TORONTO, Nov. 2, 2016 /CNW/ - AuRico Metals Inc. (TSX: AMI), ("AuRico" or the "Company") today reported its financial results for the quarter ended September 30, 2016. For complete details of the Financial Statements and associated Management's Discussion and Analysis for the three and nine months ended September 30, 2016, 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.

Recent Highlights

- During Q3 2016, recognized royalty revenue of $2.3 million, comprised of $1.0 million from the Fosterville royalty, $1.0 million from the Young-Davidson royalty, and $0.3 million from the Hemlo, Eagle River and Stawell royalties;
- During the quarter, AuRico Metals' Kemess Underground Project continued to progress through the Environmental Assessment (EA) review phase towards targeted government decisions in February, 2017;
- The Company has completed its 2016 exploration program at Kemess East with 13 holes and 18,544 metres drilled. Results will be released by mid-November 2016, once final assays are received;
- On August 22, 2016, the Company closed a bought deal equity financing whereby the Company issued 11,500,000 common shares for total proceeds of C$11,500,000. In connection with the bought deal financing, the Company closed a private placement with Alamos Gold Inc. ("Alamos") as a result of Alamos exercising its participation right. As a result, the Company issued 1,272,611 common shares for total proceeds of C$1,272,611;
- During the quarter, the Company completed two Canadian Exploration Expenses flow-through financings for gross proceeds o $2.7 million. All proceeds have or will be used to fund exploration expenditures at the Company's Kemess East project; and
- The Company reported $15.4 million (C$20.2 million) in cash and $14.8 million (C$19.4 million) in working capital, excluding inventories, at September 30, 2016.

"We are pleased to report our fifth consecutive quarter of record royalty revenue and our continued advancement through the Environmental Assessment review for our Kemess Underground Project" stated Chris Richter, President and CEO. He continued, "We continue to expect government decisions on the Environmental Assessment in February, 2017 and are ramping up our permitting efforts at this time. Within the next two weeks we look forward to releasing the results of this summer's drill program at Kemess East."

Operations Update

Royalties

The Company estimates quarterly revenue from its royalty assets based on a combination of production guidance and recent production of the underlying operations. Revenues are adjusted in the subsequent quarter to reflect actual royalty payments received, should they differ from the estimated revenue.

During the three and nine months ended September 30, 2016, the Company recognized revenues from the following royalties:

(in millions)	Q3 Actual	Year-to-Date Actual	Full Year Guidance 2016
Fosterville 2% NSR royalty	$1.0	$2.9	$3.0 – $3.5
Young-Davidson 1.5% NSR royalty	$1.0	$2.5	$3.0 - $3.4
Other royalties	$0.3	$0.8	$1.0 - $1.2
Total	$2.3	$6.2	$7.0 - $8.1

The Company recognized revenue of $1.0 million from the Fosterville 2% NSR royalty in the three months ended September 30, 2016. In Q3 2016, Fosterville announced Q3 production of 36,967 ounces at a mill grade of 6.91 grams per tonne gold. Total year-to-date production at Fosterville totals 107,014 ounces for the nine months ended September 30, 2016. Full year guidance at Fosterville is total gold production of between 130,000 and 140,000 ounces. In addition, Newmarket reported encouraging drill

results at its Lower Phoenix and Harrier South Gold Systems, both containing significant high grade gold intercepts containing visible gold (please refer to the press releases dated September 14, 2016, September 20, 2016 and October 13, 2016 available on Newmarket's website at www.newmarketgoldinc.com). During the quarter, Kirkland Lake Gold and Newmarket Gold announced that they have entered into a definitive agreement to combine the two companies under Kirkland Lake Gold management.

The Company recognized revenue of $1.0 million from the Young-Davidson 1.5% NSR royalty in the three months ended September 30, 2016. Underground mining rates at Young-Davidson in Q2 2016 averaged 6,123 tonnes per day ("TPD"), a 6% increase over mining rates reported in Q1 2016. A total of 42,644 gold ounces were produced in Q2 2016. Alamos noted that the operation remains on target to achieve 7,000 TPD by the end of 2016, and this was anticipated to have a favorable impact on production in the second half of 2016 (please refer to the press release dated August 10, 2016 available on Alamos' website at www.alamosgold.com). Alamos is scheduled to release their Q3 2016 results on November 10, 2016.

The Company recognized revenue of $0.1 million from the Stawell 1% NSR royalty during the three months ended September 30, 2016, based on 8,150 ounces produced (please refer to the press release dated October 13, 2016 available on Newmarket's website).

