Management's Discussion and Analysis

(in United States Dollars, unless otherwise stated)

For the three and nine months ended September 30, 2013

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This Management's Discussion and Analysis ("MD&A"), dated November 7, 2013, relates to the financial condition and results of the consolidated operations of AuRico Gold Inc. ("the Company"), and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2012, unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013, and notes thereto. The consolidated financial statements for the year ended December 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"), and the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. All results are presented in United States dollars, unless otherwise stated.

The first, second, third and fourth quarters of the Company's fiscal year are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

Statements are subject to the risks and uncertainties identified in the Risks and Uncertainties and Cautionary Note regarding Forward-Looking Statements sections of this document. U.S. investors are also advised to refer to the section entitled Cautionary Note to U.S. Investors on page 27.

OVERVIEW OF THE BUSINESS

AuRico Gold Inc. is a Canadian gold producer with mines and projects in North America. The Company's operations include the Young-Davidson mine in Ontario, Canada and the El Chanate mine in Sonora, Mexico. The Company's project pipeline also includes exploration and development opportunities in Canada and Mexico.

Throughout this document, reference is made to results from both continuing and discontinued operations. Prior period results for properties that were sold during 2012 have been presented as discontinued operations. The Company's operations have been classified between continuing and discontinued operations as follows:

- Continuing operations: Young-Davidson mine, El Chanate mine, and Corporate and other. Corporate and other includes the Company's corporate offices, the Kemess mine, and other exploration properties.
- Discontinued operations: Ocampo mine and Venus and Los Jarros exploration properties (collectively, the "Ocampo mine"), El Cubo mine and Guadalupe y Calvo exploration property (collectively, the "El Cubo mine"), and Fosterville and Stawell mines and their related subsidiaries (collectively, the "Australian operations").

The Company's common shares are listed on the Toronto Stock Exchange (TSX: AUQ) and the New York Stock Exchange (NYSE: AUQ). Further information about AuRico Gold Inc. can be found in the Company's regulatory filings, including the Annual Information Form, available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov, and on the Company's website at www.auricogold.com.

The Company's performance is largely dependent on the price of gold, which directly affects the Company's profitability and cash flow. The price of gold is subject to volatile price movements during short periods of time and is affected by numerous factors, such as the strength of the US dollar, supply and demand, interest rates, and inflation rates, all of which are beyond the Company's control. During Q3 2013, the price of gold averaged $1,326 per ounce, a 20% decrease from the London PM Fix average of $1,655 during the third quarter of 2012. During the quarter, daily London PM Fix prices ranged between $1,420 and $1,213 per ounce.

At the Company's mine sites, a significant portion of the operating costs and capital expenditures are denominated in foreign currencies, including Mexican pesos and Canadian dollars. Therefore, fluctuations in these foreign currencies against the US dollar can significantly impact the Company's costs. The Mexican peso and Canadian dollar averaged approximately 12.9 to 1.0 US dollar and 1.04 to 1.0 US dollar, respectively, in Q3 2013, compared to average rates of 13.2 to 1.0 US dollar and 1.0 to 1.0 US dollar, respectively, in Q3 2012.

For additional information on the factors that affect the Company, see the discussion of Risks and Uncertainties on page 24.

HIGHLIGHTS

(in thousands, except ounces, per share amounts, and total cash costs)

		Quarter Ended September 30 2013		Quarter Ended September 30 2012[(1)]		Change	Change
Gold ounces produced[(2)]		38,456		29,291		9,165	31%
Pre-production gold ounces produced[(2)]		10,447		7,922		2,525	32%
Total gold ounces produced		48,903		37,213		11,690	31%
Revenue from mining operations	$	54,304	$	39,772	$	14,532	37%
Earnings from operations[(3)]	$	12,230	$	3,678	$	8,552	233%
Net earnings from continuing operations[(3)]	$	14,859	$	42,321	$	(27,462)	-65%
Net earnings per share from continuing operations, basic[(3)]	$	0.06	$	0.15	$	(0.09)	-60%
Total cash	$	140,101	$	55,690	$	84,411	152%
Operating cash flow[(3)]	$	24,338	$	(5,653)	$	29,991	531%
Net free cash flow[(3)(4)]	$	(55,734)	$	(83,097)	$	27,363	33%
Cash costs per gold ounce, net of by-product revenues and NRV adjustments[(2)(3)(4)(5)(6)]	$	628	$	528	$	100	19%
All-in sustaining cash costs per gold ounce sold, net of by-product revenues and NRV adjustments[(2)(3)(4)(6)]	$	1,210	$	1,167	$	43	4%

(1) Operating data and financial information includes the results from continuing operations for the three and nine months ended September 30, 2012.

(2) The Young-Davidson open pit mine declared commercial production on September 1, 2012, and is therefore excluded from consolidated cash costs and consolidated all-in sustaining costs prior to this date. In addition, the Young-Davidson underground is in the pre-production period, and therefore, all underground ounces are excluded from consolidated cash costs and consolidated all-in sustaining costs, prior to the declaration of commercial production. Pre-production ounces produced and sold are excluded from consolidated ounces produced and sold as these ounces are credited against capitalized project costs.

(3) Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

(4) See the Non-GAAP Measures section on page 20.

(5) 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 three and nine months ended September 30, 2013.

(6) For further discussion on the net realizable value ("NRV") adjustments recognized on ore in process heap leach inventory at the El Chanate mine and low grade long-term stockpile inventory at the Young-Davidson mine during the quarter and year-to-date periods, refer to pages 11 and 13.

RECENT DEVELOPMENTS

- On October 31, 2013, the Company declared commercial production at the Young-Davidson underground mine. Commissioning of the shaft hoisting system is a key project milestone that will support increased underground productivities and favourable unit cost efficiencies over the life of the mine.
- On September 17, 2013, the Company announced the declaration of a dividend of $0.04 per share, which was paid on October 29, 2013 to shareholders of record at the close of business on October 11, 2013. The Company announced its inaugural dividend policy on February 21, 2013 whereby the Company will pay a dividend of $0.16 per share in 2013 (payable quarterly). Subsequent to 2013, the Company's dividend will be linked to operating cash flow, whereby the Company intends to pay out 20% of the operating cash flow generated in the preceding quarter.
- On June 11, 2013, the Company announced a dividend reinvestment plan, which has commenced with the July 2013 dividend. Common shares issued under this plan will be issued at a 5% discount from the average market price of the common shares over the five day period preceding the relevant dividend payment date. The discount may be adjusted at a future date, but cannot exceed 5%.

OUTLOOK AND STRATEGY

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 will continue to optimize its operations to deliver reliable, consistent and sustainable performance over the life of its mining operations. The Company's focus is on the production of high margin ounces combined with a disciplined approach to cost containment and capital spending along with a commitment to shareholder value creation.

The Company's primary focus for 2013 has been on completing the construction of the mid-shaft hoisting system and advancing underground development at Young-Davidson. The Company anticipates production to increase throughout the fourth quarter, primarily driven by the Young-Davidson mine, following the commissioning of the mid-shaft hoisting system. This system was commissioned in October 2013, and the Company declared commercial production at its Young-Davidson underground mine on October 31, 2013.

Production from the El Chanate mine is expected to remain relatively consistent throughout the fourth quarter. The Company is currently exploring extensions to both the northwest and southeast of the main pit with a goal to increase resources and potentially extend the life of the mine.

The Company expects to file a project description for Kemess Underground Project with federal and provincial authorities early in 2014, which will mark the commencement of the permitting process. Feasibility study optimization has progressed favourably and results are expected by the end of the year. Assay results are pending from a summer drill campaign at Kemess East, a mineralized area 1 kilometre from the Kemess Underground Project. For further information on the Kemess Underground Project and other growth projects refer to page 14.

The Company expects capital expenditures to exceed operating cash flows in 2013 due to pre-production development expenditures relating to the Young-Davidson underground mine, as well as capital expenditures on the paste backfill plant at Young-Davidson. The Company intends to fund this forecasted shortfall using cash on hand. Net free cash flow will vary depending on the price of gold, fluctuations in foreign currency exchange rates, total production and the extent of expenditures on mine development and other capital projects during the year.

During the third quarter, although the price of gold increased from the low at the end of June of $1,192 to $1,327 at the end of September, the average London PM fix declined from an average of $1,415 per ounce during Q2 2013 to an average of $1,326 per ounce during Q3 2013. While this decrease impacts company-wide revenues, the Company's growing production profile and reduced capital requirements in future years are anticipated to allow the Company to generate positive net free cash flows, even in lower gold price environments. The Company has reviewed mine and capital plans to ensure they are optimized for any further decreases in the gold price.

On March 25, 2013, the Company provided 2013 guidance for the El Chanate and Young-Davidson mines. The press release is available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov, and on the Company's website at www.auricogold.com.

SUMMARIZED FINANCIAL AND OPERATING RESULTS

(in thousands, except ounces, per share amounts, average realized prices and total cash costs)

	Quarter Ended September 30 2013	Quarter Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Continuing operations - Young-Davidson mine, El Chanate mine, and Corporate and other				
Gold ounces produced[1]	38,456	29,291	115,083	66,266
Gold ounces sold[1]	40,185	23,120	121,058	58,285
Pre-production gold ounces produced[1]	10,447	7,922	27,993	19,872
Pre-production gold ounces sold[1]	10,355	8,701	28,423	13,910
Cash costs per gold ounce, net of by-product revenues and NRV adjustments[1][2][3][4]	$ 628	$ 528	$ 640	$ 477
Cash costs per gold ounce, net of by-product revenues[1][2][3][4]	$ 497	$ 528	$ 666	$ 477
All-in sustaining costs per gold ounce sold, net of by-product revenues and NRV adjustments[1][3][4]	$ 1,210	$ 1,167	$ 1,164	$ 1,121
All-in sustaining costs per gold ounce sold, net of by-product revenues[1][3][4]	$ 1,087	$ 1,167	$ 1,189	$ 1,121
Revenue from mining operations	$ 54,304	$ 39,772	$ 176,849	$ 100,503
Production costs[2][5]	$ 21,079	$ 14,620	$ 88,009	$ 35,328
Earnings / (loss) from operations[2]	$ 12,230	$ 3,678	$ (73,929)	$ 17,045
Net earnings / (loss)[2]	$ 14,859	$ 42,321	$ (70,358)	$ 35,363
Net earnings / (loss) per share, basic[2]	$ 0.06	$ 0.15	$ (0.28)	$ 0.12
Net earnings / (loss) per share, diluted[2]	$ 0.04	$ 0.10	$ (0.28)	$ 0.09
Operating cash flow[2]	$ 24,338	$ (5,653)	$ 51,312	$ 582
Net free cash flow[2][3]	$ (55,734)	$ (83,097)	$ (134,538)	$ (302,391)
Discontinued operations - Ocampo mine, El Cubo mine, and Australian operations				
Gold ounces produced	-	13,890	-	113,616
Silver ounces produced	-	478,497	-	2,681,973
Gold ounces sold	-	13,684	-	114,065
Silver ounces sold	-	492,335	-	2,494,179
Cash costs per gold ounce sold, net of by-product revenues, co-product revenues and NRV adjustments[3]	$ -	$ 212	$ -	$ 473
Cash costs per gold ounce sold, net of by-product and co-product revenues[3]	$ -	$ (57)	$ -	$ 517
Revenue from mining operations	$ -	$ 37,291	$ -	$ 267,548
Production costs[5]	$ -	$ 13,658	$ -	$ 135,411
Earnings from operations	$ -	$ 12,592	$ -	$ 61,832
Net (loss) / earnings	$ -	$ (7,781)	$ -	$ 22,075
Net (loss) / earnings per share, basic	$ -	$ (0.03)	$ -	$ 0.08
Net (loss) / earnings per share, diluted	$ -	$ (0.03)	$ -	$ 0.07
Operating cash flow	$ -	$ 9,408	$ -	$ 79,599
Net free cash flow[3]	$ -	$ (20,336)	$ -	$ (40,665)

		Quarter Ended September 30 2013		Quarter Ended September 30 2012		Nine Months Ended September 30 2013		Nine Months Ended September 30 2012
Total								
Gold ounces produced[(1)]		38,456		43,181		115,083		179,882
Silver ounces produced		-		478,497		-		2,681,973
Gold ounces sold[(1)]		40,185		36,804		121,058		172,350
Silver ounces sold		-		492,335		-		2,494,179
Pre-production gold ounces produced[(1)]		10,447		7,922		27,993		19,872
Pre-production gold ounces sold[(1)]		10,355		8,701		28,423		13,910
Average realized gold price per ounce	$	1,332	$	1,664	$	1,440	$	1,666
Average realized silver price per ounce	$	-	$	29.87	$	-	$	30.95
Cash costs per gold ounce sold, net of by-product revenues, co-product revenues and NRV adjustments[(1)(2)(3)(4)]	$	628	$	425	$	640	$	490
Cash costs per gold ounce sold, net of by-product and co-product revenues[(1)(2)(3)(4)]	$	497	$	340	$	666	$	503
Revenue from mining operations	$	54,304	$	77,063	$	176,849	$	368,051
Production costs[(2)(5)]	$	21,079	$	28,278	$	88,009	$	170,739
Earnings / (loss) from operations[(2)]	$	12,230	$	16,270	$	(73,929)	$	78,877
Net earnings / (loss)[(2)]	$	14,859	$	34,540	$	(70,358)	$	57,438
Net earnings / (loss) per share, basic[(2)]	$	0.06	$	0.12	$	(0.28)	$	0.20
Net earnings / (loss) per share, diluted[(2)]	$	0.04	$	0.07	$	(0.28)	$	0.16
Operating cash flow[(2)]	$	24,338	$	3,755	$	51,312	$	80,180
Net free cash flow[(2)(3)]	$	(55,734)	$	(103,433)	$	(134,538)	$	(343,057)
Total cash	$	140,101	$	55,690	$	140,101	$	55,690
Cash dividends per share, declared	$	0.04	$	Nil	$	0.12	$	Nil

(1) The Young-Davidson open pit mine declared commercial production on September 1, 2012, and is therefore excluded from consolidated cash costs and consolidated all-in sustaining costs prior to this date. In addition, the Young-Davidson underground is in the pre-production period, and therefore, all underground ounces are excluded from consolidated cash costs and consolidated all-in sustaining costs, prior to the declaration of commercial production. Pre-production ounces produced and sold are excluded from consolidated ounces produced and sold as these ounces are credited against capitalized project costs.

(2) Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

(3) See the Non-GAAP Measures section on page 20.

(4) Gold ounces used to calculate cash costs include ounces sold at the El Chanate and ounces produced at the Young-Davidson mine for the three and nine months ended September 30, 2013.

(5) Production costs do not include amortization and depletion or refining costs.

REVIEW OF THIRD QUARTER FINANCIAL RESULTS

During the third quarter of 2013, the Company sold 40,185 gold ounces at the El Chanate and Young-Davidson mines, a 74% increase over sales of 23,120 gold ounces in Q3 2012 when Young-Davidson contributed one month of open pit sales subsequent to the declaration of commercial production on September 1, 2012. Revenues from continuing operations increased from $39.8 million in Q3 2012, to $54.3 million in the third quarter of 2013. This $14.5 million increase in revenue was largely due to the increase in ounces sold at Young-Davidson during the quarter, partially offset by lower realized gold prices. The Company also sold 10,355 underground pre-production ounces at Young-Davidson during the third quarter of 2013; however, the related revenue was credited against capitalized costs.

The Company recognized earnings from continuing operations of $12.2 million in the third quarter of 2013, compared to earnings from continuing operations of $3.7 million in the same period of 2012. During the second quarter of 2013, as a result of declining gold prices, the Company recognized net realizable value ("NRV") adjustments on ore in process heap leach inventory at El Chanate and low grade long-term stockpile inventory at Young-Davidson. Subsequent to June 30th, gold prices increased which resulted in a reversal of a portion of the NRV adjustments previously recognized. These adjustments totaled $4.7 million at Young-Davidson and $2.6 million at El Chanate (further discussion is provided on pages 11 and 13).

The Company reported net earnings from continuing operations of $14.9 million in the third quarter of 2013, compared to $42.3 million in Q3 2012. The decrease in earnings was primarily as a result of the increase in earnings from continuing operations discussed previously and a decrease of $32.9 million in other income associated largely with a decline in mark-to-market gains on investments and derivative instruments, offset by a decrease in foreign exchange losses of $4.2 million and a decrease in tax recoveries of $7.6 million.

In the third quarter of 2013, cash costs per gold ounce from continuing operations, net of by-product revenues and NRV adjustments, were $628, representing a 19% increase over Q3 2012 cash costs per gold ounce of $528. This quarter-over-quarter increase resulted from the addition of cash costs from the Young-Davidson open pit mine for a full quarter, whereas Q3 2012 included cash costs for the month of September subsequent to the declaration of commercial production. In addition, the El Chanate mine reported higher cash costs due to higher quantities of solution applied to the leach pad during the current period to accelerate gold recoveries and a reduction in capitalized stripping costs associated with the adoption of a new accounting standard.

In the third quarter of 2013, all-in sustaining costs per gold ounce from continuing operations, net of by-product revenues and NRV adjustments, were $1,210, representing a 4% increase over Q3 2012 all-in sustaining costs per gold ounce of $1,167. The increase is due to the addition of costs from the Young-Davidson open pit mine and increased cash costs at the El Chanate mine, which were partially offset by lower general and administrative expense per ounce sold. Sustaining capital expenditures at El Chanate are consistent in Q3 2013 when compared to the same quarter in the prior year.

The Company reported operating cash flow from continuing operations of $24.3 million during the third quarter, an increase of $30.0 million over the operating cash flow used in continuing operations of $5.7 million in Q3 2012. This increase in operating cash flow arose primarily as a result of the $14.8 million operating cash flow contribution from the Young-Davidson open pit mine during the quarter, in addition to lower corporate expenses. After deducting capital expenditures of $80.1 million, Company's Q3 2013 net free cash flow from continuing operations was negative $55.7 million.

