

Strengthens Balance Sheet and Increases Royalty Revenue Guidance

TORONTO, May 4, 2017 /CNW/ - [AuRico Metals Inc.](#) (TSX: AMI), ("AuRico" or the "Company") today reported its financial results for the quarter ended March 31, 2017. For complete details of the Financial Statements and associated Management's Discussion and Analysis for the quarter ended March 31, 2017, 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 include:

- Receipt of an Environmental Assessment Certificate for the Kemess Underground project;
- A 188% increase in the Indicated resource for the Kemess East deposit. A further 12,000 metre drill program is planned for 2017 to infill and potentially extend the Kemess East deposit;
- Cash of \$11.5 million (C\$15.3 million) as at March 31, 2017, or \$19.9 million (C\$26.5 million), adjusted for the release of \$8.4 million of restricted cash subsequent to the end of the quarter;
- Royalty revenue for the quarter increased by 35% to \$2.2 million compared to Q1 2016;
- Increase in 2017 royalty revenue guidance range to \$9.5 to \$10.4 million from \$8.0 to \$8.4 million;
- [Kirkland Lake Gold Ltd.](#) ("Kirkland") announced a 66% increase in reserves at Fosterville (AMI 2.0% NSR), accompanied by a 27% increase in grade; and
- The Company completed the acquisition of [Kiska Metals Corp.](#) ("Kiska").

Commenting on the results, Chris Richter, President and CEO stated, "The milestones achieved in the first quarter demonstrate the deep and growing value of AuRico Metals. The granting of the Environmental Assessment Certificate at Kemess uniquely positions the project as a stand-out development opportunity which has the potential to dramatically increase shareholder value. We expect 2017 to be a pivotal year as we continue to further advance Kemess Underground, complete a preliminary economic assessment at Kemess East, and further enhance our high quality royalty portfolio."

Near-Term Corporate Objectives

The Company's key near-term objectives include:

- Sign Impact Benefits Agreement for Kemess Underground project with local First Nations (May 2017);
- Progress permitting and detailed engineering for Kemess Underground project ahead of potential development decision (H1 2018);
- Release of Kemess East Preliminary Economic Assessment (Q2 2017), to be followed by further evaluation of potential integration synergies with the Kemess Underground project (ongoing);
- Release results of 2017 Kemess East drill program (Q4 2017);
- Evaluation of funding alternatives for the potential development of the Kemess Underground project (ongoing); and
- Selectively pursue accretive royalty acquisition opportunities (ongoing).

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 advancing the Kemess Underground project towards a potential development decision, by 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 revised guidance for 2017, assuming a 0.75 CAD to USD exchange rate and \$1,250 per ounce gold price:

(in millions)	Revised Guidance	Original Guidance
Royalty revenues (pre-tax)	\$9.5 to \$10.4	\$8.0 to \$8.4
General and administrative expense, excluding stock-based compensation	\$3.0	\$3.0
Care and maintenance expense	\$4.0	\$4.0
Kemess Underground capital expenditures	\$5.5 to \$6.0	\$5.5 to \$6.0
Kemess East capital expenditures	\$4.0	\$0.6

Royalty revenue guidance has been increased, due to an increase in guidance at Fosterville. The guidance range disclosed in

the table above is based on the following guidance ranges provided by the operators:

Asset	Royalty	Guidance Low	Guidance High
Young-Davidson	1.50%	200,000	210,000
Fosterville	2.00%	200,000	225,000
Hemlo*	0.25%	205,000	220,000
Eagle River	0.50%	45,000	49,000

* Company guidance assumes that 75% of production at Hemlo will be from the Williams mine.

Guidance at Kemess East has been revised to incorporate the planned drill program, outlined below, which has increased its guidance to up to \$4.0 million for 2017.

In its December 31, 2016 MD&A the Company noted that its general and administrative guidance would be revisited upon completion of the Kiska transaction. The acquisition is not expected to have a significant impact on general and administrative expense during the remainder of 2017 and, therefore, the Company maintains its annual general and administrative expense guidance.

