SETTLEMENT AGREEMENT

Made as of the 5th day of October, 2012

Between

Ed J. McKenna

– and –

Gammon Gold Inc.
Russell Barwick
Colin P. Sutherland
Dale M. Hendrick
Fred George
Frank Conte
Kent Noseworthy
Canek Rangel
Alejandro Caraveo
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.

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SETTLEMENT AGREEMENT

Subject to the approval of the Court as provided herein, the Parties hereby stipulate and agree that, in consideration of the promises and covenants set forth in the Agreement and upon the Approval Order approving the Settlement and directing the implementation of the terms and conditions of the Settlement as set forth in the Agreement becoming final, the Action will be settled and compromised on the terms and conditions contained herein.

SECTION 1 – RECITALS

1.1 WHEREAS:

A. Ed J. McKenna commenced the Action against the Defendants alleging, among other things, that the Defendants made representations relating to the production of gold equivalent ounces at Gammon's principal mining property, Ocampo, and that such representations were misleading.

B. The Defendants have denied and continue to deny all the Plaintiff's claims in the Action, have denied any wrongdoing or liability to the Plaintiff of any kind, and have raised numerous affirmative defences and would raise numerous other defences had the Action not been settled.

C. Based upon an analysis of the facts and law applicable to the Plaintiff's claims, and taking into account the extensive burdens, risks and expenses of continued litigation, including any potential appeals, and the fair, cost-effective and assured method of resolving the claims of the Class, the Plaintiff, with the benefit of advice from Class Counsel, concluded that the Agreement is fair and reasonable and in the best interest of the Class.

D. The Defendants similarly have concluded that the Agreement is desirable in order to avoid the time, risk and expense, including the executive time and expense, of continuing with the litigation, including any potential appeals, and to resolve finally and completely the pending claims of the Class.

E. The Plaintiff and Defendants have engaged in hard-fought litigation and negotiation.

F. The Plaintiff and Gammon engaged in mediation before the Honourable Layn R. Phillips ("HLRP") on June 6, 2012 for the purpose of resolving this litigation, with negotiations continuing thereafter with the assistance of HLRP.

G. The Parties intend to and hereby do finally resolve the Action and all claims that were or could have been asserted in it, subject to the approval of the Court, without any admission of liability or wrongdoing whatsoever by the Defendants.

NOW, THEREFORE, FOR VALUE RECEIVED, the Parties stipulate and agree, subject to the approval of the Court, that any and all claims made or that could have been made in the Action shall be finally settled and resolved on the terms and conditions set forth in this Agreement.

SECTION 2 – DEFINITIONS

2.1 Definitions

In this Settlement Agreement, including the recitals hereto:

(1) ***Action*** means *Ed J. McKenna v Gammon Gold Inc., et al.* commenced in the Ontario Superior Court of Justice, Court File No. 08-0036143600CP (Toronto).

(2) ***Administration Expenses*** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable relating to approval, implementation and administration of the Settlement including the costs of publishing and delivering notices, the fees, disbursements and taxes paid to the Administrator, and any other expenses approved by the Court which shall all be paid from the Settlement Amount. For greater certainty, Administration Expenses include the Non-Refundable Expenses for the purposes of the Agreement but do not include Class Counsel Fees.

(3) ***Administrator*** means the third-party firm selected at arm's length by Class Counsel and appointed by the Court to administer the Agreement, and any employees of such firm.

(4) ***Agreement*** means this agreement, including the recitals and schedules.

(5) ***Approval Hearing*** means the hearing of the Settlement Approval Motion by the Court.

(6) ***Approval Motion*** means the motion brought by the Plaintiff to the Court for the Approval Order.

(7) ***Approval Order*** means the order to be sought on the Approval Motion, substantially in the form attached as Schedule "A" or fixed by the Court,

(a) approving the Settlement;

(b) approving the Plan of Allocation; and

(c) approving the form of and authorizing the manner of publication and dissemination of the Second Notices.

(8) ***Authorized Claimant*** means any Class Member who has submitted a completed Claim Form which, pursuant to the terms of the Agreement, has been approved for compensation by the Administrator in accordance with the Plan of Allocation.

(9) ***Claim Form*** means the form to be approved by the Court which, when completed and submitted in a timely manner to the Administrator, constitutes a Class Member's claim for compensation pursuant to the Settlement.

(10) ***Claims Bar Deadline*** means the date by which each Class Member must file a Claim Form and all required supporting documentation with the Administrator, which date shall be ninety (90) days after the first date on which the Second Short Form Notice is published.

(11) ***Class*** *or* ***Class Members*** means all persons and entities, other than Excluded Persons, who acquired Shares of Gammon pursuant to Gammon's Short Form Prospectus dated April 19, 2007 from the Underwriters in Canada, and all persons and entities, other than Excluded Persons, who acquired Shares of Gammon on the TSX during the Class Period.

(12) ***Class Counsel*** means Siskinds LLP and Paliare Roland LLP.

(13) ***Class Counsel Fees*** means the fees, disbursements, costs, HST and other applicable taxes or charges of Class Counsel.

(14) ***Class Period*** means the period from October 10, 2006 to August 10, 2007, inclusive.

(15) ***Collateral Agreement*** means the agreement executed contemporaneously with this Settlement Agreement, which sets the Opt-Out Threshold, the terms of which shall be kept confidential unless the Court requires disclosure thereof.

(16) ***Contributing Party*** means Gammon.

(17) ***Court*** means the Ontario Superior Court of Justice.

(18) ***CPA*** means the *Class Proceedings Act, 1992*, SO 1992, c 6, as amended.

(19) ***Defendants*** means Gammon Gold Inc., Russell Barwick, Colin P. Sutherland, Dale M. Hendrick, Fred George, Frank Conte, Kent Noseworthy, Canek Rangel, Alejandro Caraveo, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., as well as Bradley Langille against whom this Action has been dismissed.

(20) ***Effective Date*** means the date on which all of the following occur or have occurred:

(a) the Contributing Party has paid the Settlement Amount into the Escrow Account; and

(b) the Defendants' right to terminate the Settlement has expired and the Approval Order has become a Final Order.

(21) ***Eligible Shares*** means the Shares acquired by a Class Member or Opt-Out Party pursuant to Gammon's Short Form Prospectus dated April 19, 2007 from the Underwriters in Canada or on the TSX during the Class Period.

(22) ***Escrow Account*** means the interest bearing trust account with one of the Canadian Schedule 1 banks in Ontario initially under the control of Siskinds LLP and then transferred to the control of the Administrator within ten (10) days of the Effective Date.

(23) ***Escrow Settlement Amount*** means the Settlement Amount plus any interest accruing thereon, whether on account of late payment into the Escrow Account as provided in section 5.1 or as a result of investment thereof after payment of all Non-Refundable Expenses.

(24) ***Excluded Persons*** means the Defendants, the subsidiaries, affiliates, executive officers, directors, legal representatives, heirs, predecessors, successors and assigns of Gammon and the Underwriters, and any employee of the Defendants who directly worked on the financing associated with the Short Form Prospectus dated April 19, 2007, 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.

(25) ***Fasken Martineau*** means the law firm Fasken Martineau DuMoulin LLP.

(26) ***Final Order*** means any order contemplated by this Agreement from which no appeal lies or in respect of which any right of appeal has expired without the initiation of proceedings in respect of that appeal such as the delivery of a notice of motion for leave to appeal or notice of appeal or in respect of which any appeal has been dismissed or denied.

(27) ***First Notice*** means notice to the Class of the Approval Motion, such notice to be substantially in the form attached as Schedule "C" or fixed by the Court.

(28) ***Gammon*** means AuRico Gold Inc., formerly Gammon Gold Inc.

(29) ***Individual Defendants*** means Russell Barwick, Colin P. Sutherland, Dale M. Hendrick, Fred George, Frank Conte, Kent Noseworthy, Canek Rangel, Alejandro Caraveo as well as Bradley Langille against whom this Action has been dismissed.