REVIEW OF NINE MONTH FINANCIAL RESULTS

During the first nine months of 2013, the Company sold 121,058 gold ounces compared to sales of 58,285 gold ounces in the first nine months of 2012 when the Young-Davidson open pit mine contributed one month of sales subsequent to the declaration of commercial production on September 1, 2012. Revenues from continuing operations during the first nine months of 2013 increased to $176.8 million, as compared to revenues from continuing operations of $100.5 million in the same period in 2012. This $76.3 million increase in revenue was due to the addition of ounces sold at the Young-Davidson open pit mine, and was partially offset by lower realized gold prices in 2013. The Company also sold 28,423 underground pre-production ounces at Young-Davidson during the first nine months of 2013; however, the related revenues have been credited against capitalized costs.

The Company recognized a loss from continuing operations of $73.9 million in the first nine months of 2013, compared to earnings from continuing operations of $17.0 million in the first nine months of 2012. During the second quarter, primarily as a result of the impact of lower gold prices, the Company recorded an impairment charge against goodwill associated with the El Chanate mine of $80.0 million. Lower gold prices also resulted in the recognition of an impairment charge of $18.7 million in Q2 2013 on the retained interest royalty in the future life-of-mine free cash flows of the Australian Operations, which were disposed of in 2012. In addition, the Company recognized NRV adjustments on ore in process heap leach inventory at El Chanate and low grade long-term stockpile inventory at Young-Davidson of $4.5 million and $0.4 million, respectively (further discussion is provided on pages 13 and 11). Before these impairment charges and net realizable value adjustments, earnings from continuing operations were $29.7 million, a 75% increase over 2012. This increase was due to earnings from operations at Young-Davidson, which achieved commercial production on September 1, 2012.

The Company reported a net loss from continuing operations of $70.4 million year-to-date in 2013, compared to a net loss from continuing operations of $35.4 million in the first nine months of 2012. The decrease in earnings was primarily as a result of the decrease in earnings from continuing operations discussed above, a decrease of $19.9 million in other income associated largely with a decrease in mark-to-market gains on investments and derivative instruments, a $12.5 million increase in income tax expense, which were partially offset by an increase in foreign exchange gains of $17.9 million.

During the first nine months of 2013, consolidated cash costs per gold ounce from continuing operations, net of by-product revenues and NRV adjustments were $640, representing a 34% increase over 2012 cash costs per gold ounce of $477. This year-over-year increase resulted from the addition of cash costs from the Young-Davidson open pit mine for an additional eight months, combined with higher cash costs at the El Chanate mine, consistent with the results for the third quarter of 2013. In the first nine months of 2012, cash costs per gold ounce from continuing operations included cash costs from the El Chanate mine as well as cash costs from the Young-Davison open pit mine subsequent to September 1, 2012.

During the first nine months of 2013, all-in sustaining costs per gold ounce from continuing operations, net of by-product revenues and NRV adjustments, were $1,164, representing a 4% increase over year-to-date 2012 all-in sustaining costs per gold ounce of $1,121. The increase resulted from the addition of costs from the Young-Davidson open pit mine and increased cash costs at the El Chanate mine, offset by lower general and administration expense per ounce sold, consistent with the results for the third quarter of 2013.

The Company reported operating cash flow from continuing operations of $51.3 million during the first nine months of 2013, an increase of $50.7 million from the prior year-to-date result of $0.6 million. This increase in operating cash flow arose primarily as a result of additional operating cash flow contributed from the Young-Davidson open pit mine, partially offset by lower operating cash flow at the El Chanate mine due to lower realized prices and higher cash costs per ounce. After deducting capital expenditures of $185.9 million, the Company's 2013 net free cash flow from continuing operations was negative $134.5 million.

YOUNG-DAVIDSON

The Company owns the Young-Davidson mine, located near the town of Matachewan in Northern Ontario, Canada. The property consists of contiguous mineral leases and claims totalling 4,733 hectares and is situated on the site of two past producing mines that produced one million ounces in the 1930s – 1950s. The Young-Davidson open pit mine achieved commercial production on September 1, 2012, upon the completion of construction activities associated with surface infrastructure and the processing plant, and upon achieving sustained targeted daily tonnage rates in both the open pit and mill.

During the third quarter, the Young-Davidson underground mine was in the pre-production period, and all related revenues generated from ounces sold were credited against capitalized development costs. During October, the Company commissioned the midshaft loading pocket and shaft hoisting infrastructure, and began hoisting underground ore to surface. Prior to October, the Company was trucking ore to surface through the exploration ramp. On October 31, 2013, the Company declared commercial production at the Young-Davidson underground mine. Subsequent to October 31, 2013, all revenues generated from ounces sold will be recognized in earnings.

During the quarter, the Company continued construction on the paste backfill plant, which is expected to be commissioned during the fourth quarter of 2013.

YOUNG-DAVIDSON OPERATIONAL REVIEW

	Quarter Ended September 30 2013	Quarter Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Underground Operations				
Tonnes of ore mined	130,344	-	378,640	-
Average grade of gold[(1)]	2.78	-	2.65	-
Metres developed	2,620	-	7,006	-
Open Pit Operations				
Total tonnes mined	2,798,326	3,038,074	8,972,560	7,514,972
Tonnes of ore mined	724,626	563,857	2,471,681	2,083,972
Average grade of gold[(1)]	1.25	0.88	1.20	1.01
Tonnes stockpiled ahead of the mill	2,406,463	1,149,366	2,406,463	1,149,366
Average grade of gold[(1)]	0.85	0.88	0.85	0.88
Mill Operations				
Tonnes of ore processed	620,744	539,677	1,841,191	934,606
Average grade of gold[(1)]	1.69	1.18	1.71	1.17
Average gold recovery rate	89%	87%	87%	87%
Gold ounces produced	19,652	9,903	59,639	9,903
Pre-production gold ounces produced[(2)]	10,447	7,922	27,993	19,872
Total gold ounces produced	30,099	17,825	87,632	29,775
Gold ounces sold	22,127	3,999	64,047	3,999
Pre-production gold ounces sold[(2)]	10,355	8,701	28,423	13,910
Total gold ounces sold	32,482	12,700	92,471	17,909

(1) Grams per tonne.

(2) Includes all underground ounces produced and sold, and all open pit ounces produced and sold in 2012 prior to the declaration of commercial production.

The Company mined 130,344 ore tonnes, or 1,417 tonnes per day ("TPD"), from the Young-Davidson underground mine during the quarter, at a grade of 2.78 gold grams per tonne. During the first nine months of 2013, the Company mined 378,640 ore tonnes, or 1,387 tonnes per day, at a grade of 2.65 gold grams per tonne. Ore grades from the underground mine have been at or above expected grades for areas developed during the first nine months of the year. The year-to-date mining rate was 1,387 TPD, which exceeds the 1,000 TPD forecasted by the Company. Subsequent to October 31, 2013, mining rates will begin to increase as the mid-shaft hoisting system ramps up to design levels.

During the quarter, the Company mined 2,798,326 tonnes, or 30,417 TPD, at the Young-Davidson open pit, including 724,626 ore tonnes at a grade of 1.25 gold grams per tonne. Although the Company mined 239,748 fewer total tonnes than in Q3 2012, 160,769 more ore tonnes were mined in the current quarter. During the first nine months of 2013, the Company mined 2,471,681 ore tonnes at a grade of 1.20 gold grams per tonne. Total tonnes mined, ore tonnes mined and grade are higher in the current year as the Company was ramping up open pit operations in early 2012, which resulted in the mining of fewer tonnes at a lower grade. At the end of Q3 2013, the Company had a total of 2,406,463 tonnes of low grade ore stockpiled ahead of the mill, averaging 0.85 gold grams per tonne. The majority of the remaining stockpile is expected to be processed near the end of the mine life.

During the quarter, the Company processed 620,744 tonnes, or 6,747 TPD, at the Young-Davidson mill facility, with gold grades averaging 1.69 grams per tonne. This represents a 15% increase over the 539,677 tonnes processed in Q3 2012 due to operational improvements made over the past year. Grades processed are significantly higher in the current year due to higher grade underground ore being processed, whereas 2012 production was entirely from the open pit. Grades processed are expected to continue to increase in Q4 2013, as underground mining rates and grades improve subsequent to the October 31, 2013 declaration of commercial production in the underground mine, and the mill receives a higher contribution of underground ore. During the first nine months of 2013, the Company processed 1,841,191 tonnes, or 6,744 TPD, with gold grades averaging 1.71 grams per tonne. Year-to-date tonnes processed are significantly higher in the current year, as the mill was not in operation until April 2012.

Young-Davidson produced 30,099 gold ounces during the quarter, including 10,447 pre-production ounces related to underground operations, compared to 17,825 ounces produced in Q3 2012. The significant increase in production is due to the higher tonnage processed, higher grades and improved recoveries when compared to the third quarter of 2012. During the first nine months of 2013, Young-Davidson produced 87,632 gold ounces, including 27,993 pre-production ounces related to underground operations. In Q3 2012, the Company produced 29,775 gold ounces, including 19,872 pre-production ounces produced prior to the declaration of commercial production on September 1, 2012.

YOUNG-DAVIDSON FINANCIAL REVIEW

(in thousands, except total cash costs)

		Quarter Ended September 30 2013		Quarter Ended September 30 2012		Nine Months Ended September 30 2013		Nine Months Ended September 30 2012
Revenue from mining operations	$	29,584	$	7,067	$	93,019	$	7,067
Production costs	$	11,501	$	3,478	$	45,677	$	3,478
Refining costs	$	38	$	-	$	107	$	-
Amortization and depletion	$	7,942	$	776	$	25,252	$	776
Earnings from operations	$	10,103	$	2,740	$	21,983	$	2,740
Cash flow from operations	$	14,793	$	(3,159)	$	46,379	$	(3,159)
Capital expenditures	$	(63,741)	$	(64,178)	$	(146,496)	$	(264,272)
Net free cash flow[(1)]	$	(48,948)	$	(67,337)	$	(100,117)	$	(267,431)
Cash costs per gold ounce, net of by-product revenues and NRV adjustments[(1)]	$	666	$	639	$	692	$	639
Cash costs per gold ounce, net of by-product revenues[(1)]	$	499	$	639	$	697	$	639

[(1)] *See the Non-GAAP Measures section on page 20.*

During the quarter, the Company recognized revenues of $29.6 million and earnings from operations of $10.1 million at Young-Davidson. Revenue has been recognized only on ounces sold that were attributable to open pit production, while revenue associated with underground pre-production has been credited against capitalized costs. Earnings from operations includes an NRV reversal of $4.7 million, as discussed below, and $2.3 million of amortization and depletion relating to the acquisition date fair value adjustment on property, plant and equipment and mining interests. Year-to-date, Young-Davidson recognized $22.0 million in earnings from operations.

In Q2 2013, Company recognized the NRV adjustment of $5.2 million on the low grade long-term stockpile inventory due to the significant decline in the price of gold in the period from March 31, 2013 to June 30, 2013. Of this amount, $3.6 million was recognized in production costs and $1.6 million was recognized in amortization and depletion. Subsequent to June 30th, the price of gold increased and, at September 30, 2013, $4.7 million of this NRV adjustment was reversed. $3.3 million of this reversal was recognized as a credit to production costs and $1.4 million was recognized as a credit to amortization and depletion. The total year-to-date impact of NRV adjustments is an expense of $0.4 million relating to ore processed during the third quarter, of which $0.3 million was recognized in production costs and $0.1 million was recognized in amortization and depletion. While the Company reversed the entire NRV adjustment relating to inventory on hand at September 30, 2013, subsequent declines in the gold price could result in NRV adjustments in future periods.

During the third quarter, capital expenditures at Young-Davidson of $63.7 million exceeded operating cash flow of $14.8 million, resulting in negative net free cash flow of $48.9 million. Capital expenditures in the third quarter included $39.4 million in site infrastructure, $29.0 million in underground development, $7.9 million in capitalized stripping activities and $1.2 million in exploration expenditures, which were partially offset by $13.8 million in revenue from the sale of pre-production underground ounces. During the first nine months of 2013, capital expenditures at Young-Davidson of $146.5 million exceeded operating cash flow of $46.4 million, resulting in negative net free cash flow of $100.1 million.

During the quarter, cash costs per gold ounce at the Young-Davidson mine, which is net of by-product revenues and the impact of NRV adjustments, were $666. This result was in line with expectations as cash costs are anticipated to decline as production increases and grades improve subsequent to the commissioning of the mid-shaft hoisting system on October 31, 2013. During the first nine months of 2013, cash costs per gold ounce at the Young-Davidson mine were $692.

YOUNG-DAVIDSON EXPLORATION

During the third quarter, the Company completed 7,030 metres of drilling at Young-Davidson. One hole was completed and two holes are ongoing in the YD West Shirriff area, where drilling in 2012 intersected anomalous gold in the same rock with similar alteration to that in the main zones at the Young-Davidson mine. Four holes targeted the Lower Boundary Zone for conversion of resources from inferred to measured and indicated and two holes tested a structural target west of the YD West extension.

In the first nine months of the year the Company carried out 50 kilometres of induced polarization geophysics on the southern portion of the property. Mechanical trenching of the anomalies that are close to surface was completed and two IP anomalies were drill tested.

EL CHANATE

The Company owns the El Chanate mine, located 37 kilometres northeast of the town of Caborca in the state of Sonora, Mexico. El Chanate consists of an open pit mine with heap leach processing facilities.

EL CHANATE OPERATIONAL REVIEW

	Quarter Ended September 30 2013	Quarter Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Open Pit Operations				
Total tonnes mined	8,034,921	9,320,086	26,606,116	25,717,468
Tonnes of ore mined	2,266,092	2,209,510	6,897,590	6,887,316
Capitalized stripping tonnes[1]	4,134,032	4,612,330	12,948,338	12,665,709
Average grade of gold[2]	0.51	0.58	0.57	0.57
Tonnes stockpiled ahead of the heap leach pad	170,120	153,294	170,120	153,294
Average grade of gold[2]	0.60	0.68	0.60	0.68
Crushing and Heap Leach Operations				
Tonnes of ore crushed and placed on the heap leach pad	1,708,524	1,724,393	5,101,983	5,293,098
Average grade of gold processed[2]	0.62	0.67	0.70	0.68
Low grade ore placed on the heap leach pad	569,285	766,511	1,776,668	2,596,888
Average grade of gold processed[2]	0.19	0.22	0.19	0.19
Total tonnes of ore processed	2,277,809	2,490,904	6,878,651	7,889,986
Average grade of gold processed[2]	0.51	0.53	0.57	0.52
Gold ounces produced	18,804	19,388	55,444	56,363
Gold ounces sold	18,058	19,121	57,011	54,286

(1) *Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.*

(2) *Grams per tonne.*

During the quarter, the Company mined 8,034,921 tonnes at the El Chanate open pit, including 2,266,092 ore tonnes. Mining rates of 87,336 TPD were lower than the average rate achieved during Q3 2012 of 101,305 TPD primarily due to reduced mining contractor equipment fleet availability. During the first nine months of 2013, the Company mined 26,606,116 tonnes, or 97,458 TPD, an increase of 4% over the prior year-to-date mining rates.

Capitalized stripping activities totaled 4,134,032 tonnes during the third quarter of 2013, compared to 4,612,330 tonnes during Q3 2012. All of the capitalized stripping tonnes during the third quarter were mined as part of the southeast push-back of the pit. Overall, stripping activities at El Chanate represented a capital investment of $8.3 million during the third quarter of 2013, compared to $7.1 million in Q3 2012.

The Company crushed and placed 1,708,524 tonnes of ore from the open pit on the heap leach pad in Q3 2013, at an average rate of 18,571 TPD, consistent with the average rate during Q3 2012 of 18,743 TPD. During the quarter, the Company also placed 569,285 tonnes, or 6,188 TPD, of low grade run-of-mine material on the heap leach pad. Total tonnes processed of 2,277,809 tonnes, or 24,759 TPD, represents a 9% decrease over stacking rates in the third quarter of 2012, primarily due to a decrease in low-grade run-of-mine material stacked. During the first nine months of 2013, the Company placed 6,878,651 tonnes of ore, or 25,197 TPD, a decline of 13% over the prior year-to-date stacking rates which was due to a decline in low-grade run-of-mine material stacked.

Gold grades crushed and placed averaged 0.62 grams per tonne, which declined from grades crushed and placed during Q3 2012 due to mine sequencing. Year-to-date grades crushed and placed in 2013 are consistent with those realized in 2012. During the quarter, total gold grades averaged 0.51 grams per tonne placed, which was consistent with the same period of the prior year. Lower gold grades on ore crushed and placed were offset by higher overall grades placed due to a decline low grade run-of-mine material stacked. During the first nine months of 2013, total gold grades, including run-of-mine material, averaged 0.57 grams per tonne placed, an increase of 10% from the same period of the prior year. The primary reason for the year-to-date increase in grades was the decline in low grade run-of-mine material stacked in the current year as compared to the prior year.

During the quarter and year-to-date, the Company produced 18,804 and 55,444 gold ounces, respectively, consistent with the 19,388 and 56,363 gold ounces produced in the same periods of the prior year.

EL CHANATE FINANCIAL REVIEW

(in thousands, except total cash costs)

		Quarter Ended September 30 2013		Quarter Ended September 30 2012		Nine Months Ended September 30 2013		Nine Months Ended September 30 2012
Revenue from mining operations	$	24,720	$	32,705	$	83,830	$	93,436
Production costs[(1)]	$	9,578	$	11,142	$	42,332	$	31,850
Refining costs	$	99	$	92	$	280	$	308
Amortization and depletion	$	3,939	$	3,020	$	12,385	$	7,992
Earnings from operations[(1)]	$	10,822	$	18,379	$	(52,289)	$	52,943
Cash flow from operations[(1)]	$	15,784	$	13,163	$	28,631	$	39,923
Capital expenditures[(1)]	$	(11,745)	$	(11,276)	$	(33,806)	$	(32,500)
Net free cash flow[(1)(2)]	$	4,039	$	1,887	$	(5,175)	$	7,423
Cash costs per gold ounce, net of by-product revenues and NRV adjustments[(1)(2)]	$	588	$	470	$	586	$	448
Cash costs per gold ounce, net of by-product revenues[(1)(2)]	$	496	$	470	$	634	$	448

(1) Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

(2) See the Non-GAAP Measures section on page 20.