Operations Update

Kemess Underground

During the first quarter, the Canadian Environmental Assessment Agency ("CEAA") issued a positive Decision Statement and the British Columbia Environmental Assessment Office ("EAO") granted an Environmental Assessment Certificate for the Kemess Underground project. The Company is currently preparing the necessary permits to commence construction of Kemess Underground, with permitting anticipated to be completed in Q2 2018.

The Company has also recently announced the addition of two project managers to the Kemess Underground project team, a Mining Project Manager and a Surface Construction Project Manager. Both new hires bring a wealth of experience to the Company, both in technical knowledge surrounding panel caving and surface construction, and experience in British Columbia.

In anticipation of all required construction and operating permits being received in Q2 2018, detailed engineering is in progress with a focus on access corridor construction related activities which are expected to account for the first twelve months in the construction schedule. The access corridor includes a road from the Kemess South site to the location of the triple decline portals that will be used to access the Kemess Underground orebody. Additional access corridor activities include a 0.9 kilometre access tunnel, laydown areas, and camp refurbishment activities.

Tender documents related to initial construction activities are planned to be issued to contracting companies in Q3 2017.

Kemess East

On January 13, 2017, the Company announced an updated resource for the Kemess East project. The Company is currently working on the completion of a preliminary economic assessment on the Kemess East project, which is anticipated to be released in Q2 2017.

The Company has planned an approximately 12,000 metre drill program at Kemess East in 2017. This program will include infill drilling targeting the potassic strong zone, growth holes on the outer edges of the known deposit and exploration holes looking for higher grade material within the Kemess Offset Zone. The Kemess Offset Zone is located between the Kemess Underground and Kemess East deposits, which are one kilometre apart.

Kliyul

On March 17, 2017, AuRico entered into a binding Letter Agreement with [First Quantum Minerals Ltd.](#) ("First Quantum") on the Kliyul property, located in British Columbia, approximately 50 km south of AuRico's Kemess property. Under the terms of the

agreement, First Quantum has 12 months to evaluate the Kliyul project. It can then choose to enter into an Option to earn a 51% interest by incurring a minimum of C\$5 million of expenditures on the project prior to December 31, 2021. First Quantum's interest will increase by a further 29% (80% total) when a decision to mine is made. Upon a decision to mine, AuRico will be entitled to receive advance royalty payments of C\$2 million per year until the commencement of commercial production, and will retain a 0.5% NSR royalty once production commences.

Royalties

During the three months ended March 31, 2017, the Company recognized revenues from the following royalty assets:

(in millions)	Q1 2017	Q1 2016
Fosterville 2% NSR royalty	\$1.1	\$0.7
Young-Davidson 1.5% NSR royalty	\$0.8	\$0.7
Other royalties	\$0.3	\$0.3
Total	\$2.2	\$1.7

The Company recognizes quarterly revenue from its royalty assets based on a combination of confirmation of quarterly sales amounts, production guidance and recent production of the underlying operations.

Fosterville (2% NSR Royalty)

On April 12, 2017, Kirkland announced record quarterly gold production at Fosterville of 46,083 ounces at an average mill grade of 11.1 g/t Au. On May 4, 2017, Kirkland increased its 2017 production guidance at Fosterville to between 200,000 to 225,000 gold ounces from 140,000 to 145,000 gold ounces previously.

On March 28, 2017, Kirkland announced that updated mineral reserves at the Fosterville gold mine increased by 66%, to 643,000 ounces of gold, after depletion, accompanied by a 27% increase in grade to 9.2 g/t Au from the prior year estimate. Measured and Indicated mineral resources, inclusive of reserves, increased by 23% to 2,790,000 ounces of gold accompanied by a 25% increase in grade to 5.7 g/t Au.