(30) ***Newspapers*** means the newspaper publications in Canada in which the Second Short Form Notice is published pursuant to the Plan of Notice as ultimately approved by the Court.

(31) ***Non-Refundable Expenses*** means certain Administration Expenses stipulated in section 4.1(1) of the Agreement to be paid from the Settlement Amount.

(32) ***Notice Approval Motion*** means the motion at which Class Counsel seeks the Notice Approval Order from the Court.

(33) ***Notice Approval Order*** means the order to be sought from the Court:

(a) appointing the Administrator;

(b) setting the date for the hearing of the Approval Motion; and

(c) approving the form of and authorizing the manner of publication and dissemination of the First Notice,

such order to be substantially in the form attached as Schedule "B" or fixed by the Court.

(34) ***Opt-Out Deadline*** means the date sixty (60) days after the first date on which the Second Notice is published in the Newspapers.

(35) ***Opt-Out Form*** means the document in a form to be approved by the Court which, if completed and submitted by a Class Member to the Administrator before the expiry of the Opt-Out Deadline, excludes that Class Member from the Class and from participation in the Settlement.

(36) ***Opt-Out Party*** means any person who would otherwise be a Class Member who submits a completed Opt-Out Form by the Opt-Out Deadline.

(37) ***Opt-Out Threshold*** means the total number of Eligible Shares required to be held by all Opt-Out Parties in order to trigger the right to terminate this Agreement in accordance with paragraph 10.2 hereof, as particularized in the Collateral Agreement.

(38) ***Paliare Roland*** means the law firm Paliare Roland Rosenberg Rothstein LLP.

(39) ***Parties*** means the Plaintiff and the Defendants in the Action.

(40) ***Plaintiff*** means Ed J. McKenna.

(41) ***Plan of Allocation*** means the distribution plan stipulating the proposed implementation and administration of the Settlement, such plan to be substantially in the form attached as Schedule "D" or fixed by the Court.

(42) ***Plan of Notice*** means the plan for disseminating the First Notice and the Second Notice to the Class, such plan to be substantially in the form attached as Schedule "E" or fixed by the Court.

(43) ***Released Claims*** (or ***Released Claim*** in the singular) means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal or subrogated, damages whenever incurred, and liabilities of any nature whatsoever, including interest, costs, expenses, Administration Expenses, penalties, Class

Counsel Fees and lawyers' fees, known or unknown, suspected or unsuspected, in law, under statute or in equity, that Releasors, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have as against the Releasees, relating in any way to the Action or to any allegations made or which could have been made in the Action, including but not limited to, representations made by the Releasees during the Class Period to anyone concerning the matters alleged by the Plaintiff in the Action.

(44) ***Releasees*** means the Defendants, their insurers, their respective past and present affiliates and subsidiaries, and all of their respective past and present directors, officers, trustees, partners, employees, agents, servants, consultants, underwriters, advisors, lawyers, representatives, administrators, guardians, estate trustees, successors and assigns, and their heirs, executors, administrators, successors and assigns, as the case may be.

(45) ***Releasors*** means, jointly and severally, the Plaintiff, the Class Members (excluding Opt-Out Parties), including any person having a legal and/or beneficial interest in the Eligible Shares purchased or acquired by these Class Members, and their respective past and present affiliates and subsidiaries, and all of their respective directors, officers, trustees, partners, employees, agents, servants, consultants, underwriters, advisors, representatives, administrators, guardians, estate trustees, and their heirs, executors, administrators, successors and assigns, as the case may be.

(46) ***Second Long Form Notice*** means notice to the Class of the Approval Order, such notice to be substantially in the form attached as Schedule "F" or fixed by the Court.

(47) ***Second Short Form Notice*** means notice to the Class of the Approval Order, such notice to be substantially in the form attached as Schedule "G" or fixed by the Court.

(48) ***Settlement*** means the settlement provided for in the Agreement.

(49) ***Settlement Amount*** means CAD$13,250,000 inclusive of the Administration Expenses, Class Counsel Fees, and any other costs or expenses related to the Action or the Settlement.

(50) ***Shares*** means common shares of Gammon Gold.

(51) ***TSX*** means the Toronto Stock Exchange.

SECTION 3 – NOTICE PROCESS

3.1 Notice Approval Motion and Notice

(1) The Plaintiff will, as soon as is reasonably possible following the execution of the Agreement, bring the Notice Approval Motion. The Defendants will consent to the Notice Approval Order, in a form agreed to by Fasken Martineau.

(2) Class Counsel shall cause the First Notice to be published in accordance with the Notice Approval Order and the costs of so doing shall be paid from the Settlement Amount as a Non-Refundable Expense as provided in section 4.1(1)(b).

3.2 Approval Motion and Notice

(1) The Plaintiff will thereafter bring the Approval Motion before the Court in accordance with its directions. The Defendants will consent to the Approval Order in a form agreed to by Fasken Martineau.

(2) Upon the granting of the Approval Order, Class Counsel or the Administrator, as the case may be, shall cause the Second Short Form Notice and the Second Long Form Notice to be published and disseminated in accordance with the Plan of Notice as approved by the Court and the costs of so doing shall be paid from the Settlement Amount as a Non-Refundable Expense as provided in section 4.1(1)(c).

3.3 Notice of Termination

(1) If the Agreement is terminated after the second notices have been published and disseminated, a notice of the termination may be given to the Class. In that event, Class Counsel or the Administrator, as the case may be, will cause the notice of termination, in a form approved by the Court, to be published and disseminated as the Court directs and the costs of so doing shall be paid from the Settlement Amount as a Non-Refundable Expense as provided in section 4.1(1)(d).

3.4 Report to the Court

(1) After publication and dissemination of each of the notices required by this section, Class Counsel or the Administrator, as the case may be, shall file with the Court an affidavit confirming publication and dissemination.

SECTION 4 – NON-REFUNDABLE EXPENSES

4.1 Payments

(1) Administration Expenses reasonably incurred for the following purposes, as approved by the Court, shall be the Non-Refundable Expenses, and shall be payable from the Settlement Amount, as and when incurred:

(a) the costs incurred in connection with establishing and operating the Escrow Account;

(b) the publication costs incurred by the Administrator in publishing the First Notice;

(c) the cost incurred by the Administrator in publishing and distributing the Second Short Form Notice and the Second Long Form Notice including mailing expenses as may be applicable;

(d) if necessary, the costs incurred by the Administrator in publishing notice to the Class that the Agreement has been terminated; and

(e) if the Court appoints the Administrator and thereafter the Settlement Agreement is terminated, the costs reasonably incurred by the Administrator for performing the services required to prepare to implement the Settlement, including any mailing expenses whether or not a claim has yet been filed or reviewed, as approved by the Court.

(2) In no event shall Non-Refundable Expenses totalling more than CAD $250,000 be incurred or paid prior to the Effective Date.

(3) Siskinds LLP shall account to the Court and the Parties for all payments it makes from the Escrow Account. In the event that the Agreement is terminated, this accounting shall be delivered no later than ten (10) days after such termination.

4.2 Disputes Concerning Non-Refundable Expenses

Any dispute concerning the entitlement to or quantum of Non-Refundable Expenses shall be dealt with by a motion to the Court on notice to the Parties.

SECTION 5 – THE SETTLEMENT BENEFITS

5.1 Payment of Escrow Settlement Amount

The Contributing Party shall pay the Settlement Amount into the Escrow Account by no later than 30 days after the execution of this Agreement.

5.2 Escrow Account

Siskinds LLP, and then the Administrator after the Settlement becomes final, shall hold the Settlement Amount in the Escrow Account and shall not pay out any amount from the Escrow Account, except in accordance with the terms of the Agreement, or pursuant to an order of the Court made on notice to the Parties.

5.3 Taxes on Interest

(1) All taxes payable on any interest which accrues in relation to the Settlement Amount shall be the responsibility of the Class and shall be paid by Siskinds LLP or the Administrator, as appropriate, from the Escrow Settlement Amount, or by the Class as the Administrator considers appropriate.

