

NOTICE OF SETTLEMENT APPROVAL IN THE GAMMON GOLD INC. (N.K.A. AURICO GOLD INC.) SECURITIES CLASS ACTION

This notice is to everyone who acquired securities of Gammon Gold Inc. (“Gammon”, now known as AuRico Gold Inc.) from the Underwriters in Canada pursuant to Gammon’s Short Form Prospectus, dated April 19, 2007 (the “Prospectus”) and to everyone who acquired securities of Gammon on the TSX during the period from October 10, 2006 to August 10, 2007 (the “Class Members”).

**READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS.
YOU MAY NEED TO TAKE PROMPT ACTION.**

IMPORTANT DEADLINES

Opt-Out Deadline (for Class Members that wish to exclude themselves from the class action and NOT file a claim for compensation from the Net Settlement Fund. **February 11, 2013** See page 5 for further details.):

Claims Bar Deadline (for Class Members that wish to file a claim for compensation from the Net Settlement Fund. See page 2 for further details.): **March 13, 2013**

Opt-Out Forms and/or Claim Forms will not be accepted after their respective deadlines. As a result, it is necessary that you act without delay.

COURT APPROVAL OF THE CLASS ACTION SETTLEMENT

In February 2008, the Plaintiff commenced an action in the Ontario Superior Court of Justice (the “Court”) against Gammon and certain of its officers and directors (the “Gammon Defendants”) as well as the underwriters of Gammon’s April 19, 2007 Prospectus (collectively, the “Defendants”). The Plaintiff alleged that this Prospectus, and certain other of Gammon’s public filings, contained misrepresentations regarding gold equivalent ounce production at its principal mining property.

Since that time, the litigation has been vigorously contested. The Court has certified the claims of persons who purchased Gammon securities in Canada from the underwriter defendants pursuant to the Prospectus dated April 19, 2007 (“primary market purchasers”), as well as the claims of persons who purchased Gammon securities over the TSX (“secondary market purchasers”). At the time the Settlement was reached, the certification of secondary market purchasers’ claims remained subject to further appeal by the Gammon Defendants.

On October 5th, 2012 the Parties executed a settlement agreement (the “Settlement”) to resolve this litigation. The Settlement provides for the payment by Gammon of CAD\$13,250,000.00 (the “Settlement Amount”), including all legal fees, disbursements, taxes, and administration expenses. In return for the Settlement Amount, the Defendants will receive releases and a dismissal of the class action. The Settlement is a compromise of disputed claims and is not an admission of liability, wrongdoing or fault on the part of any of the Defendants, all of whom have denied, and continue to deny, the allegations made against them.

A complete copy of the Settlement is available on the website of Siskinds LLP (along with Paliare Roland Rosenberg Rothstein LLP, “Class Counsel”): www.classaction.ca or from the Administrator at the coordinates below.

On December 4, 2012, the Court approved the Settlement and declared that it is fair, reasonable, and in the best interest of the Class.

The Court also awarded Class Counsel legal fees, expenses, and applicable taxes in the amount of CAD\$3,745,775.00 (“Class Counsel Fees”). As is customary in these cases, Class Counsel conducted the class action on a contingent fee basis, meaning that Class Counsel funded the expenses of the litigation and was not paid as the matter proceeded. The amount awarded as Class Counsel Fees includes CAD\$161,350.00 as reimbursement for amounts spent by Class Counsel in the conduct of the class action. The remainder of this amount, net of applicable taxes, represents Class Counsel’s only compensation for conducting the class action. Class Counsel Fees will be deducted from the Settlement Amount before it is distributed to Class Members. Expenses incurred or payable relating to approval, notification, implementation, and administration of the Settlement (“Administration Expenses”), will also be paid from the Settlement Amount before it is distributed to Class Members.