As stated in Kirkland's press release dated March 28, 2017, the significant increase in mineral reserves is underpinned by down-plunge extensions of the high-grade, visible gold-bearing Lower Phoenix Gold Zone and the discovery of visible gold-bearing Harrier Zone. Fosterville continues to maintain a large underlying mineral resource base that is expected to support future additions to mineral reserves, with potential to further extend the current known mineral resource following ongoing surface and underground drilling, testing near-mine gold systems up and down-plunge from current mineral reserves and resources.

Significant drilling activity continues at Fosterville with seven rigs in operation at quarter end. On May 3, 2017, Kirkland released further high grade drill results from definition drilling of the Lower Phoenix gold system, including the Eagle structure. Results include 345 g/t Au over 7.0 metres from hole UDH1991 at Lower Phoenix Footwall and 404 g/t Au over 16.0 metres from hole UDH1970 at Eagle.

For more information, visit the Kirkland website at www.klgold.com and refer to the press releases dated 28, 2017, April 12, 2017, May 3, 2017 and May 4, 2017.

Young-Davidson (1.5% NSR Royalty)

On May 4, 2017, [Alamos Gold Inc.](http://www.alamosgold.com) ("Alamos") announced quarterly gold production at Young-Davidson of 40,400 ounces. Production is expected to increase over the remainder of the year and 2017 production guidance is for between 200,000 and 210,000 gold ounces.

On February 23, 2017, Alamos announced updated mineral reserves and resources at Young-Davidson at December 31, 2016. Mineral reserves at Young-Davidson decreased by 0.2 million ounces, to 3.7 million gold ounces, due to mining depletion. Alamos added 0.3 million ounces of Measured and Indicated mineral resources through infill drilling bringing total Measured and Indicated mineral resources to 1.2 million gold ounces. Inferred mineral resources were largely unchanged and 0.3 million gold

ounces.

For more information, visit the Alamos website at www.alamosgold.com and refer to the press releases dated February 23, 2017 and May 4, 2017.

Hemlo (0.25% NSR Royalty on Williams Mine)

On April 24, 2017, [Barrick Gold Corp.](http://www.barrick.com) ("Barrick") announced production of 54,000 ounces at Hemlo, which was consistent with its annual guidance of 205,000 to 220,000 ounces of gold.

On February 15, 2017, Barrick Gold announced a 73% increase in mineral reserves at Hemlo from 917,000 ounces of gold at the end of 2015 to 1,588,000 ounces at the end of 2016, after mining depletion. Measured and Indicated mineral resources, exclusive of reserves, increased 19% to 1,720,000 ounces of gold. Annual production at Hemlo totaled 235,000 ounces of gold in 2016, representing an increase of 7% from the prior year.

For more information, visit Barrick Gold's website at www.barrick.com and refer to the press releases on February 15, 2017 and April 24, 2017.

Eagle River (0.5% NSR Royalty)

On April 12, 2017, Wesdome Gold Mine Ltd's ("Wesdome") announced production of 13,588 ounces from the Eagle River underground mine at a head grade of 11.5 g/t Au. Wesdome previously provided gold production guidance at Eagle River of between 45,000 and 49,000 ounces for 2017 at grades of between 8.8 and 9.2 g/t Au.

On February 22, 2017, Wesdome announced a 15% increase in mineral reserves at Eagle River from 300,000 ounces of gold at the end of 2015 to 344,000 ounces of gold at the end of 2016, after mining depletion. Wesdome has stated that it will continue its focus on development into higher grade areas of the Eagle River Underground Mine with initial stope production from the 7 Zone which commenced in Q4 2016, well ahead of schedule. This will enable stope production from multiple high grade areas within the Eagle River Mine earlier than expected.