The Company recognized earnings from operations at El Chanate of $10.8 million during the third quarter of 2013, compared to earnings from operations of $18.4 million in Q3 2012. The decrease in earnings was primarily due to a decline in realized gold prices and an increase in production costs, which was partially offset by a $2.6 million NRV reversal, as discussed below. Year-to-date, El Chanate recognized a $52.3 million loss from operations, compared to earnings from operations of $52.9 million in the prior year. This decrease resulted primarily from an $80.0 million goodwill impairment charge, that resulted from the a downward revision of the Company's gold price assumptions at June 30, 2013.

In Q2 2013, the Company recognized a non-cash NRV adjustment of $7.1 million on ore in process heap leach inventory, of which $6.5 million was recognized in production costs and $0.6 million was recognized in amortization and depletion. This adjustment was required for the portion of the heap leach pad where the lower grade run-of-mine material is stacked, and arose due to the significant decline in gold price during the second quarter. Subsequent to June 30th, the price of gold increased and, at September 30, 2013, $2.6 million of this NRV adjustment was reversed. $2.4 million of this reversal was recognized as a credit to production costs and $0.2 million was recognized as a credit to amortization and depletion. The total year-to-date impact of NRV adjustments is an expense of $4.5 million, of which $4.1 million was recognized in production costs and $0.4 million was recognized in amortization and depletion. Should metal prices continue to appreciate, the NRV adjustment could be further reversed in future periods. Conversely, declines in the gold price could result in additional NRV adjustments.

El Chanate generated $15.8 million in operating cash flow during the quarter, an increase of $2.6 million from Q3 2012 operating cash flow of $13.2 million, primarily due to the collection of outstanding receivables during the current quarter, partially offset by lower revenues due to a decline in realized gold prices. El Chanate generated $4.0 million in net free cash flow, an increase of $2.2 million from net free cash flow of $1.9 million in Q3 2012. Q3 2013 capital expenditures at El Chanate included $8.3 million in capitalized stripping activities, $1.2 million in other sustaining capital and optimization initiatives, and $2.2 million in exploration expenditures. During the first nine months of 2013, capital expenditures at El Chanate of $33.8 million exceeded operating cash flow of $28.6 million, resulting in negative net free cash flow of $5.2 million. Net free cash flow declined on a year-to-date basis primarily due to the decline in revenue and an increase in production costs.

During the quarter, cash costs per gold ounce at the El Chanate mine, which is net of by-product revenues and the impact of NRV adjustments, were $588, an increase of 25% over cash costs per gold ounce of $470 in Q3 2012. Year-to-date, cash costs per gold ounce, net of by-product revenues and the impact of NRV adjustments, were $586, an increase of 31% over the same period of the prior year. These increases were due to higher quantities of solution applied to the leach pad during the current year to accelerate gold recoveries and a reduction in capitalized stripping costs associated with the adoption of a new accounting standard.

EL CHANATE EXPLORATION

During the third quarter, the Company completed 27,484 metres of drilling at El Chanate. Forty-six holes were completed in the Rono area (northwest of the pit), twelve holes were completed within the pit, and sixty-eight holes were completed south east of the pit toward and within the Loma Prieta area. Results received to date have been encouraging in all three areas.

Further details on the results to date for the 2013 drilling program are highlighted in the Company's September 12, 2013 press release, which can be found on the Company's website at www.auricogold.com.

EXPLORATION REVIEW

KEMESS UNDERGROUND PROJECT

During the quarter, drilling continued at Kemess East, located approximately 1 kilometre from the Kemess Underground Project. The objective of the drill program is to follow up on some encouraging results realized in 2007. Optimization work on the feasibility study is underway and the Company is advancing a number of initiatives to improve the economics of the project.

EL CHANATE EXTENSION

On June 28, 2013, the Company entered into an option and joint venture agreement with Highvista Gold Inc., entitling the Company to earn up to a 70% interest in mineral rights along the Chanate Fault to the northwest of the El Chanate mine. Drilling on this property commenced subsequent to the quarter, in October.

ORION EXPLORATION PROJECT

The Company and Minera Frisco S.A.B. de C.V. each hold a 50% joint venture interest in the Orion exploration project, located in the state of Nayarit, Mexico. This project includes a large land position consisting of 114,308 hectares of mineral rights that cover an extensively drilled vein deposit and numerous vein exploration targets elsewhere on the property.

LAS LAJAS PROJECT

On June 13, 2013, the Company signed an option agreement with Minera Goldzone SA de CV to acquire a 100% interest in the Las Lajas Project, an 8,145 hectare property consisting of 6 contiguous mining concessions located in southern Sonora State, Mexico. The property was acquired on the basis of the number of gold occurrences and associated geochemical anomalies over a large area in a setting favourable for mesothermal gold deposits. Field work is being initiated immediately and it is anticipated that the first drill program will take place in the fourth quarter of this year.

INVESTMENT IN RAPIER GOLD

During the first quarter of 2013, the Company participated in the initial public offering of Rapier Gold Inc., resulting in an ownership interest of approximately 20%. Rapier Gold Inc. is an exploration company focused on the 16,000 hectare Pen Gold Project, which is approximately 75 kilometres southwest from Timmins, Ontario. A 4,360 metre drill program has intersected gold in five of the thirteen holes at readily identifiable contacts and another hole has intersected an altered rock type that is indicative of the potential for volcanogenic massive sulfides (copper zinc deposits) that are well known in the Timmins and Noranda areas.

CONSOLIDATED EXPENSES

(in thousands)

	Quarter Ended September 30 2013	Quarter Ended September 30 2012[(1)]	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012[(1)]
Reclamation, care and maintenance costs	$ 2,048	$ 8,337	$ 4,290	$ 12,173
General and administrative	$ 6,646	$ 8,810	$ 20,768	$ 24,091
Exploration and business development	$ 207	$ 349	$ 756	$ 879
Impairment charges	$ -	$ -	$ 98,688	$ 1,537
Finance costs	$ 440	$ 778	$ 1,576	$ 1,340
Foreign exchange loss / (gain)	$ 2,746	$ 6,986	$ (5,820)	$ 12,106
Other income	$ (3,260)	$ (36,234)	$ (9,384)	$ (29,263)
Equity (earnings) / loss of jointly-controlled entity	$ (18)	$ -	$ 38	$ -

[(1)] *Exclusive of discontinued operations as expenses relating to discontinued operations are presented separately in the Company's Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2012.*

Reclamation, care and maintenance costs in 2013 and 2012 were comprised of site overhead and other costs relating to activities at Kemess South, a mine in the decommissioning stage. Quarterly and year-to-date reclamation expenses have declined from the prior period largely due to the recognition of a $5.4 million reclamation expense in Q3 2012, which was a result of additional reclamation activities conducted at Kemess South that had not previously been provided for in the Company's reclamation provision.

General and administrative costs include expenses relating to the overall management of the business that are not part of direct mine operating costs. These costs are generally incurred at the corporate offices located in Canada, but also include share-based compensation costs for key employees at all locations. Share-based compensation costs for the quarter and year-to-date periods in 2013 were $2.0 million and $5.7 million, respectively, compared to $2.0 million and $5.0 million, respectively, in 2012. Overall, general and administrative costs for the first nine months of 2013 decreased by $3.3 million over the prior year period primarily as a result of costs incurred during 2012 associated with the integration of Northgate Minerals Corporation as well as the weakening of the Canadian dollar.

During the second quarter of 2013, the Company recognized an $80.0 million impairment charge on the El Chanate mine, as previously described. In addition, the Company recognized an $18.7 million impairment charge on the retained interest royalty in the Australian Operations. The retained interest royalty grants the Company an interest in future net free cash flows to be generated by the Australian Operations which were disposed of in 2012. Once the Company updated its fair value estimate for changes in gold price assumptions at June 30, 2013, the result was lower than the current carrying value of the asset and an impairment charge was recognized.

Foreign exchange losses decreased by $4.2 million quarter-over-quarter. The foreign exchange loss recognized in Q3 2013 was due to the strengthening of the Canadian dollar, partially offset by the weakening of the Mexican peso during the quarter. The weakening of these currencies result in foreign exchange gains, while the strengthening of these currencies result in foreign exchange losses, primarily as a result of the Company's deferred income tax liabilities which are denominated in Canadian dollars and Mexican pesos and then translated into US dollars at each balance sheet date. The Company will continue to experience non-cash foreign currency gains or losses, primarily as a result of fluctuations between the US dollar, and both the Canadian dollar and Mexican peso. During the first nine months of 2013, foreign exchange gains and losses changed by $17.9 million, from a loss of $12.1 million in 2012 to a gain of $5.8 million in 2013. The primary cause of the gain in the current year was the weakening of the Canadian dollar and Mexican peso, whereas the prior year loss was due primarily to the strengthening of the Mexican peso.

Quarter-over-quarter, other income decreased by $33.0 million primarily as a result of gains recognized in Q3 2012 including $20.3 million in unrealized gains on investments primarily due to an increase in the value of the shares in Endeavour Silver obtained upon the sale of the El Cubo mine, a $14.4M unrealized gain on the fair value of the option component of convertible notes, and a $5.1M unrealized gain on the fair value of contingent consideration. Other income in Q3 2013 primarily consists of a $3.9M unrealized gain on the fair value of the option component of convertible notes. Year-to-date, other income decreased by $19.9 million, from $29.3 million in the first nine months of 2012 to $9.4 million in first nine months of 2013 primarily due to the same reasons discussed above for the quarter-over-quarter change.

Year-to-date, the Company recognized its share of the loss relating to the Orion exploration project, which is accounted for a jointly-controlled entity using the equity method. This arrangement was agreed upon in December of 2012.

CONSOLIDATED INCOME TAX EXPENSE

The Company is subject to tax in various jurisdictions, including Mexico and Canada. There are a number of factors that can significantly impact the Company's effective tax rate including the geographic distribution of income, varying rates in different jurisdictions, the non-recognition of tax assets, mining allowances, foreign currency exchange rate movements, changes in tax laws and the impact of specific transactions and assessments.

On October 31, 2013, the Mexican Senate approved the 2014 tax reform bill which will affect future earnings generated from the Company's operations in Mexico beginning January 1, 2014. For further details, refer to page 19.

Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors, as discussed above, it is expected that the Company's effective tax rate will fluctuate in future periods.

During Q3 2013, the Company recognized a current tax recovery of $1.9 million and a deferred tax recovery of $0.6 million, compared to a current tax expense of $7.0 million and a deferred tax recovery of $17.2 million in Q3 2012. The decrease in current tax expense primarily resulted from the lower taxable income at the El Chanate mine. The deferred tax recovery in both periods primarily resulted from the strengthening of the Canadian dollar relative to the US dollar, which resulted in a decrease in taxable temporary differences associated with the Company's Canadian property, plant, and equipment and mining interests. In Q3 2013, foreign exchange had a less significant impact on the deferred tax recovery than in Q3 2012. Deferred tax recoveries were also higher due to a deferred tax recovery from the ongoing amortization of property, plant and equipment and mining interests acquired as part of the acquisitions of Capital Gold Corporation and Northgate Minerals Corporation in 2011. On a year-to-date basis, the Company recognized a current tax expense of $3.6 million and a deferred tax expense of $6.4 million, compared to a current tax expense of $18.9 million and a deferred tax recovery of $21.4 million in 2012.

FINANCIAL CONDITION

(in thousands)

		As at September 30 2013		As at December 31 2012	
Current assets[(1)]	$	287,025	$	743,654	Current assets decreased largely due to the completion of the substantial issuer bid during the year, which resulted in a cash outflow of $301.1 million (including transaction costs), as well as a decline in cash on hand resulting from capital expenditures at Young-Davidson, that were in excess of funds contributed from operations.
Long-term assets[(1)]		2,208,634		2,151,587	Long-term assets increased due to capital expenditures incurred year-to-date, primarily at Young-Davidson, which were partially offset by impairment charges recorded in the second quarter of 2013.
Total assets	$	2,495,659	$	2,895,241	
Current liabilities	$	105,395	$	95,381	Current liabilities were consistent between December 31, 2012 and September 30, 2013.
Long-term financial liabilities		167,275		183,532	Long-term financial liabilities decreased due to a reduction in the fair value of the option component of convertible senior notes and lease payments during the year.
Other long-term liabilities		318,203		320,491	Other long-term liabilities were largely consistent between December 31, 2012 and September 30, 2013.
Total liabilities	$	590,873	$	599,404	
Shareholders' equity[(1)]	$	1,904,786	$	2,295,837	Shareholders' equity decreased primarily as a result of the completion of the substantial issuer bid during the first quarter, the net loss recognized in the first nine months of the year and dividends declared during the year.

(1) Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

LIQUIDITY AND CAPITAL RESOURCES

The Company's strategy for managing liquidity is based on achieving positive cash flows from operations to internally fund operating and capital requirements. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's operations, exploration, development and construction programs, its ability to obtain equity or other sources of financing, the price of gold, and currency exchange rates. Refer to the Outlook and Strategy section on page 5 for near term factors that could influence the Company's cash balance. Future commitments that could impact the Company's liquidity are disclosed in the Contractual Obligations section on page 18.

CASH FLOW

(in thousands)

	Quarter Ended September 30 2013	Quarter Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Cash flow from operating activities[(1)(2)]	$ 24,338	$ (5,653)	$ 51,312	$ 582
Cash flow (used in) / from investing activities[(1)(2)]	(84,275)	21,713	(194,027)	(151,680)
Cash flow (used in) / from financing activities[(1)]	(10,522)	4,156	(320,781)	73,699
Effect of foreign exchange rates on cash[(1)]	855	274	196	(1,523)
(Decrease) / increase in cash from continuing operations	(69,604)	20,490	(463,300)	(78,922)
Decrease in cash from discontinued operations	-	(20,825)	-	(44,832)
Total cash, beginning of period	209,705	56,025	603,401	179,444
Total cash, end of period	$ 140,101	$ 55,690	$ 140,101	$ 55,690

(1) Exclusive of discontinued operations as cash flows from discontinued operations is presented separately in the Company's Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2012.

(2) Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

Operating activities contributed cash flows of $24.3 million during Q3 2013, as compared to Q3 2012 when operating activities from continuing operations used cash of $5.7 million. The increase in operating cash flow is primarily due to additional cash flow contributed from Young-Davidson during the quarter, which was partially offset by a decline in realized gold prices and an increase in production costs at El Chanate during the current quarter. Year-to-date, operating activities contributed cash flows of $51.3 million during 2013, as compared to 2012 when operating activities from continuing operations contributed cash of $0.6 million. The increase in operating cash flow is primarily due to cash flow contributed from Young-Davidson during the first nine months of 2013, and was partially offset by a decline in year-to-date operating cash flow at El Chanate due to the reasons discussed above.

During the quarter, investing activities from continuing operations used cash of $84.3 million, which compared to $21.7 million contributed in the third quarter of 2012. The contribution of cash from investing activities in Q3 2012 was due to $99.2 million in proceeds received on the disposition of the El Cubo and Guadalupe y Calvo assets. Capital expenditures in Q3 2013 of $80.1 million included $63.7 million at Young-Davidson, $11.7 million at El Chanate, and $4.6 million in exploration activities at Kemess. Year-to-date, investing activities used cash of $194 million compared to $151.7 million in the same period of the prior year. The decline in cash used in investing activities was due to lower capital expenditures at Young-Davidson in 2013 subsequent to the declaration of commercial production.

Financing activities used cash of $10.5 million during Q3 2013, as compared to Q3 2012 when financing activities from continuing operations contributed cash of $4.2 million as a result of $5.1 million in proceeds from equipment financing. Q3 2013 financing cash outflows related to dividend and equipment financing payments made during the quarter. Year-to-date, financing activities used cash of $320.8 million compared to 2012 when financing activities contributed $73.7 million. The increase in cash used is primarily due to the $301.1 million paid to complete the substantial issuer bid during Q1 2013 and $19.8 million in dividend payments subsequent to the introduction of a dividend program in early 2013.

In the third quarter and first nine months of 2012, cash flows from discontinued operations decreased the Company's cash balance by $20.8 million and $44.8 million, respectively.

CREDIT FACILITY

On January 31, 2013, the Company amended the revolving credit facility, which reduced the borrowing capacity from $250 million to $150 million. The credit facility carries an interest rate of LIBOR plus 2.25% to 3.50%, depending on the leverage ratio of the Company, and matures on April 25, 2016. No payments are due until the maturity date, which may be extended upon mutual agreement by all parties. At September 30, 2013, the Company had no amounts drawn under this revolving facility.

CONVERTIBLE DEBT

The Company has $167.0 million in convertible senior notes which pay interest semi-annually at a rate of 3.50% per annum, and mature on October 1, 2016. The holders of the notes may, within specified time periods, convert their notes prior to July 1, 2016 under the following circumstances: (1) the closing sale price of the Company's shares exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding quarter; (2) the trading price per $1,000 principal amount of the convertible note is equal to or less than 97% of the product of the closing sale price of the Company's common shares and the applicable conversion rate; (3) the convertible notes are called for redemption by the Company; (4) upon the occurrence of specified corporate transactions; and (5) a "delisted event" occurs and is continuing. In addition, the notes will be unconditionally convertible at the option of the holder from July 1, 2016 to the business day immediately preceding the maturity date of the notes. Following the payment of dividends on October 29, 2013, the conversion rate is 92.6603 common shares per $1,000 principal amount of notes, which represents a conversion price of approximately $10.79 per common share.

