

TORONTO, Feb. 14, 2017 /CNW/ - [AuRico Metals Inc.](#) (TSX: AML), ("AuRico" or the "Company") today reported its financial results for the quarter and year ended December 31, 2016. For complete details of the Financial Statements and associated Management's Discussion and Analysis for the year ended December 31, 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 2016, recognized royalty revenue of \$8.1 million, an increase of \$3.8 million (or 88%) over royalty revenue in 2015. Total royalty revenue was at the high end of the Company's guidance;
- During Q4 2016, recognized royalty revenue of \$2.2 million, an increase of \$0.7 million (or 47%) from Q4 2015;
- On February 10, 2017, the final Environmental Assessment ("EA") public comment period concluded. The Company expects a final decision regarding the issuance of an EA Certificate around the end of the first quarter of 2017;
- On January 12, 2017, the British Columbia Environmental Assessment Office ("EAO") released its draft Assessment Report for the Kemess Underground project, which concludes that the project would not result in significant adverse effects;
- In January 2017, the Company announced an updated mineral resource estimate for the Kemess East deposit, including a 73.9 million tonne, or 188%, increase in the Indicated resource;
- In December 2016, the Company announced an agreement to acquire Kiska Metals Inc. The acquisition is expected to close during the first week of March;
- In November 2016, completed the acquisitions of royalties on the GJ, GJ Northern Block, Red Lake and Madsen area properties; and
- The Company reported \$11.6 million in cash and \$10.8 million in working capital, excluding inventories, at December 31, 2016.

Commenting on the results, Chris Richter, President and CEO stated, "I am proud of what the AuRico Metals team accomplished in our first full calendar year of existence. At our wholly-owned Kemess property in British Columbia we released a positive Feasibility Study for the Kemess Gold-Copper Underground Project and are expecting a final decision regarding our Environmental Assessment certificate very soon. In parallel we issued a resource update for Kemess East showing a 188% increase in Indicated resource tonnes. On the royalty side of our business revenues increased by 88% when compared to the prior year and we executed a number of accretive acquisitions. We look forward to building on this progress in 2017."

Operations Update

Royalties

During the three months and year ended December 31, 2016, the Company recognized revenues from the following royalty assets:

(in millions)	Q4 2016	2016 Annual	Latest Annual Guidance
Fosterville 2% NSR royalty	\$1.1	\$3.7	\$3.4 - \$3.5
Young-Davidson 1.5% NSR royalty	\$0.8	\$3.3	\$3.3 - \$3.4
Other royalties	\$0.3	\$1.1	\$1.0 - \$1.2
Total	\$2.2	\$8.1	\$7.7 - \$8.1

The Company recognized royalty revenue of \$2.2 million during Q4 2016, compared to the same quarter of the prior year when \$1.5 million in royalty revenue was recognized. The increase in revenue is primarily due to an increase in production at Fosterville and an increase in the average gold price during the period. Fosterville revenues were approximately \$0.4 million higher than in the prior year, and Young-Davidson revenues were approximately \$0.2 million higher than in the prior year.

Kemess Underground

On January 11, 2017, the draft Assessment Report and conditions were made available on the website of the EAO and the final 30-day public comment period commenced. The draft Assessment Report concludes that the Kemess Underground Project would not result in significant adverse effects. The final public comment period ended February 10, 2017 and the report will now be finalized and sent for ministerial decision. The EAO is managing the Environmental Assessment in a Substituted Process on behalf of British Columbia and the Canadian Environmental Assessment Agency. The Company expects a final decision regarding the issuance of an EA Certificate around the end of the first quarter of 2017.

During the fourth quarter, the Company continued to advance permitting activities, including permit preparation, drafting

management plans for the Kemess Underground Project, as well as coordination with regulators.

Kemess East

On January 13, 2017, the Company announced an updated resource for the Kemess East project. The Company plans to provide further updates relating to Kemess East as the year progresses.

Near-Term Corporate Objectives

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

- Ministers decision on Kemess Underground EA Certificate (end of Q1 2017);
- Progress permitting and detailed engineering for Kemess Underground project;
- Update on Kemess East deposit (Q2 2017);
- Completion of the Kiska acquisition (Q1 2017); and
- Pursue accretive royalty acquisition opportunities.

2017 Outlook

AuRico Metals' goal is to deliver sustained value creation for the Company's many stakeholders. We will look to continue to create shareholder value by permitting the Kemess Underground project, advancing the Kemess East project, and through accretive royalty acquisitions. The section below contains forward looking information; please refer to the Company's cautionary note regarding forward looking statements.

The Company is providing the following outlook for 2017, based on a gold price assumption of \$1,250/oz and a 0.75 CAD to USD exchange rate:

(in millions)	2017 Guidance	2016 Results	2016 Guidance
Royalty revenues (pre-tax)	\$8.0 to \$8.4	\$8.1	\$7.7 to \$8.1
General and administrative expense, excluding stock-based compensation	\$3.0	\$3.1	\$3.0
Care and maintenance expense	\$4.0	\$4.4	\$4.5
Kemess Underground capital expenditures	\$5.5 to \$6.0	\$3.5	\$3.0 to \$3.8
Kemess East capital expenditures	\$0.6	\$4.9	\$4.9

About AuRico Metals

AuRico Metals is a mining development and royalty company with a 100% interest in the Kemess property in British Columbia, Canada. The Kemess property hosts the feasibility-stage Kemess Underground Gold-Copper project, the Kemess East exploration project, and the infrastructure pertaining to the past producing Kemess South mine. AuRico's royalty portfolio includes a 1.5% NSR royalty on the Young-Davidson Gold Mine and a 2% NSR royalty on the Fosterville Mine, as well as a portfolio of additional producing and pre-production royalty assets located in North America and Australia.

Cautionary Statement on Forward-Looking Information

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, 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 \$1,250 per ounce. The Company's gold price assumption may be inaccurate; every \$50 change in gold price assumption impacts pre-tax revenue by approximately \$0.4 million.
- General and administrative expense guidance may be impacted by changes in foreign exchange rates, employee relations, litigation, the acquisition of Kiska, time spent by officers and employees on general and administrative activities, 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, extent of powerline brushing required, if any, to optimally maintain the powerline, 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 and Government during the review of project permits, additional studies required in order to address concerns raised and the results of those studies, quality of service received by consultants, the extent of which early construction activities can be commenced at Kemess Underground during 2017, optimization efforts by management, and credit market conditions and conditions in financial markets generally.
- Kemess east capital expenditures are at the Company's discretion and will be impacted by changes in foreign exchange rates, quality of service received by consultants, and the extent of any additional drilling conducted at Kemess East in 2017, if any.

The Company has made forward-looking statements relating to corporate objectives and key deliverables over the next 12 months, including permitting, 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 further updates on Kemess East, 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 project and the Company's material royalty properties, being the 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

Contact

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