On April 27, 2017, Wesdome announced recent underground drilling results on the Eagle River 300 Zone, which is a recently recognized structure located 300-400 metres north of the main 8 Zone structure. The 8 Zone has provided the bulk of the Eagle River Mine's production over the past 20 years. Recent underground drilling results have extended the 300W Zone 250 metres above the 942 metre level drift, which averaged 16.54 g/t Au over a length of 141 metres with an average width of 1.61 metres.

For more information, visit Wesdome's website at www.wesdome.com and refer to the press releases dated February 22, 2017, April 12, 2017 and April 27, 2017.

GJ Donnelly Deposit (1% NSR Royalty)

On April 20, 2017, [Skeena Resources Ltd.](http://www.skeenaresources.com) ("Skeena") announced the results of a preliminary economic assessment and mineral resource update for its Spectrum-GJ copper-gold project located in the Golden Triangle of northwest British Columbia. The Company owns a 1% NSR royalty on the Donnelly Deposit at GJ. The updated Indicated resource at GJ Donnelly totaled 215 million tonnes at 0.31 gold grams per tonne and 0.26% copper for total contained metal of 2.1 million ounces of gold and 1.2 billion pounds of copper. The preliminary economic assessment outlines an open pit operation at Donnelly.

The preliminary economic assessment for the combined project calculates a base case net present value of C\$314 million after-tax using a gold price of \$1,250, a copper price of \$2.75, an exchange rate of 0.75 CAD/USD, and a discount rate of 8%. The project offers an internal rate of return of 20.6% and an estimated payback of 4.2 years on total capital expenditures of C\$216 million.

For more information, visit Skeena's website at www.skeenaresources.com and refer to the press release dated April 20, 2017.

Acquisition of Kiska

On March 8, 2017, the Company completed the acquisition of Kiska for total consideration paid of approximately \$8.7 million, including the issuance of 8,249,866 common shares. In addition to \$3.1 million in cash and \$1.5 million in marketable investments, the Company acquired the following royalty assets:

- 0.5% NSR royalty on the East Timmins property owned by Kirkland;

- 1% NSR royalty on the Boulevard property owned by [Independence Gold Corp.](#);
- 0.5% NSR royalty on the Cumobabi property owned by [Evrin Resources Corp.](#);
- 1% NSR royalty on the Goodpaster property owned by [Millrock Resources Inc.](#);
- 2% NSR royalty on the Mount Dunn property owned by [Metallis Resources Inc.](#); and
- 1.33% NSR royalty on the RDN property operated by [Aben Resources Ltd.](#)

The Company also acquired the following wholly owned mineral properties: the Kliyul, Chuchi, Williams, Grizzly and Redton properties located in British Columbia, Canada, the Copper Joe property located in Alaska, USA, and the Hilltop property located in Nevada, USA.

The acquisition is not anticipated to have a significant impact on general and administrative expenses during the remainder of 2017. The Company will conduct early stage exploration work at Kliyul with its partner, First Quantum, but these expenditures will be funded by First Quantum, and will therefore not have a significant impact on the Company's 2017 financial results.

Kiska also held historical non-capital loss carryforwards totaling \$27.1 million and Canadian Exploration Expense ("CEE") resource pools of \$4.6 million at March 7, 2017. The temporary differences associated with these pools were not recognized as deferred tax assets for accounting purposes because the acquisition of Kiska was accounted for as an asset acquisition, and the initial recognition exemption was applied in accordance with International Accounting Standard 12, Income Taxes. If these tax attributes are utilized in future periods, they will positively impact the Company's net income reported.

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, the integration of Kiska, employee relations, litigation, 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.
- The estimates, models and assumptions contained in the Kemess East Mineral Resource estimate, which may be impacted by changes in commodity prices and the exchange rate between the Canadian dollar and US dollar from assumed levels, the accuracy of current mineral resource estimates, as contemplated by the Mineral Resource estimate, and metallurgical recoveries being consistent with the Company's current expectations.

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, 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; the ability to attract and retain skilled employees and contractors for the operations; the accuracy of reserve and resource estimates; the integration of Kiska; 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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