CONTRACTUAL OBLIGATIONS

A summary of the Company's contractual obligations at September 30, 2013 is as follows:

(in thousands)

	Total	Less than 1 year	1 – 3 years	3 – 4 years	4 – 5 years	Greater than 5 years
Trade payables and accrued liabilities	$ 70,708	$ 70,708	$ -	$ -	$ -	$ -
Dividend payable	9,909	9,909	-	-	-	-
Current income tax liability	4,586	4,586	-	-	-	-
Debt	185,253	3,173	12,158	169,923	-	-
Equipment financing obligations	15,407	5,613	7,999	1,719	75	-
Future purchase commitments	15,701	15,701	-	-	-	-
Total	$ 301,564	$ 109,690	$ 20,158	$ 171,642	$ 75	$ -

OUTSTANDING SHARE DATA

The Company's share capital was comprised of the following as at September 30, 2013:

	September 30, 2013	December 31, 2012
Authorized:		
Unlimited number of common shares		
Issued:		
Common shares	247,102,445	282,326,547

The decline in share count between December 31, 2012 and September 30, 2013 was due to the completion of the Company's substantial issuer bid, which resulted in the purchase and cancellation of 36,144,578 common shares worth $300 million.

The following table sets out the common shares, stock options, deferred share units and performance share units outstanding as at the date of this MD&A:

	November 7, 2013
Common shares	247,568,379
Stock options	8,976,072
Deferred share units	248,594
Performance share units	225,408
	257,018,453

In addition, the Company had outstanding convertible notes with an implied conversion price of $10.79 per share that could result in the issuance of 15,474,273 common shares.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company seeks to manage its exposure to fluctuations in commodity prices, interest rates and foreign exchange rates by entering into derivative financial instruments from time to time.

During the nine months ended September 30, 2013, the Company recognized an unrealized gain of $0.7 million in net earnings relating to fair value adjustments on forward contracts. In addition, during the three and nine months ended September 30, 2013, the Company recognized realized gains of $0.3 million and $0.1 million, respectively, on forward contracts that settled during the period. At September 30, 2013, the Company has no foreign exchange derivatives outstanding.

Forward contracts settled during the three and nine months ended September 30, 2012, prior to the discontinuation of hedge accounting, resulting in losses of $0.5 million and $2.3 million, respectively. Year-to-date, the recognition of these hedging losses resulted in a $0.8 million increase in production costs, a $0.5 million increase in inventory, a $0.1 million increase in general and administrative costs, and a $0.9 million increase in mining interests. All prior period hedge accounting adjustments have been included in net earnings from discontinued operations as the hedge related to the Ocampo mine. At September 30, 2012, due to the pending sale of the Ocampo mine, the Company discontinued the hedging relationship resulting in a reclassification of $1.9 million in accumulated losses from other comprehensive income to net earnings.

The Company also holds certain financial instruments as investments and therefore is inherently exposed to various risk factors including currency risk, credit risk, market price risk, and liquidity risk.

TRANSACTIONS WITH RELATED PARTIES

The Company utilizes a Mexican corporation, Caborca Industrial S.A. de C.V. ("Caborca Industrial"), for mining support services at the El Chanate mine, including the payment of mining salaries and related costs. Caborca Industrial is 100% owned by the Company's Chief Executive Officer and Executive Vice President, Corporate Affairs, and is consolidated in accordance with IFRS 10, *Consolidated Financial Statements*. The Company's Chief Executive Officer and Executive Vice President, Corporate Affairs receive no financial benefits as a result of their ownership of this entity.

Other than as discussed in the paragraph above, no director, senior officer, principal holder of securities or any associate or affiliate thereof of the Company has any interest, directly or indirectly, in material transactions with the Company or any of its direct or indirect wholly-owned subsidiaries.

The Company has a joint venture interest in the Orion exploration project, located in Nayarit, Mexico. Nayarit Gold de Mexico, S.A. de C.V., a company with ownership of this project, is 50% owned by the Company and 50% owned by Minera Frisco, S.A.B. de C.V., and is accounted for as a jointly-controlled entity. The Company provides management services and may, from time-to-time, contribute cash or other assets to the jointly-controlled entity. At September 30, 2013, the Company had a receivable from the jointly-controlled entity of $1.4 million.

The Company has a long-term incentive plan under which share-based compensation, including stock options, deferred share units, performance share units, and restricted share units may be granted to directors, officers, employees, and consultants of the Company. The purpose of the plan is to attract, retain and motivate persons of training, experience and leadership as directors, officers, employees and consultants of the Company and its subsidiaries, to advance the long-term interests of the Company by providing such persons with the opportunity and incentive, through equity-based compensation, to acquire an ownership interest in the Company, and to promote a greater alignment of interests between such persons and shareholders of the Company. For the purpose of the plan, a consultant is defined as an individual who is engaged by the Company, under a written contract, to provide services on an ongoing basis and who spends a significant amount of time on the Company's business and affairs. The definition of consultant also includes an individual whose services are engaged through a corporation.

EVENTS AFTER THE REPORTING PERIOD

(a) *Declaration of commercial production*

On October 31, 2013, the Company declared commercial production at the Young-Davidson underground mine. Commissioning of the shaft hoisting system is a key project milestone that will support increased underground productivities and favourable unit cost efficiencies over the life of the mine. Subsequent to October 31, 2013 all revenues generated from ounces sold will be recognized in earnings along with the related operating costs. In addition, at October 31, 2013, the book value of underground mineral properties that had been previously classified as non-depletable were reclassed to depletable mineral properties. Subsequent to October 31, 2013, the Company will begin to recognize depletion expense relating to all ounces produced from the underground mine at Young-Davidson.

(b) *Mexican tax reform*

On September 8, 2013, the Executive Branch of the Mexican government presented its 2014 tax reform bill to Congress with a proposed effective date of January 1, 2014. As of October 31, 2013 the bill had been approved by the Mexican House of Representatives, the Tax Commission of the Senate, and the Senate. The bill has now been sent to the President for signature and enactment, which is expected to occur in November. All approved changes will be effective prospectively from January 1, 2014.

The tax reform bill introduces a Special Mining Duty and a New Extraordinary Mining Duty, both of which will be payable annually by all holders of productive mining concessions. The Special Mining Duty will be calculated as 7.5% of earnings before interest, taxes, depreciation and amortization as determined under Mexican income tax law, including certain specific deductions. The New Extraordinary Mining Duty will be computed as 0.5% of gold and silver sales. Both of these taxes are deductible for the purposes of calculating Mexican income tax.

Other changes introduced with the tax reform bill include (i) the approval of a permanent 30% corporate income tax rate, (ii) the elimination of the immediate deduction of fixed assets, (iii) the abolishment of the Single Rate Tax Law (IETU), and (iv) the introduction of a new 10% dividend withholding tax to be levied on payments to individuals or foreign shareholders. The Company expects treaty benefits to be applicable to the 10% dividend withholding tax.

The Company is currently evaluating the impact of the final legislation.

NON-GAAP MEASURES

The Company has included various non-GAAP measures throughout this document. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, management, analysts and investors use this information to evaluate the Company's operating and economic performance. However, these non-GAAP measures do not have any standardized meaning, and should not be considered in isolation from or as a substitute for performance measures prepared in accordance with GAAP. Other companies may calculate these measures differently.

CASH COST PER OUNCE CALCULATION

Cash cost per ounce is a non-GAAP performance measure that management uses to better assess the Company's performance for the current period and its expected performance in the future. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this measure to evaluate the Company's performance and cash generating capabilities. This measure is calculated by adjusting production and refining costs as recorded in the Company's interim unaudited consolidated financial statements for by-product revenues, production costs associated with unsold ounces, and production costs associated with acquisition-date fair value adjustments. The calculation of cash costs per gold ounce measures the benefit of any by-product silver that is produced in conjunction with gold as a credit against the cost of producing gold. A number of other gold producers present their costs net of the contribution from silver and other non-gold by-product sales. The Company believes that presenting this measure on this basis allows management, analysts and investors to better assess performance against other gold producers, and to better understand the importance of non-gold revenue on the Company's cost structure.

The following provides a reconciliation of cash cost per ounce to the unaudited condensed consolidated financial statements:
(in thousands, except ounces and cash cost per gold ounce)

	Quarter Ended September 30 2013	Quarter Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Continuing operations - Young-Davidson mine, El Chanate mine, and Corporate and other				
Production costs [1]	$ 21,079	$ 14,620	$ 88,009	$ 35,328
Refining costs	$ 137	$ 92	$ 387	$ 308
Inventory and other adjustments[2]	$ (1,690)	$ 1,695	$ (8,081)	$ (1,919)
Total cash costs	$ 19,526	$ 16,407	$ 80,315	$ 33,717
Divided by gold equivalent ounces[3]	38,250	29,534	118,449	65,246
Total cash cost per gold equivalent ounce	**$ 510**	**$ 556**	**$ 678**	**$ 517**
Total cash costs (per above)	$ 19,526	$ 16,407	$ 80,315	$ 33,717
By-product revenues[4]	$ (776)	$ (1,096)	$ (2,607)	$ (3,096)
Total cash costs, net of by-product revenues	$ 18,750	$ 15,311	$ 77,708	$ 30,621
Divided by gold ounces[5]	37,710	29,024	116,650	64,189
Total cash cost per gold ounce, net of by-product revenues	**$ 497**	**$ 528**	**$ 666**	**$ 477**
Total cash costs, net of by-product revenues (per above)	$ 18,750	$ 15,311	$ 77,708	$ 30,621
NRV adjustments[6]	$ 4,942	$ -	$ (3,062)	$ -
Total cash costs, net of by-product revenues and NRV adjustments	$ 23,692	$ 15,311	$ 74,646	$ 30,621
Divided by gold ounces	37,710	29,024	116,650	64,189
Total cash cost per gold ounce, net of by-product revenues and NRV adjustments	**$ 628**	**$ 528**	**$ 640**	**$ 477**

(1) *Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.*

(2) *Inventory adjustments include amortization of the inventory fair value adjustments relating to the El Chanate purchase price allocations (including $2.1 million relating to a NRV adjustment for the three and nine months ended September 30, 2013) as well as the movement in costs associated with unsold gold ounces at Young-Davidson. The total of these adjustments for the three and nine months ended September 30, 2013 and 2012 were as follows:*

El Chanate	*$ (14)*	*$ (1,193)*	*$ (4,145)*	*$ (4,807)*
Young-Davidson	*$ (1,676)*	*$ 2,888*	*$ (3,936)*	*$ 2,888*
	$ (1,690)	*$ 1,695*	*$ (8,081)*	*$ (1,919)*

(3) *Gold equivalent ounces include silver ounces produced / sold converted to gold equivalent based on the ratio of the realized sales prices of the commodities.*

(4) *By-product revenue is defined as the revenue from a secondary metal or mineral that is recovered during processing, and is included in Revenue from mining operations in the Company's financial statements. The total by-product silver revenues adjustments for the three and nine months ended September 30, 2013 and 2012 were as follows:*

El Chanate	*$ (711)*	*$ (1,054)*	*$ (2,319)*	*$ (3,054)*
Young-Davidson	*$ (65)*	*$ (42)*	*$ (288)*	*$ (42)*
	$ (776)	*$ (1,096)*	*$ (2,607)*	*$ (3,096)*

(5) *Gold ounces include ounces sold at the El Chanate mine and ounces produced at the Young-Davidson mine for the three and nine months ended September 30, 2013. The total NRV adjustments recognized during the three and nine months ended September 30, 2013 were as follows:*

El Chanate	*$ 1,658*	*$ -*	*$ (2,763)*	*$ -*
Young-Davidson	*$ 3,284*	*$ -*	*$ (299)*	*$ -*
	$ 4,942	*$ -*	*$ (3,062)*	*$ -*

(6) *Production and refining costs of discontinued operations are presented separately as net earnings from discontinued operations in the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2012.*

(in thousands, except ounces and cash cost per gold ounce)

	Quarter Ended September 30 2013	Quarter Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Discontinued operations - Ocampo mine, El Cubo mine, and Australian Operations				
Production and refining costs[1]	$ -	$ 13,924	$ -	$ 136,746
Divided by gold equivalent ounces sold[2]	-	22,574	-	160,648
Total cash cost per gold equivalent ounce	**$ -**	**$ 617**	**$ -**	**$ 851**
Total production and refining costs (per above)	$ -	$ 13,924	$ -	$ 136,746
Stawell by-product revenues	$	$ -	$	$ (541)
Co-product silver revenues[3]	$ -	$ (14,706)	$ -	$ (77,213)
Total cash costs, net of by-product and co-product revenues	$ -	$ (782)	$ -	$ 58,992
Divided by gold ounces sold	-	13,684	-	114,065
Total cash cost per gold ounce, net of by-product and co-product revenues	**$ -**	**$ (57)**	**$ -**	**$ 517**
Total cash costs, net of by-product and co-product revenues (per above)	$ -	$ (782)	$ -	$ 58,992
Ocampo NRV adjustments	$ -	$ 3,687	$ -	$ (5,006)
Total cash costs, net of by-product revenues, co-product revenues and NRV adjustments	$ -	$ 2,905	$ -	$ 53,986
Divided by gold ounces sold	-	13,684	-	114,065
Total cash cost per gold ounce, net of by-product revenues, co-product revenues and NRV adjustments	**$ -**	**$ 212**	**$ -**	**$ 473**

[1] Production and refining costs of discontinued operations are presented separately as net earnings from discontinued operations in the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2012.

[2] Gold equivalent ounces include silver ounces produced / sold converted to gold equivalent based on the ratio of the realized sales prices of the commodities.

[3] Co-product revenue is defined as revenue which arises from more than one primary source. The Company's El Cubo and Ocampo mines, which were disposed of in 2012, recognized co-product revenue from the sale of gold and silver, which was included in Revenue from mining operations in the Company's financial statements. The total co-product silver revenue adjustments for the three and nine months ended September 30, 2012 were as follows:

Ocampo	*$ -*	*$ (14,215)*	*$ -*	*$ (62,025)*
El Cubo	*$ -*	*$ (491)*	*$ -*	*$ (15,188)*
	$ -	*$ (14,706)*	*$ -*	*$ (77,213)*

ALL-IN SUSTAINING COST PER OUNCE CALCULATION

All-in sustaining cost per ounce is a non-GAAP performance measure developed by the World Gold Council that reflects all of the expenditures that are required to produce an ounce of gold from current operations. The World Gold Council is a non-regulatory, non-profit, market development organization that was established in 1987 whose members include global senior mining companies. The Company is not a member of the World Gold Council, and was not involved in the development of the all-in sustaining cost measure. However, the Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations. This measure uses cash costs per ounce as its basis, and also includes sustaining capital expenditures, general and administrative expenses, sustaining exploration and evaluation costs, and accretion and depletion of reclamation provisions at operating sites. As this measure seeks to reflect the full cost of producing gold at current operations, it excludes capital expenditures to develop new operations and to materially enhance production or reserves at existing operations. Certain other cash expenditures, including tax payments, increases in inventory, dividends and other financing costs, are also excluded.

The following provides a reconciliation of all-in sustaining cost per ounce to the unaudited condensed consolidated financial statements:

(in thousands, except ounces and all-in sustaining cost per gold ounce)

		Quarter Ended September 30 2013		Quarter Ended September 30 2012		Nine Months Ended September 30 2013		Nine Months Ended September 30 2012
Continuing operations - Young-Davidson mine, El Chanate mine, and Corporate and other								
Total cash costs, net of by-product revenues (see above)	$	18,750	$	15,311	$	77,708	$	30,621
General and administrative	$	6,646	$	8,810	$	20,768	$	24,091
Young-Davidson inventory adjustments	$	1,676	$	(2,888)	$	3,936	$	(2,888)
Sustaining capital expenditures(1)	$	16,395	$	5,621	$	40,899	$	13,245
Accretion and depletion of reclamation provisions	$	210	$	123	$	631	$	254
Total all-in sustaining costs	$	43,677	$	26,977	$	143,942	$	65,323
Divided by gold ounces sold		40,185		23,120		121,058		58,285
All-in sustaining cost per gold ounce sold, net by-product revenues(2)	**$**	**1,087**	**$**	**1,167**	**$**	**1,189**	**$**	**1,121**
Total all-in sustaining costs, net of by-product revenues (per above)	$	43,677	$	26,977	$	143,942	$	65,323
NRV adjustments	$	4,942	$	-	$	(3,062)	$	-
Total all-in sustaining costs, net of by-product revenues and NRV adjustments	$	48,619	$	26,977	$	140,880	$	65,323
Divided by gold ounces sold		40,185		23,120		121,058		58,285
All-in sustaining cost per gold ounce sold, net by-product revenues and NRV adjustments	**$**	**1,210**	**$**	**1,167**	**$**	**1,164**	**$**	**1,121**

(1) *Sustaining capital expenditures are defined as those expenditures which do not increase annual gold ounce production at a mine site and exclude all expenditures at growth projects and certain expenditures at operating sites which are deemed expansionary in nature. Total sustaining capital for the three and nine months ended September 30, 2013 and 2012 is calculated as follows:*

Capital expenditures per cash flow statement	*$*	*80,072*	*$*	*77,444*	*$*	*185,850*	*$*	*302,973*
Less: Young-Davidson non-sustaining capital	*$*	*(48,587)*	*$*	*(61,792)*	*$*	*(113,722)*	*$*	*(261,886)*
Less: El Chanate non-sustaining capital	*$*	*(10,504)*	*$*	*(8,041)*	*$*	*(25,681)*	*$*	*(21,641)*
Less: Kemess non-sustaining capital	*$*	*(4,586)*	*$*	*(1,990)*	*$*	*(5,548)*	*$*	*(6,201)*
	$	*16,395*	*$*	*5,621*	*$*	*40,899*	*$*	*13,245*

(2) *The non-GAAP measure all-in sustaining cash cost per gold ounce is calculated for continuing operations only. Discontinued operations are excluded for the three and nine months ended September 30, 2012.*

Non-sustaining capital expenditures include underground shaft and mine development, the paste backfill plant and exploration expenditures at Young-Davidson as well as the south-east open pit expansion and exploration expenditures at El Chanate.

NET FREE CASH FLOW

Net free cash flow represents an indication of the Company's continuing capacity to generate discretionary cash flow from operations, comprising cash flows from operating activities net of total capital expenditures. It does not necessarily represent the cash flow in the period available for management to use at its discretion, which may be affected by other sources and non-discretionary uses of cash.

