on the royalty and the development side of the business."

Operations Update

Royalties

Subsequent to its effective date of July 2, 2015, the Company recognized revenue of \$0.6 million and \$1.3 million from the Young-Davidson 1.5% NSR royalty in the three months and year ended December 31, 2015. During Q4 2015, Young-Davidson produced 44,694 gold ounces, and averaged a record underground mining rate of 5,900 tonnes per day. Total production in 2015 was 160,358 gold ounces at Young-Davidson. Alamos has provided gold production guidance at Young-Davidson of 170,000 to 180,000 ounces of gold in 2016 (please refer to the press release dated January 15, 2016 available at www.sedar.com, and on Alamos' website at www.alamosgold.com).

The Company recognized revenue of \$0.7 million and \$2.7 million from the Fosterville 2% NSR royalty in the three months and year ended December 31, 2015. In Q4 2015 Fosterville produced 31,519 gold ounces as higher grade discoveries continue to sustain increased levels of production. During 2015, Fosterville produced 123,095 ounces which was a second consecutive year of record production at the mine. Newmarket has provided gold production guidance of 110,000 to 120,000 ounces at Fosterville in 2016 (please refer to the press release dated January 18, 2016 available at www.sedar.com, and on Newmarket's website at www.newmarketgoldinc.com).

The Company's 1% NSR royalty on the Stawell mine in Victoria, Australia, commenced on January 1, 2016 in accordance with the NSR agreement. Newmarket has provided gold production guidance of 35,000 ounces at Stawell in 2016 (please refer to the press release dated January 18, 2016 available at www.sedar.com, and on Newmarket's website at www.newmarketgoldinc.com).

On September 18, 2015, the Company closed the acquisition of Mineral Streams, a private company owning a 0.25% NSR on the Williams Mine at [Barrick Gold Corp.](#)'s ("Barrick") Hemlo complex, a 0.5% NSR on Wesdome Gold Mine Ltd's Eagle River Mine, and a 1.5% NSR on Barrick's David Bell property, which also forms part of the Hemlo complex. The transaction closed on September 18, 2015 and the Company acquired all of the outstanding common shares of Mineral Streams by issuing 4,753,951 common shares and making a cash payment of CAD \$3.4 million (USD \$2.6 million). These royalties contributed \$0.3 million in revenue for the period between September 18, 2015 and December 31, 2015.

The Company has negotiated terms with Macquarie Group to put in place an acquisition credit facility for up to \$15.0 million to support potential royalty acquisitions. Final documentation continues and is expected to be finalized in February 2016. The Company will remain very selective in its evaluation of royalty growth opportunities.

Kemess Underground

The Company has completed the Kemess Underground EA and provided it to its First Nation partners. The Company will submit the EA to the British Columbia Environmental Assessment Office by the end of February 2016. Once submitted, the EA will undergo a 30 day screening process, in order to ascertain whether the EA complies with certain information requirements. If the EA is compliant, a 180 day review period is initiated, during which time comments are received, addressed and incorporated into the final assessment report. It is then delivered to both the provincial and federal ministers for their respective decisions. These decisions must be announced within 45 days and are expected in Q4 2016.

The updated Feasibility Study is well advanced and the Company continues to target a release in March 2016.

Kemess East

The Company is in the process of updating the Kemess East resource estimate by incorporating the assays from the 2015 exploration program outlined below. The updated Kemess East resource will be published as part of the Kemess Underground Feasibility Study update, which is anticipated to be released in March 2016.

During 2015, the Company completed the exploration program at the Kemess East project, which included 27,719 metres of diamond drilling. The program included drilling 12 drill holes within the Kemess East deposit, 3 drill holes in the Kemess Offset target and 9 drill holes on other targets. The Kemess East results further expanded the higher grade core mineralized zone so that it is approximately 300 metres east-to-west and north-to-south at a similar elevation to the previously reported mineral resource. The deposit remains open to the east towards the Kemess East Offset fault, to the south towards the post mineral sovereign intrusion and to the north.

