Annual Production of 222Koz Gold Equivalent[1] at AISC of US$744/oz for 12 years

TORONTO, May 29, 2017 /CNW/ - AuRico Metals Inc. (TSX: AMI) ("AuRico" or the "Company") is pleased to announce the results of a Preliminary Economic Assessment ("PEA") prepared in accordance with National Instrument 43-101 for the Kemess East ("KE") project in British Columbia, Canada. KE is part of AuRico's wholly owned Kemess property and is located approximately one kilometre east of the Company's Kemess Underground ("KUG") project and 6.5 kilometres north of the existing Kemess South ("KS") processing plant and infrastructure.

The KE PEA presents a stand-alone scenario which does not incorporate the economics of the KUG project. A positive Feasibility Study for the KUG project was released on March 23, 2016. The KE PEA evaluates the development of a low-cost panel caving operation to extract the KE resources, with all ore being processed at the existing KS processing plant over a 12 year mine life.

Based on the positive PEA results, the Company plans to conduct a separate feasibility study, expected to be released in 2018, which will evaluate KUG and KE as part of an integrated development scenario. The combined feasibility study is expected to reflect further in-fill and expansion drilling planned at KE this summer and the resulting KE resource update expected in early 2018.

All amounts stated in this news release are in Canadian dollars (C$) unless otherwise indicated.

PEA Highlights:
Commodity price and exchange rate assumptions include a gold price of US$1,250/oz, a copper price of US$3.00/lb, a silver price of US$18.00/oz, and a C$/US$ rate of 0.75.

- Pre-tax undiscounted net cash flow of C$1,309M
- Pre-tax NPV$^{5\%}$ of C670$M and IRR of 22.1%
- After-tax NPV$^{5\%}$ of C$375M, and IRR of 16.7%
- Total life-of-mine ("LOM") production of 2.7Moz of gold equivalent
- Total LOM production of 963Koz gold, 687Mlbs copper and 3.8Moz silver
- LOM average annual production of 80Koz of gold, 57Mlbs of copper, and 318Koz of silver over 12 years
- LOM co-product all-in sustaining costs ("AISC") of US$744/oz gold and US$1.79/lb copper
- Pre-production capital costs (including 15% to 30% contingency) of C$327M (US$245M)

Chris Richter, President and CEO, stated, "The release of a PEA on Kemess East represents another important step forward in highlighting to the market the value of the large resource base on our Kemess property. Following the release of a feasibility study for Kemess Underground last year, the Kemess East PEA results demonstrate the potential for a second large, long-life gold-copper mine with attractive economics at Kemess. Both KUG and KE benefit from approximately C$1 billion in replacement cost infrastructure in place. Importantly, we think the opportunity to combine the Kemess Underground project with the Kemess East project could unlock a number of synergies and optimization opportunities and we look forward to an integrated feasibility study in 2018. The integrated study will also reflect drilling planned for this summer at Kemess East, where the deposit remains open to the north, south, and west."

Economic Sensitivities and Key Operational Parameters

Parameter	Unit	Base Case	Spot Price	Alternate
Gold Price Copper Price Silver Price Exchange Rate	US$/oz US$/lb US$/oz C$/US$	$1,250 $3.00 $18.00 0.75	$1,270 $2.60 $17.00 0.74	$1,350 $3.25 $20.00 0.75
Pre-Tax Undiscounted Net Cash Flow	C$M	$1,309	$1,023	$1,664
Pre-Tax NPV (5%)	C$M	$670	$497	$885
Pre-Tax NPV (6.5%)	C$M	$544	$395	$731
Pre-Tax NPV (8%)	C$M	$440	$310	$603
Pre-Tax IRR	%	22.1%	18.7%	26.0%
After-Tax Undiscounted Net Cash Flow	C$M	$797	$623	$1,014
After-Tax NPV (5%)	C$M	$375	$269	$507
After-Tax NPV (6.5%)	C$M	$292	$201	$407
After-Tax NPV (8%)	C$M	$224	$144	$324
After-Tax IRR	%	16.7%	13.9%	19.9%
Payback Period (pre-tax)	years	3	4	3

Tonnage and Grade	LOM	Average Recoveries	LOM
Tonnes milled (M)	103	Gold (%)	70
Gold grade (g/t)	0.42	Copper (%)	89
Copper grade (%)	0.34%	Silver (%)	66
Silver grade (g/t)	1.76		