The following is a reconciliation of net free cash flow to the unaudited condensed consolidated financial statements:

(in thousands)

		Quarter Ended September 30 2013		Quarter Ended September 30 2012		Nine Months Ended September 30 2013		Nine Months Ended September 30 2012
Operating cash flow from continuing operations[1][2]	$	24,338	$	(5,653)	$	51,312	$	582
Less: Capital expenditures of continuing operations[1][2]	$	(80,072)	$	(77,444)	$	(185,850)	$	(302,973)
Net free cash flow from continuing operations	**$**	**(55,734)**	**$**	**(83,097)**	**$**	**(134,538)**	**$**	**(302,391)**
Operating cash flow from discontinued operations	$	-	$	9,408	$	-	$	79,599
Less: Capital expenditures of discontinued operations	$	-	$	(29,744)	$	-	$	(120,264)
Net free cash flow from discontinued operations	**$**	**-**	**$**	**(20,336)**	**$**	**-**	**$**	**(40,665)**
Operating cash flow[2]	$	24,338	$	3,755	$	51,312	$	80,180
Less: Capital expenditures[2]	$	(80,072)	$	(107,188)	$	(185,850)	$	(423,237)
Net free cash flow	**$**	**(55,734)**	**$**	**(103,433)**	**$**	**(134,538)**	**$**	**(343,057)**

[1] Operating cash flow and capital expenditures of continuing operations are exclusive of discontinued operations as cash flows from discontinued operations are presented separately on the Company's Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2012.

[2] Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

RISKS AND UNCERTAINTIES

The Company's business contains significant risk due to the nature of mining, exploration, and development activities. There were no changes in the Company's exposure to risks and other uncertainties, including those related to the mining industry in general, during the first nine months of 2013. For details of these additional risk factors, and how the management intends to mitigate these risks wherever possible, please refer to the Company's Management's Discussion and Analysis or Annual Information Form for the year ended December 31, 2012, which are available on the Company's website at www.auricogold.com, on SEDAR at www.sedar.com, and on EDGAR at www.sec.gov.

CRITICAL ACCOUNTING ESTIMATES, POLICIES AND CHANGES

ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates and judgments applied in the preparation of the Company's condensed consolidated financial statements for the three and nine months ended September 30, 2013 are consistent with those applied and disclosed in the Company's Consolidated Financial Statements for the year ended December 31, 2012. For details of these estimates and judgments please refer to the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2012, which are available on the Company's website at www.auricogold.com, on SEDAR at www.sedar.com, and on EDGAR at www.sec.gov.

ACCOUNTING POLICIES AND CHANGES

The accounting policies applied in the condensed consolidated financial statements for the three and nine months ended September 30, 2013 are consistent with those used in the Company's Consolidated Financial Statements for the year ended December 31, 2012, with the exception of the following accounting policies adopted on January 1, 2013:

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, provides guidance on the recognition and measurement of stripping costs associated with surface mining operations. IFRIC 20 differentiates between two benefits that could accrue to an entity from stripping activities: (1) usable ore that can be used to produce inventory, and (2) improved access to further quantities of material that will be mined in future periods. IFRIC 20 provides guidance on when and how to account separately for these two benefits, as well as how to initially and subsequently measure them. If the costs of the stripping activity asset versus inventory produced are not separately identifiable, an entity is required to allocate production stripping costs between the two based on a relevant production measure. This guidance recommends a different method of allocating waste between capital and expense than the method previously used by the Company. IFRIC 20 has been applied prospectively to the Company's production stripping costs incurred on or after January 1, 2012.

The adoption of this interpretation has 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 $2.0 million in the deficit in the Company's Consolidated Balance Sheets for the year ended December 31, 2012. The adoption of this interpretation also resulted in an increase of $2.0 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 three and nine months ending September 30, 2012, the adoption of this interpretation has increased the Company's production costs by $0.7 million and $1.2 million, respectively, in the Condensed Consolidated Statements of Operations, which resulted in a decline in basic earnings per share of $0.01 for the nine months ending September 30, 2013. For the three and nine months ending September 30, 2013, the adoption of this interpretation has decreased expenditures on property, plant and equipment, mining interests and intangible assets by $2.4 million and $5.3 million, respectively, and decreased the change in non-cash operating working capital by $1.7 million and $4.1 million, respectively, in the Condensed Consolidated Statements of Cash Flows.

Other standards and amendments

The Company also adopted other accounting standards and amendments to accounting standards which did not have an impact on the Company's financial results for the periods ending September 30, 2013 and 2012. Further details on these new standards and amendments are provided in note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

For a discussion of recent accounting pronouncements that may impact the Company in future periods, refer to note 3(b) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

CONTROLS AND PROCEDURES

At the end of the third quarter of 2013, an evaluation was carried out under the supervision of and with participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the design of disclosure controls and procedures and internal controls over financial reporting. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures and internal controls over financial reporting provide reasonable assurance that they were effective as of September 30, 2013, the end of the period covered by this report.

There were no significant changes in the Company's internal control over financial reporting that occurred during the nine months ended September 30, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUMMARY OF QUARTERLY FINANCIAL AND OPERATING RESULTS

(in thousands, except ounces, per share amounts, average realized prices and total cash costs)

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Gold ounces produced[1]	38,456	38,186	38,441	43,603	43,181	55,828	80,873	72,141
Silver ounces produced[1]	-	-	-	301,951	478,497	1,091,092	1,112,384	1,109,114
Gold ounces sold[1]	40,185	41,540	39,333	45,385	36,804	53,255	82,291	70,132
Silver ounces sold[1]	-	-	-	313,575	492,335	909,960	1,091,884	1,174,644
Average realized gold price	$ 1,332	$ 1,369	$ 1,627	$ 1,721	$ 1,664	$ 1,616	$ 1,700	$ 1,672
Average realized silver price	$ -	$ -	$ -	$ 32.79	$ 29.87	$ 29.07	$ 33.02	$ 30.98
Cash costs per gold ounce, net of by-product revenues and NRV adjustments[1,2,3,5]	$ 628	$ 655	$ 635	$ 624	$ 427	$ 425	$ 532	$ 375
Cash costs per gold ounce, net of by-product revenues[1,2,3,5]	$ 497	$ 848	$ 635	$ 753	$ 340	$ 588	$ 532	$ 375
Revenue from mining operations[1]	$ 54,304	$ 57,660	$ 64,885	$ 63,119	$ 39,772	$ 27,458	$ 33,273	$ 29,696
Production costs[1,2,4]	$ 21,079	$ 39,055	$ 27,875	$ 26,271	$ 14,620	$ 10,029	$ 10,679	$ 9,124
Earnings / (loss) from operations[1,2]	$ 12,230	$ (103,674)	$ 17,515	$ (113,929)	$ 3,678	$ 4,328	$ 9,039	$ (3,761)
Net earnings / (loss) from continuing operations[2]	$ 14,859	$ (103,491)	$ 18,274	$ (135,142)	$ 42,321	$ 6,640	$ (13,598)	$ 23,027
Net earnings / (loss) from discontinued operations	$ -	$ -	$ -	$ 108,977	$ (7,781)	$ 15,043	$ 14,813	$ 54,909
Total net earnings / (loss)[2]	$ 14,859	$ (103,491)	$ 18,274	$ (26,165)	$ 34,540	$ 21,683	$ 1,215	$ 77,936
Net earnings / (loss) per share from continuing operations, basic[2]	$ 0.06	$ (0.42)	$ 0.07	$ (0.48)	$ 0.15	$ 0.03	$ (0.05)	$ 0.09
Net earnings / (loss) per share from discontinued operations, basic	$ -	$ -	$ -	$ 0.39	$ (0.03)	$ 0.05	$ 0.05	$ 0.22
Total earnings / (loss) per share, basic[2]	$ 0.06	$ (0.42)	$ 0.07	$ (0.09)	$ 0.12	$ 0.08	$ -	$ 0.31
Net earnings / (loss) per share from continuing operations, diluted[2]	$ 0.04	$ (0.42)	$ 0.04	$ (0.48)	$ 0.10	$ (0.01)	$ (0.05)	$ -
Net earnings / (loss) per share from discontinued operations, diluted	$ -	$ -	$ -	$ 0.39	$ (0.03)	$ 0.05	$ 0.05	$ 0.21
Total earnings / (loss) per share, diluted[2]	$ 0.04	$ (0.42)	$ 0.04	$ (0.09)	$ 0.07	$ 0.04	$ -	$ 0.21
Operating cash flow from continuing operations[2]	$ 24,338	$ 13,875	$ 13,099	$ (7,813)	$ (5,653)	$ (4,235)	$ 10,470	$ (12,032)
Operating cash flow from discontinued operations	$ -	$ -	$ -	$ (528)	$ 9,408	$ 16,767	$ 53,424	$ 54,109
Total operating cash flow[2]	$ 24,338	$ 13,875	$ 13,099	$ (8,341)	$ 3,755	$ 12,532	$ 63,894	$ 42,077
Net free cash flow from continuing operations[2,3]	$ (55,734)	$ (46,399)	$ (32,405)	$ (66,340)	$ (83,097)	$ (117,011)	$ (102,283)	$ (105,891)
Net free cash flow from discontinued operations[3]	$ -	$ -	$ -	$ (23,784)	$ (20,336)	$ (22,175)	$ 1,846	$ 2,049
Total net free cash flow[2,3]	$ (55,734)	$ (46,399)	$ (32,405)	$ (90,124)	$ (103,433)	$ (139,186)	$ (100,437)	$ (103,842)

[1] Operational data, including ounces produced and sold, and cash costs include the results of both continuing and discontinued operations. Certain financial information, including revenues, production costs, and earnings from operations are exclusive of discontinued operations as the financial results of these operations are presented separately on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2012.

[2] Certain comparative 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 section on page 24 or note 3(a) to the condensed consolidated financial statements for the three and nine months ended September 30, 2013.

[3] See the Non-GAAP Measures section on page 20.

[4] Production costs do not include amortization and depletion or refining costs.

[5] Gold ounces include ounces sold at the El Chanate mine and ounces produced at the Young-Davidson mine, for the three and nine months ended September 30, 2013 and 2012.

CAUTIONARY NOTE TO U.S. INVESTORS

Cautionary Note to U.S. Investors Concerning Measured, Indicated and Inferred Resources: This MD&A uses the terms "measured", "indicated" and "inferred" resources. We advise investors that while those terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

Cautionary Note to U.S. Investors Concerning International Financial Reporting Standards: The condensed consolidated financial statements of the Company have been prepared by management in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (see note 2 to the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013). These accounting principles differ in certain material respects from accounting principles generally accepted in the United States of America. The Company's reporting currency is the United States dollar unless otherwise noted.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information as defined under Canadian and U.S. securities laws. All statements, other than statements of historical fact, are forward-looking statements. The words "expect", "believe", "anticipate", "will", "intend", "estimate", "forecast", "budget" and similar expressions identify forward-looking statements. Forward-looking statements include information as to strategy, plans or future financial or operating performance, such as the Company's expansion plans, project timelines, production plans, projected cash flows or capital expenditures, cost estimates, projected exploration results, reserve and resource estimates and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by management, are inherently subject to significant uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements, including: uncertainty of production and cost estimates; fluctuations in the price of gold and foreign exchange rates; the uncertainty of replacing depleted reserves; the risk that the Young-Davidson shaft will not perform as planned; the risk that mining operations do not meet expectations; the risk that projects will not be developed accordingly to budgets or timelines, changes in laws in Canada, Mexico and other jurisdictions in which the Company may carry on business; risks of obtaining necessary licenses, permits or approvals for operations or projects such as Kemess; disputes over title to properties; the speculative nature of mineral exploration and development; risks related to aboriginal title claims; compliance risks with respect to current and future environmental regulations; disruptions affecting operations; opportunities that may be pursued by the Company; employee relations; availability and costs of mining inputs and labor; the ability to secure capital to execute business plans; volatility of the Company's share price; continuation of the dividend and dividend reinvestment plan; the effect of future financings; litigation; risk of loss due to sabotage and civil disturbances; the values of assets and liabilities based on projected future cash flows; risks arising from derivative instruments or the absence of hedging; adequacy of internal control over financial reporting; changes in credit rating; and the impact of inflation.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein. Such statements are based on a number of assumptions which may prove to be incorrect, including assumptions about: business and economic conditions; commodity prices and the price of key inputs such as labour, fuel and electricity; credit market conditions and conditions in financial markets generally; revenue and cash flow estimates, production levels, development schedules and the associated costs; ability to procure equipment and supplies and on a timely basis; the timing of the receipt of permits and other approvals for projects and operations; the ability to attract and retain skilled employees and contractors for the operations; the accuracy of reserve and resource estimates; the impact of changes in currency exchange rates on costs and results; interest rates; taxation; and ongoing relations with employees and business partners. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

AuRico Gold

Condensed Consolidated Financial Statements

(in United States Dollars, unless otherwise stated)

September 30, 2013

Condensed Consolidated Balance Sheets

(unaudited, in thousands of United States dollars)

As at	September 30 2013	December 31 2012 Restated (Note 3(a))
ASSETS		
Current assets		
Cash	$ 140,101	$ 603,401
Restricted cash	2,280	2,362
Receivables	31,958	29,503
Current income tax receivable	23,202	30,977
Inventories (Note 5)	86,916	74,077
Prepaids and deposits	2,568	3,334
	287,025	743,654
Non-current assets		
Investments	5,131	111
Long-term inventories (Note 5)	98,896	85,979
Investment in jointly-controlled entity	20,426	20,463
Other long-term assets	76,391	83,289
Property, plant and equipment & mining interests (Note 6 and 7)	1,704,357	1,558,706
Intangible assets (Note 7)	35,219	54,825
Goodwill (Note 7)	268,214	348,214
	$ 2,495,659	$ 2,895,241
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities	$ 70,708	$ 59,478
Dividend payable (Note 8(b))	9,909	-
Current income tax liability	4,586	6,040
Derivative liabilities	-	2,749
Current portion of debt and equipment financing obligations	5,305	5,038
Current portion of other liabilities	-	2,750
Current portion of provisions	14,887	19,326
	105,395	95,381
Non-current liabilities		
Debt and equipment financing obligations	166,090	167,497
Option component of convertible senior notes	1,185	16,035
Provisions	31,943	32,360
Deferred income tax liability	286,260	288,131
	590,873	599,404
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	2,019,982	2,307,978
Contributed surplus	54,254	50,881
Deficit	(168,437)	(62,917)
Accumulated other comprehensive loss	(1,013)	(105)
	1,904,786	2,295,837
	$ 2,495,659	$ 2,895,241

Events after the reporting period (Note 16)

Condensed Consolidated Statements of Operations

(unaudited, in thousands of United States dollars)

	Three Months Ended September 30 2013	Three Months Ended September 30 2012 Restated (Note 3(a))	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012 Restated (Note 3(a))
Revenue from mining operations	$ 54,304	$ 39,772	$ 176,849	$ 100,503
Cost of sales:				
Production costs (Note 5)	21,079	14,620	88,009	35,328
Refining costs	137	92	387	308
Amortization and depletion (Note 5)	11,957	3,886	37,880	9,142
Reclamation, care and maintenance costs	2,048	8,337	4,290	12,173
Total cost of sales	35,221	26,935	130,566	56,951
General and administrative	6,646	8,810	20,768	24,091
Exploration and business development	207	349	756	879
Impairment charges (Note 7)	-	-	98,688	1,537
Earnings / (loss) from operations (Note 9)	12,230	3,678	(73,929)	17,045
Finance costs	(440)	(778)	(1,576)	(1,340)
Foreign exchange (loss) / gain	(2,746)	(6,986)	5,820	(12,106)
Other income (Note 10)	3,260	36,234	9,384	29,263
Equity earnings / (loss) of jointly-controlled entity	18	-	(38)	-
Earnings / (loss) before income taxes	12,322	32,148	(60,339)	32,862
Deferred income tax (recovery) / expense	(606)	(17,150)	6,430	(21,440)
Current income tax (recovery) / expense (Note 11)	(1,931)	6,977	3,589	18,939
	(2,537)	(10,173)	10,019	(2,501)
Net earnings / (loss) from continuing operations	$ 14,859	$ 42,321	$ (70,358)	$ 35,363
Net (loss) / earnings from discontinued operations (Note 4(d))	-	(7,781)	-	22,075
Net earnings / (loss)	$ 14,859	$ 34,540	$ (70,358)	$ 57,438
Earnings / (loss) per share (Note 12)				
Basic earnings / (loss) per share from continuing operations	$ 0.06	$ 0.15	$ (0.28)	$ 0.12
Basic (loss) / earnings per share from discontinued operations	-	(0.03)	-	0.08
Basic earnings / (loss) per share	$ 0.06	$ 0.12	$ (0.28)	$ 0.20
Diluted earnings / (loss) per share from continuing operations	$ 0.04	$ 0.10	$ (0.28)	$ 0.09
Diluted (loss) / earnings per share from discontinued operations	-	(0.03)	-	0.07
Diluted earnings / (loss) per share	$ 0.04	$ 0.07	$ (0.28)	$ 0.16
Weighted average shares outstanding (Note 12)				
Basic	247,131,794	282,235,806	251,245,429	282,086,147
Diluted	262,504,566	297,463,382	251,245,429	297,580,168

See accompanying notes to the unaudited condensed consolidated financial statements

AuRico Gold

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of United States dollars)

