



# ***AuRico Gold***

*Home Safe, Every Day*



## 2013 Sustainability Report

For the year ended December 31, 2013

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## CORPORATE PROFILE

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### 1. Strategy and Analysis

#### 1.1 Message from the Chief Executive Officer

##### 2013 Health, Safety, Environmental and Social Performance

At AuRico, our underlying philosophy that guides our Corporate Social Responsibility (CSR) strategy is based on the principles of sustainable prosperity. We consider operational excellence to include more than a return to our shareholders; it also considers our employees and their families, the communities where we work, and the impact on our environment.

In early 2013, the Company incurred four lost time injuries. This measure of health and safety performance was, and is, not acceptable to senior management, employees and contractors alike as we are committed to ensuring a safe and healthy work environment. Our aim is for each and every person to return home safely, each and every day.

As a result of this performance and a continued demonstration to our commitment of operating with zero injuries, we reinforced one of our company core values; Home Safe, Every Day. To support this value, we developed and implemented the Home Safe, Every Day Safety Leadership Program. This program was delivered to employees and contractors at both the Young-Davidson and El Chanate operations along with corporate personnel from our Toronto and Halifax offices.

I am pleased to report, that as a result of this commitment, by the end of 2013, both of the Company's core operations achieved key safety milestones, with Young-Davidson and El Chanate each reaching over 1 million man hours without a lost time injury.

The AuRico Sustainability Management System (SMS) and accompanying Sustainability Charter, Environmental Policy, Health and Safety Policy, and Corporate Social Responsibility Policy continue to be the cornerstone framework upon which our CSR strategy is managed. The SMS Framework ensures that we not only meet our objectives, but that we achieve continuous improvement in each of these areas year over year.

AuRico continues to invest in community development by providing support for micro-business as a means of stimulating self-sustaining economic activity for the local communities where we operate. In Mexico, in local communities surrounding the El Chanate mine, we are proud to continue our association with the student cooperative farming project. In recognition of our contribution towards this project, the El Chanate mine site received a distinction for best practices in social responsibility from the Center of Mexican Philanthropy. The site also

supported the establishment of a women's sewing shop in the local community of Ejido 16 de Septiembre. The sewing shop now produces protective clothing for the mine, along with other clothing items for our mine contract companies.

AuRico maintains a positive and mutually beneficial relationship with all of our community stakeholders, and we will continue to work with the local communities in order to actively seek new opportunities to support a sustainable means of growth and development.

This Sustainability Report continues to follow the Global Reporting Initiative guidelines and outlines both our sustainability performance in 2013; and our sustainability objectives for 2014. Each of the mine sites' CSR performance is regularly monitored by senior management and this performance is reported regularly to the Board's Sustainability Committee.

I would like to thank all of our AuRico employees and associated stakeholders for their contributions to the Company's 2013 CSR program.

Scott G. Perry

President and CEO, AuRico Gold Inc.

## Report Scope

The scope of the AuRico Gold Inc. (“AuRico” or the “Company”) 2013 Sustainability Report (the “Report”) includes data from the Company’s El Chanate and Young-Davidson mines prepared in accordance to the Global Reporting Initiative (“GRI”) guidelines. Data from the Company’s exploration and development properties is not applied to GRI guidelines, however, an overview of the 2013 sustainability initiatives for the Kemess Underground Project and the reclamation, care and maintenance of the Kemess South Mine (collectively, “Kemess”) is included at the end of this Report. Please note that AuRico Gold and all of its subsidiaries are sometimes referred to collectively in this document as the “Company”.

## 1.2 Description of Key Impacts, Risks and Opportunities

The 2013 Sustainability Report summarizes the Company’s environmental, health, safety, and social programs and performance at its operations. Development of this Report and the Company’s related policies (available on the Company’s website at [www.auricogold.com](http://www.auricogold.com)) are guided by the principles of transparency, inclusiveness, clarity and timeliness as outlined in the GRI guidelines. The financial information included in the Sustainability Report represents only the assets discussed in this Report and was taken from the Company’s audited 2013 Consolidated Financial Statements. All amounts are in U.S. Dollars unless otherwise indicated.

The Company’s compliance with GRI guidelines is provided in the GRI Indicator Table in the Appendix of this document. The Company maintains a CSR framework, which is reviewed on an annual basis.

## Understanding the Company’s Impact

### Environmental

As a gold mining company, the activities involved in the mining process can impact the local environment adjacent to its operations. In accordance with government legislation and international best practice, the Company strives to carefully monitor, evaluate, and improve its environmental performance and identify ways to reduce the environmental impact of its operations.

### Social

The Company can have a significant social impact on the communities adjacent to its operations. The Company strives to be a good neighbor and corporate citizen by both actively contributing to local community life and by ensuring that local stakeholders have an opportunity for input and dialogue. This is achieved through the presence of Community Relations personnel who are responsible for engaging with local stakeholders, identifying areas of concern, and relaying those concerns to management.

## **Economic**

As a publicly traded company, operating in 2013 with 1,373 employees and contractors, AuRico and its subsidiaries play an important role in the economic life of its stakeholders. Wages, taxes and royalties have a positive impact on the lives of the Company's employees and in the communities where the Company operates. AuRico sources goods and services used in operations from the local, regional and national business communities in Mexico and Canada, which provides significant economic benefit to these regions.

## **Sustainability Management System**

AuRico's integrated Corporate Sustainability Management System Framework (SMS) provides a consistent approach to sustainability management at its operations, and a performance standard for managing Health and Safety, Environment and Corporate Social Responsibility.

The SMS Framework was designed and implemented to meet the Company's objective of achieving continuous improvement in these areas year over year. The SMS Framework is based on the following international standards:

- ISO 14001 Environmental Management System;
- OHSAS 18001 Occupational Health and Safety Management System;
- ISO 26000:2010: Guidance on Social Responsibility; and
- Global Reporting Initiative Sustainability Reporting Guidelines (Version 3.1).

## **Process for Defining Report Content**

The Company prepared this Report using the GRI Reporting Framework 3.1, which provides the Reporting Principles and Reporting Guidance to help define the report content, ensure the quality of reported information, and set the Report parameters.

## 2013 KEY SUSTAINABILITY ACHIEVEMENTS

### Environment

Young-Davidson	El Chanate
<ul style="list-style-type: none"> <li>• Reviewed re-vegetation programs with First Nation communities</li> <li>• Completed a review and amendment of the site closure plan</li> <li>• Completed bench-scale with ongoing pilot plant testing for the removal of metals from discharge water</li> <li>• Submitted the Tailings impoundment emergency preparedness plan to the Ministry of Natural Resources as required</li> <li>• Formalized the mine site waste recycling program</li> <li>• Completed a review and submitted to government, 26 toxic reduction plans as required by legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Submitted approvals and permit applications relative to the growth of the mining operations</li> <li>• Received the GEI1 Award for Transparency and Leadership in Greenhouse Gas Emissions Reporting</li> <li>• Introduced solar power systems to provide energy to specified buildings</li> <li>• Participated in World Environment Day with the Ejido September 16; activities included collecting trash and pruning trees</li> <li>• Produced 17,000 mesquite trees through the mine nursery which were used as part of the reforestation plan</li> </ul>





## Health and Safety

Young-Davidson Mine	El Chanate Mine
<ul style="list-style-type: none"> <li>Achieved over 1 million man hours Lost Time Injury free</li> <li>Completed Home Safe, Every Day - Safety Leadership Training to over 250 employees</li> <li>Mine Rescue Team competed in the Regional Mine Rescue Competition</li> <li>Completed over 13,000 hours of employee training</li> <li>Continued training new employees in basic common core and specialty modules</li> <li>Delivered Young Workers Awareness program all summer students</li> <li>Purchased a dedicated site emergency response vehicle</li> </ul>	<ul style="list-style-type: none"> <li>Achieved over 1 million man hours Lost Time Injury free</li> <li>Completed Home Safe, Every Day - Safety Leadership Training (delivered to over 600 employees and contractors)</li> <li>Completed over 19,000 hours of safety and emergency response training</li> <li>All on-site pressure vessels were tested and re-certified</li> <li>Developed and implemented a pre-shift inspection program - Safe People, Safe Place</li> <li>Upgraded site ambulance medical equipment; replaced equipment was donated to local ambulance service</li> </ul>





## Partnerships with Local Communities

Young-Davidson	El Chanate
<ul style="list-style-type: none"> <li>Continued community meetings with the town of Matachewan and the Temagami First Nations, Matachewan First Nations, and Métis Nation of Ontario and provided updates on the operations and any relevant permit applications</li> <li>Provided a surface site tour to students of the Canadore College and North Bay High School mining program</li> <li>Assisted the town of Matachewan with initiating a waste recycling program</li> <li>Good neighbour activities consisted of sponsorships (amongst others) to: <ul style="list-style-type: none"> <li>Matachewan First Nation</li> <li>Canadian Cancer Society</li> <li>Bassin For Kids</li> <li>Kirkland Lake Curling Club</li> <li>Temiskaming Shores Minor Hockey Assoc. - Girls hockey</li> <li>Temagami Community Foundation Fundraiser</li> <li>Jim Nault - Memorial Golf Tournament</li> <li>Matachewan Recreation Committee</li> <li>Sudbury Prospectors &amp; Developer</li> <li>Kirkland Lake Memorial Plaque Committee</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Supported Local Police and Fire Brigades by donating supplies and materials to their community celebrations</li> <li>Assisted the community with the construction of the sewing workshop in the Ejido 16 de Septiembre</li> <li>Provided health and safety training to the women of the sewing workshop</li> <li>Provided medical equipment to the medical facility at the Ejido 16 de Septiembre</li> <li>Provided site tours to groups of local school children</li> <li>Supported an eye testing program. Along with the Lions Club, for local school children; those who required them, were provided with eyeglasses</li> <li>Participated with the local community in World Environment Day. Sponsored a kindergarten in Caborca by providing a roof shade structure</li> <li>The CBTa student farm produced and sold melons and alfalfa</li> <li>Sponsored numerous local softball, baseball and soccer teams by providing funds for the purchase of sporting goods and uniforms.</li> </ul>



## Awards, Acknowledgments & Certifications

Young-Davidson Mine	El Chanate Mine
<ul style="list-style-type: none"> <li>Achieved over 1 million man hours Lost Time Injury free</li> <li>Received the Workplace Safety North Award of Excellence for Health and Safety</li> <li>The Mine Rescue team received the special equipment award during the district competition</li> <li>The Mine Rescue Technician placed first in the District and Second in the Provincial mine rescue competitions</li> <li>Five members of the sites' supervisory staff received an award from the Porcupine Northeastern Ontario Mine Safety Group as acknowledgment for consecutive safe shift performance</li> </ul>	<ul style="list-style-type: none"> <li>For the third successive year, received a Socially Responsible Company certification issued by the Institute CEMEFI (Centre of Mexican Philanthropy); This was awarded for the work associated with the CBTa productive farm project.</li> <li>Retained a certification by the Women Institute for Gender Equity.</li> <li>Achieved over 1 million worked hours Lost Time Injury free</li> <li>Received GEI1 Award for Transparency and Leadership in Greenhouse Gas Emissions Reporting</li> <li>Achieved a Great Place to Work Certification</li> </ul>



<b>2013 Key Sustainability Objectives - Scorecard</b>		
<b>Objective</b>	<b>Score</b>	<b>Comments</b>
Foster a culture among employees and contractors that zero incidents are possible		Achieved
Reduce our Lost Time Injury rate with a goal of 20% improvement on the 2012 Ontario mining industry average of 0.5		Achieved
Complete a compliance review in accordance with the AuRico SMS at each mine site		Commenced, not yet completed
Establish Key Performance Indicators for managing sustainability at each mine site		Achieved
Continue to provide support for local community initiatives within the areas in which we operate through in kind donations and initiatives to build socio-economic sustainability		Achieved
Complete an Internal Regulatory Compliance Audit for key environmental areas at Young-Davidson		Commenced, not yet completed
Review the El Chanate Environment Management Plan to ensure compliance with Mexican legislation		Commenced, not yet completed
Ensure testing of emergency response plan is conducted at each site		Achieved
Complete leadership training at the operations		Achieved

## 2014 KEY SUSTAINABILITY OBJECTIVES

- Improve the Company's overall Lost Time Injury frequency rate by 10% on the 2013 target.
- Complete a Health and Safety compliance review in accordance with the AuRico SMS at the Young-Davidson site
- Establish Key Performance Indicators for managing sustainability at each mine site
- Continue to provide support for local community initiatives within the areas in which we operate through in kind donations and initiatives to build socio-economic sustainability
- Complete an External Audit for key environmental areas at Young-Davidson
- Review the El Chanate Environment Management Plan to ensure compliance with Mexican legislation
- Complete a full-scale emergency simulation; include one site and the Corporate emergency response group
- Identify and complete a review of critical operating risks, as identified by the Management Risk Committee, at the El Chanate and Young-Davidson operations

## PERFORMANCE INDICATORS

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## ECONOMIC

### *DMA - EC Disclosure on Management Approach*

This Report does not include all the information and financial data that would normally be included within the Company's annual audited financial statements and therefore should not be relied upon to provide the reader with a full understanding of the financial performance of the Company. This report should be read in conjunction with the Company's Consolidated Financial Statements and related Management's Discussion and Analysis for the year ended December 31, 2013. The consolidated financial statements have been prepared in accordance with IFRS, and are reported in U.S. dollars, unless otherwise indicated. These documents are available on the Company's website at [www.auricogold.com](http://www.auricogold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The Audit Committee ensures compliance with all accounting and financial reporting obligations and reviews internal financial controls and the role of the internal and external auditors, including the independence of the external auditors and the Company's financial risk management activities.

2013 financial highlights include:

- Total production of 192,602 gold ounces, at an annual cash cost per gold equivalent ounce of \$676;
- Revenues from mining operations of \$228 million, reflecting an average annual gold selling price of \$1,395 per ounce; and
- Cash flow from operations of \$63.3 million.