Production	Average Annual	LOM
Gold / Gold Equivalent (Koz)	80 / 222	963 / 2,666
Copper / Copper Equivalent (Mlbs)	57 / 92	687 / 1,111
Silver (Koz)	318	3,826

Total Cash Costs[1]	Gold ($US/oz)	Copper ($US/lb)
Co-product basis	$619	$1.49
By-product basis	($415)	$0.61
All-In Sustaining Costs[2]	Gold ($US/oz)	Copper ($US/lb)
Co-product basis	$744	$1.79
By-product basis	($69)	$1.10

[1] Co-product basis allocates costs proportionally based on the relative value of gold and copper revenues; Gold by-product basis applies all copper and silver revenues as a credit to costs while Copper by-product basis applies all gold and silver revenues as a credit to costs.

[2] All-in sustaining costs defined per World Gold Council guidelines but excludes corporate G&A allocation.

PEA Approach and Project Overview

The PEA for the KE project presents a stand-alone scenario that does not factor in or modify in any way the economics of the Feasibility stage KUG project located on the same property. The PEA does, however, assume that the KUG project is advanced ahead of KE, and hence a number of project components, most notably the access corridor connecting KUG to the KS process plant and the water treatment plants associated with KUG, are not duplicated in the capex for KE. Potential optimization opportunities such as economies of scale that might exist by advancing KE prior to depletion of KUG are not reflected in the PEA but are noted in the Project Enhancement Opportunities section of this press release.

The location of KE in relation to the KUG project and the past producing KS mine is shown in Appendix 1. The Kemess Property is located in north-central British Columbia, Canada, approximately 430 kilometres northwest of Prince George.

As with the KUG project, the KE project benefits from the brownfields nature of the Kemess property. Between 1998 and 2011, the KS mine produced approximately 3.0 million ounces of gold and 750 million pounds of copper from 218 Mt of ore. The KS Mine comprised a large open pit feeding gold-copper ore to a 52,000 (t/d) process plant. Open pit mining and processing ceased in March 2011 on depletion of the mineral reserves. The process plant and other facilities and equipment required to support an underground mining operation at the KE deposit are currently under care and maintenance (see Appendix 2). Existing on-site infrastructure includes offices, warehouse, laydowns, maintenance facilities, a 400-person accommodation camp footprint, crushed ore stockpile and reclaim, access and service roads, airstrip, explosives magazines, and electrical sub-station. A Company-owned, 380 km power line originating in Mackenzie provides power to the mine site from the BC Hydro grid.

The PEA for KE is based on a mine plan for an underground panel cave with initial production beginning 4 years (KE year 4) following the start of development of the KE declines and ramping up to a steady-state production rate of 30,000 t/d in KE year 8. The KE resources are located approximately 800 m to 1,140 m below surface. The KUG extraction level is at elevation 1,140 m (above sea level), while the KE extraction level is at elevation 370 m and offset 900 m laterally to the east of KUG. The KE cave footprint is 400 m by 275 m and will be accessed and supported by a twin decline system for access and ore conveying. This twin decline system starts from the KUG decline (see Appendix 3), utilizing 2.5 km of planned KUG development. A raise from surface supplies fresh air to the KE mine levels and is exhausted via the KE twin declines to the KUG exhaust ventilation system.

Following extraction from the KE cave and primary crushing underground, ore will be conveyed to the existing KS process plant where it will be processed at an average rate of 30,000 t/d (~11 Mt per year) using existing grinding, flotation, thickening, and concentrate handling facilities, and a grinding circuit of increased capacity included in the PEA design. Concentrate will be trucked to the AuRico-owned loadout facility in Mackenzie for subsequent rail transport to market.

Mineral Resources

The Company's January 2017 resource estimate was used as the resource base for the PEA (see Table 1 on next page). A total of 101.9 Mt mineral resource comprises the PEA production from the total Indicated resource of 113.1 Mt and Inferred resource of 63.8 Mt; with the 101.9 Mt having average grades of 0.34% Cu, 0.42g/t Au and 1.76g/t Ag. The optimized KE cave production (mineral resource) comprises approximately 85% of ore classified in the Indicated category and 15% of ore in the Inferred category.