Highlights from these results include:

- Hole KH-15-01, which intersected 305 metres of 0.625 g/t gold and 0.433% copper;
 - Including 166 metres of 0.831 g/t gold and 0.492% copper;
- Hole KH-15-02, which intersected 301 metres of 0.466 g/t gold and 0.394% copper;
 - Including 184 metres of 0.619 g/t gold and 0.463% copper;
- Hole KH-15-23, which intersected 458 metres of 0.640 g/t gold and 0.437% copper;
 - Including 361 metres of 0.749 g/t gold and 0.478% copper;
 - Including 167 metres of 1.022 g/t gold and 0.574% copper;
- Hole KH-15-27, which intersected 590 metres of 0.516 g/t gold and 0.366% copper;
 - Including 476 metres of 0.615 g/t gold and 0.431% copper;
 - Including 325 metres of 0.743 g/t gold and 0.492% copper;
- Hole KH-15-30, which intersected 772 metres of 0.465 g/t gold and 0.365% copper;
 - Including 615 metres of 0.569 g/t gold and 0.429% copper; and
 - Including 224 metres of 0.773 g/t gold and 0.508% copper.

The drill results have both increased the confidence in the maiden Kemess East resource and raised expectations for a potential increase in resources.

The Kemess Offset target is directly east of the Kemess Underground deposit and shows similar geological characteristics as Kemess Underground.

Further information about the 2015 exploration program, including drill results, are included in the Company's press releases dated November 3, 2015 and August 18, 2015, which are available on SEDAR at www.sedar.com and on the Company's website at www.auricometals.ca.

Near-Term Corporate Objectives

The Company's objectives over the next several months include:

- Evaluate potential royalty acquisition opportunities that are accretive to the Company's cash flow profile;
- Submit the Kemess Underground EA (Q1 2016);
- Release an updated Kemess Underground Feasibility Study (Q1 2016); and
- Release an updated Kemess East resource (Q1 2016).

2016 Outlook

AuRico Metals' goal is to deliver sustained value creation for the Company's many stakeholders. Given the two segments of the business, we will look to create shareholder value both through accretive royalty acquisitions and by advancing the Kemess

Underground project through a number of activities in 2016 which we believe will increase the value of the asset.

The Company is providing the following outlook for 2016, assuming a 0.75 CAD to USD exchange rate:

- Total royalty revenue of \$6.6 to \$7.1 million, or \$5.7 to \$6.1 million after deducting applicable withholding taxes, and assuming a gold price of \$1,150 per ounce;
 - For every \$50 change in the gold price assumption, revenue is impacted by \$0.3 million;
 - Estimate has been based on most recent public production guidance for operations underlying each royalty.
- Total general and administrative expense of \$2.5 million;
- Total care and maintenance costs of around \$4.5 million;
 - The Company is progressing a stringent review of care and maintenance costs at Kemess in an effort to further reduce these costs. The Company is targeting a reduction of care and maintenance expenses to an annualized level of \$3.0 million or lower by the end of 2016.
- Total Kemess Underground project expenditures of between \$1.5 million and \$2.5 million;
 - Expenditures are related to the Kemess Underground feasibility study update, Kemess East resource update, the EA process, permitting, and First Nations activities. Certain Kemess Underground project expenditures are success based.
- Total Kemess East exploration expenditures of \$1.7 million.

The Company's level of expenditures on Kemess expected for 2016 is a significant reduction over amounts spent in the last half of 2015. Certain 2016 expenditures are discretionary and can be curtailed if warranted by market conditions. AuRico Metals expects to be free cash flow positive in 2017 following the completion of this year's capital and exploration programs as well as the cost cutting measures being pursued at Kemess.