	Three Months Ended September 30 2013	September 30 2012 Restated (Note 3(a))	Nine Months Ended September 30 2013	September 30 2012 Restated (Note 3(a))
Net earnings / (loss)	$ 14,859	$ 34,540	$ (70,358)	$ 57,438
Items that may be reclassified subsequently to net earnings:				
Other comprehensive loss from continuing operations:				
Unrealized (loss) / gain on investments	(299)	10	(1,036)	(29)
Reclassification of accumulated losses on investments to earnings	-	-	128	-
Tax effect	-	(78)	-	(78)
Total other comprehensive loss from continuing operations	(299)	(68)	(908)	(107)
Other comprehensive income from discontinued operations:				
Unrealized gain on derivatives designated as cash flow hedges	-	2,059	-	5,458
Reclassification of realized losses on cash flow hedges to earnings	-	2,384	-	4,179
Foreign exchange gain on translation	-	-	-	(480)
Reclassification of foreign exchange loss on translation to earnings (Note 4(d))	-	-	-	2,199
Tax effect	-	(587)	-	-
Total other comprehensive income from discontinued operations	-	3,856	-	11,356
Total other comprehensive (loss) / income	(299)	3,788	(908)	11,249
Comprehensive income / (loss)	$ 14,560	$ 38,328	$ (71,266)	$ 68,687

See accompanying notes to the unaudited condensed consolidated financial statements

AuRico Gold

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of United States dollars)

	Three Months Ended September 30 2013	Three Months Ended September 30 2012 Restated (Note 3(a))	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012 Restated (Note 3(a))
OPERATING ACTIVITIES				
Net earnings / (loss) from continuing operations	$ 14,859	$ 42,321	$ (70,358)	$ 35,363
Payments of disposition-related costs	-	(1,497)	-	(1,497)
Payments to settle derivative liabilities	-	-	(528)	-
Payments to settle other liabilities	-	-	(2,750)	-
Payments to settle provisions	(567)	(1,967)	(3,600)	(6,082)
Items not affecting cash (Note 13)	7,466	(39,006)	137,807	(21,068)
Change in non-cash operating working capital (Note 13)	2,580	(5,504)	(9,259)	(6,134)
Operating cash flows from continuing operations	24,338	(5,653)	51,312	582
INVESTING ACTIVITIES				
Proceeds from disposition of Australian operations, net of cash sold (Note 4(a))	-	-	-	44,755
Proceeds from disposition of El Cubo and Guadalupe y Calvo, net of cash sold (Note 4(b))	-	99,157	-	99,157
Increase in restricted cash	-	-	(1,686)	-
Purchase of investments	(4,203)	-	(6,491)	-
Sale of investments	-	-	-	7,381
Expenditures on property, plant and equipment, mining interests and intangible assets	(80,072)	(77,444)	(185,850)	(302,973)
Investing cash flows from continuing operations	(84,275)	21,713	(194,027)	(151,680)
FINANCING ACTIVITIES				
Repayment of debt and equipment financing obligations	(1,232)	(985)	(3,648)	(2,404)
Proceeds from debt and equipment financing obligations	-	5,127	-	77,419
Payment of dividends	(9,290)	-	(19,161)	-
Payment of financing fees on debt	-	-	-	(1,877)
Proceeds from exercise of stock options	-	14	3,094	561
Shares repurchased and cancelled (Note 8(a))	-	-	(301,066)	-
Financing cash flows from continuing operations	(10,522)	4,156	(320,781)	73,699
Impact of foreign exchange on cash	855	274	196	(1,523)
Net (decrease) / increase in cash from continuing operations	(69,604)	20,490	(463,300)	(78,922)
Net (decrease) in cash from discontinued operations (Note 4(d))	-	(20,825)	-	(44,832)
Cash, beginning of period	209,705	56,025	603,401	179,444
Cash, end of period	$ 140,101	$ 55,690	$ 140,101	$ 55,690

AuRico Gold

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(unaudited, in thousands of United States dollars)

For the nine months ended September 30, 2013	2013	2012 Restated (Note 3(a))
Capital stock		
Balance, beginning of period	$ 2,307,978	$ 2,301,419
Shares repurchased and cancelled (Note 8(a))	(295,536)	-
Shares issued through dividend reinvestment plan	619	-
Shares issued as payment for disposition-related services	-	1,736
Shares issued through employee share purchase plan	1,503	1,377
Shares issued on redemption of deferred share units	499	289
Shares issued for cash pursuant to exercise of stock options	3,094	561
Fair value of share-based compensation	1,825	717
Balance, end of period	$ 2,019,982	$ 2,306,099
Contributed surplus		
Balance, beginning of period	$ 50,881	$ 45,232
Fair value of deferred share units redeemed	(499)	(289)
Fair value of share-based compensation	(1,825)	(717)
Share-based compensation	5,697	5,037
Balance, end of period	$ 54,254	$ 49,263
Deficit		
Balance, beginning of period	$ (62,917)	$ (94,190)
Dividends declared (Note 8(b))	(29,632)	-
Premium on shares repurchased and cancelled (Note 8(a))	(5,530)	-
Net (loss) / earnings	(70,358)	57,438
Balance, end of period	$ (168,437)	$ (36,752)
Accumulated other comprehensive loss		
Balance, beginning of period	$ (105)	$ (11,323)
Other comprehensive (loss) / income	(908)	11,249
Balance, end of period	$ (1,013)	$ (74)
Total shareholders' equity	$ 1,904,786	$ 2,318,536

See accompanying notes to the unaudited condensed consolidated financial statements

1. Corporate information

AuRico Gold Inc. and its subsidiaries (collectively, the "Company" or "AuRico Gold") are engaged in the mining, development and exploration of resource properties. AuRico Gold Inc., the ultimate parent, is a publicly traded company with common shares listed on the Toronto Stock Exchange (TSX: AUQ) and the New York Stock Exchange (NYSE: AUQ). The Company is incorporated and domiciled in Canada and its head office and registered office is located at 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4.

The condensed consolidated financial statements of the Company and its subsidiaries were authorized for issue in accordance with a resolution of the Board of Directors dated November 7, 2013.

2. Basis of preparation and statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These statements were prepared using the same accounting policies and methods of computation as the Company's consolidated financial statements for the year ended December 31, 2012, except as disclosed below in note 3(a).

These condensed consolidated interim financial statements do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS as issued by the IASB.

3. Accounting changes and recent pronouncements

(a) Adoption of new accounting standards

The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2013:

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, provides guidance on the recognition and measurement of stripping costs associated with surface mining operations. IFRIC 20 differentiates between two benefits that could accrue to an entity from stripping activities: (1) usable ore that can be used to produce inventory, and (2) improved access to further quantities of material that will be mined in future periods. IFRIC 20 provides guidance on when and how to account separately for these two benefits, as well as how to initially and subsequently measure them. If the costs of the stripping activity asset versus inventory produced are not separately identifiable, an entity is required to allocate production stripping costs between the two based on a relevant production measure. This guidance recommends a different method of allocating waste between capital and expense than the method previously used by the Company. IFRIC 20 has been applied prospectively to the Company's production stripping costs incurred on or after January 1, 2012.

The adoption of this interpretation resulted in an increase of $3,330 in inventory, an increase of $3,276 in long-term inventory, a decline of $8,564 in property, plant and equipment & mining interests, and an increase of $1,958 in deficit in the Consolidated Balance Sheets as at December 31, 2012. The adoption of this interpretation also resulted in an increase of $1,958 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 three and nine months ending September 30, 2012, the adoption of this interpretation increased the Company's production costs in the Condensed Consolidated Statements of Operations by $697 and $1,236, respectively, which decreased the Company's basic earnings per share by $0.01 for the nine months ended September 30, 2012. For the three and nine months ending September 30, 2012, the adoption of this interpretation decreased expenditures on property, plant and equipment, mining interests and intangible assets by $2,415 and $5,350, respectively, and decreased the change in non-cash operating working capital by $1,718 and $4,114, respectively, in the Condensed Consolidated Statements of Cash Flows.

IFRS 10, *Consolidated Financial Statements*, replaces the consolidated financial statements section of IAS 27, *Consolidated and Separate Financial Statements,* and SIC-12, *Consolidation – Special Purposes Entities,* in its entirety. IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities, regardless of the nature of relationship. The new standard introduces a revised definition of control, and provides additional guidance on how to apply the control principle in a number of situations. There was no impact on the Company's consolidated financial statements upon the adoption of this standard.

IFRS 11, *Joint Arrangements*, replaces IAS 31, *Interests in Joint Ventures*, and requires the Company to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint venture, the Company will account for its interest in the net assets of the joint venture using the equity method of accounting. The Company will no longer have the option to proportionately consolidate its share of the net assets, revenues and expenses of joint ventures. There was no impact on the Company's consolidated financial statements upon the adoption of this standard.

(unaudited, in thousands of United States dollars unless otherwise stated)

IFRS 12, *Disclosure of Interests in Other Entities*, outlines the disclosures required surrounding an entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities, to enable users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for periods that precede the first annual period for which IFRS 12 is applied. Therefore, any additional disclosures about interests in other entities that are required by this standard will be provided in the Company's consolidated financial statements for the year ended December 31, 2013.

IFRS 13, *Fair Value Measurement*, is a single source of fair value measurement guidance under IFRS. This new IFRS clarifies the definition of fair value, provides a clear framework for measuring fair value, and enhances the disclosures about fair value measurements. IFRS 13 is not only limited to financial instruments, but also applies to fair value measurement in other IFRS, such as impairment and employee future benefits. There was no impact on the Company's consolidated financial statements upon the adoption of this standard.

IFRS 7, *Financial Instruments: Disclosures,* and IAS 32, *Financial Instruments: Presentation*, were amended to address the issue of offsetting financial assets and financial liabilities in the financial statements. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or that are subject to master netting arrangements or similar arrangements. There was no impact on the Company's consolidated financial statements upon the adoption of this amendment.

IAS 1, *Presentation of Financial Statements*, was amended to revise the presentation of other comprehensive income, requiring entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently, with subtotals for each group. There was no impact on the Company's consolidated financial statements upon the adoption of this amendment as all items are reclassifiable subsequently to net earnings.

The Company also adopted the amendments to IAS 19, *Employee Benefits*, IAS 27, *Separate Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures*, which did not have an impact on the Company's consolidated financial statements.

(b) Standards issued but not yet adopted

For the purposes of preparing and presenting the Company's consolidated financial statements, the Company has adopted all standards and interpretations issued other than those discussed below. These standards have not been adopted because they are not effective for the Company until subsequent to December 31, 2013. Standards and interpretations issued, but not yet adopted include:

	Effective for the Company
IFRS 9, *Financial Instruments*	To be determined
Amendments to IAS 32, *Financial Instruments: Presentation*	January 1, 2014
IFRIC 21, *Levies*	January 1, 2014

IFRS 9, *Financial Instruments*, proposes to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The replacement standard has three main phases, the first of which provides new guidance for the classification and measurement of financial assets and liabilities, including elimination of the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables, in exchange for the classification of financial assets and liabilities into the categories of either financial assets measured at amortized cost or financial assets measured at fair value. The second part, which is currently an exposure draft, provides guidance for amortized cost and impairment methodology for financial assets. The third part, which is also currently an exposure draft, proposes a revised general hedge accounting model. The IASB recently suspended the originally planned effective date of January 1, 2015 and at present the effective date has not been determined. The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption.

The proposed amendments to IAS 32, *Financial Instruments: Presentation*, clarify situations in which an entity has a legally enforceable right to set-off a financial liability and financial asset. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The Company will evaluate the impact of this amendment on its consolidated financial statements based on the presentation of financial assets and liabilities outstanding at the time of adoption.

IFRIC 21, *Levies*, sets out criteria for the recognition of liabilities for levies imposed by governments. The IFRIC identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Company is currently evaluating the impact of this interpretation on its consolidated financial statements.

4. Discontinued operations

(a) *Australian operations*

On May 4, 2012, the Company completed the sale of the Fosterville and Stawell mines and their related subsidiaries (collectively, the "Australian operations") to Crocodile Gold. The consideration received was comprised of CAD $55 million in cash, 20 million Crocodile Gold common shares, and additional payments based on the future life-of-mine free cash flows, as defined in the agreement, from the Fosterville and Stawell mines. Per the agreement, once the cumulative free cash flow generated by the mines subsequent to closing has reached CAD $60 million, the Company will receive 100% of the next CAD $30 million of cumulative free cash flow in excess of CAD $60 million, and 50% of the next CAD $30 million of cumulative free cash flow in excess of CAD $90 million. In addition, the Company will receive 20% of any cumulative free cash flow in excess of CAD $120 million. Refer to note 7(b) for further information. The results of the Australian operations up to the date of disposal were presented as discontinued operations in 2012.

During the nine months ended September 30, 2012, the Company recognized an impairment charge of $22,857 that resulted from the carrying value of the Australian net assets exceeding the estimated fair value of the consideration less costs to sell, measured at March 31, 2012. The Company also recognized a loss on disposal of $1,736 that resulted from the carrying value of the Australian net assets exceeding the estimated fair value of consideration received in the transaction, measured at May 4, 2012. The impairment charge and loss on disposal have been included in net earnings from discontinued operations in the Consolidated Statements of Operations.

(b) *El Cubo mine and Guadalupe y Calvo exploration property*

On July 13, 2012, the Company completed the sale of the El Cubo mine and Guadalupe y Calvo exploration property to Endeavour Silver Corp. ("Endeavour"), through the acquisition by Endeavour of all of the shares of Mexgold Resources Inc., a wholly owned subsidiary of the Company with ownership of these assets. The consideration was comprised of $100 million in cash, 11,037,528 Endeavour common shares and $30 million in contingent payments to be paid upon the rolling twelve month average gold price exceeding specified levels. Refer to Note 14(c) for further information on the valuation of the contingent payments. The results of the El Cubo mine and Guadalupe y Calvo exploration property up to the date of disposal were presented as discontinued operations in 2012.

(c) *Ocampo mine*

On December 14, 2012, the Company completed the sale of the Ocampo mine and the Venus and Los Jarros exploration properties (collectively, the "Ocampo mine") to Minera Frisco S.A.B. de C.V. ("Minera Frisco"), through the disposition of all of the shares of AuRicoGold de Mexico S.A. de C.V., a wholly owned subsidiary of the Company with ownership of these assets. As part of the transaction, Minera Frisco also acquired a 50% interest in the Orion exploration project, located in Nayarit, Mexico. The consideration was comprised of $750 million in cash, including $27 million for Minera Frisco's 50% interest in the Orion exploration project. The results of the Ocampo mine up to the date of disposal were presented as discontinued operations in 2012. The results of the Orion exploration project are presented within continuing operations.

During the six months ended June 30, 2012, the Company recognized a net realizable value adjustment on inventory of $14,366. This adjustment was required as the carrying value of Ocampo ore in process heap leach inventory exceeded its net realizable value. During the three months ended, September 30, 2012 the Company reversed $6,074 of this net realizable value adjustment as a result of an increase in expected future commodity prices.

(d) *Results from discontinued operations*

The results of these discontinued operations are presented as net earnings from discontinued operations in the Condensed Consolidated Statements of Operations and as a net decrease in cash from discontinued operations in the Condensed Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2012.

(unaudited, in thousands of United States dollars unless otherwise stated)

Net (loss) / earnings from discontinued operations:	Three Months Ended September 30 2012	Nine Months Ended September 30 2012
Australian operations		
Revenue from mining operations	$ -	$ 87,267
Cost of sales	-	(57,288)
General and administrative	-	(495)
Exploration and business development	-	(911)
Impairment charge	-	(22,857)
Earnings from operations	-	5,716
Foreign exchange loss	-	(14)
Other income	-	92
Earnings before income taxes prior to disposition	-	5,794
Income tax expense	-	-
Net earnings prior to disposition	-	5,794
Loss on disposal	-	(1,736)
Disposition-related costs	-	(1,034)
Income tax recovery on disposal	-	366
Reclassification of foreign exchange loss on translation from other comprehensive income to earnings	-	(2,199)
Net earnings	$ -	$ 1,191
El Cubo and Guadalupe y Calvo		
Revenue from mining operations	$ 441	$ 29,613
Cost of sales	(820)	(23,741)
General and administrative	(55)	(748)
(Loss) / earnings from operations	(434)	5,124
Foreign exchange (loss)	(278)	(3,403)
Other income / (loss)	118	(65)
(Loss) / earnings before income taxes prior to disposition	(594)	1,656
Income tax recovery / (expense)	1,215	(25)
Net earnings prior to disposition	621	1,631
Gain on disposal	24,062	24,062
Disposition-related costs	(1,820)	(1,928)
Income tax recovery on disposal	(3,362)	(2,617)
Net earnings	$ 19,501	$ 21,148
Ocampo mine		
Revenue from mining operations	$ 36,850	$ 150,668
Cost of sales	(20,615)	(91,290)
General and administrative	(3,209)	(8,386)
Earnings from operations	13,026	50,992
Foreign exchange loss	(2,729)	(4,982)
Other loss	(3,162)	(2,099)
Earnings before income taxes prior to disposition	7,135	43,911
Income tax expense	(34,417)	(44,175)
Net loss	$ (27,282)	$ (264)
Net (loss) / earnings from discontinued operations	$ (7,781)	$ 22,075

(unaudited, in thousands of United States dollars unless otherwise stated)

	Three Months Ended September 30 2012	Nine Months Ended September 30 2012
Net decrease in cash from discontinued operations:		
Australian operations		
Operating cash flows	$ -	$ 25,958
Investing cash flows	-	(25,744)
Financing cash flows	-	(2,103)
Impact of foreign exchange on cash	-	31
Net decrease in cash	$ -	$ (1,858)
El Cubo and Guadalupe y Calvo		
Operating cash flows	$ (814)	$ 4,008
Investing cash flows	(1,054)	(13,471)
Financing cash flows	-	-
Impact of foreign exchange on cash	4	(21)
Net decrease in cash	$ (1,864)	$ (9,484)
Ocampo mine		
Operating cash flows	$ 10,222	$ 49,633
Investing cash flows	(28,690)	(81,049)
Financing cash flows	(586)	(2,833)
Impact of foreign exchange on cash	93	759
Net decrease in cash	$ (18,961)	$ (33,490)
Net decrease in cash from discontinued operations	$ (20,825)	$ (44,832)

5. Inventories

	September 30 2013	December 31 2012 Restated (Note 3(a))
Supplies	$ 16,613	$ 15,020
Ore stockpiles	43,779	27,274
Ore in process	121,446	109,840
Finished goods	3,974	7,922
	185,812	160,056
Less: Long-term inventories	(98,896)	(85,979)
	$ 86,916	$ 74,077

As at June 30, 2013, the carrying value of the El Chanate ore in process heap leach inventory and the Young-Davidson low grade long-term stockpile inventory exceeded their net realizable values. As a result, the Company recognized net realizable value adjustments, which impacted production costs and amortization and depletion. As disclosed in the Company's consolidated financial statements for the year ended December 31, 2012, ore stockpile and ore in process inventories include mining and processing costs, along with amortization and depletion related to mining and processing operations. The net realizable value adjustments were allocated on a pro-rata basis between production costs and amortization and depletion based on their relative values at June 30, 2013.