Table 1: Kemess East Mineral Resource Estimate Summary, January 13, 2017 (SRK, 2017)

Category	Mt	Cu (%)	Au (g/t)	Ag (g/t)	Cu Mlb	Au Koz	Ag Koz
Indicated - potassic strong	67.2	0.43	0.60	2.06	640	1,292	4,457
Indicated - potassic moderate	40.0	0.32	0.27	1.81	286	352	2,336
Indicated - potassic weak	5.1	0.22	0.19	1.45	24	31	238
Indicated - phyllic + propylitic	0.8	0.21	0.20	1.40	4	5	36
Indicated - total	113.1	0.38	0.46	1.94	954	1,680	7,066
Category	Mt	Cu (%)	Au (g/t)	Ag (g/t)	Cu Mlb	Au Koz	Ag Koz
Inferred - potassic strong	15.2	0.41	0.51	2.05	137	249	1,003
Inferred - potassic moderate	41.9	0.34	0.26	1.91	311	353	2,579
Inferred - potassic weak	6.0	0.20	0.17	1.42	27	32	274
Inferred - phyllic + propylitic	0.7	0.21	0.24	1.42	3	6	33
Inferred - total	63.8	0.34	0.31	1.90	478	640	3,889

Notes

• NSR cut-off value of C$17.3/t was used to define Indicated and Inferred resources within a reasonable prospects for economi extraction solid.

• NSR calculation assumed US$3.20/lb copper, US$1,275/oz gold, and US$21.0/oz silver prices, and C$/US$ exchange rate o 0.76.

• NSR calculation assumed metallurgical recoveries of 91% copper, 72% gold, and 65% silver; as well as a 22% copper grade concentrate. Molybdenum was excluded from the NSR calculation.

• Details of the Sample Preparation and Quality Assurance and Quality Control are presented in AuRico Metals' November 8, 2016, press release reporting on the results of the Company's 2016 drill program.

• Resources were generated from 81 holes drilled at Kemess East in 2006, 2007, 2013, 2014, 2015, and 2016.

• Exploration activities at the Kemess East deposit have been conducted under the supervision of Wade Barnes, PGeo, Kemes Project Geologist, for AuRico Metals. Mr. Barnes is a "Qualified Person" as defined by NI 43-101.

• Mineral Resources were prepared under the supervision of Marek Nowak, SRK Consulting (Canada) Inc. Mr. Nowak is a "Qualified Person" as defined by NI 43-101.

As previously announced, the Company is planning to conduct an approximately 12,000 metre drill program at KE in 2017. This program will include in-fill drilling targeting the potassic strong zone, resource expansion around the known deposit, and exploration holes looking for higher grade material within the Kemess Offset Zone (located between the KUG and KE deposits). The high grade core at KE is associated with a strong potassic alteration zone which remains open to the north, south and west, as does the overall deposit.

Mining and Processing

The KE panel cave design and schedule was derived using Geovia's Footprint Finder and PCBC™ software, an industry standard for cave optimization and scheduling, using the resource model provided by SRK Consulting (Canada) Inc. The cave footprint will be accessed and supported by a twin decline system providing access, ore conveying and exhaust air routing. Mine levels within and directly adjacent to the KE cave footprint comprise undercut, extraction, haulage and crushing, and ventilation levels. Total LOM development requirements are estimated to be 43,700 m lateral and 2,635 m vertical development. Appendix 3 shows the KE mine design and the interconnection between the KUG and KE projects. The graphic shows the elevations of the KUG and KE extraction levels and the height of draw across the footprints for each cave.

Geotechnical assessments of caveability, fragmentation, subsidence and ground support requirements were carried out by Golder Associates based on geotechnical characterizations developed from geological assessments and core logging data from the KE exploration drilling program, and prior geomechanical studies of the KUG deposit by others.

Electric-drive loaders will deliver ore to passes at the mid-point of each extraction level drive which connect to truck loading stations on the underlying haulage level. Trucks will haul ore to a primary crusher in the south-east area of the KE cave footprint. Following crushing, ore will be conveyed 5 km in the KE conveyor decline where it will transfer to the KUG underground conveyor. At surface, ore will be transferred to the KUG surface conveyor and transported 4.9 km to the existing ore stockpile ahead of the process plant.

Processing ore at a rate of approximately 11Mt per year will be achieved using the remaining KS grinding circuit that was used to process KS ore. The original flotation, thickening and concentrate handling facilities will be used and preliminary metallurgical testwork has resulted in estimated average recoveries of 88.6% copper, 69.6% gold and 65.6% silver. Figure 1 shows the resulting KE annual gold equivalent production profile.