### **Indirect Economic Impact**

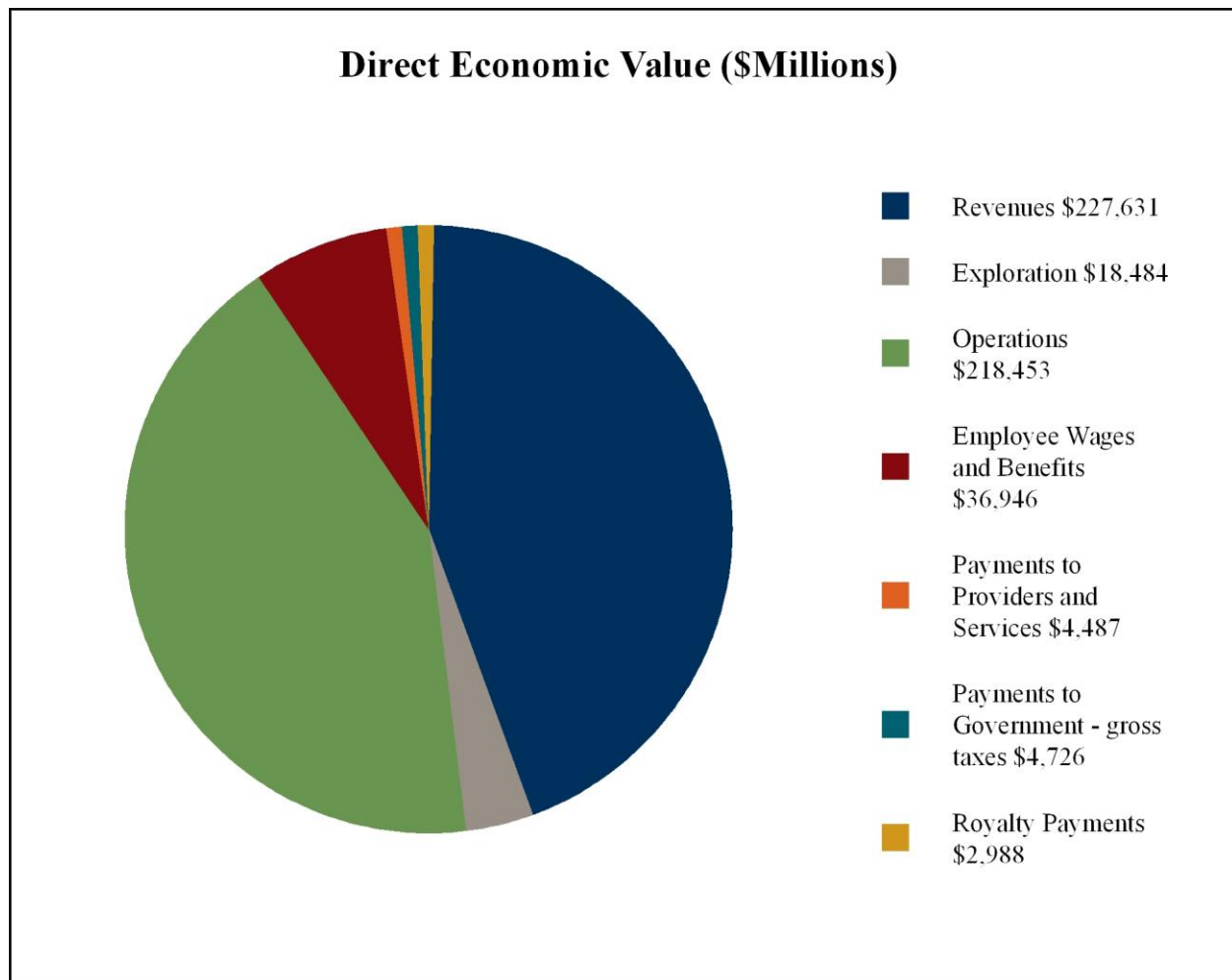
The Company has created employment opportunities in all of the regions where it operates. The Company is a substantial economic contributor both directly and indirectly through employment, which results in direct and indirect employment opportunities. In 2013, local procurement represented 15% of the total goods and services expenditures.

The Company's operations contribute to the direct and indirect economic benefit of the local communities in a number of ways including:

- Salaries and wages paid to employees and contractors;
- Training provided to the local workforce that provides jobs in the Company's mining operations and teaches skills that are transferable to other jobs;
- Job creation through the commissioning and expansion of existing projects;
- Taxes paid to all levels of government;
- Indirect job creation and small business development;

- Payment to suppliers and local contractors;
- Upgrading of infrastructure in local communities; and
- Financial support for community development.

**EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.**



**EC2 – Financial implications and other risks and opportunities for the organization’s activities due to climate change.**

The Company acknowledges that water availability is a key risk to the Mexican operation where water availability can vary greatly depending on the time of year.

AuRico will continue to monitor water use at its operations and will endeavor to continue to recycle as much water as possible.

Young-Davidson is permitted to discharge water back into the Montreal River. AuRico intends to continue with this release, and is undertaking a detailed study and pilot water treatment program to ensure all returned water meets the strict water discharge criteria, limits and parameters.

### **EC3 – Pension Plans**

The Company offers retirement programs covering a substantial number of employees throughout its operations. The programs are voluntary, whereby the Company will match a percentage of its employees' contributions up to a defined maximum amount. The Company's employees are able to direct these contributions into a variety of investment funds offered by the plans.

### **EC4 – Government and Financial Assistance**

In 2013, the Company received no significant financial assistance from any levels of government in the areas in which it operates.

### **Market Presence**

#### **EC5 – Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation**

	Young-Davidson	El Chanate	Average
EC5A) What was the starting entry level wage (\$/day) at this mine in 2013?	\$143.29	\$19.49	\$81.39
EC5B) What was the local minimum wage in the jurisdiction in which the mine is located?	\$85.45	\$5.08	\$45.27
The ratio of the mines entry level wage to the local minimum wage = EC5A/EC5B	1.68	3.84	1.80



**EC6 – Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.**

	Young-Davidson	El Chanate	Total
Proportion of mine spending (%) on supplies that goes to local suppliers – where local is defined as the geographic or economic region in which the mine is located	14%	18%	15%
Total purchases for operations	\$298,371,000	\$98,124,000	\$396,495,000
Total purchases for operations in Local region	\$40,943,000	\$17,966,504	\$58,909,504

Note: Local suppliers are defined as from the mine surrounding communities, not the state or the region.

The Company has adopted a practice of procuring local goods and services wherever possible assuming that the costs of procurement meet cost and quality requirements. Additionally, the Company works closely with local communities and suppliers to educate them with regards to its purchasing requirements.

**EC7 – Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations.**

	Young-Davidson	El Chanate	Average
Proportion of the mine workforce (%) that is hired from the local region in which the mine is located, such as Caborca, Pitiquito and Santa Ana for El Chanate or Kirkland Lake and Elk Lake for Young-Davidson.	88%	100%	94.0%
Proportion of the mine management team (%) that is hired from the local region in which the mine is located, such as Caborca, Pitiquito and Santa Ana for El Chanate and Kirkland lake, Elk Lake for Young-Davidson.	86%	35%	60.5%

While AuRico aims to hire locally whenever possible, in certain circumstances personnel are required to be brought in from outside the region. This is especially relevant where the required skill sets and experience cannot be sourced from the local, state, provincial or national workforce, expatriate employees are then hired. Additionally, training is provided to local unskilled recruits in a variety of mine related activities to support the Company's operations and the improve employment opportunities for the local worker.

The 2013 number for the El Chanate management team reflects sourcing the management team from the immediate local region. In 2012 the number reported was 86%, this reflected that the management team were recruited from the whole state of Sonora. In 2013, 90% of the El Chanate management team are from the state of Sonora.

## Indirect Economic Impacts

**EC8 – Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.**

### **El Chanate**

#### **Caborca:**

Construction of a Kindergarten Roof:

Scholarships:

Towns Lighting:

#### **Pitiquito:**

Remodeling of Baseball Stadium:

Scholarships:

#### **Ejido 16 de Septiembre:**

Graduation Party:

Scholarships:

#### **Altar:**

High School Graduation:

Scholarships:

Donation to Police:

#### **Santa Ana:**

Scholarships:



### **Young-Davidson**

In 2013, the Young-Davidson operation supported the following groups through funding or in-kind volunteering.

Matachewan First Nation

Canadian Cancer Society

Baseball shirts

Bassin For Kids

Kirkland Lake Curling Club

Temiskaming Shores Minor Hockey Assoc. -  
Girls hockey

Temagami Community Foundation  
Fundraiser

Jim Nault - Memorial Golf Tournament

Matachewan Recreation Committee

Sudbury Prospectors & Developers

Kirkland Lake Memorial Plaque Committee

## **EC9 – Understanding and describing significant indirect economic impacts, including the extent of impacts**

AuRico has not estimated the indirect impact that its operations have on local and regional communities; however it expects that the potential impact is significantly positive, principally through the creation of employment opportunities where very few other industries have been established.

Other indirect economic impacts include:

Job training provided to the local workforce;

Special training programs for local community members (truck operators and young apprenticeships);

Business training courses to local entrepreneurs;

Taxes paid to all levels of government; and

Small business development.



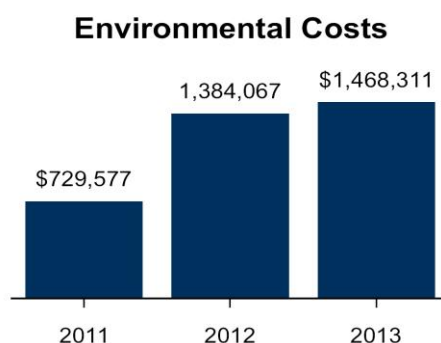
## ENVIRONMENTAL

### *DMA – EN Disclosure on Management Approach*

The Company is committed to operating in a responsible and sustainable manner and is committed to environmental protection and stewardship at all of its properties. AuRico seeks to achieve economic prosperity without compromising the environment.

As a mining company, AuRico's main emissions correspond to the use of fuels for mining equipment and the electricity consumption of our processing plants.

In 2013, AuRico spent a total of \$1,468,311 on environmental management expenses. Representing an increase from 2012 expenses of \$1,384,067



Since 2009, the Company has been registered with the Mexico Greenhouse Gas Program, a public-private initiative that brings together government agencies, non-governmental organizations, and private sector companies with the goal of reducing emissions and identifying opportunities for effective emission management. More information can be found on the program's web site at [www.geimexico.org/english.html](http://www.geimexico.org/english.html).

## Materials

### **EN1 – Materials used by weight and volume**

In 2013, the Company mined ore from both open pits and an underground mine. At Young-Davidson, the ore is processed through a mill facility, while at El Chanate the ore is placed on a heap leach to extract the minerals.

Associated materials include fuel and consumables such as reagents. The Company utilizes a significant amount of reagents and other consumables in the extraction of gold and silver. Associated materials used at Young-Davidson, and El Chanate is provided below:

## Materials used by weight and volume

	Young-Davidson	El Chanate	Total
Tonnes of ore milled	2,482,305	0	2,482,305
Tonnes of ore placed on Heap Leach	0	8,930,979	8,930,979
Tonnes of waste rock mined	9,571,599	25,528,585	35,100,184
Cyanide tonnes	1,981	3,571	5,552
Lime tonnes	3,378	10,292	13,670
Ammonium Nitrate tonnes	1.5	5,161	5,162.5
Mexamon / Emulsion tonnes	5,917	858	6,775
Mill balls tonnes	2,698	0	2,698
Mill bars tonnes	0	0	0
Grease kilograms	8,047	7,800	15,847
Oil litres	96,365	36,640	133,005
Zinc tonnes	0	0	0
Lead Nitrate tonnes	0	0	0
Cement tonnes	Not Tracked	17,462	17,462

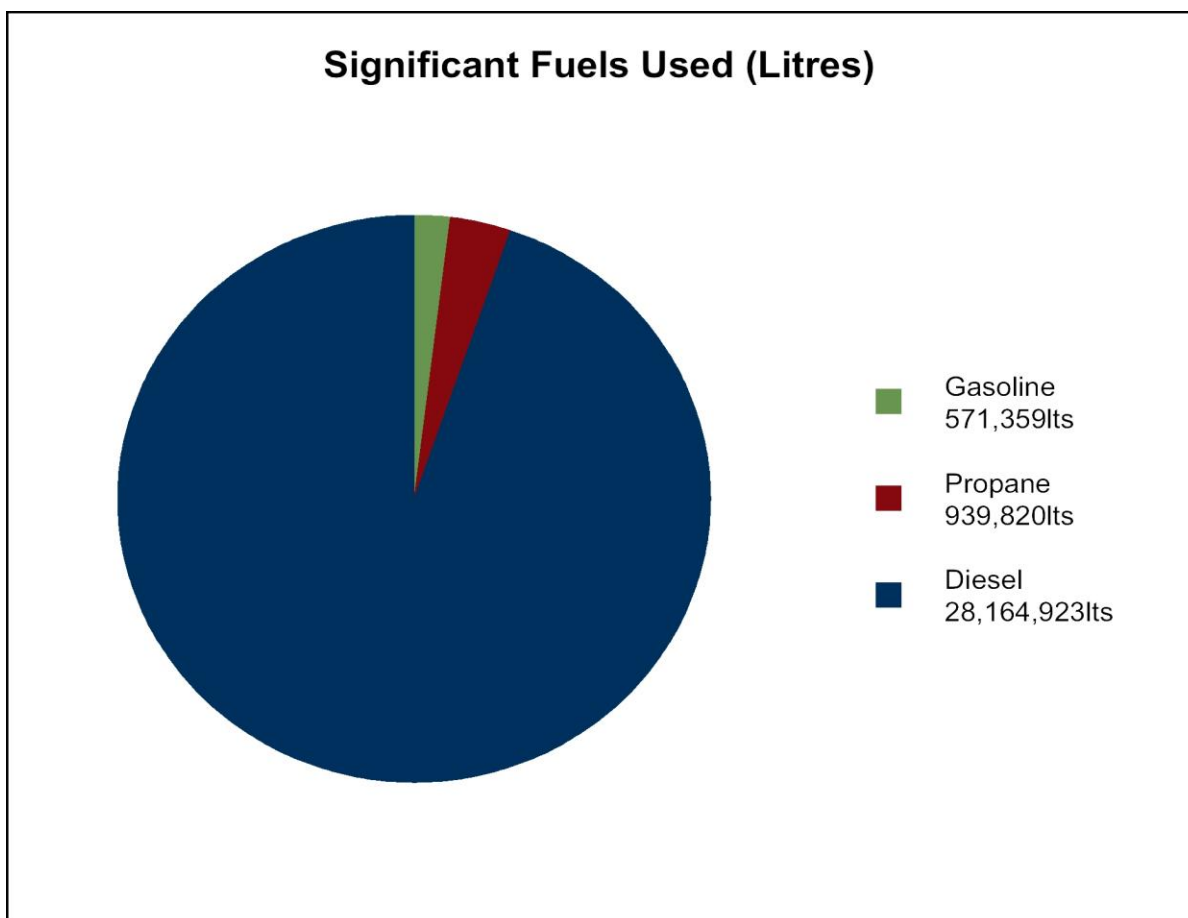
## EN2 – Percentage of materials used that are recycled input materials

In 2013, the AuRico operations recycled at total of 3,102,619 cubic meters of water. The Young-Davidson operation recycled 87% of the site total water intake, while El Chanate recycled 85% of the water sourced from groundwater wells. The water utilized at our operations was re-circulated in the Company's underground mining, processing and leaching facilities.