ADMINISTRATOR

The Court has appointed NPT RicePoint as the Administrator of the Settlement. The Administrator will, among other things: (i) receive and process Claim Forms and Opt-Out Forms; (ii) make determinations of Class Members’ eligibility for compensation pursuant to a plan of allocation; (iii) communicate with Class Members regarding their eligibility for compensation; and (iv) manage and distribute the Settlement Amount. The Administrator can be contacted at:

Telephone: 1-866-432-5534

Mailing Address: Gammon Gold Inc. Securities Litigation
Claims Administrator
P.O. Box 3355
London, ON N6A 4K3

Website: www.npricepoint.com

CLASS MEMBERS’ ENTITLEMENT TO COMPENSATION

A Class Member will be eligible for compensation pursuant to the Settlement if that Class Member sustained a Net Loss on his/her/its Class Period transactions and if that Class Member timely submits to the Administrator a complete Claim Form, including all supporting documentation, on or before the Claims Bar Deadline. To be eligible for compensation under the Settlement, Class Members must submit Claim Forms postmarked **no later than March 13, 2013**, (the “Claims Bar Deadline”).

“Excluded Persons” are not permitted to participate in the Settlement. Excluded persons include the Defendants, the subsidiaries, affiliates, officers, directors, senior employees, legal

representatives, heirs, predecessors, successors, and assigns of Gammon and the Underwriters, and any member of the families of the Individual Defendants, and any entity in which any of the foregoing persons or entities has a legal or *de facto* controlling interest.

The remainder of the Settlement Amount, after deduction of Class Counsel Fees and Administration Expenses (the “Net Settlement Amount”) will be distributed to Class Members in accordance with the Plan of Allocation.

The Plan of Allocation uses the following definitions, in addition to those contained in the Settlement:

- (a) “**Acquisition Expense**” means the total monies paid by the Claimant (including brokerage commissions) to acquire Eligible Shares;
- (b) “**Claimant**” means a Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator, on or before the Claims Bar Deadline;
- (c) “**Disposition Proceeds**” means the total proceeds paid to the Claimant (without deducting any commissions paid in respect of the dispositions) in consideration for the sale of all of the Claimant’s Eligible Shares; provided, however, that with respect to any Eligible Shares that the Claimant continues to hold, they shall be deemed to have been disposed of for an amount equal to the number of Eligible Shares still held, multiplied by CAD\$8.85 [being the 10 trading day volume weighted average trading price of Gammon Shares on the TSX from August 13, 2007 to August 24, 2007 inclusive];
- (d) “**FIFO**” means the principle of first-in, first-out, wherein Shares are deemed to be sold in the same order that they were purchased (i.e. the first Shares purchased are deemed to be the first sold); and which requires, in the case of a Claimant who held Shares of Gammon at the commencement of the Class Period, that those Shares be deemed to have been sold completely before Eligible Shares are sold or deemed to have been sold;
- (e) “**Net Loss**” means that the Claimant’s Disposition Proceeds are less than the Claimant’s Acquisition Expense;
- (f) “**Net Settlement Amount**” means the Escrow Settlement Amount remaining after payment of Administration Expenses and Class Counsel Fees; and
- (g) “**Nominal Entitlement**” means a Claimant’s nominal damages as calculated pursuant to the formula set forth herein, and which forms the basis upon which each Claimant’s *pro rata* share of the Net Settlement Amount is determined.

A Claimant must have sustained a Net Loss on all purchases in order to be eligible to receive a payment from the Net Settlement Amount. A Claimant that has not suffered a Net Loss as calculated under the Plan of Allocation will not be entitled to receive any portion of the Net Settlement Amount.

The Administrator will first determine whether a Claimant has sustained a Net Loss on all purchases. If the Claimant has sustained a Net Loss, the Claimant becomes an “**Authorized Claimant**”, and the Administrator will proceed to calculate the Authorized Claimant’s Nominal Entitlement.

The Administrator will apply FIFO to distinguish the sale of Gammon Shares held at the beginning of the Class Period from the sale of Eligible Shares, and will continue to apply FIFO to determine the purchase transactions that correspond to the sale of Eligible Shares. The Administrator will use this data in the calculation of an Authorized Claimant’s Nominal Entitlement according to the formulae listed below.

The date of a purchase, sale, or deemed disposition shall be the trade date, as opposed to the settlement date, of the transaction.

For the purposes of any calculation under the Plan of Allocation, the Administrator will account for any unit splits or consolidations that occurred during and after the Class Period, such that the Claimants’ holdings for the purposes of the calculations are completed in Shares equivalent to those traded during the Class Period.

The Net Settlement Amount will be allocated into two separate funds, one for claims relating to Eligible Shares acquired in Gammon’s offering conducted pursuant to the Short Form Prospectus dated April 19, 2007 (the “Primary Market Fund”), and one for claims relating to Eligible Shares acquired on the secondary market (the “Secondary Market Fund”).