As at September 30, 2013, the net realizable value of the El Chanate ore in process heap leach inventory and the Young-Davidson low grade long-term stockpile inventory exceeded their carrying values. As a result, the Company recognized net realizable value adjustment reversals, which impacted production costs and amortization and depletion. The net realizable value adjustment reversals have been allocated on a pro-rata basis between production costs and amortization and depletion based on their relative values at September 30, 2013. Inventories carried at fair value less cost to sell totaled $42,714 at September 30, 2013.

(unaudited, in thousands of United States dollars unless otherwise stated)

The impact on production costs and amortization and depletion is as follows:

	Three months ended		Nine months ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Operating production costs	$ 26,797	$ 14,620	$ 83,623	$ 35,328
Net realizable value adjustment / (reversal)				
El Chanate	(2,434)	-	4,087	-
Young-Davidson	(3,284)	-	299	-
Production costs	$ 21,079	$ 14,620	$ 88,009	$ 35,328
Operating amortization and depletion	$ 13,611	$ 3,886	$ 37,393	$ 9,142
Net realizable value adjustment / (reversal)				
El Chanate	(215)	-	357	-
Young-Davidson	(1,439)	-	130	-
Amortization and depletion	$ 11,957	$ 3,886	$ 37,880	$ 9,142

Ore in process inventory at September 30, 2013 included $12,511 (December 31, 2012 - $16,697) related to the excess of the fair value of El Chanate inventory over its carrying value at the acquisition date, which is being charged to earnings as the related inventory is sold.

6. Property, plant and equipment & mining interests

	Plant and equipment	Mining interests: Depletable	Mining interests: Non-depletable	Exploration and evaluation	Total
Cost					
At December 31, 2012 (a)	$ 543,825	$ 197,168	$ 806,025	$ 66,410	$ 1,613,428
Additions	98,582	43,096	58,127	6,020	205,825
Disposals	(4,689)	-	-	-	(4,689)
At September 30, 2013	$ 637,718	$ 240,264	$ 864,152	$ 72,430	$ 1,814,564
Accumulated amortization and depletion					
At December 31, 2012	$ (18,462)	$ (36,260)	$ -	$ -	$ (54,722)
Amortization and depletion	(20,128)	(37,426)	-	-	(57,554)
Disposals	2,069	-	-	-	2,069
At September 30, 2013	$ (36,521)	$ (73,686)	$ -	$ -	$ (110,207)
Carrying value					
At December 31, 2012	$ 525,363	$ 160,908	$ 806,025	$ 66,410	$ 1,558,706
At September 30, 2013	$ 601,197	$ 166,578	$ 864,152	$ 72,430	$ 1,704,357

(unaudited, in thousands of United States dollars unless otherwise stated)

The carrying values by mine are as follows:

		Mining interests			
	Plant and equipment	Depletable	Non-depletable	Exploration and evaluation	Total
El Chanate	$ 46,492	$ 119,318	$ 10,559	$ -	$ 176,369
Young-Davidson	525,680	47,260	853,593	-	1,426,533
Corporate and other	29,025	-	-	72,430	101,455
At September 30, 2013	$ 601,197	$ 166,578	$ 864,152	$ 72,430	$ 1,704,357
El Chanate	$ 44,793	$ 108,952	$ 7,544	$ -	$ 161,289
Young-Davidson	450,753	51,956	798,481	-	1,301,190
Corporate and other	29,817	-	-	66,410	96,227
At December 31, 2012 (a)	$ 525,363	$ 160,908	$ 806,025	$ 66,410	$ 1,558,706

(a) The El Chanate depletable mining interests balance at December 31, 2012 was restated to reflect the adoption of IFRIC 20, which has been applied prospectively to the Company's production stripping costs incurred on or after January 1, 2012. Refer to note 3(a) for further details.

The carrying value of construction in progress at September 30, 2013 was $174,128 (December 31, 2012 - $105,791), including $173,661 (December 31, 2012 - $99,165) relating to projects at the Young-Davidson mine.

The Company has made non-cancellable commitments to acquire property, plant and equipment totaling $15,701 at September 30, 2013 (December 31, 2012 - $9,580).

7. Impairment

Non-financial assets and cash-generating units ("CGU") are tested for impairment or a reversal of impairment whenever there are indicators that an impairment has occurred or should be reversed. At June 30, 2013, the Company reassessed its gold price assumptions due to weakness in spot gold prices, which was considered to be an indicator of impairment. As a result, the Company performed impairment tests on the El Chanate CGU and its retained interest royalty held in the Australian Operations disposed of in 2012, as the fair value of these assets were significantly impacted by the Company's changes in assumptions. The fair value of these non-financial assets are based on unobservable inputs (level 3 of fair value hierarchy, refer to Note 14).

(a) *El Chanate CGU*

At June 30, 2013, the carrying value of the El Chanate CGU exceeded its recoverable amount of $249,683 by $80,000, which resulted in recognizing an impairment charge related entirely to goodwill. The primary contributors to this impairment charge were the revised short-term and long-term gold price assumptions used in the June 30, 2013 test as compared to the assumptions used in the test performed at December 31, 2012. This impairment has been recognized in the nine months ended September 30, 2013.

IAS 34, *Interim Financial Reporting*, recognizes that the preparation of interim financial reports generally requires a greater use of estimation methods than annual financial reports. The Company's estimates of reserves and resources, future production levels, operating costs and capital expenditures used in the impairment review in the annual financial statements are prepared following the Company's life of mine planning process. In the second quarter of 2013, estimates were prepared based on 2012 life of mine plans, with certain limited adjustments to reflect significant known changes in those plans. These estimates necessarily have greater measurement uncertainty than those completed at the end of the annual life of mine planning process.

The fair value of the El Chanate CGU at June 30, 2013 was based on fair value less costs to sell ("FVLCS") calculations. When observable market prices are not available for the asset, FVLCS is calculated using a discounted cash flow methodology taking into account the assumptions that would be made by market participants. Management projected cash flows over the remaining life of the mine using forecasted production and costs per the Company's life of mine plan and the forecasted price of gold to project future revenues. The key assumptions used in determining FVLCS at June 30, 2013 were commodity prices, discount rates, operating costs, capital expenditures and net asset value ("NAV") multiples. The Company does not use growth rates in determining this cash flow projection.

The Company develops commodity price forecasts by reference to numerous external analyst forecasts. The commodity pricing used in the impairment test approximated the mean of all of these forecasts, after adjusting for outliers. Ranges in gold prices used were $1,300 to $1,400 per ounce, including long-term prices of $1,350 per ounce (December 31, 2012 - $1,825 to $1,425 per ounce).

The Company forecasts production, operating costs and capital expenditures based on expected life of mine plans developed from technical reports and historical cost experience.

The 6% discount rate (December 31, 2012 – 6%) used by the Company in calculating the El Chanate FVLCS was based on the weighted average cost of capital applicable to El Chanate. The rates chosen reflect a market participant's view of the risk inherent in the cash flows associated with the mine and alternate investment returns.

Gold companies can trade at a market capitalization greater than their estimated discounted cash flows. This "NAV multiple" represents the multiple applied to the estimated discounted cash flows to arrive at the trading price. The NAV multiple is generally understood to take into account a variety of additional value factors such as the exploration potential of the mineral property, namely the ability to find and produce more metal than what is currently included in the life of mine plan, and the benefit of gold price optionality. A NAV multiple of 1.0 (December 31, 2012 – 1.0) was applied to the estimated discounted cash flows.

(b) *Retained interest royalty*

At June 30, 2013, the carrying value of the retained interest royalty exceeded its recoverable amount of $15,316 by $18,688, which resulted in an impairment charge. As a result of the impairment charge, the Company also recorded a deferred tax recovery of $2,186, which resulted in a net impairment charge of $16,502. The primary contributors to this impairment charge were the revised short-term and long-term gold price assumptions used in the June 30, 2013 test as compared to the assumptions used in the test performed at December 31, 2012. This impairment has been recognized in the nine months ended September 30, 2013.

The Company determined the fair value of the retained interest royalty using a valuation model, which was based on the combined free cash flow expected to be generated by the Australian Operations. This model used a discounted cash flow methodology taking into account the assumptions that would be made by market participants. The key assumptions used in determining the fair value of these payments were future production, gold prices, operating costs, capital expenditures, foreign exchange rates and the discount rate. The Company forecasted future production, operating costs and capital expenditures based on the expected life of mine plans developed from technical reports and historical cost experience. In determining the fair value of the retained interest royalty, the Company used a gold price forecast of $1,300 to $1,400 per ounce, an average Australian to US dollar forward exchange rate of 1.13 to 1 USD, an average Australian dollar to Canadian dollar forward exchange rate of 1.13 to 1 CAD, and a credit-adjusted discount rate of 12%.

(c) *Other*

During the nine months ended September 30, 2012, the Company discontinued its exploration program on the La Bandera exploration property, and recognized an impairment charge of $1,537 and a tax recovery of $400, for a net impairment charge of $1,137.

(unaudited, in thousands of United States dollars unless otherwise stated)

8. Shareholders' equity

(a) *Capital stock*

Authorized:

Unlimited number of common shares.
The Company's shares have no par value.

Issued and outstanding:

	September 30, 2013		September 30, 2012	
	Number of common shares	Ascribed value	Number of common shares	Ascribed value
Balance, beginning of period	282,326,547	$ 2,307,978	281,605,752	$ 2,301,419
Shares repurchased and cancelled	(36,144,578)	(295,536)	-	-
Shares issued as payment for disposition-related services	-	-	211,991	1,736
Shares issued through employee share purchase plan	260,670	1,503	165,398	1,377
Shares issued through dividend reinvestment plan	129,793	619	-	-
Shares issued on redemption of deferred share units	71,845	499	31,544	289
For cash pursuant to exercise of stock options	458,168	3,094	120,992	561
Fair value of share-based compensation	-	1,825	-	717
Balance, end of period	247,102,445	$ 2,019,982	282,135,677	$ 2,306,099

During the nine months ended September 30, 2013, the Company repurchased and cancelled 36,144,578 common shares under a "modified Dutch auction" substantial issuer bid, for a total purchase price of $301,066, including transaction costs. Of the $301,066 paid, $295,536 was recognized in capital stock to reduce the book value of the shares repurchased and the premium paid, including transaction costs, of $5,530 was recognized in deficit.

(b) *Dividends*

On February 21, 2013, the Company announced an inaugural dividend policy, whereby the Company will pay a dividend of $0.16 per share in 2013 (payable quarterly). Subsequent to 2013, the dividend will be linked to operating cash flow, whereby the Company intends to pay out 20% of operating cash flow generated in the preceding quarter. At September 30, 2013, subsequent to approval of the third quarter dividend by the Company's Board of Directors, the Company recognized a dividend payable of $9,909, which was charged directly to deficit in the Condensed Consolidated Balance Sheets. The Company announced the declaration of the dividend of $0.04 per share on September 17, 2013, payable to shareholders of record on October 11, 2013. The dividend was paid on October 29, 2013. During the nine months ended September 30, 2013, the Company has declared $29,632 in dividends, or $0.12 per share.

On June 11, 2013, the Company announced a dividend reinvestment plan, whereby shareholders may elect to reinvest dividends in additional common shares of the Company, commencing with the July 2013 dividend. Common shares issued under this plan will be issued at a 5% discount from the average market price of the common shares over the five day period preceding the relevant dividend payment date. The discount may be adjusted at a future date, but cannot exceed 5%. During the three months ended September 30, 2013, the Company issued 129,793 shares with a total value of $619 under this plan.

(c) *Stock options (in Canadian dollars)*

The Company has a long-term incentive plan under which share-based compensation, including stock options, deferred share units, restricted share units, performance share units, and restricted share units may be granted to directors, officers, employees, and consultants of the Company. The maximum number of common shares that may be reserved and set aside for issuance under the plan is 6.5% of the common shares outstanding at the time of granting the award (on a non-diluted basis). Stock options are generally exercisable for a maximum period of five to seven years from the grant date, and have vesting periods of three to four years or as determined by the Company's Board of Directors.

Stock option disclosures are in Canadian dollars as the Canadian dollar is the source currency of the Company's stock option grants.

(unaudited, in thousands of United States dollars unless otherwise stated)

The fair value of the options granted during the year-to-date was calculated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	September 30 2013	September 30 2012
Dividend yield	2.19%	0%
Expected volatility	54.03%	58.13%
Risk free interest rate	1.28%	1.31%
Expected life	3.35 years	4.10 years
Exercise price	$ 7.27	$ 7.81
Share price	$ 7.35	$ 7.97
Grant date fair value	$ 2.52	$ 3.68

Expected volatility was determined based on historical share price volatility.

	September 30, 2013		September 30, 2012	
	Options	Weighted average price	Options	Weighted average price
Outstanding, beginning of period	10,239,564	$ 8.24	9,088,553	$ 8.93
Granted	878,476	$ 7.27	1,531,268	$ 7.80
Forfeited	(167,500)	$ 9.87	(255,000)	$ 9.66
Expired	(1,516,300)	$ 8.39	(569,475)	$ 16.32
Exercised	(458,168)	$ 6.76	(120,992)	$ 4.70
Outstanding, end of period	8,976,072	$ 8.16	9,674,354	$ 8.35
Options exercisable, end of period	4,386,720	$ 8.13	5,800,711	$ 8.13

During the nine months ended September 30, 2013, employees, consultants, officers and directors of the Company exercised 458,168 options (nine months ended September 30, 2012 - 120,992) for total proceeds of $3,091 (nine months ended September 30, 2012 - $563). The weighted average share price at the date of exercise for stock options exercised during the nine months ended September 30, 2013 was $7.39 (nine months ended September 30, 2012 - $9.03).

Set forth below is a summary of the outstanding options to purchase common shares as at September 30, 2013:

	Options outstanding			Options exercisable	
Option Price	Number outstanding	Weighted average exercise price	Average life (yrs)	Number exercisable	Weighted average exercise price
$ 2.51 - 4.00	275,684	$ 2.84	2.28	275,684	$ 2.84
$ 4.01 - 6.00	49,675	$ 5.37	3.04	34,675	$ 5.50
$ 6.01 - 7.00	1,610,500	$ 6.71	4.13	997,000	$ 6.72
$ 7.01 - 7.50	888,226	$ 7.15	4.27	167,250	$ 7.35
$ 7.51 - 9.00	3,512,174	$ 8.11	4.26	1,371,174	$ 8.07
$ 9.01 - 9.50	762,500	$ 9.29	5.20	190,625	$ 9.29
$ 9.51 - 10.00	924,618	$ 9.72	3.60	762,867	$ 9.74
$ 10.01 - 10.50	200,000	$ 10.09	4.55	100,000	$ 10.09
$ 10.51 - 11.00	250,000	$ 10.95	5.12	62,500	$ 10.95
$ 11.01 - 12.50	502,695	$ 11.38	1.98	424,945	$ 11.32
Total	8,976,072			4,386,720	

(d) *Employee share purchase plan*

The Company has an Employee Share Purchase Plan which enables employees to purchase Company shares through payroll deduction. Employees can contribute up to 10% of their annual base salary, and the Company will match 75% of the employees' contributions. The common shares are purchased based on the volume weighted average closing price of the last five days prior to the end of the quarter. During the three and nine months ended September 30, 2013, the Company recognized $178 and $562, respectively, as an expense (three and nine months ended September 30, 2012 - $200 and $514, respectively) related to this plan. At September 30, 2013, all of the expense for the three months ended September 30, 2013 was payable by the Company (December 31, 2012 - $182).

(unaudited, in thousands of United States dollars unless otherwise stated)

(e) *Deferred share unit plan*

The Company awards Deferred Share Units ("DSUs") as an alternative form of compensation for employees, officers, consultants, and members of the Company's Board of Directors. Each unit entitles the participant to receive one common share of the Company from treasury upon redemption. DSUs are measured on the grant date using the Company's closing price on that date. A total of 65,198 were granted during the during the nine months ended September 30, 2013 with a grant date fair value of $356 (nine months ended September 30, 2012 - 36,607 units granted and vested with a grant date fair value of $318). A total of 71,845 DSUs were redeemed during the nine months ended September 30, 2013 (nine months ended September 30, 2012 - 31,544). At September 30, 2013, 246,000 DSUs were vested and outstanding (December 31, 2012 - 252,646).

(f) *Performance share unit plan*

The Company awards Performance Share Units ("PSUs") as an alternative form of compensation for employees, officers, consultants, and members of the Company's Board of Directors. Each unit entitles the participant to receive a cash payment equal to the market price of one share as of the PSU vesting date, one share, or any combination of cash and shares equal to the market price of one share as of the PSU vesting date. PSUs are measured using the volume weighted average closing price of the last five days prior to granting of the units. A total of 223,086 equity-settled PSUs were granted during the nine months ended September 30, 2013 (nine months ended September 30, 2012 - nil). For the nine months ended September 30, 2013, the Company incurred an expense of $357 on 223,086 PSUs outstanding, of which 35,413 were vested at September 30, 2013 (December 31, 2012 - nil).

9. Earnings / (loss) from operations

The Company's earnings from operations includes the following expenses presented by function:

	Three months ended		Nine months ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Cost of sales	$ 35,221	$ 26,935	$ 229,254	$ 56,951
General and administrative	6,646	8,810	20,768	24,091
Exploration and business development	207	349	756	2,416
	$ 42,074	$ 36,094	$ 250,778	$ 83,458

Cost of sales for the nine months ended September 30, 2013 includes impairment charges of $80,000 and $18,688 relating to the El Chanate mine and the retained interest royalty, respectively (three and nine months ended September 30, 2012 - $Nil). These impairment charges are discussed further in note 7.