## Energy

### EN3 – Direct energy consumption by primary energy source

Direct energy is defined as energy consumed by the Company's operations within the mine sites. Responsible energy use benefits the Company's profitability, the environment and the communities where it operates; and involves a consistent focus on the efficiency of operations. The Company uses diesel fuel, propane, gasoline and electricity at its operations and is committed to energy efficiency initiatives to reduce costs and reduce greenhouse gas ("GHG") emissions.



AuRico will continually seek to improve efficiencies regarding energy use at all of its operations. As a result of the shaft hoisting infrastructure coming on-line, and the open pit mine at Young-Davidson near completion, AuRico expects a significant reduction in the amount of diesel used at that operation. Energy saving measures will continually be evaluated and optimized.

#### **EN4 – Indirect consumption by primary source**

Indirect energy is energy that is produced outside the operation's boundaries but is consumed on-site. In 2013 purchased electricity rose by over 23 thousand kilowatts. This can be primarily attributed to the continued construction and development of the Young-Davidson operations. In 2014, Young-Davidson will be undertaking a review of current operating practices, with the intention of developing an Energy Management Plan.

	Young-Davidson	El Chanate	Total
Purchased Electricity (kWh)	220,087,515	25,096,471	245,183,986
Electricity generated on site (kWh)	0	0	0



## **EN5 – Energy saved due to conservation and efficiency improvements - Initiatives implemented in 2013**

There were no material energy improvement initiatives in 2013; however, the El Chanate operation has introduced some small solar powered units which are being used to power the site medical facilities. This initiative saved approximately 5000 kW in 2013.

It is anticipated in 2014, that as the site continues to increase production levels, power requirements at Young-Davidson will remain at similar use levels that were seen in 2013. The Young-Davidson site has also commissioned a paste fill plant and the shaft and hoisting infrastructure is now in operation.

## **EN6 – Initiatives to provide energy efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives**

The Company is continually reviewing opportunities to improve energy efficiency and the use of renewable energy initiatives.

## **EN7 – Initiatives to reduce indirect energy consumption and reductions achieved**

It is the Company's goal to reduce energy consumption. The Company will continue to review methods of reducing indirect energy consumption, whilst improving efficiencies within our operations.

## **Water**

### **EN8 – Total water withdrawal by source (m3)**

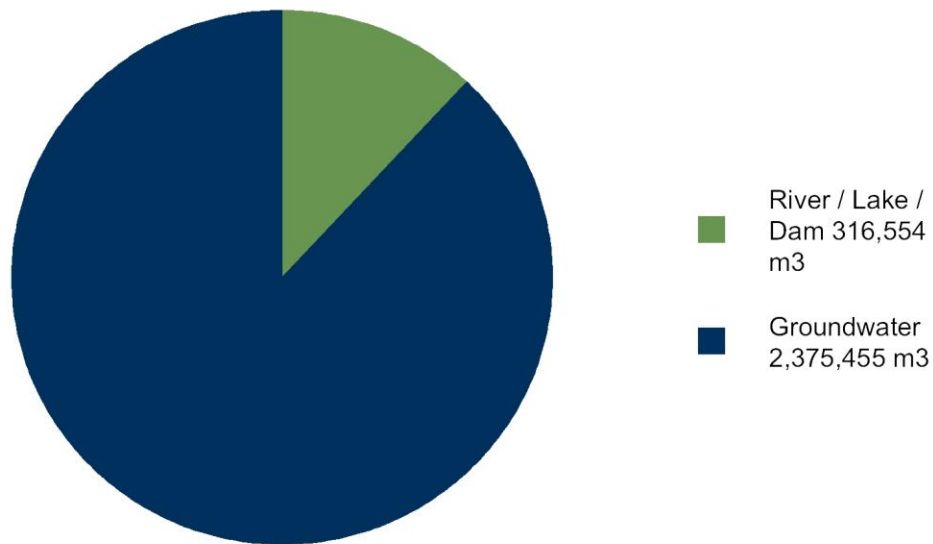
Water is used in the processing of ore and for dust suppression, both on surface roads and in the underground operations. The Company is committed to the sustainable use of water resources, and water conservation is practiced at our operations. The Young-Davidson operation has a water discharge permit which allows the site to place water back into the receiving environment so long as permit conditions are continually met.

The Company's 2013 total water use and extraction volume decreased from the total amount of water used and extracted at its operations in 2012. This can primarily be attributed to the divestment of the Ocampo operation.

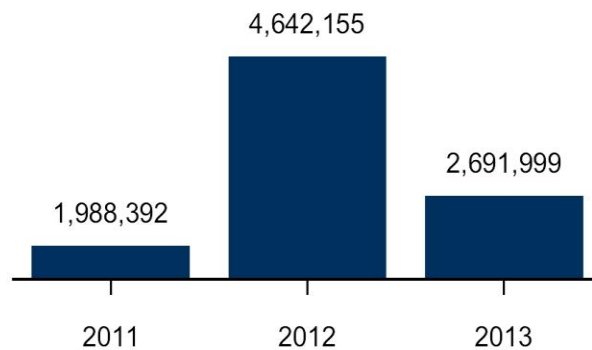
The water extracted at Young-Davidson includes the removal of water from the open pit and the underground operations.



### Water Extracted by Source (m3)



### Water Used by Year (m3)



The Company monitors any water released from the sites to ensure that it complies with the relevant regulations or permit conditions, regarding water discharge quality and quantity. A pilot plant (water treatment) study has commenced at the Young-Davidson operations to ensure that all water that is released into the receiving environment meets all the relevant discharge criteria.

## **EN9 – Water sources significantly affected by withdrawal of water**

In 2013, there was no significant detrimental impact on any water source or related downstream habitat due to the extraction of water.

## **EN10 – Percentage and total volume of water recycled and reused**

Where possible, water is reused or recycled throughout mining and processing operations. Some of the water that is removed from the underground operation is pumped back underground for use in the mining process. Water is also recycled through the processing and heap leach facilities, or taken back from the tailings dam impoundment at Young-Davidson. In total, Young-Davidson recycled 87% and El Chanate recycled 85% of the water that was sourced for the operations.

	Young-Davidson	El Chanate
Total volume of water recycled & reused at this mine site (cubic metres)	2,344,413	758,205,535

## **Biodiversity**

### **EN11 – Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity values outside protected areas**

Land that is owned or leased by the Company is not located in, or adjacent to, protected areas or areas of high biodiversity value outside of protected areas.

### **EN12 – Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas**

Our mining activities have a direct impact on vegetation (deforestation). At El Chanate, this affects some species of plants that are listed with a protected status. A conservation management plan exists for these plant species, and all of our operations have permits/plans which have been approved by the government. AuRico continues to ensure that the impact on biodiversity is minimized as much as possible.

### **MM1 – Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated**

During 2013, the Company managed at the Young-Davidson and El Chanate operations, approximately 8,931 hectares (“ha”) of land in Mexico and Canada. During the year, Young-Davidson rehabilitated an area of 7 hectares, while El Chanate completed 4.5 hectares of reforestation.

	Total
Total land area owned or leased that makes up the mine sites (Ha)	8,931
Total of this land area that is physically disturbed by mine activity (Ha)	231.2
Total of this land that has been reclaimed in 2013 (Ha)	11.5

### **EN13 – Habitats protected or restored**

A protected area is defined as an area that is designated, regulated or managed to achieve specific conservation objectives.

Reconciling economic and social development opportunities with the need for biodiversity conservation objectives and environmental protection requires innovative approaches to land management.

El Chanate has a restoration plan and budget approved by National Forestry Commission of Mexico (CONAFOR) to restore an impacted site near the mine, which was affected by activities other than mining.

The Company will make every effort to partner with stakeholder groups and organizations to implement programs that promote and protect the environment including the development of native species nurseries to reclaim areas that have been disturbed by our operations. During 2013, El Chanate grew over 17,000 seedlings in the on-site greenhouse. These plants will be used to rehabilitate areas affected by mining.

### **EN14 – Strategies, current actions, and future plans for managing impacts on biodiversity**

Biodiversity baseline studies were integrated into the environmental impact assessment and land use change technical studies for the El Chanate operation. Young-Davidson completed baseline studies to provide information through the permitting stage. These studies measured the possible impacts on biodiversity and selected the correct protection, mitigation actions or measures to be implemented during the construction, operation and closure stages.

Current actions taken to manage impacts on biodiversity include: collection of seeds, plant nurseries, relocation of species, reforestation campaigns, abandoned sites reclamation, fencing

and soil recovery. In some cases these actions are documented and presented to the government on an annual basis.

All of the Company's operations have closure cost estimations completed and updated until December 2013. The estimations consider the mitigation or elimination of any risks that could affect biodiversity, including reclamation, re-contouring and reforestation of all the possible areas.

**MM2 – The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place**

There is no area within the Company's operations where a biodiversity management plan is required.

**EN15 – Number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk**

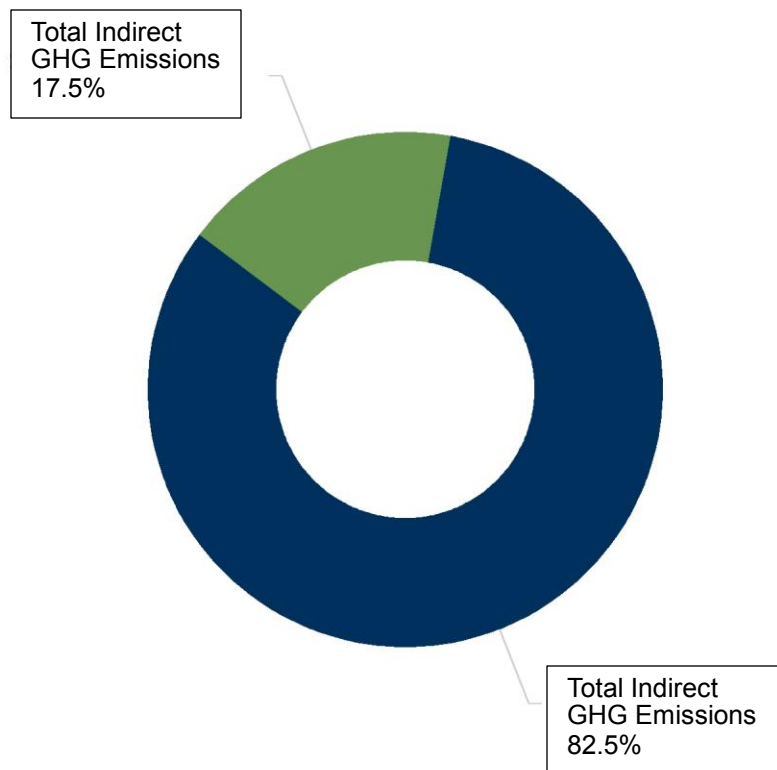
The Company is not aware of any instances where its operations have had a significant impact on any listed species.

**Emissions, Effluents and Waste**

**EN16 – Total direct and indirect greenhouse gas emissions by weight (tonnes)**

The Company's primary greenhouse gas emissions in 2013 were sourced primarily from on-site transportation and the use of explosives. In 2013, the Company emitted 84,463t of direct, and 17,872 indirect tonnes of greenhouse gases. This compares to 2012 emissions of 129,042t direct and 65,388 tonnes of indirect tonnes. The reductions in emissions can be contributed to the divestment of the Ocampo operations.

## Total Direct & Indirect GHG Emissions By Weight (Percent)



### EN17 – Other relevant indirect greenhouse gas emissions by weight

The Company considers purchased electricity as an indirect source of GHG as provided in EN16.

### EN18 – Initiatives to reduce greenhouse gas emissions and reductions achieved

The Company has registered with the Mexico Greenhouse Gas Program, a public-private initiative that aims to reduce emissions and identify opportunities for effective emission management. The Company will continue to review opportunities to reduce GHG emissions. The El Chanate operation has introduced some small solar powered units which are being used to power the site medical facilities. This initiative saved approximately 5000 kW in 2013

### EN19 – Emissions of ozone-depleting substances by weight

No ozone depleting emissions were reported in 2013.

## EN20 – NOx, SOx, and other significant air emissions by type and weight

The Young-Davidson and El Chanate operations use the US EPA AP-42, Compilation of Air Pollutant Emission Factors as the set criteria for measuring both NOx and SOx emissions. Each site is required to report any instance when these emissions exceed the established reporting threshold, for which there were none in 2013.

	YD	Chanate	Total
Estimated SOx emissions from fuel (tonnes in 2013)	0.564	0.586	1.15
Estimated NOx emissions from fuel (tonnes in 2013)	21.9	20.02	41.92

## EN21 – Total water discharge by quality and destination

	Young-Davidson	El Chanate	Total
a) Volume of final effluent discharged to the receiving environment at this mine site (m3)	787,063	0	787,063
What type of effluent	Mine Dewatering	N/A	
b) Volume of sewage (black & grey water) discharged by the mine into a municipal sewage treatment system (m3)	N/A	N/A	-
c) Volume of sewage (black & grey water) and then held treated at the mine and discharged (m3) to the receiving environment	Not tracked	5,856	5,856
d) What type of sewage treatment system is used at this mine site?	Septic Tanks	anaerobic treatment - irrigation	

The Company monitors the discharge regularly at all sites, as required by permits, to ensure that it complies with the regulations/permits regarding water discharge quality/quantity.