(2) If the Administrator or Siskinds LLP returns any portion of the Settlement Amount plus accrued interest to the Contributing Party pursuant to the provisions of the Agreement, the taxes payable on the interest portion of the returned amount shall be the responsibility of the Contributing Party.

SECTION 6 – NO REVERSION

Unless the Agreement is terminated as provided herein, the Contributing Party shall not, under any circumstances, be entitled to the repayment of any portion of the Settlement Amount and then only to the extent of and in accordance with the terms provided herein.

SECTION 7 - DISTRIBUTION OF THE SETTLEMENT AMOUNT

On or after the Effective Date, the Administrator shall distribute the remainder of the Settlement Amount in accordance with the following priorities:

(a) to pay Class Counsel Fees;

(b) to pay all of the costs and expenses reasonably and actually incurred in connection with the provision of Notices, locating Class Members for the sole purpose of providing notice to them, soliciting Class Members to submit a Claim Form, including the Notice expenses reasonably and actually incurred by the Administrator and brokerage firms in connection with the provision of notice of this Settlement to Class Members (provided, however, that the Administrator shall not pay in excess of five thousand Canadian dollars (CAD$5,000.00) in the aggregate to all brokerage firms and, if the aggregate amount claimed by such brokerage firms exceeds five thousand Canadian dollars (CAD$5,000.00), then the Administrator shall distribute the sum of five thousand Canadian dollars (CAD$5,000.00) to such brokerage firms on a *pro rata* basis). The Defendants are specifically excluded from eligibility for any payment of Notice expenses under this subsection;

(c) to pay all of the Administration Expenses. For greater certainty, the Defendants are specifically excluded from eligibility for any payment of costs and expenses under this subsection;

(d) to pay any taxes required by law to be paid to any governmental authority; and

(e) to pay a *pro rata* share of the balance of the Escrow Settlement Amount to each Authorized Claimant in proportion to his, her or its claim as recognized in accordance with the Plan of Allocation.

SECTION 8 – EFFECT OF SETTLEMENT

8.1 No Admission of Liability

Neither the Agreement nor anything contained herein, shall be interpreted as a concession or admission of wrongdoing or liability by the Releasees, or as a concession or admission by the Releasees of the truthfulness of any claim or allegation asserted in the Action. Neither the Agreement nor anything contained herein shall be used or construed as an admission by the Releasees of any fault, omission, liability or wrongdoing whatsoever, in connection with any statement, release, written document or financial report or otherwise, and in fact the Defendants continue to vigorously dispute and contest the allegations made in the Action.

8.2 Agreement Not Evidence

(1) Neither the Agreement, nor anything contained herein, nor any of the negotiations or proceedings connected with it, nor any related document, nor any other action taken to carry out the Agreement shall be referred to, offered as evidence or received in evidence in any pending or future civil, criminal, quasi-criminal, administrative or disciplinary action or proceeding.

(2) Notwithstanding section 8.2(1), the Agreement may be referred to or offered as evidence in order to obtain the orders or directions from the Court contemplated by this Agreement, in a proceeding to approve or enforce the Agreement, or to defend against the assertion of Released Claims, or as otherwise required by law.

8.3 Best Efforts

(1) The Parties shall use their best efforts to implement the terms of the Agreement. The Parties agree to hold in abeyance all steps in the Action, including all discovery, other than proceedings provided for in the Agreement, the First Notice Approval Motion, the Approval Motion and such other proceedings required to implement the terms of the Agreement, until the date the Settlement becomes final, thereby bringing the Action to an end, or the termination of the Agreement.

SECTION 9 – OPTING OUT

9.1 Potential Opt-Outs

(1) The Defendants represent and warrant that:

(a) they are unaware of any Class Member who has expressed an intention to opt out of the Class; and

(b) they will not encourage or solicit any Class Member to opt out of the Class.

(2) Class Counsel represent and warrant that:

(a) they are unaware of any Class Member who has expressed an intention to opt out of the Class; and

(b) they will not encourage or solicit any Class Member to opt out of the Class.

(c) Class Counsel will not represent any Opt-Out Party in litigation with respect to the Released Claims, or make use of any evidence or information gathered or obtained from the Defendants in connection with the Action in any future action or proceeding of any kind.

9.2 Opt-Out Procedure

(1) Each Class Member who wishes to opt out must submit a properly completed Opt-Out Form along with all required supporting documents to the Administrator on or before the Opt-Out Deadline.

(2) In order to remedy any deficiency in the completion of the Opt-Out Form, the Administrator may require and request that additional information be submitted by a Class Member who submits an Opt-Out Form, and such Class Members shall have until ten (10) days after the Opt-Out Deadline to remedy the deficiency.

(3) If a Class Member fails to submit a properly completed Opt-Out Form and/or all required supporting documents to the Administrator or fails to remedy any deficiency within ten (10) days after the Opt-Out Deadline, the Class Member shall not have opted out of the Action, subject to any order of the Court to the contrary, and will in all other respects be subject to, and bound by, the provisions of the Agreement and the releases contained herein.

(4) The Opt-Out Deadline will not be extended unless the Court orders otherwise.

(5) Opt-Out Parties will be excluded from any and all rights and obligations arising from the Settlement. Class Members who do not opt out shall be bound by the Settlement and the terms

of the Agreement regardless of whether the Class Member files a Claim Form or receives compensation from the Settlement.

9.3 Notification of Number of Opt-Out Parties

Within ten (10) days after the Opt-Out Deadline, the Administrator shall report to the Court and the Parties the number of Eligible Shares held by each Opt-Out Party, a summary of the information delivered by each Opt-Out Party and the total number of Eligible Shares held by all the Opt-Out Parties. The Administrator shall also provide Fasken Martineau with copies of Opt-Out Forms submitted by Opt-Out Parties.

SECTION 10 – TERMINATION OF THE AGREEMENT

10.1 General

(1) The Agreement shall, without notice, be automatically terminated if:

(a) the Approval Order is not granted by the Court; or

(b) the Approval Order is reversed on appeal and the reversal becomes a Final Order; or

(c) the Defendants elect to terminate the Agreement if the Opt-Out Threshold is exceeded.

(2) The failure of the Court to approve in full the request by Class Counsel for Class Counsel Fees shall not be grounds to terminate this Agreement.

(3) In the event the Agreement is terminated in accordance with its terms:

(a) the Plaintiff and the Defendants will be restored to their respective positions prior to the execution of the Agreement;

(b) the Escrow Settlement Amount will be returned to the Contributing Party in accordance with section 10.3(2)(d) hereof;

(c) the Agreement will have no further force and effect and no effect on the rights of the Plaintiff or the Defendants except as specifically provided for herein;

(d) all statutes of limitation applicable to the claims asserted in the Action that have not expired as of the date this Agreement has been executed by the Parties shall be deemed to have been tolled during the period beginning with the execution of this Agreement and ending with the day on which the orders contemplated by section 10.3(2)(c) are entered;

(e) any amounts paid for Non-Refundable Expenses pursuant to section 4.1(1) are non-recoverable from the Plaintiff, the Class Members, the Administrator or Class Counsel;

(f) the Agreement will not be introduced into evidence or otherwise referred to in any litigation against the Defendants.

(4) Notwithstanding section 10.1(3)(c), if the Agreement is terminated, the provisions of this section and sections 2, 4, 5.2, 5.3, 8.1,8.2, 9.3, 10.1(3), 10.1(4), 10.3, and 16.4 and the recitals applicable thereto shall survive termination and shall continue in full force and effect.

10.2 Effect of Exceeding the Opt-Out Threshold, Conditions Precedent and Right to Terminate

(1) Notwithstanding any other provision in the Agreement, the Defendant Gammon in its sole discretion, may elect to terminate the Agreement if the total number of Eligible Shares held by Opt-Out Parties exceeds the Opt-Out Threshold provided that the election is made within twenty (20) days of the Administrator providing the Defendants with the information set out in section 9.3 after which date the Defendants' right to terminate the Agreement will have expired.