An Authorized Claimant’s Nominal Entitlement will be calculated as follows:

- I. No Nominal Entitlement will be attributed to any Eligible Shares *disposed of* prior to the alleged corrective disclosure, that is, *prior to May 10, 2007*.**
- II. For Eligible Shares *disposed of* between the first alleged corrective disclosure and the end of the 10 trading day period following the final alleged corrective disclosure on August 10, 2007, that is, *on or between May 10, 2007 and August 24, 2007*, the Nominal Entitlement will be:**
 - A. an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and the average price per share received upon the disposition of those Eligible Shares (without deducting any commissions paid in respect of the disposition).
- III. For Eligible Shares *disposed of* after the 10 trading day period following the alleged corrective disclosure, that is, *on or after August 24, 2007*, the Nominal Entitlement will be the lesser of:**
 - A. an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and the price per share received upon the disposition of those

Eligible Shares (without deducting any commissions paid in respect of the disposition); and

- B. an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and CAD\$8.85 [being the 10 trading day volume weighted average trading price of Gammon Shares on the TSX from August 13, 2007 to August 24, 2007 inclusive].

IV. For Eligible Shares still held at the time the Claim Form is completed, the Nominal Entitlement will be:

- A. an amount equal to the number of Eligible Shares still held, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and CAD\$8.85 [being the 10 trading day volume weighted average trading price of Gammon Shares on the TSX from August 13, 2007 to August 24, 2007 inclusive].

A separate Nominal Entitlement will be calculated for each Authorized Claimant's secondary market and primary market purchases.

Each Authorized Claimant's actual compensation in respect of primary market purchases will be the portion of the Primary Market Fund equivalent to the ratio of that Claimant's Nominal Entitlement arising from primary market purchases to the total Nominal Entitlements arising from primary market purchases of all Authorized Claimants multiplied by the Primary Market Fund, as calculated by the Administrator.

Each Authorized Claimant's actual compensation in respect of secondary market purchases will be the portion of the Secondary Market Fund equivalent to the ratio of that Claimant's Nominal Entitlement arising from secondary market purchases to the total Nominal Entitlements arising from secondary market purchases of all Authorized Claimants multiplied by the Secondary Market Fund, as calculated by the Administrator.

The Administrator will not distribute entitlements of less than CAD\$5.00 to Class Members. Such amounts will instead be redistributed *pro rata* to the other Authorized Claimants.

REQUESTING EXCLUSION FROM THE CLASS

All persons and entities who fall within the definition of the Class are Class Members unless and until they exclude themselves from the Class ("opt out"). Class Members who do not opt out of the Class will not be able to make or maintain any other claim or legal proceeding in relation to the matters alleged in the Action against the Defendants, or any other person released by the Settlement.

If you do not want to be bound by the Settlement you must opt out. Please note, however, that by opting out you will also be barred from making a claim and receiving compensation from the Settlement Amount.

If you wish to opt out, you may do so by completing the “Opt-Out Form” enclosed with this notice. In order to successfully opt out, you must include all of the information and documentation requested by the Opt-Out Form.

If you wish to opt out, you must submit your Opt-Out Form and the required supporting documentation to the Administrator at the above-noted address, **no later than February 11, 2013.**

IMPORTANT DEADLINES

Opt-Out Deadline: February 11, 2013

Claims Bar Deadline: March 13, 2013

Opt-Out Forms and/or Claim Forms will not be accepted after their respective deadlines. As a result, it is necessary that you act without delay.

CLASS COUNSEL

The law firms of Siskinds LLP and Paliare Roland Rosenberg Rothstein LLP are counsel to the Plaintiff in the class proceeding, and can be reached by telephone, toll free, at 1-800-461-6166 ext. 2380. Email inquiries may be sent to nicole.young@siskinds.com.

INTERPRETATION

If there is a conflict between the provisions of this notice and the Settlement, the terms of the Settlement will prevail.

Please do not direct inquiries about this notice to the Court. All inquiries should be directed to the Administrator or Class Counsel.

**DISTRIBUTION OF THIS NOTICE HAS BEEN AUTHORIZED
BY THE ONTARIO SUPERIOR COURT OF JUSTICE**