## EN22 – Total weight of waste by type and disposal method

There are a number of non-process materials generated at our operations considered to be waste. This would include items such as tires, scrap steel and batteries. These items are recycled wherever possible.

Contaminated soils and hazardous waste is removed from our properties by licensed waste handlers and either recycled or disposed of in accordance with local regulations.

Towards the end of 2013, Young-Davidson formalized a waste recycling agreement with a local company. The Township of Matachewan has also taken part in the program and now has its first formalized waste recycling program.

	Young-Davidson	El Chanate	Total
Paper and cardboard (tonnes)	1	2.81	3.81
Plastics (tonnes)	13	6.66	19.66
Metals (tonnes)	170	85	255
Wood (tonnes)	438	0.49	438.49
Used oil sent off site for treatment/disposal or used on site as fuel (litres)	147,490	21,200	168,690
<b>Waste stored or disposed of on site</b>			
Contaminated soil stored on site in 2013	0	0	0
Contaminated soil treated on site at a land farm in 2013	0	0	0
Domestic garbage sent to an on-site landfill facility (tonnes)	0	39.23	39
Domestic garbage sent to an on-site incinerator (tonnes)	0	0	0
<b>Waste stored or disposed of off site</b>			
Domestic garbage sent to off-site municipal landfill (tonnes)	918	0	918
Contaminated soil shipped off site for disposal at a licensed facility (tonnes)	47	4.8	51.8
Total domestic waste generated in 2013 (tonnes)	918	39	957
Hazardous wastes shipped by the mine to a licensed off-site disposal/recycle facility (tonnes)	1.0	45.00	46
% of total waste recycled at each site	20%	67%	



### MM3 – Total amounts of overburden, rock, tailings and sludge and their associated risks

	YD	Chanate	Total
Tonnes of ore loaded onto heap leach pad	—	8,930,979	8,930,979
Waste rock (total)	9,571,599	25,528,585	35,100,184
Returned UG as backfill	22,740	—	22,740
Used in tailings dam construction	979,842	—	979,842
Used in construction	10,650	—	10,650
Placed on surface waste rock piles	8,558,367	—	8,558,367
Mill tailings (total)	2,482,305	—	2,482,305
% of tailings returned UG as backfill	—	—	—
Placed in surface tailings containment	2,482,305	—	2,482,305

The material being mined at Young-Davidson is non-acid generating. Therefore, the potential of hazards such as Acid Rock Drainage (ARD) are insignificant.

During operations, waste rock produced from the underground mine is either returned to the underground as rock fill or placed in specified piles on the surface along with mined waste material from the open pit operations. Rock fill refills the voids where ore has been previously extracted. When the mine ceases to operate, the surface waste dumps will be re-contoured and re-vegetated to provide stable containment of the material.

Tailings are the by-product of processing extracted ore. It is the residual material remaining after the mineral portion has been extracted. Tailings dams are constructed to an engineered design and have operational requirements regarding the location, water management, maintenance and control and monitoring of these requirements is strictly enforced. Tailings dams are reclaimed at the end of the mine life.

At the end of 2013, Young-Davidson completed the construction and commissioning of a Paste Fill plant. This plant will allow a Cemented Tailings Product to be placed into the underground voids created during the mining process. Young-Davidson will account for the amount of placed fill in 2014.

### EN23 – Total number and volume of significant spills

Environmental protection design and operational controls are in place at all of the Company's operations. There were no significant environmental incidents reported in 2013.

Young-Davidson recorded four spills that were required to be reported to the Regulator. One incident was outside the mine boundary, however the spill was quickly contained and controlled and no material made its way into a water source. Each incident was managed according to site and regulatory requirements. Ongoing monitoring and inspection practices are in place which allows the Company to evaluate and ensure the effectiveness of environmental management systems and controls to maintain compliance and standards. These practices continued in 2013.

In 2013, the Company provided environmental training to employees and contractors at its operations. This training provides workers with the knowledge required to recognize and immediately respond to environmental issues/incidents at their site.

**EN24 – Weight of transported, imported, exported, or treated waste deemed hazardous under the Terms of the Basel Convention Appendix I, II, III and IV, and transported waste internationally**

The Company does not transport, import or export any treated waste.

**EN25 – Identify size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff**

In 2013, AuRico conducted its operations with no body of water or related aquatic habitats significantly affected by its operations. The Company's Mexican operation is zero discharge, using/recycling all of the water collected on the site in their internal operations. Young-Davidson returns some of the water that is used during the operations to the Montreal River. This water must meet strict water quality requirements prior to release. The discharged water is continually monitored. The average flow of the Montreal River is 34,049 litres per second.

**Products and Services**

**EN26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation**

The Company has not reported data against this Performance Indicator as it is not perceived to be a relevant indicator to the Company's specific business case because it does not sell the final product.

**EN27 – Percentage of products sold and their packaging materials that are reclaimed by category**

Company product, doré is not packaged therefore this indicator is not applicable.

## Compliance

### EN28 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

No significant fines were incurred in 2013.

## Transport

### EN29 – Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

The Company uses a fleet of heavy equipment in its operations to transport ore throughout the mine sites. Additionally, the Company transports equipment and materials via public roads to and from the mine sites. The Company also has a fleet of light trucks and buses for employee transportation on site.

Direct impacts from transportation primarily relates to the emission of greenhouse gases. The Company makes every effort to promote more efficient use of all vehicles in order to reduce costs and GHG emissions. Where practical, car-pooling is undertaken at each operation.

The Young-Davidson shaft hoisting infrastructure has been commissioned; this will likely reduce the haulage requirements to surface from the underground operations. The Open Pit mine at Young-Davidson is coming to an end mid-2013. As a result, the Company expects to see a reduction in the use of diesel in 2014.

## Overall

### EN30 – Total Environmental Protection Expenditures and investments by type (excluding capital) (US\$)

How much did this mine spend on environmental protection and management in 2013?	Young-Davidson	El Chanate	Total
Environment expenses	\$798,551	\$452,826	\$1,251,377
How much did this mine spend on waste disposal, water treatment and remediation in 2013?	\$168,695	\$48,239	\$216,934
Total Spend	\$967,246	\$501,065	\$1,468,311



## LABOUR PRACTICES AND DECENT WORK

### *DMA – LA Disclosure on Management Approach*

The health and safety of our employees and contractors are integral to the success of the business. The Company will continue to promote safe practices and safe work environments, while fostering a culture among employees and contractors that zero incidents are possible. It will also continue to improve and enhance its safety practices to achieve a further reduction in key safety performance indicators.

Professional health and safety staff lead employee committees at all of AuRico's operations. These committees perform safety inspections and oversee site health and safety programs.

In 2013, AuRico continued to demonstrate our commitment of operating with zero injuries by reinforcing our company core value; Home Safe, Every Day. To support this value, we developed and implemented the Home Safe, Every Day Safety Leadership Program. This program was delivered to over 1000 employees and contractors at both the Young-Davidson and El Chanate operations.

The Company strives to attract and retain exceptional employees and works with these employees to help them fulfill their potential. AuRico does this by providing opportunities for personal advancement and skills development, competitive salaries, bonuses, stock options, benefits and promoting a healthy work-life balance.

### Employment

#### **LA1 – Total workforce by employment type, employment contract, and region**

As of December 31, 2013, the Company had 1,373 employees and contractors working at the operations. The 2013 number includes 546 full-time employees, 4 part-time employees, and the balance being site contractors.

In 2013, over 15% of the The Young-Davidson workforce consisted of First Nation personnel.

## LA2 – Total number and rate of employee turnover by age group, gender and region

	Young-Davidson	El Chanate	Total
Total number of employees leaving employment at this mine in all of 2013	60	71	131
Breakdown of this number by gender (employees leaving employment)			
Female	18	3	21
Male	42	68	110
Breakdown of this number by age group (employees leaving)			
< 30 years old	32	22	54
30 to 50 years old	12	45	57
> 50 years old	16	4	20
Breakdown of this number by region (employees leaving employment)			
Number who are local employees (economic region in which the mine is located)	50	39	89

## LA3 – Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations

The Company's workforce consists of skilled employees whose wages, salaries and benefits are competitive with those of other companies and industries. Salary and wage structures are developed regionally and are competitive in order to attract and retain the best people.

The Company provides a core group of benefits for employees pertaining to health care. Additional benefits are regional and are determined by local competitive practices. These may include annual bonuses and other types of incentive programs.

## Labour/Management Relations

### LA4 – Percentage of employees covered by collective bargaining agreements

At the end of 2013, the El Chanate mine had 67% of its workforce covered by a collective bargaining agreement (CBA). At Young-Davidson, employees under the company contracted for the open pit are covered by a CBA. The Company is committed to equal opportunity and freedom from discrimination for all of its employees and contractors. The Company is also committed to the fundamental rights of its employees and to freedom of association, and works closely with employees to develop effective labor relations programs.

**LA5 – Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements**

The Company does not have an agreed minimum period for giving notice regarding operational changes. In circumstances where the provision of this information is deemed necessary, it will provide this information to employees as expediently as possible.

**MM4 – Number of strikes and lock-outs exceeding one week's duration, by country**

There were no strikes or lock-outs during 2013.

**Occupational Health and Safety**

**LA6 – Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs**

The Company has established Health and Safety committees throughout its operations that are comprised of both management and workers representatives. These committees were created to establish and maintain a safe working environment for all workers. These committees represent 100% of the Company's employees.

**LA7 – Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region**

The Company incurred four lost time injuries in 2013. These four lost time injuries resulted in a total of 317 lost work days. There were no fatalities in 2013. The Company's commitment to realizing zero incidents remains a key objective, with our ultimate goal of every person returning home safe, every day. AuRico will continue to enhance and improve safety in the workplace at all mine sites.

In 2013, Young-Davidson and El Chanate each reached the milestone of over 1 million man hours Lost Time Injury free. The Company finished the year with a Lost Time Injury Frequency Rate of 0.23, while the Ontario mining industry achieved a Lost Time Injury free rate of 0.4. In 2014, the Company has set the Lost Time Injury free rate target at 0.36, a 10% improvement on the 2013 Ontario mining industry average.



The following table provides key safety statistics for the Company's operations in 2013:

	Young-Davidson	El Chanate	Total
Number of fatalities in 2013	0	0	0
Number of lost time accidents in 2013	1	3	4
Number of restricted duty and medical aid accidents in 2013	34	16	50
Person days lost in 2013 due to accident	68	249	317
Person days lost in 2013 due to occupational illness	0	0	0
Lost-time accident frequency rate (per 200,000 person hours)	0.13	0.33	0.23





## **LA8 – Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases**

Personal development opportunities are an important employee benefit. Skill development programs are being completed throughout our operations. Training is provided through internally delivered training and skills development programs.

	Young-Davidson	El Chanate
In 2013 did the mine provide training to assist workforce members prevent/ manage serious disease – yes or no?	Yes	Yes
Was this training given to:		
Employees	Yes	Yes
Employees' families	Yes	Yes
Other members of the community	No	Yes

The Company also supports the educational development of its employees' children, by providing scholarships and by supporting primary and secondary schools in the area.

## **LA9 – Health and safety topics covered in formal agreements with trade unions**

There were no formal agreements relating to health and safety during 2013.

## **Training and Education**

### **LA10 – Average hours of training per year per employee**

During 2013, the Company continued to invest in the training of employees and contractors, including both internally delivered programs and externally delivered professional development programs for some employees. This training includes the continued development of the on-site emergency response teams. Professional development of personnel will continue in 2014.

It is Company policy that all new employees and contractors receive induction and core safety training, as well as specific on-the-job training relating to their areas of operation. The training hours quoted below for El Chanate also include the on-site contractors who undertook the Home Safe, Every Day Safety Leadership training.

	Young-Davidson	El Chanate	Total
Total person hours devoted to training personnel at the mine in 2013	13,156	19,919.3	33,075
Average hours of training = Total hours devoted to training/Total number of employees (in hrs.)	22.64	32.18	27.41Ave

### **LA11 – Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings**

	Young-Davidson	El Chanate	Total
Did the mine offer internal skills training programs at the mine in 2013?	Yes	Yes	
Did the mine have any apprentices training programs in place in 2013?	Yes	No	
If yes – how many apprenticeships were in place in 2013?	7	0	7
Did the mine offer any programs to help employees prepare for retirement in 2013- yes or not?	No	No	

In 2013, both the Young-Davidson and the El Chanate mine had students work at their operations. The Company encourages this program as it believes this to be an important process that promotes the mining industry as well as developing skills within the local community. Examples include our El Chanate accommodation 25 students totaling over 4,400 hours of training and Young-Davidson continuing to provide support for students in the summer program.

### **LA12 – Percentage of employees receiving regular performance and career development reviews**

Performance reviews are undertaken at Young-Davidson. This review process is completed with salaried employees only. At El Chanate, during the employee interviews for Great Place to Work recognition, it was noted that an in-formal review process is being undertaken between the employees and their supervisors. It is anticipated that a more formalized approach will be undertaken in the coming years.

### **Diversity and Equal Opportunity**

#### **LA13 – Composition of governance bodies and breakdown of employees per category according to gender and other indicators of diversity**

As an equal opportunity employer, the Company is committed to employing as many local residents as possible at its operations. AuRico considers employees to be local residents if they live in a community that is directly influenced by operations. As per employment policies, the Company hires the most qualified individuals for each position, regardless of age, disability, gender, sexual orientation, nationality, race, religion, and color.

At the end of 2013, female employees contributed to an average of 13% of all site employees. This is up on the 2012 average of 11% female employees across the Company.

	Young-Davidson	El Chanate
% of workforce at this mine who are male	84%	90%
% of workforce at this mine who are female	16%	10%
% of workforce at this mine in each of the following age groups (total should be 100%)	100%	100%
< 30 years old	25%	32%
30 to 50 years old	45%	66%
> 50 years old	30%	2%

#### LA14 – Equal remuneration for women and men

It is Company policy for employees to be paid based on their position held, not based on gender.

The Company's Code of Business Conduct & Ethics is available through the Company's web site at [www.auricogold.com](http://www.auricogold.com).



## HUMAN RIGHTS

### *DMA - HR Disclosure on Management Approach*

The Company's Corporate Social Responsibility Strategy affirms its commitment to observe the fundamental tenets of human rights. These obligations are core to the Company's culture and operations and are aligned with the principles outlined in the Universal Declaration of Human Rights.