(2) If the Opt-Out Threshold is not exceeded, the Defendants' right to terminate the Agreement pursuant to the provisions of this section is inoperative and of no force and effect.

(3) The Opt-Out Threshold shall be stated in the Collateral Agreement signed prior to, or contemporaneously with, the execution of the Agreement. The Collateral Agreement will state the Opt-Out Threshold shall be kept confidential by the Parties and their counsel, and may be shown to the Court but shall not be otherwise disclosed, unless disclosure is ordered by the Court.

10.3 Allocation of Monies in the Escrow Account Following Termination

(1) The Administrator and Siskinds LLP shall account to the Court and the Parties for the amounts maintained in the Escrow Account. If the Agreement is terminated, this accounting shall be delivered no later than ten (10) days after such termination.

(2) If the Agreement is terminated, the Defendants shall, within thirty (30) days after termination, apply to the Court, on notice to the Plaintiff and the Administrator, for an order:

(a) declaring the Agreement null and void and of no force or effect except for the provisions of those sections listed in section 10.1(4);

(b) determining whether a notice of termination shall be sent out to the Class Members and, if so, the form and method of disseminating such a notice;

(c) requesting an order setting aside, *nunc pro tunc*, all prior orders or judgments entered by the Court in accordance with the terms of this Agreement; and

(d) authorizing the payment of all funds in the Escrow Account, including accrued interest, to the Contributing Party by payment to Fasken Martineau, in Trust, minus any Non-Refundable Expenses.

(3) Subject to section 10.4, the Parties and the Administrator shall consent to the orders sought in any motion made by the Defendants pursuant to section 10.3.

10.4 Disputes Relating to Termination

If there is any dispute about the termination of the Agreement, the Court shall determine any dispute by motion on notice to the Parties.

SECTION 11 – DETERMINATION THAT THE SETTLEMENT IS FINAL

(1) The Settlement shall be considered final on the Effective Date.

(2) Within ten (10) days after the Effective Date, Siskinds LLP shall transfer the Escrow Account to the Administrator.

SECTION 12 – RELEASES AND JURISDICTION OF THE COURT

12.1 Release of Releasees

As of the Effective Date, the Releasors forever and absolutely release the Releasees from the Released Claims.

12.2 Mutual Release Between Releasees

As of the Effective Date, each of the Releasees, , forever and absolutely remise, release, waive and forever discharge the other Releasees, their successors and assigns of and from all claims, demands, actions, costs, and debts whatsoever in law or in equity arising from or relating to the Released Claims. For greater clarity, nothing herein shall be taken as, or shall constitute, a release by any insured of rights he or she or it may have under any applicable policies of insurance. The Mutual Release provided for in this Agreement shall not apply between the insurers and their insureds.

12.3 No Further Claims

As of the Effective Date, the Releasors shall not now or hereafter institute, continue,

maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee or any other person who may claim contribution or indemnity from any Releasee in respect of any Released Claim or any matter related thereto.

12.4 Dismissal of the Action

Except as otherwise provided in the Agreement and the Approval Order, the Action shall be dismissed without costs and with prejudice.

12.5 No Claims in Interim

As of the date of the Agreement, Class Counsel does not represent plaintiffs in any other proceeding related to any matter at issue in the Action.

SECTION 13 – ADMINISTRATION

13.1 Appointment of the Administrator

(1) The Plaintiffs shall seek the appointment of the Administrator in the Notice Approval Order to serve until such time as the Escrow Settlement Amount is distributed in accordance with the Plan of Allocation, to implement the Agreement and the Plan of Allocation, on the terms and conditions and with the powers, rights, duties and responsibilities set out in the Agreement and in the Plan of Allocation.

(2) If the Agreement is terminated, the Administrator's fees, disbursements and taxes will be fixed as set out in section 4.1.

(3) If the Approval Order becomes final as contemplated by section 11, the Administrator shall be compensated pursuant to its agreement with Class Counsel.

13.2 Information and Assistance from the Defendants

(1) Within fifteen (15) days after the granting of the Approval Order, Gammon will, in writing, authorize and direct delivery by its transfer agent of such computerized list as is in its possession of those names and addresses of persons who purchased Eligible Shares during the Class Period to Class Counsel and the Administrator. Gammon will also reasonably assist Class Counsel or the Administrator as may be required in obtaining information about Class Members who hold or held beneficial interests in the Eligible Shares.

(2) Gammon will identify an individual employee or agent to whom Class Counsel and/or the Administrator may address any requests for information for the purpose of implementing this Agreement. Gammon agrees to make reasonable efforts to answer any reasonable inquiry from

Class Counsel and/or the Administrator in order to facilitate the administration and implementation of the Agreement and the Plan.

(3) Class Counsel and/or the Administrator may use the information obtained in accordance with sections 13.2(1) and (2) for the purpose of delivering the Second Notices and for the purposes of administering and implementing the Agreement and the Plan of Allocation.

(4) Any information obtained or created in the administration of this Agreement is confidential and, except as required by law, shall be used and disclosed only for the purpose of distributing Notices and the administration of the Agreement and Plan.

13.3 Claims Process

(1) In order to seek payment from the Settlement Amount, a Class Member must submit a completed Claim Form to the Administrator, in accordance with the provisions of the Plan of Allocation, on or before the Claims Bar Deadline. Class Members shall be bound by the terms of the Settlement regardless of whether they submit a completed Claim Form or receive payment from the Settlement Amount.

(2) In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by a Class Member who submits a Claim Form. Such Class Members shall have until the later of thirty (30) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information within the thirty (30) day period shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Court to the contrary, but will in all other respects be subject to, and bound by, the provisions of the Agreement and the releases contained herein.

(3) By agreement between the Administrator and Class Counsel, the Claims Bar Deadline may be extended. Class Counsel and the Administrator shall agree to extend the Claims Bar Deadline if, in their opinions, doing so will not adversely affect the efficient administration of the Settlement and it is in the best interests of the Class to do so.

13.4 Disputes Concerning the Decisions of the Administrator

(1) In the event that a Class Member disputes the Administrator's decision, whether in whole or in part, the Class Member may appeal the decision in accordance with the provisions in the Plan of Allocation. The decision will be final with no right of appeal.

(2) No action shall lie against Class Counsel or the Administrator for any decision made in

the administration of the Agreement and Plan of Allocation without an order from the Court authorizing such an action.

13.5 Conclusion of the Administration

(1) Following the Claims Bar Deadline, and in accordance with the terms of the Settlement Agreement, the Plan of Allocation, and such further approval or order of the Court as may be necessary, or as circumstances may require, the Administrator shall distribute the Escrow Settlement Amount to Authorized Claimants.

(2) No claims or appeals shall lie against Class Counsel or the Administrator based on distributions made substantially in accordance with the Agreement, the Plan of Allocation, or with any other order or judgment of the Court.

(3) If the Escrow Settlement Account is in a positive balance (whether by reason of tax refunds, un-cashed cheques or otherwise) after one hundred eighty (180) days from the date of distribution of the Escrow Settlement Amount to the Authorized Claimants, the Administrator shall, if feasible, allocate such balance among Authorized Claimants in an equitable and economic fashion. Any balance below CAD$25,000.00 which still remains thereafter shall be distributed *cy pres* to a charity of the Plaintiff's choosing, as approved by the Court.

(4) Upon the conclusion of the administration, or at such other time as the Court directs, the Administrator shall report to the Court on the administration and shall account for all monies it has received, administered and disbursed and obtain an order from the Court discharging it as Administrator.

SECTION 14 – THE PLAN OF ALLOCATION

(1) The Defendants shall have no obligation to consent to but shall not oppose the Court's approval of the Plan of Allocation.