Figure 1: KE Gold Equivalent Production (ounces)

The coarse fraction of the rougher tailings from the mining and processing of KE ore is non-acid generating and is planned to be stored in a dry-stack facility. Cleaner tailings and rougher fine tailings will be combined and deposited in the existing Kemess South tailings storage facility, which has sufficient capacity to store this material sub-aqueously.

Estimates for surface and groundwater inflow quantities to the KE mine workings have been made by Golder, with figures similar to those for KUG mine workings. This water will be pumped to the KUG tailings storage facility for subsequent treatment using the water treatment plants planned for the KUG Project due to similar expected water quality.

For KE ore, the process plant is expected to produce a single concentrate with an estimated 22.3% copper content as well as payable gold and silver. Testwork has shown the concentrate to be free of deleterious elements, hence it is not expected to incur penalties and it is expected to be readily marketable to both smelters and traders.

Capital and Operating Costs

As with the KUG project, the majority of the capex at KE pertains to the underground mine, reflecting the benefit of having existing infrastructure and processing facilities in place, but also the higher proportion of up-front development requirements for cave mining. The two most significant categories of initial mine capex are underground mine development and the purchase of mine equipment. While the outright purchase of underground mine mobile equipment is assumed for this study, AuRico will also be evaluating leasing alternatives.

Pre-production capital expenditures are estimated to total C$327M (US$245M), and are inclusive of a 15% contingency for components previously costed in detail in the KUG FS and 30% for other components. The development period is approximately 5 years to first production.

Sustaining capital is estimated at C$456M (US$342M) with the major components being mine development, mine equipment, and tailings.

Table 2: KE Pre-Production and Sustaining Capex

C$ M	Initial Capex	Sustaining Capex	Total Capex
Mine Development	$168	$215	$384
Equipment & Infrastructure	$103	$110	$213
Tailings	$5	$104	$109
Processing	$6	$2	$8
Contingency	$44	$24	$68
Total	$327	$456	$783

The total unit operating costs after the commencement of commercial production are estimated at C$16.82/t ore, comprising mining cost of C$7.31/t, processing cost of C$5.13/t, site services cost of $0.82/t, general and administrative (G&A) cost of C$2.11/t, tailings cost of $1.19/t, and water treatment cost of C$0.26/t.

Project Enhancement Opportunities

The following opportunities have been identified as a result of carrying out the KE PEA. However, these opportunities require technical, environmental, social, and economic evaluation and should therefore be considered speculative until the related evaluation work has been completed.

- Sequencing: The PEA evaluates KE as a stand-alone operation (with production at KE assumed to ramp up as KUG production ramps down). An alternative scenario could be considered that evaluates overlap in production between KUG and KE. Importantly, the processing facility at Kemess South has capacity for approximately 50 kt/d (though the grinding circuit is currently limited to approximately 25 kt/d – with an increase to 30 kt/d planned as part of the KE PEA design). Funding the development of KE with free cash flow from KUG is also a possibility.

- Integration with KUG project: Economies of scale may exist in areas including ore processing, G&A and site services for a scenario where KUG and KE are operating in parallel and optimization opportunities could be considered for aspects such as tailings management.

- Mineral Resources: Potential exists to improve the quality and quantity of the KE mineral resource by additional in-fill and expansion drilling respectively; the KE mineral resource remains open to the north, south, and west.

- Development advance rate: There are potential opportunities to increase development efficiencies and improve the current forecast underground development rate of 4.5 m/day per heading.

- Metallurgy: There is potential for further improvement in metallurgical recoveries and concentrate grade based on additional metallurgical test work.

- Tailings alternatives: Additional tailings storage alternatives for KE could be studied, including the further use of conventional slurry tails.

- Mining mobile equipment leasing: The PEA assumes purchasing all mobile equipment for C$90M.

- Operating cost: It may be possible to decrease the mining operating cost with the use of automated production load-haul-dump (LHD) equipment.

Next Steps

- Q3 2017: Undertake additional Kemess East in-fill and expansion drilling.
- Q1 2018: Incorporate 2017 drilling data into an updated KE mineral resource estimate.
- 2018: Complete a feasibility-level study on an integrated development scenario for KUG and KE.
- 2018: Complete additional metallurgical test work on KE ore.
- 2018: Continue baseline environmental data collection for KE.

Technical Information

The KE PEA was prepared by Golder Associates Ltd. The study was conducted under the direction of John Fitzgerald, P.Eng, MBA, AuRico's Chief Operating Officer.