The Company ensures compliance with its current anti-discrimination policy in the Code of Business Conduct and Ethics throughout its operations with the whistleblower hotline. Each quarter, a report is submitted to the Audit Committee outlining the number of complaints received since the previous report.

The Company's Code of Conduct declares its commitment to fair employment practices in which all individuals are treated with dignity and respect. The Company will not tolerate any type of illegal discrimination or harassment, and expects that all relationships among persons in the workplace will be professional and free of bias and harassment. The Company strives to ensure that its operations are in full compliance with local and international laws and that the Company upholds human rights in the workplace and, more broadly, within the communities in which it operates.

### **Investment and Procurement Practices**

#### **HR1 – Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening**

The Company does not conduct business in places where there are high cases of human rights abuses. As such, has not the need to apply any human rights clauses or screening to significant investments agreements. However, it will take such measures if needed.

#### **HR2 – Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken**

The Company does not have a formal process in place that screens suppliers and contractors on human rights.

The Company expects all contractors and suppliers to adhere to the same set of values that the Company holds itself to and included in its Code of Business Conduct. All contractors must understand and agree to the terms established in the Code of Conduct and an informal process is in place to ensure contractors and suppliers comply with the Company's performance standards at all times.

### **HR3 – Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained**

The Company has adopted a Code of Conduct for all its employees, which addresses, among other things, human rights. Acknowledgment of the Company's Code of Conduct is required from all employees when they join the Company, and copies of the Code are displayed in prominent locations for easy reference.

Key management and supervisory personnel at all sites and corporate offices are trained annually on the Code of Business Conduct and Ethics, and a confirmation acknowledging their understanding and adherence is obtained on an annual basis. Employees are requested to self-disclose any observed deviations from the policy and are provided with details of the Anonymous Feedback Tool that allows them to disclose any potential issues without fear of reprisal.

### **Non-Discrimination**

#### **HR4 – Total number of incidents of discrimination and actions taken**

There were no incidents of discrimination reported in 2013. The Company is committed to ensuring that all employees work in an environment that is free from discrimination of any kind.

### **Freedom of Association and Collective Bargaining**

#### **HR5 – Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights**

No incidents regarding violations of freedom of association or collective bargaining were reported during 2013. The Company does not operate in any jurisdictions where our employees right to exercise freedom of association or collective bargaining is at significant risk. Employees have a right to belong to a union of their choice.

### **Child Labour**

#### **HR6 – Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour**

No incidents of child labour were reported during the year. The Company currently operates in countries where child labour is prohibited under its labour laws. The Company does not condone, nor tolerate any form of child labour.

## Prevention of Forced and Compulsory Labour

### **HR7 – Operations identified as having significant risk for incidents of forced labour or compulsory labour, and measures to contribute to the elimination of forced or compulsory labor**

No incidents of forced or compulsory labour were reported in 2013. The Company will not engage in, or condone, any form of forced or compulsory labour.

## Security Practices

### **HR8 – Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations**

Security personnel at the Company's Mexican operations received training in aspects concerning human rights. This training includes Human Values, Organizational Values and human rights. In addition, all employees are made aware of the Company's Code of Conduct. All personnel within the security department at Young-Davidson have undertaken the required training in the Company's Code of Conduct.

## Indigenous Rights

### **MM5 – Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities**

Young-Davidson has an Impact Benefit Agreement ("IBA") in place with the Matachewan and Temagami First Nation communities. The Young-Davidson and El Chanate operations regularly engage in community meetings and operational updates with all relevant parties.

### **HR9 – Total number of incidents of violations involving rights of indigenous people and actions taken**

There were no recorded incidents of violations of indigenous rights in 2013.



## SOCIETY

### *DMA – SO Disclosure on Management Approach*

The Company is committed to making a positive difference in the communities in which it operates. It recognizes that responsible mining creates opportunities to generate greater value for shareholders, while at the same time fostering sustainable development in the communities and countries where it operates.

Some of the good neighbor and micro-business initiatives in 2013 where the Company provided funding and support include:

- Assisted the township of Matachewan with the introduction of a waste recycling initiative.
- Young-Davidson First Nation Partnerships include:
  - Camp facilities and management
  - Mine site cleaning services
  - Open pit operators (Ledcor open pit mining contractor)
  - Exploration Drilling 2013: Boart Longyear - Temagami First Nation Employees
- El Chanate:
- Centre of Bachelor Technology & Agriculture (CBTA) Farming Project
  - Successfully growing and selling melons and alfalfa
- El Chanate Sewing Project
  - Assisted the community to construct the sewing workshop in the Ejido 16 de Septiembre.
  - Provided health and safety training to the women of the sewing workshop.
- Along with the Lions club, the El Chanate mine conducted eye testing for children at the local school. Eye glasses were provided to those children that required them.



Community engagement is of significant importance to the Company. The Company believes that effective community engagement facilitates cooperative relations with local stakeholders, provides a mechanism for monitoring public perception and enables the adaptation of project plans in response to community concerns.

### **Partnerships**

The Company works in partnership with local governmental and regulatory authorities at all levels. This type of multi-faceted collaboration helps to ensure that the Company's support and programs are well targeted and complementary to existing initiatives.

### **Local Economic Development**

The Company provides socio-economic benefits to the communities where it operates in a variety of ways, depending on the context and local priorities. The Company's goal is to employ local people at its operations whenever possible, and to encourage local and regional procurement. Salaries, wages, capital expenditures, purchases of goods and services, and payment of taxes and royalties all provide economic value to the regions in which the Company operates. See EC1 of this report for details.

### **Community Infrastructure Development**

Mine development often occurs in remote areas where basic infrastructural development is required. The Company continues to be involved in developing communities. An example of this is the support provided to the development of a medical facility in the local community of Ejido 16 Septiembre in Mexico.

### **Community Initiatives and Charitable Support**

The Company's investments in community development are built around a core philosophy which enables communities to be self-sufficient. With this overarching goal in mind, the Company continued to support many projects in 2013, including:

- Kirkland Lake Memorial Plaque Committee - Recognizing local mining heritage;
- Temiskaming Shores Minor Hockey Association - Junior girls hockey;
- Health and Safety week for local communities and miners;
- Year-round maintenance of roads;
- Community sewing program;
- University scholarship program;
- Medical examination facilities;
- Kirkland Lake Festivals Committee;
- Kirkland Lake Drug & Alcohol Coalition - Youth awareness campaigns;
- Support for continued town beautification projects; and



- Support for family events, sports programs reading promotion, cooking classes, school meal programs, sports and graduation events, and town cultural events.



### Closure Planning

Each operation of the Company has established guidelines/plans for mine closure. These are also known as Asset Retirement Obligations or mine closure plans.

### Corruption

The Company addresses and defines corruption through its corporate governance standards as well as through adherence to a Bribery Compliance Program Policy ("ACP") that was implemented to maintain compliance with the Foreign Corrupt Practices Act ("FCPA"), with which the Company complies. The US Foreign Corrupt Practices Act of 1977, 15 USC. §§ 78dd-1, et seq., defines corrupt intent as follows:

"The person making or authorizing the payment must have a corrupt intent, and the payment must be intended to induce the recipient to misuse his official position to direct business wrongfully to the payer or to any other person. You should note that the FCPA does not require that a corrupt act succeed in its purpose. The offer or promise of a corrupt payment can constitute a violation of the statute. The FCPA prohibits any corrupt payment intended to

influence any act or decision of a foreign official in his or her official capacity, to induce the official to do or omit to do any act in violation of his or her lawful duty, to obtain any improper advantage, or to induce a foreign official to use his or her influence improperly to affect or influence any act or decision.”

The Company believes that good corporate governance is an essential element in a well-managed company. The corporate governance practices of the Company meet the standards for corporate governance practices recommended by Canadian Securities Administrators’ Multilateral Instrument 52-109, Canadian Securities Administrators’ Multilateral Instrument 52-110 and the corporate governance standards and disclosure requirements in Canadian Securities Administrators’ National Policy 58-201 and National Instrument 58-101. The Company’s corporate governance practices also comply with applicable requirements of the Sarbanes-Oxley Act 2002, including and US Securities and Exchange Commission rules under SOX, as well as issuer standards of the Toronto Stock Exchange Corporate Governance Rules.

### Public Policy

The Company participates in influencing public policy through its membership in the Mining Association of Mexico, the Ontario Mining Association, the Mining Association of British Columbia and the Canadian Chamber of Mines. AuRico Gold is a participant of the UN Global Compact and GHG Program in Mexico.

### **SO1 – Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting**

The Company sees engagement as a key factor for good community relations. In Mexico, the Company’s engagement process is through a formalized and established interdisciplinary group which meets on a regular basis. This interdisciplinary group is comprised of Company employees, a local NGO, local community members, school and business representatives, and local government.

The main functions of the group are:

- To report local issues and find a solution through group discussions;
- To review potential micro-business opportunities and search for resources (government, community, company); and
- To determine the infrastructure needs of the community, rank the level of importance and search for resources (government, community, company).

The standard engagement practices at Young-Davidson include regular points of contact with local members of the community and First Nations Groups. In some cases, these contact points are designed to provide updates on the operational and environmental performance. These meetings also give members of the local communities an opportunity to engage with senior site personnel. Local community members and First Nations are encouraged to raise any concerns at these meetings. The types of contact points include:

- Open houses – site visits and tours of the operation;
- Community information sessions;
- Newsletters;
- Joint Management Committee with local First Nations Groups focused on business and training opportunities;
- Environmental Committee – Representatives from both site and local First Nations groups; and
- Regular town meetings – monthly, held with site and town representatives.

#### **MM6 – Significant Disputes Relating to Land Use or Customary Rights of local communities and Indigenous Peoples**

There were no significant disputes relating to land use or the infringement of customary rights of the local communities in 2013.

#### **MM7 – The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes**

The Company has a formalized grievance process that documents any grievances relating to land use on customary rights of local communities. Any grievance that is received by the Company is reviewed and an appropriate course of action is developed. The process continued to be a valuable mechanism in 2013.

#### **MM8 – Number (and percentage) of company operating sites where artisanal and small-scale mining takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks**

There is no artisanal mining or small-scale illegal mining on, or adjacent to, any of the Company's properties. Security programs are in place at all of the operations that significantly reduces the likelihood of illegal artisanal mining taking place.

#### **MM9 – Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process**

The Company has adopted a policy of promoting voluntary resettlement wherever possible. The timing and location of the resettlement is negotiated with the families that are affected.

In 2013, there were no significant disputes related to resettlement.

## **MM10 – Mine Closure**

The Company is committed to operating and closing mines in a sustainable manner throughout the life of the mine. A key focus of the Company will be to re-establish a healthy ecosystem and productive land use after reclamation is complete.

### **Present Estimated Mine Life**

El Chanate: 9 years from end of 2013

Young-Davidson: 20 years from end of 2013

The Company has established closure plans for its operations. The Young-Davidson closure plan was reviewed by the regulator in 2013. All closure plans are reviewed annually and are amended and updated as required.

## **SO2 – Percentage and total number of business units analyzed for risks related to corruption**

The Company's Code of Conduct and Anti-Bribery Compliance Program Policy ("ACP") establishes the standards and expectations for directors, officers and employees of the Company relating to conflict of interest, dealing with suppliers and dealing with public officials.

All employees, agents of the Company, joint-venture partners, or anyone else doing business in the Company's name, are required to comply strictly with the FCPA, all other applicable anti-bribery and anti-corruption treaties, and all national laws, as set forth in the ACP.

The ACP Policy states that:

"No employee shall make or promise to make, directly or indirectly, any payment of money or provide anything of value to any foreign official of a government or a political party, or a candidate for political office, which is for the purpose of inducing or influencing such person to act in any way to assist AuRico Gold in obtaining, facilitating, or retaining business, or securing any improper business advantage".

In 2013 all operations were analyzed for risks related to corruption.

## **SO3 – Percentage of employees trained in organization's anti-corruption policies and procedures**

Corporate employees, officers and directors operating within and outside of Canada have a special responsibility to know and obey the laws and regulations of countries where they act on behalf of the Company. Customs vary throughout the world, but all employees, officers and directors must diligently uphold the integrity of the Company in other nations. These personnel are all trained in the AuRico anti-corruption policy's annually.

#### **SO4 – Actions in Response to Corruption**

During 2013, no actions were required to be taken in response to corruption at any operation. The Company fully expects that all employees will conduct themselves in such a manner as to comply with the Company's Code of Conduct and ACP at all times. Any violations are grounds for disciplinary action. All employees are required to certify their compliance with the Code of Conduct and ACP on an annual basis or when revisions are made to the document.

#### **SO5 – Public policy decisions and participation in public policy development and lobbying**

The Company participates in influencing public policy through its membership in the Mining Association of Mexico and the Canadian Chamber of Mines in Mexico. AuRico is also a member of the Ontario Mining Association, the Mining Association of British Columbia and is also a participant of the UN Global Compact and GHG Program in Mexico.

#### **SO6 – Total value of financial and in-kind contributions to political parties, politicians and related institutions by country**

The Company does not donate to political parties or related entities. However should the Company make any contributions to local political campaigns, the Company will make matching donations to all major political parties.

The Company's directors, officers and employees are precluded from using the Company's funds, facilities or any other asset to support directly or indirectly any political candidate or political party.

#### **SO7 – Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**

The Company does not allow any director, officer or employee to enter into any arrangement that would result in unfair business practices. There were no legal actions for anti-competitive behavior reported in 2013.

#### **SO8 – Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

There were no fines or sanctions of any kind imposed in 2013 that were related to social or community issues.

For reference, the Foreign Corrupt Practices Act of 1977, 15 USC. §§ 78dd-1, et seq. can be found on the US Department of Justice web site at <http://www.justice.gov/criminal/fraud/fcpa/>.

## PRODUCT RESPONSIBILITY

### *DMA – PR Disclosure on Management Approach*

The Company's main product is gold, with silver as a secondary product. The Company mines gold and silver bearing ore and processes the ore so that doré bars are produced. The doré bars are then shipped to a refinery for further processing.

Gold and silver can be readily sold on numerous commodity markets throughout the world and it is not difficult to ascertain its market price at any particular time. Since there are a large number of available customers, the Company is not dependent upon the sale of gold or silver to any one customer or group of customers.