(2) Unless permitted requested by the Court to do so, the Defendants will not make any submissions to the Court relating to the Plan of Allocation.

(3) Sections 14(1) and (2) are not an acknowledgement by the Class or Class Counsel that the Defendants have standing to make any submissions to the Court about the Plan of Allocation.

SECTION 15 – THE FEE AGREEMENT AND CLASS COUNSEL FEES

15.1 Motion for Approval of Class Counsel Fees

(1) At the Approval Hearing Class Counsel may seek the approval of Class Counsel Fees to be paid as a first charge on the Settlement Amount. Class Counsel are not precluded from making additional applications to the Court for expenses incurred as a result of implementing the terms of the Agreement. All amounts awarded on account of Class Counsel shall be paid from the Settlement Amount.

(2) The Defendants acknowledge that they are not parties to the motion concerning the approval of Class Counsel Fees, they will have no involvement in the approval process to determine the amount of Class Counsel Fees and they will not take any position or make any submissions to the Court concerning Class Counsel Fees.

(3) The procedure for, and the allowance or disallowance by the Court of any requests for Class Counsel Fees to be paid out of the Settlement Amount are not part of the Settlement provided for herein, except as expressly provided in section 7(a), and are to be considered by the Court separately from its consideration of the fairness, reasonableness, and adequacy of the Settlement provided for herein.

(4) Any order or proceeding relating to Class Counsel Fees, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Agreement or affect or delay the finality of the Approval Order and the Settlement of the Action provided herein.

15.2 Payment of Class Counsel Fees

Forthwith after the Effective Date, the Administrator shall pay to Class Counsel in trust the Class Counsel Fees approved by the Court from the Escrow Account.

SECTION 16 – MISCELLANEOUS

16.1 Motions for Directions

(1) Any one or more of the Parties, Class Counsel, or the Administrator may apply to the Court for directions in respect of any matter in relation to the Agreement and Plan of Allocation.

(2) All motions contemplated by the Agreement shall be on notice to the Parties.

16.2 Defendants Have No Responsibility or Liability for Administration

Except for the obligation to pay the Settlement Amount and provide the information and assistance contemplated by sections 13.2(1), (2), the Defendants shall have no responsibility for and no liability whatsoever with respect to the administration or implementation of the Agreement and Plan, including, without limitation, the processing and payment of claims or

decisions made by the Administrator.

16.3 Headings, etc.

(1) In the Agreement:

(a) the division of the Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Agreement;

(b) the terms "the Agreement", "herein", "hereto" and similar expressions refer to the Agreement and not to any particular section or other portion of the Agreement;

(c) all amounts referred to are in lawful money of Canada; and

(d) "person" means any legal entity including, but not limited to, individuals, corporations, sole proprietorships, general or limited partnerships, limited liability partnerships or limited liability companies.

(2) In the computation of time in the Agreement, except where a contrary intention appears:

(a) where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and

(b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

16.4 Governing Law

(1) The Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario.

(2) The Parties agree that the Court shall retain exclusive and continuing jurisdiction over the Action, the Parties and Class Members to interpret and enforce the terms, conditions and obligations under the Agreement and the Approval Order.

16.5 Entire Agreement

The Agreement constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of the Agreement, unless expressly incorporated herein. The Agreement may not be modified or amended except in writing and on consent of all Parties and any such modification or amendment must be approved by the Court.

16.6 Binding Effect

(1) Upon the Effective Date, the Agreement shall be binding upon, and enure to the benefit of, the Plaintiff, the Class Members, the Defendants, the Releasees, the Releasors, the Contributing Party, the insurers and all of their respective heirs, executors, predecessors, successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiff shall be binding upon all Releasors and each and every covenant and agreement made herein by the Defendants shall be binding upon all of the Releasees.

(2) The Defendants represent and warrant that:

(a) where appropriate, they have all requisite corporate power and authority to execute, deliver and perform the Agreement and to consummate the transaction contemplated hereby on their own behalf;

(b) the execution, delivery, and performance of the Agreement and the consummation of the Action contemplated herein have been duly authorized by all necessary corporate action their part;

(c) the Agreement has been duly and validly executed and delivered by them and constitutes their legal, valid, and binding obligations;

(d) they agree to use their best efforts to cause all conditions precedent to the Effective Date to occur.

16.7 Survival

The representations and warranties contained in the Agreement shall survive its execution and implementation.

16.8 Negotiated Agreement

The Agreement and the underlying settlement have been the subject of negotiations and many discussions among the undersigned. Each of the undersigned has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafters of the Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of the Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of the Agreement.

16.9 Recitals

The recitals to the Agreement are material and integral parts hereof and are fully

incorporated into, and form part of, the Agreement.

16.10 Acknowledgements

Each of the Parties hereby affirms and acknowledges that:

(a) he, she or its representative has the authority to bind the Party with respect to the matters set forth herein and has read and understood the Agreement;

(b) the terms of the Agreement and the effects thereof have been fully explained to him, her or its representative by his, her or its counsel;

(c) he, she or its representative fully understands each term of the Agreement and its effect.

16.11 Authorized Signatures

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, the Agreement on behalf of the Party for whom he or she is signing.

16.12 Counterparts

The Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing the Agreement.

16.13 Confidentiality and Communications

Except as required for the purposes of the settlement approval motion:

(1) In any public discussion of, comment on, press release or other communication of any kind (with the media or otherwise) about the Agreement and Plan, the Plaintiff and Class Counsel agree and undertake to describe the Settlement and the terms of this Agreement only as fair, reasonable and in the best interests of the Class.

(2) To the extent that there is public discussion of, comment on or communication of any kind about this Settlement Agreement, the Parties and their counsel agree and undertake to describe the Settlement Agreement only as fair, reasonable and in the best interests of the Class.

(3) The Parties specifically agree that the Parties will not make any public statements, comment or any communication of any kind about any negotiations or information exchanged as part of the settlement process. The Parties' obligations under this subsection shall not prevent them, or any of them, from reporting to their clients, or from complying with any order of the Court, or from making any disclosure or comment required by the Agreement, or from making

any necessary disclosure or comment for the purposes of any applicable securities or tax legislation.

16.14 Notice

Any notice, instruction, motion for Court approval or motion for directions or Court orders sought in connection with the Agreement or any other report or document to be given by any party to any other party shall be in writing and delivered personally, by facsimile or e-mail during normal business hours, or sent by registered or certified mail, or courier postage paid:

For Plaintiff and for Class Counsel:
A. Dimitri Lascaris
Michael G. Robb
Siskinds LLP
680 Waterloo Street
London, ON N6A 3V8

Telephone: 519.660.7872
Facsimile: 519.660.7873
Email: michael.robb@siskinds.com

Margaret Waddell
Paliare Roland Rosenberg Rothstein LLP
155 Wellington St. W.
35th Floor
Toronto, ON M5V 3H1

Tel: 416.646.4300
Fax: 416.646.4301
Email: marg.waddell@paliareroland.com

For Gammon Gold Inc., Russell Barwick, Colin P. Sutherland, Dale M. Hendrick, Fred George, Frank Conte, Kent Noseworthy, Canek Rangel, and Alejandro Caraveo:

Laura F. Cooper
Paul Martin
Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6
Telephone: 416.865.5471
Facsimile: 416.364.7813

For BMO Nesbitt Burns Inc., Scotia Capital Inc., and TD Securities Inc.

Mark Veneziano

Lenczner Slaght Royce Smith Griffin LLP
2600-130 Adelaide St. W
Toronto, ON M5H 3P5

Telephone: 416.865.9500
Facsimile: 416.865.9010

Email: lcooper@fasken.com

Email: mveneziano@litigate.com

The Parties have executed the Agreement as of the date on the cover page.

For the Plaintiff and Class Counsel

By: _____
Name: A. Dimitri Lascaris
Title: Partner

For Gammon Gold Inc., Russell Barwick, Colin P. Sutherland, Dale M. Hendrick, Fred George, Frank Conte, Kent Noseworthy, Canek Rangel, Bradley Langille and Alejandro Caraveo:

By: _____
Name Fasken Martineau DuMoulin LLP
Title Counsel

For BMO Nesbitt Burns Inc., Scotia Capital Inc., and TD Securities Inc.