The Company recognized revenue of $0.1 million from its 0.25% royalty on the Williams mine at Hemlo during the three months ended September 30, 2016. During the quarter, Barrick produced 59,000 ounces at Hemlo, a 13% increase from the 52,000 ounces produced in the second quarter. Not all production at Hemlo is attributable to the Company's Williams-Hemlo royalty, therefore, total attributable production will be less than the Q3 2016 production reported by Barrick (please refer to the 2016 Q3 Mine Statistics, and the press release dated October 26, 2016, both available on Barrick's website at www.barrick.com).

The Company recognized revenue of $0.1 million from its 0.5% NSR royalty on the Eagle River underground mine during the three months ended September 30, 2016. In Q3 2016, the Eagle River underground mine reported production of 13,193 ounces. During the quarter, Wesdome noted that it continues to focus on development of the higher grade areas of the Eagle River underground mine, and that initial production from the 7 zone is anticipated in the fourth quarter of 2016 (please refer to the press releases dated September 15, 2016 and October 12, 2016 available on Wesdome's website at www.wesdome.com).

Kemess Underground

The British Columbia Environmental Assessment Office ("EAO") initiated the 180 day EA review period on May 11, 2016. On August 2, the Company sent a letter to the EAO requesting an eight week extension to the application review period on account of the Company receiving comments later than anticipated, and to accommodate a request from our First Nations partners for additional time for community engagement, which the Company supports. The Company's request for an extension was granted on August 4, 2016. The EAO is scheduled to conclude their assessment and submit their report to provincial and federal ministers for their respective decisions by the end of the year. These decisions are expected in February, 2017.

During the quarter, the Company developed a draft permit preparation schedule with the Major Mines Project Office of British Columbia. The Company has commenced permit preparation with a target of receiving permits in the second half of 2017.

Kemess East

During 2016, the Company completed an exploration program at the Kemess East project, which included 13 drill holes and 18,544 metres of diamond drilling. This drill campaign focused on infilling and expanding the high grade core of Kemess East identified during the 2015 drill program. The results of this program will be released in November 2016, once final assays are received.

Near-Term Corporate Objectives

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

- Pursue potential royalty acquisition opportunities;
- Release results of 2016 drill program at Kemess East (November 2016);
- Release of updated resource estimate at Kemess East (early Q1 2017);
- Progress EA review, permitting and detailed engineering for Kemess Underground; and
- Continue efforts to reduce care and maintenance costs at the Kemess site to targeted levels by the end of 2016.

Outlook

The Company is updating its general and administrative and Kemess East exploration guidance as follows (assuming a 0.75 CAD to USD exchange rate):

Annual Guidance	Previous	Revised
(in millions)		
Royalty revenues (pre-tax)	$7.7 to $8.1	$7.7 to $8.1
Royalty revenues (after-tax)	$6.6 to $7.0	$6.6 to $7.0
General and administrative expense, excluding stock-based compensation	$2.5	$3.0
Care and maintenance expense	$4.5	$4.5
Kemess Underground project capital expenditures	$3.0 to $3.8	$3.0 to $3.8
Kemess East exploration expenditures	$4.4	$4.9

The Company has increased its general and administrative guidance, excluding stock-based compensation, to a total of $3.0 million from $2.5 million. The additional costs relate to a number of mostly non-recurring items, including an internal corporate restructuring, costs associated with a second shareholders meeting, financial consulting fees, and corporate development activities.

The Company has increased its guidance on exploration spending at Kemess East to $4.9 million. Subsequent to the release of its Q2 2016 results, the Company decided to drill an additional 3 holes at Kemess East, expanding its program to a total of 13 drill holes. The results of this program will be released by mid-November 2016.

The Company has not revised guidance on royalty revenues or Kemess Underground project capital expenditures, and expects both amounts to be at the high end of the ranges noted above.

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 for Kemess over the next year. 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 $1,300 per ounce. The Company's gold price assumption may be inaccurate; every $50 change in gold price assumption impacts after-tax revenue by $0.1 million (for the last 3 months of 2016).

- 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, 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, working group members, and the general public during the EA review period, additional studies required in order to address concerns raised and the results of those studies, 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, timing of regulatory decisions relating to permitting and the EA, commencement of detailed engineering, 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, the expected release of the results of the Kemess East 2016 exploration program, 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 assessment 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.

Other information

The technical information disclosed in this press release relating to the Kemess Underground project, Kemess East Mineral Resource and the Company's Young-Davidson and Fosterville NSR royalties has been approved by Mr. John Fitzgerald, 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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