### **MM11 – Programs and progress relating to materials stewardship**

Materials stewardship includes a range of activities required to ensure the optimal and appropriate use of minerals and metals in society. Minerals stewardship includes both process related activities as well as product related activities throughout the life cycle of the metal, including recycling.

Recycling of process-related materials has been addressed elsewhere in this report and the section below focuses on product-related recycling.

### **PR1 – Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures**

#### **Gold**

Product fabrication and bullion investment are two principal uses of gold. The introduction of more readily accessible and more liquid gold investment vehicles (such as gold exchange traded funds) may further facilitate investment in gold. Within the fabrication category, there are a wide variety of end uses, the largest of which is the manufacture of jewelry. Other fabrication purposes include official coins, electronics, miscellaneous industrial and decorative uses, dentistry, medals and medallions.

#### **Silver**

Silver is produced as a secondary product. Silver has a number of unique properties including its strength, malleability and ductility, its electrical and thermal conductivity and the ability to endure extreme temperature ranges. These properties make it a valuable element in our modern lives. Demand for silver comes from industrial uses, photography, jewelry and silverware. Together, these categories represent more than 95 percent of global annual silver



consumption. Industrial and photographic silver are the most important sources of silver recycling.

The Company is a primary producer of gold, and does not sell its product directly to the public; the gold and silver produced is sold to a third party (financial institutions). Consequently, the Company does not generate a final consumer product, so cannot assess the health and safety impacts of the product life cycle stages.

**PR2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes**

There were no instances of non-compliance with regulations concerning the health and safety effects of the Company's products.

**PR3 – Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements**

The Company does not sell gold or silver directly to the public and therefore, there is no typical commercial labeling. The doré bars are labeled for identification purposes.

**PR4 – Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes**

There were no incidents of non-compliance labeling reported in 2013.

**PR5 – Practices related to customer satisfaction, including results of surveys measuring customer satisfaction**

The Company's principal customers are the financial institutions to which doré bars are sold. Any issues that may arise are addressed according to the terms of the Company's mutual contractual obligations. The Company is not aware of any outstanding issues with customers.

**PR6 – Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship**

There is a worldwide market where the Company sells its gold and silver, and therefore, has no particular purchaser with regards to these sales. The Company does not sell directly to the public but sells its products directly to financial institutions, and therefore, marketing is not an important aspect in the sales process.

**PR7 – Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes**

There were no instances of breaches of advertising and marketing regulations during the year.

**PR8 – Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

The Company is committed to ensuring the appropriate and lawful collection, use, disclosure, correction and storage of personal information. This commitment to privacy extends to all employees, prospective employees, contractors, customers and suppliers. The Company strictly adheres to all legal requirements regarding privacy. During 2013, there were no incidents of breaches of personal information.

**PR9 – Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

In 2013, there were no fines for non-compliance with laws and regulations concerning the use of the Company's products.



## KEMESS

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*Sustainability data collected for Kemess is not applied to the GRI guidelines that shape this Report. The CSR work performed at Kemess is included in a separate overview below.*

The Kemess property, currently under care and maintenance, includes the proposed Kemess Underground Project, a copper gold project, and the past producing Kemess South mine in north-central British Columbia, approximately 430 kilometres northwest of Prince George. During its mine-life, the Kemess South mine produced close to 3 million ounces of gold and over 300 million pounds of copper. In 2013, the Company completed a Feasibility Study focused on the Kemess Underground Project. The results of the study were released in March 2013.

### Community Relations

The Company maintained its commitment to sound corporate citizenship by actively contributing to Kemess' neighboring communities and by working with Tse Keh Nay First Nations, governments, and regulators.

Monetary and sponsorship contributions were also made within the local communities. some examples include:

- Science fair - Smithers High School;
- University of British Columbia - National Research Council - Science camp - Takla Lake;
- Donations made to each First Nations children's Christmas fund;
- Local Sport teams; and
- Fishing derby.

Recognizing the importance of facilitating meaningful dialogue with key stakeholders, AuRico participated in a number of meetings throughout the year. Working closely with these groups helps the Company identify key matters of interest to successfully advance CSR activities that are important to both the area and the material development of Kemess.

The Interim Measures Agreement (the "IMA" or the "Agreement") with Tse Keh Nay First Nations signed in June 2012, continues to prove to be the key in advancing relationships with key partners at Kemess.

A Senior Implementation Committee comprised of representatives from AuRico and the Tse Keh Nay First Nations were selected with the responsibility of executing the initiatives outlined in the

IMA. The initiatives pledged in the Agreement center on community development, generating economic opportunities through employment and business, and a high regard for the surrounding environment. Some of the items in the Agreement include:

- Establishing an Environmental Management Committee to identify specific studies and issues related to environmental regulation and areas of interest to Tse Keh Nay First Nations;
- A caribou tracking study and an archeological overview assessment of the land have been completed to date;
- Providing employment opportunities and skills training, while also generating local business opportunities for the community; and
- Instituting a new agreement with trap line holders.



## Caring for the Environment

AuRico continues to work to mitigate the impacts of mining through the progressive rehabilitation of previously mined areas. In 2013, approximately \$1 million was spent on environmental reclamation projects at Kemess. As part of the reclamation efforts the Company employed a local business from the First Nations community to assist with care and maintenance work conducted on site. The Company aims to generate work for local business whenever possible. Reclamation work undertaken at Kemess in 2013 included the following:

- Partnering with First Nations and student field crews for the 12th successful year to assist with reclamation, prescription implementation, and seed collection;
- A site wide fertilization program was undertaken to compliment the reclamation work that has been completed in previous years;
- Broadcast seeding of non-agronomic native species mixtures, conducted by a family from Takla Lake First Nation; and
- Collection of local native seeds by the Patrick family for future planting programs.

## Health and Safety

Kemess continued on its strong health and safety performance from 2012, by once again receiving a 2013 Stewart O'Brian Safety Award from the Government of British Columbia for the site's low Lost Time Injury Frequency rate. Employees on site participate in ongoing health and safety training to ensure everyone is working according to the best safety practices.

## **APPENDIX A:**

### **2. Organizational Profile**

AuRico Gold Inc. is committed to being a leading low cost gold producer focused on growth in North America. The Company's mission is to deliver superior shareholder value by building a culture of excellence in every aspect of what we do, through organic growth, exploration, accretive industry consolidation, and commitment to socially responsible practices within the communities in which we work.

The Company has two core operations, including the Young-Davidson gold mine in northern Ontario, Canada and the El Chanate mine in Sonora State, Mexico. AuRico's project pipeline also includes advanced development opportunities in Canada and Mexico. AuRico's executive office is located in Toronto, Ontario, Canada.

#### **2.1 Name of Reporting Organization & 2.2 Primary Products and Services**

AuRico Gold Inc. is a Canadian gold producer with operations, development projects and exploration properties in Canada and Mexico.

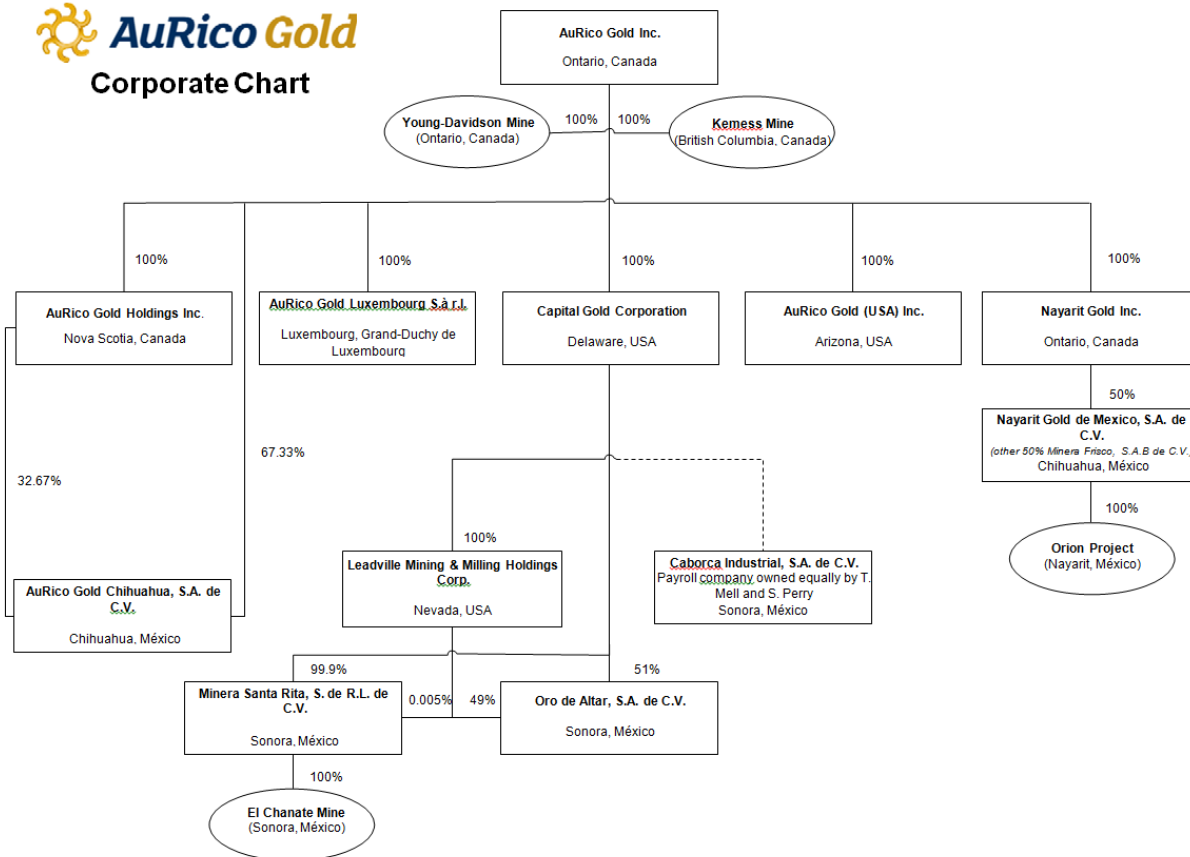
As of December 31, 2013, AuRico's assets included the El Chanate gold mine located in Sonora, Mexico and the Young-Davidson gold mine located in Matachewan, Ontario, Canada.

At the end of 2013, the Company also had exploration and development properties, which included (i) the Kemess Underground Project in British Columbia, Canada, (ii) the Orion development project, a 50% joint venture agreement with Minera Frisco S.A.B. de C.V. ("Minera Frisco"), located in Nayarit, Mexico, and (iii) several option agreements on early stage properties in Canada and Mexico.

#### **2.3 Operational Structure**

The table below provides details with respect to the Company's subsidiaries <sup>(1)</sup>, as at December 31, 2013.

## **AuRico Gold** Corporate Chart



## 2.4 Location of Headquarters

The Company's executive office is located in Toronto, Ontario, Canada and the Company's corporate finance office is located in Halifax, Nova Scotia, Canada.

**Executive Office**  
 110 Yonge Street, Suite 1601  
 Toronto, ON Canada M5C 1T4

**Halifax Office**  
 1701 Hollis Street, Suite 400  
 Founders Square, PO Box 2067  
 Halifax, NS Canada B3J 2Z1

## 2.5 Countries of Operation

The Company has mines and exploration and development projects in Canada and Mexico. The Company's core assets are the Young-Davidson mine in Ontario, Canada and the El Chanate mine in Sonora, Mexico.

## 2.6 Nature of Ownership

AuRico Gold is a publicly traded company that trades on the Toronto Stock Exchange and the New York Stock Exchange under the symbol AUQ. At December 31, 2013, the Company had 247,569,811 common shares outstanding held by 1,460 registered shareholders. Note that this number does not include non-registered or beneficial shareholders.

## 2.7 Markets Served

The Company primarily produces gold; silver is produced as a secondary product. Gold and silver can be sold through numerous commodity markets worldwide, so the Company is not dependent on any one market or buyer. Note, that the 2013 silver production has not been reported in this 2013 report.

## 2.8 Scale of Reporting Organization

The Company's consolidated financial statements for the year ended December 31, 2013 were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, effective for the year ended December 31, 2013.

An overview of the Company's financial performance is shown in the following table.

*(in thousands, except ounces, average realized prices, total cash costs, and number of employees and contractors)*

	2013(1)	2012(1)
Gold ounces produced <sup>(2)</sup>	192,602	127,283
Silver ounces produced	—	2,559,370
Revenue from mining operations	\$227,631	\$163,622
Loss from operations <sup>(3)</sup>	-\$178,087	-\$96,884
Net loss <sup>(3)</sup>	-\$176,770	-\$99,799
Operating cash flow <sup>(3)</sup>	\$63,266	-\$7,231
Net free cash flow <sup>(3)(4)</sup>	-\$186,156	-\$368,731
Total cash	\$142,652	\$603,401
Total assets	\$2,462,408	\$2,895,241
Total long-term financial liabilities	\$244,607	\$183,532
Total cash costs per gold ounce, net of by-product revenues, co-product revenues and net realizable adjustments <sup>(2)(3)(4)(5)(6)</sup>	\$676	\$536
Total cash costs per gold ounce, net of by-product revenues and co-product revenues <sup>(2)(3)(4)(5)(6)</sup>	\$837	\$536
Average realized gold price per ounce	\$1,395	\$1,690
Number of employees & contractors	1,373	1,200

Operating and financial information includes the results from continuing operations only for the year ended December 31, 2012.

- (1) The Young-Davidson open pit mine declared commercial production on September 1, 2012, and is therefore excluded from consolidated cash costs prior to this date. In addition, the Young-Davidson underground mine declared commercial production on October 31, 2013, and therefore, all underground ounces are excluded from consolidated cash costs prior to this date. Total gold ounces produced includes pre-production ounces produced.
- (2) Certain 2012 information has been restated as a result of the adoption of IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, which was applied prospectively to production stripping costs incurred on or after January 1, 2012. For further details, refer to the Critical Accounting Estimates, Policies and Changes on page 30 of the Company's 2013 Management's Discussion and Analysis or note 3(a) to the consolidated financial statements for the year ended December 31, 2013.
- (3) See the Non-GAAP Measures section on page 23 of the Company's 2013 Management Discussion & Analysis.
- (4) Gold ounces used to calculate cash costs include ounces sold at the El Chanate mine and ounces produced at the Young Davidson Mine for the years ended December 31, 2013 and 2012.
- (5) For further discussion on the net realizable value ("NRV") adjustments recognized on ore inventories at the El Chanate and Young-Davidson mines during the year ended December 31, 2013, see pages 13 and 15 of the Company's 2013 Management's Discussion & Analysis.