By: _____
Name Lenczner Slaght Royce Smith Griffin LLP
Title Counsel

Email: lcooper@fasken.com Email mveneziano@litigate.com

The Parties have executed the Agreement as of the date on the cover page

For the Plaintiff and Class Counsel

By:

Name: A. Dimitri Lascaris
Title: Partner

For Gammon Gold Inc., Russell Barwick, Colin P. Sutherland, Dale M. Hendrick, Fred George, Frank Conte, Kent Noseworthy, Canek Rangel, Bradley Langille and Alejandro Caraveo

By:

Name Fasken Martineau DuMoulin LLP
Title Counsel

For BMO Nesbitt Burns Inc., Scotia Capital Inc., and TD Securities Inc.

By:

Name Lenczner Slaght Royce Smith Griffin LLP
Title Counsel

Schedule "A"

Court File No. 08-36143600CP

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE	)	_____, THE _____
	)	
JUSTICE E. BELOBABA	)	DAY OF_____, 2012

B E T W E E N:

ED J. MCKENNA

Plaintiff

- and -

GAMMON GOLD INC., RUSSELL BARWICK, COLIN P. SUTHERLAND, DALE M. HENDRICK, FRED GEORGE, FRANK CONTE, KENT NOSEWORTHY, CANEK RANGEL, BRADLEY LANGILLE, ALEJANDRO CARAVEO, BMO NESBITT BURNS INC., SCOTIA CAPITAL INC. and TD SECURITIES INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

O R D E R

THIS MOTION, made by the Plaintiff for an Order approving the settlement agreement, dated October ●, 2012, was heard on ●, 2012, at 361 University Ave., Toronto, ON.

ON READING the materials filed, including the settlement agreement, dated October ●, 2012, attached hereto as **Schedule "A"** (the "Settlement Agreement") and on hearing the submissions of counsel for the Plaintiff and counsel for the Defendants:

1. **THIS COURT DECLARES** that except as otherwise stated, this Order incorporates and adopts the definitions set out in the Settlement Agreement.

2. **THIS COURT DECLARES** that the Settlement Agreement is fair, reasonable and in the best interest of the Class.

3. **THIS COURT ORDERS** that the Settlement Agreement is approved pursuant to s.29 of the *Class Proceedings Act, 1992*.

4. **THIS COURT ORDERS** that the Settlement Agreement shall be implemented in accordance with its terms.

5. **THIS COURT DECLARES** that the Settlement Agreement, in its entirety, forms part of this Order and is binding upon the Defendants, the Plaintiff, and upon all Class Members who do not opt out of the Class in accordance with the Approval Notices (as defined below), including those persons who are minors or mentally incapable, and that the requirements of Rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedure* are hereby disposed of.

6. **THIS COURT DECLARES** that the Plan of Allocation, attached hereto as **Schedule "B"**, is hereby approved as fair and reasonable and that the Settlement Amount shall be distributed in accordance with the Plan of Allocation after the payment of Class Counsel Fees and Administration Expenses.

7. **THIS COURT ORDERS** that the form and content of the Second Long Form Notice, attached hereto as **Schedule "C"**, is hereby approved.

8. **THIS COURT ORDERS** that the form and content of the Second Short Form Notice, attached hereto as **Schedule "D"** (together with the Second Long Form Notice, the "Approval Notices"), is hereby approved.

9. **THIS COURT ORDERS** that the Opt-Out Form, attached hereto as **Schedule "E"**, is hereby approved.

10. **THIS COURT ORDERS** that the Claim Form, attached hereto as **Schedule "F"**, is hereby approved.

11. **THIS COURT ORDERS** that the Approval Notices, Claim Form and Opt-Out Form shall be disseminated in accordance with the Plan of Notice.

12. **THIS COURT ORDERS** that a person who would otherwise be a Class Member may opt out in accordance with the directions contained in the Second Long Form Notice attached hereto as **Schedule "C"**.

13. **THIS COURT ORDERS** that on notice to the Court but without further order of the Court, the parties to the Settlement Agreement may agree to reasonable extensions of time to carry out any of the provisions of the Settlement Agreement.

14. **THIS COURT ORDERS AND DECLARES** that, other than as provided in s. <4.1 (1)(e)> of the Settlement Agreement, the Releasees have no responsibility for and no liability whatsoever with respect to the administration of the Settlement Agreement.

15. **THIS COURT ORDERS** that if the Settlement Agreement is terminated pursuant to any rights of termination therein, then:

(a) this Order (except for paragraphs 1, 14 and 15 herein) shall be set aside, be of no further force or effect, and be without prejudice to any party; and

(b) each party to the Action shall be restored to his, her or its respective position in the Action as it existed immediately prior to the execution of the Settlement Agreement.

16. **THIS COURT ORDERS AND DECLARES** that, upon the Effective Date, the Releasors shall release and discharge, and shall be conclusively deemed to have fully, finally and forever released and discharged the Releasees from the Released Claims.

17. **THIS COURT ORDERS** that, as of the Effective Date, the Releasors shall not institute, continue, maintain or assert, either directly or indirectly, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, proceeding, complaint, claim or demand against any Releasee or any other person who may claim any form of contribution or indemnity from any Releasee in respect of the Released Claims or any matter related thereto, and are permanently barred and enjoined from doing so.

18. **THIS COURT ORDERS** that, upon the Effective Date, the Action shall be dismissed against the Defendants with prejudice and without costs.

THE HONOURABLE JUSTICE E. BELOBABA

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at London
transferred to Toronto

Proceeding under the *Class Proceedings Act, 1992*

ORDER

SISKINDS LLP
Barristers & Solicitors
680 Waterloo Street
PO Box 2520
London, ON N6A 3V8

A. Dimitri Lascaris
(LSUC #: 50074A)
Tel: (519) 660-7844
Fax: (519) 660-7845

Lawyers for the Plaintiff

PALIARE ROLAND
LLP
250 University Ave
Suite 501
Toronto, ON M5H 3E5

Margaret Waddell
(LSUC #: 29860U)
Tel: (416) 646-4329
Fax: (416) 646-4301

Lawyers for the Plaintiff

Schedule "B"

Court File No. 08-36143600CP

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE	)	,	THE
	)		
JUSTICE E. BELOBABA	) DAY OF	, 2012	

B E T W E E N:

ED J. MCKENNA

Plaintiff

- and -

GAMMON GOLD INC., RUSSELL BARWICK, COLIN P. SUTHERLAND, DALE M. HENDRICK, FRED GEORGE, FRANK CONTE, KENT NOSEWORTHY, CANEK RANGEL, BRADLEY LANGILLE, ALEJANDRO CARAVEO, BMO NESBITT BURNS INC., SCOTIA CAPITAL INC. and TD SECURITIES INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

O R D E R

THIS MOTION, made by the Plaintiff for, *inter alia*, an Order fixing the date of the settlement approval motion, approving the form of notice of the settlement approval hearing and its method of dissemination, was heard this day at 361 University Ave., Toronto, ON.

ON READING the materials filed, including the settlement agreement between the parties (the "Settlement Agreement"), and on hearing the submissions of counsel for the Plaintiff and counsel for the Defendants:

1. **THIS COURT DECLARES** that except as otherwise stated, this Order incorporates and adopts the definitions set forth in the Settlement Agreement, which is attached hereto as **Schedule "A"**.

2. **THIS COURT ORDERS** that the hearing of the Plaintiff's motion for settlement approval (the "Approval Motion") and for approval of the fees of Class Counsel shall take place on December 4, 2012.

3. **THIS COURT ORDERS** that the form and content of the First Notice, substantially in the form attached hereto as **Schedule "B"** is hereby approved.