About AuRico Metals

AuRico Metals is a mining royalty and development company whose producing gold royalty assets include a 1.5% NSR royalty on the Young-Davidson Gold Mine, a 0.25% NSR royalty on the Williams Mine at Hemlo, and a 0.5% NSR royalty on the Eagle River Mine; all located in Ontario, Canada. AuRico Metals also has a 2% NSR royalty on the Fosterville Mine and a 1% NSR royalty on the Stawell Mine, located in Victoria, Australia. Aside from its diversified royalty portfolio, AuRico owns (100%) the advanced Kemess Gold-Copper Project in British Columbia, Canada. AuRico Metals' head office is located in Toronto, Ontario, Canada.

Cautionary Statement

This press release contains forward-looking statements and forward-looking information as defined under Canadian and U.S. securities laws. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements. The words "expect", "believe", "anticipate", "will", "intend", "estimate", "forecast", "budget" and similar expressions identify forward-looking statements. Forward-looking statements include statements related to the Company's outlook and key deliverables on Kemess over the next 12 months. These statements are based on a number of factors and assumptions that, while considered reasonable by management at the time of making such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such forward-looking statements and the factors and assumptions underlying them in this document include, but are not limited to:

- Royalty revenue guidance may be impacted by the performance of the Young-Davidson, Fosterville, Stawell, Hemlo and Eagle River mines. Management has based its revenue assumptions on the latest guidance provided by the operators of these assets, but there is uncertainty as to whether operators will achieve stated production guidance. Royalty revenue is also based on an assumed gold price of \$1,150 per ounce. The Company's gold price assumption may be inaccurate; every \$50 change in gold price assumption impacts revenue by \$0.3 million.
- General and administrative expense guidance may be impacted by changes in foreign exchange rates, employee relations, litigation, and business opportunities that may be pursued by the Company.
- Care and maintenance expense guidance may be impacted by changes in foreign exchange rates, progress made on the EA and permitting efforts, results of the updated feasibility study, availability of financing, employee relations, electricity rates in British Columbia, weather in the region surrounding the Kemess site, equipment reliability, quality of service received by vendors and consultants, and the price of consumables.
- Kemess underground capital expenditures are at the Company's discretion and will be impacted by changes in foreign exchange rates, the number of comments or questions raised by First Nations partners or the British Columbia Environmental Assessment Office during the EA review period, additional studies required in order to address concerns raised and the results of those studies, the results of the Company's updated feasibility study, optimization efforts by management, and credit market conditions and conditions in financial markets generally.

The Company has made forward-looking statements relating to corporate objectives and key deliverables over the next 12 months, including permitting and the EA, release of an updated Kemess Underground Feasibility Study, release of an updated Kemess East resource, the Company's ability to fund forecasted cash shortfalls, the Company's ability to create value for shareholders, sufficiency of working capital for future commitments and other statements that express management's expectations or estimates of future performance.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the

forward-looking statements contained herein. Such statements are based on a number of assumptions which may prove to be incorrect, including assumptions about; business and economic conditions; commodity prices and the price of key inputs such as labour, fuel and electricity; credit market conditions and conditions in financial markets generally; development schedules and the associated costs; ability to procure equipment and supplies and on a timely basis; the timing and ability to obtain permits and other approvals for projects and operations including provincial and federal approval of the environmental application; the ability to attract and retain skilled employees and contractors for the operations; the accuracy of reserve and resource estimates; the impact of changes in currency exchange rates on costs and results; interest rates; taxation; and ongoing relations with employees and business partners. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made in this press release are qualified by these cautionary statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

Other information

The technical information about the Company's Kemess Underground project contained in this press release has been prepared under the supervision of Mr. John Fitzgerald, an officer of the Company, who is a qualified person within the meaning of National Instrument 43-101. The technical information about the Company's exploration activities has been prepared under the supervision of Mr. Chris Rockingham, an officer of the Company, who is a qualified person within the meaning of National Instrument 43-101.

SOURCE AuRico Metals

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