## 2.9 Significant Changes during the Reporting Period

Significant changes in the state of affairs of the Company that have occurred during 2013 can be found in the 2013 Management's Discussion and Analysis, which is available on the Company's website at [www.auricogold.com](http://www.auricogold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## 2.10 Awards

Awards related to Young-Davidson and El Chanate is listed on page 8 of this Report.

Furthermore AuRico Gold received an A Rating under the MSCI World stock market index. Companies are reviewed and rated on their environmental, social, and governance (ESG).

## 3. Report Parameters

The scope of this Report includes data from the Company's El Chanate and Young-Davidson mines. An overview of the 2013 sustainability initiatives for Kemess is included at the end of this Report.

### 3.1 Reporting Period

Information in this Report covers the year ended December 31, 2013, unless otherwise stated.

### 3.2 Most Recent Report

This is the Company's sixth Sustainability Report. Sustainability Reports for previous years are posted on the Company's website at [www.auricogold.com](http://www.auricogold.com).

### 3.3 Reporting Cycle

The Company reports on its sustainability performance on an annual basis.

### 3.4 Contact Point

Further information on this report can be obtained by contacting the Director of Corporate Sustainability through one of the following methods:



In writing to: Director, Corporate Sustainability  
AuRico Gold Inc.  
110 Yonge Street, Suite 1601  
Toronto, Ontario, Canada M5C 1T4

By telephone: (647) 260-8880

By email: [info@auricogold.com](mailto:info@auricogold.com)

## **Report Parameters:**

### **Industry**

The Company operates in the mining industry with a focus on gold. The Company has endeavored to report on all GRI Reporting Framework as well as on all industry specific requirements for the mining sector.

### **Economic Performance**

As a publicly traded company, the Company's financial results are audited annually and reported on a quarterly basis. The Consolidated Financial Statements and Management's Discussion and Analysis are made available to all shareholders on the Company's website at [www.auricogold.com](http://www.auricogold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2013 cover the same reporting period as this Sustainability Report. Those readers who wish to have access to a detailed review of the Company's financial performance are encouraged to review these documents. As a result, less emphasis has been placed on the Company's economic performance in this Report.

### **Audience**

The Company has identified its stakeholders in Section 4.14 – Stakeholder Groups.

### **3.5 Boundary of the Report**

This Report contains information on the Company's operations for the year ended December 31, 2013. This Report includes within its boundaries, Young-Davidson and El Chanate. These operations generate significant sustainability impacts and influences financial and operating policies. See sections 2 and 2.1 of this report for further details.

### **3.6 Limitations**



The Company continues to identify, develop and implement programs with a focus on positively impacting the communities where it operates, by promoting regional development and providing social and economic benefits for all stakeholders. The Company reports on all relevant GRI Indicators. The Company has and will continue to make efforts to further enhance the quality and scope of this Report.

### 3.7 Joint Ventures

On December 14, 2012, Minera Frisco S.A.B. de C.V. (“Minera Frisco”) acquired a 50% interest in the Orion development project (“Orion”), located in Nayarit, Mexico. In accordance with the purchase and sale agreement, the Company issued shares representing a 50% ownership interest of Nayarit Gold de Mexico, S.A. de C.V., a subsidiary with ownership of this project, to Minera Frisco in exchange for cash of \$27 million. Both the Company and Minera Frisco have 50% ownership in the entity and equal representation on the Board of Directors of the joint venture company. As a result, it was determined that the Company and Minera Frisco have joint control over the joint venture company.

### 3.8 Data Measurement

All data included in the Report is collected from different databases and tracking reports. The reported data is presented in metric units used internationally and calculated according to standard conversion factors. An abbreviated list of sources and indicators is as follows:

#### Key Performance Indicator Database

The Company collects details on the following: production numbers, manpower and incidents. Information from each site is consolidated on a monthly basis. Information obtained from these databases includes:

- Safety statistics: number of lost time injuries x 200,000/Total man hours worked
- Gold production: ounces produced
- Material moved: ore milled and stacked and rock waste produced (volume surveyed and weighed, measured in tonnes)
- Manpower: total number of employees and contractors
- On-Site Assay Lab determines gold/silver contents in ore and doré; external lab assures contents in doré

### **Accounting System Database**

Materials used and money spent

- List of suppliers and payments

### **Employee Database**

Lists employee's number, name, place of origin and gender

- Payroll supervisor collects and reports monthly man worked hours (calculated by the payroll sheet and clocks – method used dependent on mine operation)
- Place of residence
- Compensation

### **Cubic Metres and Millimetres**

- Water use
- Rain

### **Water Balance**

- Evaporation estimation (formula considers rain, surface, evaporation rate for the area, ore moisture, pad volume, etc.)
- Water trapped in tailings estimation (percentage of tonnes discharged)
- Discharge estimated according to flow, pipe size and time
- Dust suppression estimated according to water trucks used for this purpose

### **Calculation Tools**

CO<sub>2</sub> emissions calculated using the method provided by the Greenhouse Emission protocol in Mexico and the Western Climate Initiative in Canada.

### **Surveying**

- Land owned, occupied, and rehabilitated
- Ore and waste extracted

### **Safety Database**

- Place, date, hour, name of person injured, supervisor, incident brief description, type of injury, medication, and category of incident

### **Environmental Database**

- Incidents: place, date, area, brief description, remediation action, and category

### **Compliance and Government Relations Database**

- Provides a description of inspections, audits, verifications and visits by government agencies and consultants and includes location, date, purpose, results, causes, measures and responsible parties. Also captures internal audits, inspections and verifications.

### 3.9 Re-Statements of Information

During 2013, the Company adopted IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, which provides guidance on the recognition and measurement of stripping costs associated with surface mining operations. IFRIC 20 has been applied prospectively to the Company's production stripping costs incurred on or after January 1, 2012, as all historical stripping costs were associated with an identifiable component of the ore body. Financial results for 2012 have been restated to reflect the impact of this standard.

The adoption of this interpretation resulted in an increase of \$3.3 million in inventory, an increase of \$3.3 million in long-term inventory, a decline of \$8.6 million in property, plant and equipment & mining interests, and an increase of \$2 million in deficit in the Consolidated Balance Sheets as at December 31, 2012. The adoption of this interpretation also resulted in an increase of \$2 million in production costs in the Consolidated Statements of Operations for the year ended December 31, 2012, which decreased both the Company's basic and diluted earnings per share by \$0.01. For the year ended December 31, 2012, the adoption of this interpretation decreased expenditures on property, plant and equipment, mining interests and intangible assets by \$8.6 million, and decreased the cash outflow from non-cash operating working capital by \$6.6 million, in the Condensed Consolidated Statements of Cash Flows.

### 3.10 Significant Reporting Changes

Due to a change in ownership, the Ocampo operations will no longer be reported by AuRico Gold.

### 3.11 GRI Reporting & Content Index

This Report has been prepared based on the GRI Framework and the Mining and Metals Sector Supplement, with the reporting areas relating to the Framework clearly identified. A full list of disclosures can be found in a GRI Index, provided in Appendix A of this report.

All Framework documents are publicly available through the GRI web site at [www.globalreporting.org](http://www.globalreporting.org).

### 3.12 Independent Assurance

The Company has not sought formal external assurance for this Report. This is the Company's sixth GRI-based report.

### Declaring an Application Level

The GRI Framework requires participating companies to self-declare an ‘application level’. The application level is derived from the Application Level Grid, which can be found on the GRI web site at [www.globalreporting.org](http://www.globalreporting.org).

By self-declaration, this Report meets the criteria for application Level B.

#### **4. Governance, Commitments and Engagement**

Management and the Company’s Board of Directors (the “Board”) recognize the importance of good corporate governance for the effective management of the Company, in order to ensure that the Company properly considers and protects the interests of all stakeholders including its employees, contractors, and shareholders. The Company and the Board continuously assess their governance practices and modify these practices as required. Approval by the Board is required for all material corporate items.

##### **Governance Guidelines**

The Company’s corporate governance guidelines are summarized in its Board and Committee mandates, which can be accessed from the Company’s website at [www.auricogold.com](http://www.auricogold.com), and are further implemented through management’s policies and practices.

##### **4.1 Governance Structure of the Organization**

The duties of the Board are to guide the direction of the business and affairs of the Company with the view of always acting in the best interest of its shareholders. In discharging its responsibilities to shareholders, the Board is required to review and approve such items as:

- The strategic planning process of the Company;
- Succession planning, particularly for senior management;
- Risk identification and ensuring that appropriate risk management systems are in place;
- Ensuring the integrity of internal controls and management systems; and
- Material disclosures issued by the Company.

The management team is responsible for the Company’s operations, for executing its strategic business model, and presenting budgets and business plans to the Board for approval.

##### **Board**

The Board has the mandate to assess the effectiveness of the Board as a whole and the contribution of each individual director. The Board discharges its responsibilities through the following committees:

#### **Audit Committee**

The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and internal control responsibilities. The Audit Committee is comprised entirely of independent directors.

#### **Human Resources Committee**

The primary function of the Human Resources Committee is to assist the Board in fulfilling its responsibilities relating to human resources and compensation issues. The Committee also strives to ensure that a succession plan for senior executives is in place and that the Company's compensation plan is adequate in attracting and retaining senior management and key employees. The Compensation Committee is comprised entirely of independent directors.

#### **Nominating and Corporate Governance Committee**

The primary function of the Nominating and Corporate Governance Committee is to assist the Board in providing a focus on corporate governance that will enhance the Company's performance. Additionally, the Committee assesses and makes recommendations regarding the Board's effectiveness and develops processes to identify and recruit qualified directors that will enhance the Board's effectiveness. The Nominating and Corporate Governance Committee is comprised entirely of independent directors.

#### **Sustainability Committee**

The primary function of the Sustainability Committee is to assist the Board in fulfilling its responsibilities to review and monitor the sustainability, environmental, health and safety policies and activities of the Company.

The mandates for the Board and its Committees are available on the Company's website at [www.auricogold.com](http://www.auricogold.com).

### **4.2 Chairman of the Board**

The primary role of the Chairman is to chair all meetings of the Board (and shareholders) and to manage the affairs of the Board in order to ensure the Board functions effectively and discharges its responsibilities. Mr. Alan Edwards was appointed as non-executive Chairman effective July 1, 2013, replacing the previous Chairman Mr. Colin Benner.

### **4.3 Board Independence**

The Board has determined that in the calendar year of 2013, six of the Company's eight directors are "independent" as defined by NI 58-101 and two are not independent. The Board considers that Scott Perry and Luis Chavez are not independent directors because of their respective positions as President and CEO, and Senior Vice President, Mexico. The Nominating and Corporate Governance Committee is responsible for determining whether or not each director is an independent director. In discharging this responsibility, the Nominating and Corporate Governance Committee analyzes all the relationships of the directors with the Company and its subsidiaries. "Independence" means that a director is independent of Management, does not have a material relationship with the Company and, except for director fees and share ownership, does not financially benefit from it.

A material relationship is any relationship that could interfere with a director's ability to exercise independent judgment or inhibit their ability to make difficult decisions about Management and the business. For example, employees of a company, its service providers and relatives or close friends of a senior executive all have a material relationship with the Company.

The Board also recognizes that, as much as possible, directors should also be independent of each other. To this end the Board has adopted a policy pursuant to which no director shall accept an invitation to join an outside board on which a director of AuRico already sits without previously obtaining the approval of the Chairman or the President and CEO. In addition, no more than two of the Company's directors should generally serve on the same outside board or outside board committee. Any such board and/or committee interlocks shall be reported by the Board to Shareholders. During 2013, no members of the AuRico Gold Board served together on the boards (or board committees) of other public companies.

#### **4.4 Stakeholder and Employee Communication with the Board**

Shareholders, employees and other interested parties are able to communicate directly with the Board through the following methods:

In writing to:                      Chair of the Audit Committee  
    AuRico Gold Inc.  
    110 Yonge Street, Suite 1601  
    Toronto, Ontario Canada M5C 1T4

By telephone:                      (647) 260-8880

By email:                              directors@auricogold.com

The Company also holds Annual General and Special Meetings of shareholders at which time shareholders may direct questions to the Chairman and Chief Executive Officer.

#### **4.5 Executive Compensation**

The objective of the Company's executive compensation strategy is to attract, retain and motivate high performing executives to create sustainable Shareholder value over the long term.

To achieve this objective, the executive compensation program is based on the following principles:

- Align with strategy - align with the Company's business strategy and link executive compensation with the achievement of specific strategic business objectives and the Company's performance as a whole;
- Align to Shareholder interests - align the interests of executives with those of Shareholders through the use of equity awards which reward increases in Shareholder value, and decrease in value when the share price falls;
- Corporate governance - strive to comply with governance issues and continually review and, as appropriate for the Company, adopt executive compensation practices that align with those of peers;
- Pay for performance - align with the Company's desire to create a performance and development culture, and create clear relationships between pay and performance;
- Pay competitively - set overall target compensation to ensure it remains relevant to the markets in which the Company competes; and
- A flexible, simple program - provide a flexible, simple program that is easy to understand and assess.

The Human Resources Committee assists the Board in fulfilling its mandate relating to human resources and compensation issues and in establishing a succession plan for executive officers and senior management. The Human Resources Committee assists the Board in establishing compensation packages that attract, maintain and motivate senior management performance.

Additional details on compensation for directors and senior executives can be found in the Company's Management Information Circular, which is available on the Company's website at [www.auricogold.com](http://www.auricogold.com) and via SEDAR at [www.sedar.com](http://www.sedar.com).

#### **4.6 Conflicts of Interest**

The Board and management promote and encourage an overall culture of ethical business conduct throughout its operations that is set out in the Company's Code of Business Conduct and Ethics ("Code of Conduct"), which includes the Whistleblower Policy. The Code of Conduct outlines obligations to prevent conflicts of interest, to maintain confidentiality, to protect company assets and to deal fairly with suppliers and competitors. A copy of the Company's Code of Conduct is available on the Company's website at [www.auricogold.com](http://www.auricogold.com). Associated policies to the Code of Conduct include:

- Disclosure Policy; and
- Insider Trading Policy.