4. **THIS COURT ORDERS** that the First Notice shall be published in accordance with the Plan of Notice attached hereto as **Schedule "C"**.

5. **THIS COURT ORDERS** that Class Counsel shall, at or before the hearing of the Approval Motion, file with the Court proof of the dissemination and publication of the First Notice in accordance with the Plan of Notice.

6. **THIS COURT ORDERS** that Class Members who wish to file with the Court an objection or comment to the Settlement or to the approval of Class Counsel fees shall deliver a written statement to Class Counsel, at the address indicated in the First Notice, no later than ●, 2012.

7. **THIS COURT ORDERS** that NPT RicePoint be and hereby is appointed the Administrator.

_____

THE HONOURABLE JUSTICE G. E. BELOBABA

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at London
and transferred to Toronto

Proceeding under the *Class Proceedings Act, 1992*

ORDER

SISKINDS LLP
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Tel: (519) 660-7844
Fax: (519) 660-7845

Lawyers for the Plaintiff

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250 University Ave
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Toronto, ON M5H 3E5

Margaret Waddell
(LSUC #: 29860U)
Tel: (416) 646-4329
Fax: (416) 646-4301

Lawyers for the Plaintiff

Schedule "C"

NOTICE OF COURT HEARING TO APPROVE PROPOSED SETTLEMENT: GAMMON GOLD INC. (N.K.A. AURICO GOLD INC.) SECURITIES CLASS ACTION

READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR RIGHTS.

Who this Notice is For:

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

What the Action is About:

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

On March 16, 2010, the Court certified the action as a class proceeding. The certified Class was limited to persons who purchased shares in Canada under the Prospectus from the underwriter defendants ("primary market purchasers"). The Court adjourned the Plaintiff's motion for certification of a claim of civil conspiracy on behalf of the primary market purchasers as well as those persons that purchased Gammon securities over the TSX ("secondary market purchasers").

On November 9, 2011, the conspiracy claim was certified for both primary and secondary market purchasers, and the class definition was amended to include all persons and entities, other than Excluded Persons, who acquired securities of Gammon Gold during the period from October 10, 2006 to August 10, 2007 (the "Class Period"). The Gammon Defendants sought leave to appeal this decision, and that motion has not yet been heard by the Court.

The Terms of the Proposed Settlement:

On October 5th, 2012 the Parties executed a settlement agreement (the "Agreement") that proposes to resolve this litigation for all Class Members. Under the Agreement, Gammon will pay CAD$13,250,000.00 (the "Settlement Amount"), which includes all the Plaintiff's legal fees, disbursements, taxes, and administration expenses. In return, the Defendants will receive releases and the class action will be dismissed.

The Agreement 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 Settlement Approval Hearing will be held in Toronto, Ontario

The Agreement must be approved by the Court before it comes into effect. Class Members may, but are not required to, attend the Approval Hearing that will be held on December 4, 2012 at

10:00 a.m., at 361 University Ave., Toronto, ON. At the same time, Class Counsel, Siskinds LLP ("Siskinds") and Paliare Roland Rosenberg Rothstein LLP ("Paliare Roland"), will request that the Court approve their legal fees, which will not exceed 25% of the Settlement Amount, plus disbursements and applicable taxes ("Class Counsel Fees"). Siskinds and Paliare Roland will seek the appointment of an administrator for the settlement whose fees, together with any other costs relating to approval, notification, implementation, and administration of the settlement ("Administration Expenses"), will be paid from the Settlement Amount. Class Counsel Fees and Administration Expenses will be deducted from the Settlement Amount before the balance is distributed to Class Members.

If the Agreement is approved by the Court, then a further notice will be published that will explain how Class Members can make a claim to receive compensation from the Settlement Amount as well as how to opt out of the Class if a Class Member does not wish to share in, or be bound by, the Agreement.

Class Members that approve of or do not oppose the Agreement do not need to appear at the Approval Hearing or take any other action at this time.

Compensation under the Settlement Agreement

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 a Plan of Allocation, which is also subject to Court approval.

The amount that each Class Member may receive of the Net Settlement Amount as compensation will depend upon:

(i) whether the Class Member is a primary market purchaser and/or a secondary market purchaser;

(ii) the number and the price of Gammon common shares purchased by the Class Member during the Class Period;

(iii) whether and when the Class Member sold Gammon common shares purchased during the Class Period, and the price at which these shares were sold;

(iv) whether the Class Member continues to hold some or all of the Gammon common shares purchased during the Class Period; and

(v) the total number of and the value of all claims for compensation filed with the Administrator.

These factors mean that it is not possible to predict or predetermine any individual Class Member's share of the Net Settlement Amount.

Copies of the Agreement and the proposed Plan of Allocation may be found at www.classaction.ca or by contacting Siskinds at the contact information provided below.

Participation in this Settlement May Affect Other Actions Commenced by Class Members

If the Court approves the Agreement, all Class Members will be bound by its terms unless they exclude themselves from the Class ("opt out"). If a Class Member does not opt out, that Class Member may participate in the settlement by filing a proper claim, but will not be able to make or maintain any other complaint or legal proceeding against the Defendants, or any other person released by the Agreement, in relation to the matters alleged in the class action. If the Agreement is approved, a notice explaining the process by which a Class Member may opt out, and the consequences of opting out, will be published.

Class Members May Object to the Settlement Agreement

Class Members that wish to comment on or object to the Settlement should do so in writing. All comments or objections should be received by Siskinds (at the address listed below) no later than ●, 2012. Siskinds will file any and all such submissions with the Court. Class Members may attend the Approval Hearing whether or not an objection was delivered. The Court may permit Class Members to participate in the Approval Hearing whether or not an objection was made.

A written objection should include:

(i) the Class Member's name, address, telephone number, fax number (where applicable) and email address;

(ii) a brief statement outlining why they object to the Settlement; and

(iii) a statement as to whether the objector intends to appear at the Approval Hearing in person or through a lawyer, and, if through a lawyer, the name, address, telephone number, fax number, and email address of the lawyer.

Questions related to this notice should NOT be addressed to the Ontario Superior Court of Justice.

For further information, or to deliver an objection please contact:

Siskinds LLP
Nicole Young
680 Waterloo Street
London, ON N6A 3V8
Tel: 1-877-672-2121 x 2380
Email: nicole.young@siskinds.com or visit Siskinds LLP's website at www.classaction.ca.

Schedule "D"

Court File No.: 08-36143600CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

ED J. MCKENNA

Plaintiff

- and –

GAMMON GOLD INC., RUSSELL BARWICK, COLIN P. SUTHERLAND, DALE M. HENDRICK, FRED GEORGE, FRANK CONTE, KENT NOSEWORTHY, CANEK RANGEL, BRADLEY LANGILLE, ALEJANDRO CARAVEO, BMO NESBITT BURNS INC., SCOTIA CAPITAL INC. and TD SECURITIES INC.

Defendants

Proceeding under the *Class Proceedings Act, 1992*

PLAN OF ALLOCATION

(Supplement to the Settlement Agreement, dated October 5th, 2012)

DEFINED TERMS

1. The definitions set out in the Settlement Agreement apply to and are incorporated into this Plan of Allocation, in addition to the following definitions:

   (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.

CALCULATION OF NET LOSS AND NOMINAL ENTITLEMENT

2. 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.

3. 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.

4. 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.

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

6. For the purposes of any calculation under the Plan of Allocation, the Administrator will account for any 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.

7. 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").

8. An Authorized Claimant's Nominal Entitlement will be calculated as follows:

I. No Nominal Entitlement shall be attributed to any Eligible Shares *disposed of* prior to the first 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 shall 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 second alleged corrective disclosure, that is, *on or after August 24, 2007*, the Nominal Entitlement shall 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 shall 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].

FINAL DISTRIBUTION

9. A separate Nominal Entitlement will be calculated for each Authorized Claimant's secondary market and primary market purchases. Whether particular dispositions are of securities purchased on the primary market or on the secondary market will be determined using FIFO.