Included in general and administrative expense for the three and nine months ended September 30, 2013 is $2,005 and $5,696, respectively, of share-based compensation expense (three and nine months ended September 30, 2012 - $1,974 and $5,037, respectively).

Exploration and business development for the nine months ended September 30, 2012 includes an impairment charge of $1,537 related to the La Bandera property.

(unaudited, in thousands of United States dollars unless otherwise stated)

10. Other income

	Three months ended		Nine months ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Unrealized (loss) / gain on investments	$ (121)	$ 20,251	$ (437)	$ 17,632
Realized loss on investments	-	-	-	(332)
Reclassification of accumulated losses on available-for-sale investments	-	-	(128)	-
Unrealized gain on derivative assets and liabilities	-	730	2,071	1,923
Realized gain on derivative assets and liabilities	301	-	112	-
Fair value adjustment on option component of convertible senior notes	3,875	14,416	14,850	10,232
Unrealized (loss) / gain on contingent consideration	(63)	5,137	(6,912)	5,137
Loss on extinguishment of debt	-	-	-	(2,406)
Loss on discontinuance of hedge accounting	-	(1,882)	-	(1,882)
Net provision for lawsuit	-	(2,387)	-	(2,387)
Interest income	192	177	795	1,440
Other	(924)	(208)	(967)	(94)
	$ 3,260	$ 36,234	$ 9,384	$ 29,263

11. Income taxes

The current income tax expense recognized during the three and nine months ended September 30, 2013 is based on the Company's best estimate of the weighted average annual income tax rate expected for the full year, applied to the earnings before income taxes for the period. The Company determines the expected effective tax rate based on the estimated taxable profit or loss for the period, and thereby excludes non-tax deductible items from this determination.

12. Earnings / (loss) per share

Basic earnings per share is calculated based on the weighted average number of common shares and common share equivalents outstanding during the three and nine months ended September 30, 2013 and 2012. Diluted earnings per share is based on the assumption that stock options and warrants issued that have an exercise price less than the average market price of the Company's common shares during the period have been exercised on the later of the beginning of the year and the date granted. Net earnings and basic weighted average shares outstanding are reconciled to diluted net earnings and diluted weighted average shares outstanding, respectively, as follows:

	Three months ended		Nine months ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Net earnings / (loss) from continuing operations	$ 14,859	$ 42,321	$ (70,358)	$ 35,363
Dilution adjustments:				
Convertible senior notes	(3,875)	(13,866)	-	(9,681)
Diluted net earnings / (loss) from continuing operations	10,984	28,455	(70,358)	25,682
Net earnings from discontinued operations	-	(7,781)	-	22,075
Diluted net earnings / (loss)	$ 10,984	$ 20,674	$ (70,358)	$ 47,757
Basic weighted average shares outstanding	247,131,794	282,235,806	251,245,429	282,086,147
Dilution adjustments:				
Stock options	122,919	294,942	-	561,387
Convertible senior notes	15,249,853	14,932,634	-	14,932,634
Diluted weighted average shares outstanding	262,504,566	297,463,382	251,245,429	297,580,168

(unaudited, in thousands of United States dollars unless otherwise stated)

The following items were excluded from the computation of diluted weighted average shares outstanding for the three and nine months ended September 30, 2013 and 2012 because their effect would have been anti-dilutive:

	Three months ended		Nine months ended	
	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Stock options	8,700,388	8,652,812	8,819,147	6,716,730
Warrants issued	835,000	1,585,000	835,000	1,585,000
Convertible senior notes	-	-	15,216,155	-

13. Supplemental cash flow information

	Three months ended		Nine months ended	
Items not affecting cash:	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Amortization and depletion	$ 11,957	$ 3,886	$ 37,880	$ 9,142
Unrealized foreign exchange loss / (gain)	2,482	7,952	(7,195)	12,961
Share-based compensation, net of forfeitures	2,006	1,974	5,697	5,037
Deferred income tax (recovery) / expense	(606)	(17,150)	6,430	(21,440)
Impairment charge	-	-	98,688	1,537
Unrealized loss / (gain) on investments	121	(20,251)	437	(17,632)
Realized loss on sale of investments	-	-	-	332
Reclassification of accumulated losses on available-for-sale investments	-	-	128	-
Net realizable value adjustments	(5,718)	-	4,387	-
Unrealized gain on derivative assets and liabilities	-	(730)	(2,071)	(1,923)
Realized gain on derivative assets and liabilities	(301)	-	(112)	-
Fair value adjustment on option component of convertible senior notes	(3,875)	(14,416)	(14,850)	(10,232)
Unrealized loss / (gain) on contingent consideration	63	(5,137)	6,912	(5,137)
Equity (earnings) / loss of jointly-controlled entity	(18)	-	38	-
Loss on extinguishment of debt	-	-	-	1,897
Loss on discontinuance of hedge accounting	-	1,882	-	1,882
Net provision for lawsuit	-	2,387	-	2,387
Other non-cash items	1,355	597	1,438	121
	$ 7,466	$ (39,006)	$ 137,807	$ (21,068)

(unaudited, in thousands of United States dollars unless otherwise stated)

	Three months ended		Nine months ended	
Change in non-cash operating working capital:	September 30 2013	September 30 2012	September 30 2013	September 30 2012
Receivables	$ (588)	$ 288	$ 1,359	$ 10,460
Current income tax receivable	7,371	-	10,195	-
Prepaids and deposits	808	(316)	707	(116)
Inventories	(2,796)	(34,619)	(18,253)	(42,765)
Trade payables and accrued liabilities	624	26,085	1,248	18,557
Current income tax liability	(2,839)	3,058	(4,515)	7,730
	$ 2,580	$ (5,504)	$ (9,259)	$ (6,134)
Supplemental information:				
Interest paid	$ 3,106	$ 4,310	$ 6,772	$ 9,596
Interest received	$ 136	$ 113	$ 888	$ 1,297
Income taxes paid	$ 1,227	$ 3,398	$ 3,822	$ 23,428
Non-cash transactions:				
Receipt of Endeavour shares upon disposition of El Cubo and Guadalupe y Calvo	$ -	$ 87,746	$ -	$ 87,746
Receipt of Crocodile Gold shares upon disposition of Australian operations	$ -	$ -	$ -	$ 9,642
Unwinding of discount on convertible notes capitalized to mining interests	$ 794	$ 506	$ 2,382	$ 2,024
Interest payable capitalized to mining interests	$ -	$ 21	$ -	$ 21
Shares issued in exchange for disposition-related services	$ -	$ 1,736	$ -	$ 1,736

(unaudited, in thousands of United States dollars unless otherwise stated)

14. Financial instruments and risk management

Fair values of financial instruments

The following table sets forth the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. The Company does not have any non-recurring fair value measurements, other than the fair value of non-financial assets disclosed in note 7. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable or unobservable, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3 inputs are unobservable (supported by little or no market activity).

	September 30, 2013		December 31, 2012	
	Level 1	Level 2	Level 1	Level 2
Cash	$ 140,101	$ -	$ 603,401	$ -
Restricted cash	34,784	-	34,219	-
Financial assets at fair value through profit or loss				
Equity investments (a)	18	-	47	-
Warrants held (b)	-	88	-	-
Contingent consideration (c)	-	483	-	7,395
Available-for-sale financial assets				
Equity investments (a)	5,025	-	64	-
Financial liabilities at fair value through profit or loss				
Option component of convertible senior notes (d)	-	(1,185)	-	(16,035)
Currency forwards (e)	-	-	-	(1,348)
Warrants issued (b)	-	-	-	(1,401)
	$ 179,928	$ (614)	$ 637,731	$ (11,389)

The Company does not have any financial assets or liabilities measured at fair value based on unobservable inputs (Level 3).

(a) *Equity investments*

The Company's equity investments, both available-for-sale and at fair value through profit or loss, are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of investment securities is calculated as the closing market price of the investment equity security multiplied by the quantity of shares held by the Company.

(b) *Warrants held and issued*

The fair value of warrants, both held and issued, that are not traded on an active market is determined using a Black Scholes pricing model based on assumptions that are supported by observable current market conditions and as such are classified within Level 2 of the fair value hierarchy.

(c) *Contingent consideration*

The Company calculates the fair value of the contingent consideration using a valuation model, which is based on the rolling twelve month average gold price exceeding specified levels during the three years following the closing date of the transaction. The valuation model uses a risk-neutral valuation approach paired with a Monte Carlo numerical method that relies on simulated weekly gold prices over the remaining term, which ends on July 13, 2015, using a gold price of $1,327 per ounce as the initial spot price within the simulation model at September 30, 2013. As the valuation of the contingent consideration is dependent on inputs derived from observable data, it is classified within Level 2 of the fair value hierarchy. The contingent consideration asset is included within other long-term assets on the Condensed Consolidated Balance Sheets.

(unaudited, in thousands of United States dollars unless otherwise stated)

Changes in gold price assumptions would have the following impact on net earnings for the three and nine months ended September 30, 2013:

5% increase in gold prices	$	399
5% decrease in gold prices	$	(238)

(d) *Option component of convertible senior notes*

The Company calculates the fair value of the option component of convertible senior notes using a convertible bond valuation model, which uses inputs, including the Company's share price, volatility of the notes, and credit spreads. Because the valuation is dependent on inputs derived from observable market data, the option component of the convertible senior notes is classified within Level 2 of the fair value hierarchy. The fair value was calculated using the following assumptions:

	September 30 2013	September 30 2012
Volatility	33%	24%
Credit spreads	4.88%	4.00%

Changes in these assumptions would have the following impact on net earnings for the three and nine months ended September 30, 2013 and 2012:

		September 30 2013		September 30 2012
5% increase in volatility	$	(990)	$	(4,010)
5% decrease in volatility	$	682	$	3,774
0.5% increase in credit spreads	$	(66)	$	(577)
0.5% decrease in credit spreads	$	63	$	556

(e) *Currency forwards*

The Company seeks to manage its exposure to fluctuations in commodity prices, interest rates and foreign exchange rates by entering into derivative financial instruments from time to time.

During the nine months ended September 30, 2013, the Company recognized an unrealized gain of $708 in net earnings relating to fair value adjustments on forward contracts. In addition, during the three and nine months ended September 30, 2013, the Company recognized realized gains of $301 and $112, respectively, on forward contracts that settled during the period. At September 30, 2013, the Company has no foreign exchange derivatives outstanding.

Forward contracts settled during the three and nine months ended September 30, 2012, prior to the discontinuation of hedge accounting, resulting in losses of $502 and $2,297, respectively. Year-to-date, the recognition of these hedging losses resulted in a $747 increase in production costs, a $529 increase in inventory, a $149 increase in general and administrative costs, and a $872 increase in mining interests. All prior period hedge accounting adjustments have been included in net earnings from discontinued operations as the hedge related to the Ocampo mine. At September 30, 2012, due to the pending sale of the Ocampo mine, the Company discontinued the hedging relationship.

15. Segmented information

The Company's reportable segments are consistent with the Company's operating segments and consist of the geographical regions in which the Company operates. In determining the Company's segment structure, the Company considered the basis on which management, including the chief operating decision maker, reviews the financial and operational performance of the Company, and whether any of the Company's mining operations share similar economic, operational and regulatory characteristics. The Company has two reportable segments, as follows:

- Mexico: El Chanate mine
- Canada: Young-Davidson mine

Corporate and other consists of the Company's corporate offices and exploration properties. Discontinued operations consist of the Fosterville mine and Stawell mine in Australia, as well as the Ocampo mine, the El Cubo mine and Guadalupe y Calvo exploration property in Mexico. Refer to note 4 for further information on the Company's discontinued operations.

(unaudited, in thousands of United States dollars unless otherwise stated)

The following are the operating results by reportable segment:

Three months ended September 30, 2013	Mexico	Canada	Corporate and other	Total	Discontinued operations
Revenue from mining operations	$ 24,720	$ 29,584	$ -	$ 54,304	$ -
Production costs	9,578	11,501	-	21,079	-
Refining costs	99	38	-	137	-
Amortization and depletion	3,939	7,942	76	11,957	-
Reclamation, care and maintenance costs	-	-	2,048	2,048	-
General and administrative	282	-	6,364	6,646	-
Exploration and business development	-	-	207	207	-
	13,898	19,481	8,695	42,074	-
Earnings / (loss) from operations	$ 10,822	$ 10,103	$ (8,695)	$ 12,230	$ -
Expenditures on property, plant and equipment, mining interests & intangible assets	$ 11,745	$ 63,741	$ 4,586	$ 80,072	$ -

Three months ended September 30, 2012	Mexico	Canada	Corporate and other	Total	Discontinued operations
Revenue from mining operations	$ 32,705	$ 7,067	$ -	$ 39,772	$ 37,291
Production costs	11,142	3,478	-	14,620	13,658
Refining costs	92	-	-	92	266
Amortization and depletion	3,020	776	90	3,886	7,511
Reclamation, care and maintenance costs	-	-	8,337	8,337	-
General and administrative	72	73	8,665	8,810	3,264
Exploration and business development	-	-	349	349	-
	14,326	4,327	17,441	36,094	24,699
Earnings / (loss) from operations	$ 18,379	$ 2,740	$ (17,441)	$ 3,678	$ 12,592
Expenditures on property, plant and equipment, mining interests & intangible assets	$ 11,276	$ 64,178	$ 1,990	$ 77,444	$ 29,744

(unaudited, in thousands of United States dollars unless otherwise stated)

	Nine months ended September 30, 2013				
	Mexico	Canada	Corporate and other	Total	Discontinued operations
Revenue from mining operations	$ 83,830	$ 93,019	$ -	$ 176,849	$ -
Production costs	42,332	45,677	-	88,009	-
Refining costs	280	107	-	387	-
Amortization and depletion	12,385	25,252	243	37,880	-
Reclamation, care and maintenance costs	-	-	4,290	4,290	-
General and administrative	1,122	-	19,646	20,768	-
Exploration and business development	-	-	756	756	-
Impairment charges	80,000	-	18,688	98,688	-
	136,119	71,036	43,623	250,778	-
(Loss) / earnings from operations	$ (52,289)	$ 21,983	$ (43,623)	$ (73,929)	$ -
Expenditures on property, plant and equipment, mining interests & intangible assets	$ 33,806	$ 146,496	$ 5,548	$ 185,850	$ -

	Nine months ended September 30, 2012				
	Mexico	Canada	Corporate and other	Total	Discontinued operations
Revenue from mining operations	$ 93,436	$ 7,067	$ -	$ 100,503	$ 267,548
Production costs	31,850	3,478	-	35,328	135,411
Refining costs	308	-	-	308	1,335
Amortization and depletion	7,992	776	374	9,142	35,573
Reclamation, care and maintenance costs	-	-	12,173	12,173	-
General and administrative	343	73	23,675	24,091	9,629
Exploration and business development	-	-	879	879	911
Impairment charges	-	-	1,537	1,537	22,857
	40,493	4,327	38,638	83,458	205,716
Earnings / (loss) from operations	$ 52,943	$ 2,740	$ (38,638)	$ 17,045	$ 61,832
Expenditures on property, plant and equipment, mining interests & intangible assets	$ 32,500	$ 264,272	$ 6,201	$ 302,973	$ 120,264

The following are total assets by reportable segment:

	Mexico	Canada	Corporate and other	Total
Total assets at September 30, 2013	$ 352,341	$ 1,806,117	$ 337,201	$ 2,495,659
Total assets at December 31, 2012	$ 396,733	$ 1,669,632	$ 828,876	$ 2,895,241

The Company's revenue is derived from the sale of gold and silver in Mexico and Canada, as disclosed in the tables above. Prior to the disposition of the Australian operations, the Ocampo mine, and the El Cubo mine, the Company sold all gold and silver produced to four customers. The Company now sells all gold and silver produced to two customers. The Company is not economically dependent on these customers for the sale of its product because gold and silver can be sold through numerous commodity market traders worldwide.

16. Events after the reporting period

(a) Declaration of commercial production

On October 31, 2013, the Company declared commercial production at the Young-Davidson underground mine. Commissioning of the shaft hoisting system is a key project milestone that will support increased underground productivities and favourable unit cost efficiencies over the life of the mine. Subsequent to October 31, 2013 all revenues generated from ounces sold will be recognized in earnings along with the related operating costs. In addition, at October 31, 2013, the book value of underground mineral properties that had been previously classified as non-depletable were reclassed to depletable mineral properties. Subsequent to October 31, 2013, the Company will begin to recognize depletion expense relating to all ounces produced from the underground mine at Young-Davidson.

(b) Mexican tax reform

On September 8, 2013, the Executive Branch of the Mexican government presented its 2014 tax reform bill to Congress with a proposed effective date of January 1, 2014. As of October 31, 2013 the bill had been approved by the Mexican House of Representatives, the Tax Commission of the Senate, and the Senate. The bill has now been sent to the President for signature and enactment, which is expected to occur in November. All approved changes will be effective prospectively from January 1, 2014.

The tax reform bill introduces a Special Mining Duty and a New Extraordinary Mining Duty, both of which will be payable annually by all holders of productive mining concessions. The Special Mining Duty will be calculated as 7.5% of earnings before interest, taxes, depreciation and amortization as determined under Mexican income tax law, including certain specific deductions. The New Extraordinary Mining Duty will be computed as 0.5% of gold and silver sales. Both of these taxes are deductible for the purposes of calculating Mexican income tax.

Other changes introduced with the tax reform bill include (i) the approval of a permanent 30% corporate income tax rate, (ii) the elimination of the immediate deduction of fixed assets, (iii) the abolishment of the Single Rate Tax Law (IETU), and (iv) the introduction of a new 10% dividend withholding tax to be levied on payments to individuals or foreign shareholders. The Company expects treaty benefits to be applicable to the 10% dividend withholding tax.

The Company is currently evaluating the impact of the final legislation.