An annual certification process requires all Company personnel, in a supervisory level or higher, to review and confirm their compliance with the Code of Conduct.

The Company is committed to maintaining the highest standards of business conduct and ethics, as well as full compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matters and has established a confidential Ethics & Compliance Hotline where employees can report violations, or raise concerns and ask questions regarding ethical issues.

#### **4.7 Board Qualifications**

The Nominating and Corporate Governance Committee is comprised entirely of independent directors and is responsible for identifying and attracting new candidates for nomination to the Board that takes into consideration a number of factors including:

- The independence of each director;
- The competencies and skills of the Board and the ability to work as a team;
- The competencies and skills of each director; and
- The strategic business plan of the Company.

#### **4.8 Vision and Mission**

##### **Vision**

To be a leading low cost gold producer focused on growth in North America.

##### **Mission Statement**

Our mission is to deliver superior shareholder value by building a culture of excellence in every aspect of what we do, through organic growth, accretive industry consolidation, and commitment to socially responsible practices within the communities in which we work.

##### **Sustainability Charter**

The Company is committed to sustainable development and the goal of zero harm to people, the environment and our host communities. This commitment means that we strive to act consistently in all of our operations in relation to health and safety, the environment, community relations and social development.

Wherever we operate, we implement and maintain a management system that drives continuous improvement. We operate in a socially responsible manner and meet or exceed all applicable legal requirements.

##### **Code of Conduct**

The Board has adopted a Code of Business Conduct and Ethics for its directors, officers and employees that outlines the principles of conduct and ethics followed by the Company. (See Section 4.6 for a more detailed description of the Code of Conduct.)

## **Policies**

In 2012, the Company developed an AuRico Sustainability Management System which included the following corporate policies: Sustainability Charter, Corporate Social Responsibility, Environment and Health and Safety Policies. These policies continue to provide sustainability guidelines for each of the Company's mine sites.

### **4.9 Board Overview and Sustainability**

The purpose of the Sustainability Committee is to assist the Board in fulfilling its oversight responsibilities. The Committee is responsible for reviewing sustainability, environmental, and health and safety policies and programs of the Company and overseeing the Company's performance in such areas.

The Committee's responsibilities include:

- Reviewing and monitoring the environmental, sustainability and health and safety policies, systems and activities of the Company on behalf of the Board to ensure that the Company is in compliance with applicable laws;
- Reviewing quarterly environmental, health and safety reports;
- Reviewing, overseeing and approving the annual Sustainability Report;
- Periodically reviewing environmental and health and safety response compliance issues and incidents to determine, on behalf of the Board, whether the Company is taking all necessary action in respect of those matters and whether the Company has been duly diligent in carrying out its responsibilities and activities in that regard;
- Reviewing results of operational environment, health and safety audits and management's activities to maintain appropriate internal and external environmental and safety audits;
- Undertaking a process to review all non-financial risks within the Company's areas of focus and ensuring appropriate risk management measures are in place. This will involve enquiry of management regarding how such risks are managed as well as opinions from management and others regarding the degree of integrity of such risk mitigation strategies;

- Ensuring that principal areas of environmental, sustainability and health and safety risk and potential impacts are identified and assessed and that sufficient resources are allocated to manage such risks;
- Reviewing community development and micro-business initiatives;
- Reviewing aboriginal, First Nations and other local stakeholder relations including reviewing the competence and organizational structure established by management for, and key resources committed to, developing a positive relationship with aboriginal, First Nations and other communities impacted by the Company's operations, and how these activities drive economic development and community well-being;
- Ensuring that the Company's directors are kept abreast of their duties and responsibilities related to the areas of focus of the Committee;
- Making visits, as a Committee or individually if necessary, to mine sites in order to become familiar with the nature of the operations, and to review relevant objectives, procedures and performance with respect to sustainability, environment and health and safety;
- If any management or third party report in the areas of focus of the Committee contain issues that may be considered by Management as major concerns, material non-compliance or which may pose a material risk to the operations, Management will provide such reports to the Committee for review and the Committee shall assess the adequacy of the Company's response to such situations, make recommendations to the Board where appropriate and receive follow-up reports from management which demonstrate that such issues have been properly addressed or resolved;
- Satisfying itself that management of the Company monitors trends and reviews current and emerging issues in the areas of focus of the Committee;
- Reviewing the scope of potential liabilities in the areas of focus of the Committee and the adequacy of the systems that are in place to manage those liabilities;
- Encourage, assist and counsel management in developing short and long term policies and standards to ensure that the principles set out in the health, safety, environment and CSR policies of the Company are being adhered to and achieved;
- The Committee Chair shall make periodic reports to the Board, as requested, on environmental, health, safety and community development matters relative to the Company; and
- Reporting the Committee's discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

In 2013, the Company completed internal reviews of the health, safety and environmental practices at its operations. The Sustainability Committee completed a tour of the El Chanate and Young-Davidson mines.

In addition, various aspects of the Company's operations are audited by third parties as required by financing, license, or permit conditions.

#### **4.10 Performance Review**

The Board is committed to assessing the effectiveness of the Board, its Committees and each individual director on an annual basis. The Nominating and Corporate Governance Committee annually reviews assessments submitted by each individual director and makes recommendations to the Board.

#### **4.11 Precautionary Principle**

The Company adopts a risk-based approach to operations and business development. Any modifications or expansions to its operations undergo an assessment of potential environmental and social impacts prior to the implementation of the modification or expansion. At such time when the Company develops a new property, provisions will be made for public consultation during the assessment period to consider the impact on the environment and the host communities.

#### **4.12 Codes and External Instruments**

The Company is supportive of several global initiatives that consider a number of economic, environmental and social elements. In 2013, the Company continued to comply with several key initiatives, principles, and charters that will assist the Company as it strives to achieve a balance of economic prosperity, environmental stewardship and social responsibility at all of its operations. The Company will continue to apply the Global Reporting Initiative's Sustainable Reporting Guidelines to all its practices.

AuRico has registered with the Mexico Greenhouse Gas Program, a public-private initiative that works towards reducing emissions and effective emission management for Mexican industry. In 2013, the Company continued to work with the Carbon Disclosure Project, an independent not-for-profit organization that holds the largest database of corporate climate change information in the world (see Section 6 Environment for more information).

The Company will continue to formalize its sustainable practices through adherence to charters such as the Voluntary Principles on Security and Human Rights (Voluntary Principles), a forum

for engagement among governments, non-governmental organizations (NGO), and extractive companies, with the goal of respecting human rights while maintaining the safety and security of company operations.

#### **4.13 Memberships and Associations**

The Company strives to work with mining and industry organizations to promote responsible business practices. Currently, the Company's operations are members of the following mining and industry associations:

- Mexican Chamber of Mines (CAMIMEX);
- The Canadian Chamber of Mines;
- Ontario Mining Association (OMA);
- Mining Association of British Columbia;
- Association of Mineral Exploration, British Columbia (AMEBC);
- Association of Mining Engineers, Metallurgists and Geologists of Mexico (AIMMGM);  
and
- North American Metals Council

#### **4.14 Stakeholder Groups**

Responsibility requires open and on-going communications with the Company's stakeholders. Communications are varied and tailored to meet the needs of its diverse stakeholder groups, and include meetings, press releases, web-based reporting and public reporting. The Company's major stakeholders include:

- Host communities and individuals located near operations: The Company understands the importance of supporting and collaborating with the communities where it operates. The Company will continue to work with local communities and First Nations to improve infrastructure, services and educational and employment opportunities.
- Employees and their families: The Company's employees are among its most valuable assets. The Company remains committed to fostering a safe working environment and opportunities for ongoing education and training.
- Capital markets: Capital market participants impact our business and include the following participants:
  - Banks and lending institutions;
  - Equity analysts;
  - Investment groups; and

- Mutual and pension funds.
- **Suppliers:** Mutually beneficial relationships with the Company's suppliers are of fundamental importance to the Company's operations. Through these relationships, the Company can ensure it receives critical products and services that are of optimal quality and price.
- **Governments – Local, Regional, State, Provincial & National:** Governments provide the legal framework in the jurisdictions in which the Company operates. Working closely with all levels of government is of primary importance in operating its business. The Company always deals fairly and openly with all levels of government.
- **Shareholders:** Shareholders are integral to the financial health of the Company. As such, shareholders benefit from and concern themselves with the responsible operations of the Company and its vision of balancing profitability with the needs of all stakeholders.

#### 4.15 Stakeholder Identification

The Company identifies its stakeholders through consultations with individuals, and small groups at each location, as would be appropriate.

**Local Stakeholder Identification:** The Company's employees who work at its operations are the individuals best suited to develop relationships and interact with local stakeholders. The individuals and groups continually identify stakeholder groups and meet with local communities, governments and suppliers.

**Corporate Stakeholder Identification:** At a corporate level, the Company is focused on fostering positive relationships with its shareholders, capital market participants, national, provincial and state levels of government.

#### 4.16 Stakeholder Engagement

The Company is committed to fostering positive relationships with all stakeholders and meets with stakeholder groups as often as is required to discuss the Company's obligations and commitment to open and fair business practices.

During 2013, a number of meetings were held with local employees, suppliers, community members, First Nations, aboriginal groups, and regional government and non-government organizations. These meetings continue to help the Company's operations personnel better understand local issues in order to develop an appropriate course of action.

The Company recognizes the importance of keeping all stakeholders informed of the Company's activities and regularly communicates with shareholders and other capital market participants as well as all stakeholders through the issuance of press releases, individual meetings, and conference calls and through the Company's website at [www.auricogold.com](http://www.auricogold.com). The Company has a formal Disclosure Policy, which is available upon request.

#### 4.17 Stakeholder Topics of Concerns

During 2013, the Company's local stakeholder groups raised a number of topics that included:

- Employment and training opportunities;
- Educational scholarships;
- Improvements to local infrastructure;
- Impact from mining activities;
- Livestock affected by operations;
- Requests for support on health, infrastructure and education initiatives;
- Emergency response procedures;
- Agreements with local landowners; and
- Improper segregation of waste at the township landfill;

A formal reporting process is in place with local communities that allows local stakeholders to put forth concerns with the mine's activities, request information or otherwise communicate with Company officials.



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## APPENDIX C: GLOSSARY

### *All Injury Frequency Rate (AIFR)*

AIFR includes all work-related injuries. AIFR is the number of incidents for each 200,000 hours worked.

### *Cyanide*

The chemical reagent used in the liberation of precious metals (gold and silver) from mined rock.

### *Direct and Indirect energy Use/GHG Emissions*

Direct energy use/emissions are from sources owned or operated on our properties. Indirect energy use/emissions are from sources not owned or operated by us, but occur as a result of our activities (e.g. purchased electricity).

### *Excursion or Exceedence*

A short-term breach of one or more permitted water discharge or air emission limits.

### *Hazardous Waste*

Waste material that is defined as hazardous by the host country. Government regulations usually define disposal options for hazardous waste.

### *Human Rights*

Includes civil and political freedoms and liberties, and also those economic, social and cultural rights necessary for survival, human development and dignity. These latter include the rights to adequate food, housing, health and education, and the rights and freedoms associated with participating in cultural and religious life.

### *Infrastructure*

The basic facilities and systems serving a country, city, or area, including transportation,

communication, sanitation, medical and school systems.

### *Injury Severity Rate*

A number representing injuries resulting in restricted duty and lost time. Injury severity rate is the number of lost-time days plus the number of restricted duty days X 200,000 divided by actual hours worked.

### *Intensity*

The rate of consumption of some material (water, energy, etc.) per each ounce of gold produced.

### *Lost-Time Injury Frequency Rate (LTIFR)*

LTIFR includes any work-related injury that results in workdays away from work. LTIFR is calculated as the number of lost time injuries X 200,000 divided by actual hours worked.

### *Medical Aid and Restricted Duty Rate*

Work-related injuries that require treatment but no time away from work. The rate is calculated using the same method as the LTIFR.

### *Megajoule*

1,000,000 joules. A unit of energy having the following equivalents:

1 kilowatt hour 3.60 megajoules

1 British thermal unit (Btu) 0.001055

megajoules

### *Reclamation*

The process of converting lands disturbed by mining activities to other productive land uses. This process typically involves reshaping areas to a stable configuration, establishment of drainage systems, placement of topsoil or plant growth media and re-vegetation through planting or seeding.

### *Secondary Products*



Other metal or metal-bearing materials (e.g. copper) recovered as a result of the production of the primary target metals (e.g. gold and silver).

#### *Sensitive Habitats*

In some jurisdictions the term sensitive habitat has a legal definition. However, used in general terms, a sensitive habitat is any area in which plant or animal life or their habitats are either rare or especially valuable. Sensitive habitat areas include, but are not limited to, riparian corridors, wetlands, marine habitats, sand dunes, sea cliffs, and other habitats supporting rare and unique species.

#### *Spill Containment Structures*

The curbing, tanks, collection areas and berming designed to collect and contain solution spills. The Company's operations are typically designed with redundant spill containment to ensure that spillage does not escape the site.

#### *Stakeholders*

Peoples or groups of people that have an interest in the activities of the Company, including shareholders, employees and their families, contractors, the communities near mining operations, legislative representatives, regulatory personnel and interested non-government organizations.

#### *Sustainable Development*

Development that meets the needs of today's generation without compromising the ability of future generations to meet their own needs (Bruntland Commission, 1987).

#### *Unrelated Director*

Has the meaning attributed to that term in the Toronto Stock Exchange Company Manual,

being a director who is independent of management and is free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising solely from shareholdings. In assessing the status of each director, the independent criteria set out in the NYSE Standards and all relevant facts and circumstances have also been applied and considered, meaning each "unrelated director" would be considered independent under the NYSE Standards.

#### *Unit Conversion Table*

Metric measures are used in this report. To convert to non-metric units, the following factors apply:

#### *Metric Imperial*

1 tonne	1.1025 tons (short)
1 litre	0.2642 gallons (US)
1 hectare	2.4691 acres
1 kilometre	0.6215 miles
1 kilogram	2.2046 pounds



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