10. 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.

11. 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.

12. 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.

13. The Administrator shall be authorized to distribute the Net Settlement Amount in accordance with this Plan of Allocation upon having received and reviewed the Claim Forms submitted by the Claims Bar Deadline without further order of the Court.

14. If, one hundred eighty (180) days from the date on which the Administrator distributes the Net Settlement Amount to Authorized Claimants, the Escrow Account remains in a positive balance (whether due to tax refunds, uncashed cheques, or otherwise), the Administrator shall, if feasible, reallocate such balance among the Authorized Claimants in an equitable and economic fashion. In the event any such remaining balance is less than CAD$25,000.00 or less than $5.00 per Claimant, such balance will be donated to FAIR Canada. Under no circumstances will any repayment be made to the Contributing Parties.

Schedule "E"

PLAN OF NOTICE

Capitalized terms used in this Plan of Notice have the meanings ascribed to them in the Settlement Agreement.

PART 1 – NOTICE OF APPROVAL MOTION

The First Notice will be disseminated as follows:

Internet Publication

The First Notice will be posted in both English and French on www.classaction.ca.

Newspaper Publication

Publication of the First Notice, which will be at least ¼ page in size, will occur at least twenty-eight (28) days prior to the Approval Hearing. Publication will be made in English in the business/legal sections of the national editions of *The Globe and Mail* and *The National Post*, and in French in the business section of *La Presse*.

Class Counsel

Class Counsel shall make a toll free number and email address available to the public that will enable Class Members to contact Class Counsel and obtain more information about the proposed settlement, and/or to request that a copy of the Settlement Agreement be sent to them directly. In addition, the public may view or obtain copies of the Settlement Agreement from Siskinds' website: www.classaction.ca.

PART 2 – NOTICE OF CERTIFICATION AND SETTLEMENT APPROVAL

The Second Short Form Notice will be disseminated as follows:

Newspaper and Newswire Publication

Publication of the Second Short Form Notice, which will be at least a ¼ page in size, will occur as soon as possible following the date of the Approval Order, and, in any event, no later than fourteen (14) days following that date. Publication will be made in English in the business/legal sections of the national editions of the *National Post* and the *Globe and Mail*, and in French in the business section of *La Presse*.

The English and French language versions of the Second Short Form Notice will also be issued (with necessary formatting modifications) across *Marketwire*, a major business newswire in Canada.

The Second Long Form Notice will be disseminated a follows:

Internet Publication

The Second Long Form Notice will be posted, in both English and French, on:

(i) www.classaction.ca; and

(ii) the website of the Administrator.

Individual Notice

Within thirty (30) days of the date of the Approval Order, Class Counsel shall direct the Administrator to send the Second Long Form Notice, the Claim Form, and the Opt-Out Form to all putative Class Members as follows:

1. The Administrator shall mail the Second Long Form Notice, the Claim Form and the Opt-Out Form to the persons identified as a result of the Defendants delivering a computerized list of the names and addresses of persons that purchased Shares during the Class Period in its possession to Class Counsel and the Administrator; and

2. The Administrator will send the Second Long Form Notice, the Claim Form, and the Opt-Out Form to the brokerage firms in the Administrator's proprietary databases requesting that the brokerage firms either send a copy of the Second Long Form Notice, the Claim Form, and the Opt-Out Form to all individuals and entities identified by the brokerage firms as being Class Members, or to send the names and addresses of all such individuals and entities to the Administrator who shall mail the Second Long Form Notice, the Claim Form, and the Opt-Out Form to the individuals and entities so identified.

Class Counsel shall mail or email the Second Long Form Notice, the Claim Form, and the Opt-Out Form to those persons that have contacted Class Counsel regarding this litigation and have provided Class Counsel with their contact information.

Class Counsel shall make a toll-free number and email address available to the public that will enable Class Members to obtain more information about the settlement, the claims process, and to request that a copy of the Second Long Form Notice, the Claim Form, and the Opt-Out Form be sent to them directly. Class Counsel or the Administrator, as appropriate, will directly mail the Second Long Form Notice, the Claim Form, and/or the Opt-Out Form to any Class Member that contacts Class Counsel or the Administrator's offices and requests this documentation. Additionally, the public may view, or obtain copies of, the Settlement Agreement, the Second Long Form Notice, the Claim Form, and the Opt-Out Form on Siskinds' website: www.classaction.ca.

Schedule "F"

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 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.

Please note: This is a summary notice, produced for publication purposes, announcing Court approval of the settlement reached in this litigation. A long form notice, containing additional detail, is available on the Administrator's website: ● or counsel's website: http://www.classaction.ca.

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 some of its officers and directors (the "Gammon Defendants") as well as the underwriters of Gammon's Prospectus (collectively, the "Defendants"). The Plaintiff alleged that this Prospectus, and certain other of Gammon's public filings, contained misrepresentations about the gold equivalent ounce production at Gammon's 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 in the period between October 10, 2006 and August 10, 2007 ("secondary market purchasers"). At the time the Settlement was reached, the certification of the 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 that Gammon pay CAD$13,250,000.00 (the "Settlement Amount"), including all of the Plaintiff's legal fees, disbursements, taxes, and administration expenses. In return for the Settlement Amount, the Defendants will receive releases and the class action will be dismissed. 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 ●, 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$● ("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$● 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.

ADMINISTRATION OF THE SETTLEMENT AGREEMENT

The Court has appointed RicePoint as the Administrator of the Settlement. The Administrator will oversee the claims and opt-out processes (described below) and will distribute the Settlement Amount. Class Members may obtain additional information about the Settlement and a copy of the Claim Form by contacting the Administrator or visiting the Administrator's website. The Administrator's contact information appears below.

Class Members who wish to receive compensation from the Settlement Amount must mail or otherwise submit a completed Claim Form (which may be obtained from the Administrator) and all supporting documents to the Administrator no later than ● (the "Claims Bar Deadline").

Class Members who do not opt out (as discussed below) and who file a valid Claim Form prior to the Claims Bar Deadline will be paid a *pro rata* share of the balance of the Settlement Amount, following deduction of all fees, expenses, and taxes. The long form notice contains complete instructions on how to make a claim to receive compensation from the Settlement Amount and an explanation as to how the Settlement Amount will be distributed.

All Class Members will be bound by the terms of the Settlement unless they exclude themselves from the Class ("opt out"). Class Members who do not opt out will not be able to make or continue 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. Class Members who do not want to be bound by the Settlement must opt out. However, Class Members who opt out of the Settlement will be barred from making a claim and receiving compensation from the Settlement Amount.

If you wish to opt out of this Settlement you must submit a fully completed Opt-Out Form AND the documents identified therein to the Administrator no later than ● (the "Opt-Out Deadline").

For further information regarding the terms of the Settlement, allocation of the Settlement Amount, filing a claim under and/or opting out of the Settlement, or to obtain a Claim Form or request to opt out, visit the Administrator's website: ● or contact the Administrator by calling: ●.

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 at:

Siskinds LLP
680 Waterloo Street

Paliare Roland Rosenberg Rothstein LLP
250 University Avenue

London, ON
N6A 3V8

Suite 501
Toronto, Ontario
M5H 3E5

1-800-461-6166 ext. 2380

Website: www.classaction.ca
Email: nicole.young@siskinds.com

Please do not contact the Court with inquiries about the class action or the Settlement. All inquiries should be directed to the Administrator or Siskinds LLP.

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

Schedule "G"

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. 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.):

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 ●, 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$● ("Class Counsel Fees"). As is customary in these cases, Class Counsel conducted the class action on a contingent fee basis, meaning that Class Counsel funded the expenses of the litigation and was not paid as the matter proceeded. The amount awarded as Class Counsel Fees includes CAD$● 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 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: ●

Mailing Address: ●

Website: ●

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 ●**, (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** ●.

IMPORTANT DEADLINES

Opt-Out Deadline: ●

Claims Bar Deadline: ●

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