The results of the KE PEA will be summarized in a Technical Report prepared pursuant to Canadian Securities Administrators' National Instrument 43-101 that will be filed on SEDAR (www.sedar.com) within 45 days of this press release and will also be available on the Company's website (www.auricometals.ca). For further information with respect to the key assumptions, parameters, risks, the mineral resource estimate, data verification, QA/QC, and other technical information with respect to the KE project, please refer to the Technical Report when available.

This press release has been reviewed and approved by John Fitzgerald, P.Eng, MBA, Chief Operating Officer of the Company and "qualified person" (QP) for the purposes of NI 43-101.

Appendix

Appendix 1: Kemess Property Map

Appendix 2: Kemess Site (2015) showing processing facility (front), maintenance-administration facility, and camp

Appendix 3: Kemess Underground and Kemess East Cave diagrams and elevations

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 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

All statements, other than statements of historical fact, contained or incorporated by reference in this news release including, but not limited to, any information as to the future financial or operating performance of AuRico, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, including the provisions of the Securities Act (Ontario) and are based on expectations, estimates and projections as of the date of this news release. Forward-looking statements contained in this news release include, without limitation, statements with respect to: our production estimates and timing thereof; estimated production costs, estimated all-in sustaining costs and capital expenditures; expected upside opportunities and de-risking initiatives such as improvements and modifications to the proposed development and operations, the future price of gold, copper and silver, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, the completion of a feasibility-level study on an integrated development scenario for KUG and KE, and environmental risks. The words "anticipates", "estimates", "expects", "focus", "forecast", "indicate", "initiative", "intend", "model", "opportunity", "option", "plans", "potential", "projected", "prospective", "pursue", "strategy", "study" (including, without limitation, as may be qualified by "feasibility" and the results thereof), "target", "timeline" or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could" or "would", and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by AuRico as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates, models and assumptions of AuRico referenced, contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in our most recently filed Annual Information Form and our Management's Discussion and Analysis as well as: (1) there being no significant disruptions affecting the operations of the Company; (2) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with assumed levels; (3) certain price assumptions for gold, copper, silver, diesel and electricity; (4) the results of the PEA (including but not limited to capital estimates) will be realized within a margin of error consistent with the Company's expectations; (5) estimated future production and cost of sales forecasts for the KUG and KE projects meeting expectations; (6) the accuracy of the current mineral resource estimates of the KE project as contemplated by the PEA (including but not limited to ore tonnage and ore grade estimates); (7) estimated labour and materials costs increasing on a basis consistent with AuRico' current expectations; (8) the viability of the KUG and KE projects including, but not limited to, permitting, development and expansion, being consistent with AuRico' current expectations; and (9) access to capital markets, including but not limited to identifying financing options and securing partial project financing for the KUG and KE projects, being consistent with the Company's current expectations.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: suitability and reliability of existing infrastructure at Kemess, the results of exploration at Kemess East and the accuracy of the mineral resource estimates at Kemess East, effectiveness of measures to minimize risks with respect to KUG and KE; relations with First Nations partners and the Province of British Columbia; exploration for additional mineral resource potential; fluctuations in the currency markets; changes in the discount rates applied to calculate the present value of net future cash flows; changes in the market valuations of peer group companies and the Company, and the resulting impact on market price to net asset value multiples; changes in various market variables, such as interest rates, foreign exchange rates, gold, copper or silver prices; changes in national and local government legislation, taxation, controls, policies and regulations; the security of personnel and assets; political or economic developments in Canada, the United States or elsewhere; business opportunities that may be presented to, or pursued by, us; operating or technical difficulties in connection with mining or development activities; employee relations; litigation against the Company; the speculative nature of mineral exploration and development including, but not limited to, the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining. Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, AuRico's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, AuRico.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this news release are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section of our most recently filed Annual Information Form and 2016 Management Discussion and Analysis. These factors are not intended to represent a complete list of the factors that could affect AuRico. AuRico disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

---

[1] Gold Equivalent converts copper and silver production (recovered) to gold equivalent production based on revenue assuming a gold price of US$1,250/oz, a copper price of US$3.00/lb, and a silver price of US$18/oz.

SOURCE AuRico Metals

Contact
please visit the AuRico Metals website at www.auricometals.ca or contact: Chris Richter, President and Chief Executive Officer, AuRico Metals Inc., 416-216-2780, chris.richter@auricometals.ca; John Fitzgerald, Chief Operating Officer, AuRico Metals Inc., 416-216-2780, john.fitzgerald@auricometals.ca