



ANNUAL INFORMATION FORM
For the year ended December 31, 2016

February 6, 2017

¹ A Yukon Territory limited liability corporation, Australian Registered Body Number 147 848 762

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PRELIMINARY NOTES

Date of Information

In this Annual Information Form (the “AIF”), unless the content otherwise requires, references to “our”, “us”, “its”, the “Corporation” or the “Company” mean Alacer Gold Corp. and its subsidiaries. All the information contained in this AIF is as of December 31, 2016, the last day of the Company’s recently completed financial year, unless otherwise indicated. The Company was formerly known as Anatolia Minerals Development Limited. In connection with the merger with Avoca Resources Limited (“Avoca”) on February 18, 2011, as discussed below, the Corporation changed its name to Alacer Gold Corp.

Metric Equivalents

The following table sets forth the conversion from metric into imperial equivalents:

<u>To convert from metric measurement units</u>	<u>To imperial measurement units</u>	<u>Multiply by</u>
Grams	Ounces (troy)	0.0322
Tonnes	Tons (short)	1.1023
Grams/tonne (g/t)	Ounces (troy) /ton (short)	0.0292
Grams/tonne (g/t)	Parts per billion (ppb)	1.000
Kilometers (km)	Miles	0.6214
Meters (m)	Feet	3.2808

Currency Conversion

All currency references in this AIF are in United States dollars “US\$” unless otherwise indicated. Canadian dollars will be designated as “C\$”. The noon rates of exchange on Dec 31, 2016, as reported by the Bank of Canada were:

	US\$	C\$
US\$	1.00	1.3427
C\$	0.7448	1.00

Glossary of Mining Terms

The following is a glossary of certain mining terms used in this AIF or in the Company’s other filings:

Adsorption	The attachment of one substance to the surface of another.
Ag	Silver.
Arsenopyrite	A whitish to steel gray colored arsenian mineral (FeAsS).
Assay	The chemical test of rock samples to determine the mineral content.
Au	Gold.
Carbon in Column (“CIC”)	A method of recovering gold and silver from pregnant solution by adsorption of the precious metals onto fine carbon suspended by up-flow of solution through a series of tanks.

<i>Carbon in Leach ("CIL")</i>	A method of recovering gold and silver from fine ground ore by simultaneous dissolution using cyanide and adsorption of the precious metals onto fine carbon in an agitated tank of ore solids/solution slurry.
<i>Cretaceous</i>	The final period of the Mesozoic era (after the Jurassic and before the Tertiary period), that covered the span of time between 65 and 144 million years ago.
<i>Cu</i>	Copper.
<i>Cyanidation</i>	A method of extracting gold or silver by dissolving it in a weak solution of sodium cyanide.
<i>Diamond Drill ("DD")</i>	A type of rotary drill in which the cutting is done by abrasion rather than percussion. The cutting bit is set with diamonds and is attached to the end of long hollow rods through which water is pumped to the cutting face. The drill cuts a core of rock that is recovered in long cylindrical sections, an inch or more in diameter.
<i>Doré</i>	A semi-pure alloy of gold and silver, usually created at the site of a mine, and then transported to a refinery for further purification.
<i>Epithermal</i>	Hydrothermal mineral deposit formed within one kilometre of the earth's surface, in the temperature range of 50-200°C.
<i>Fault</i>	A surface or zone of rock fracture along which there has been displacement, from a few centimetres to a few kilometres in scale.
<i>Fire Assay</i>	A type of analytical procedure that involves the heat of a furnace and a fluxing agent to fuse a sample to collect any precious metals (such as gold) in the sample. The collected material is then analyzed for gold or other precious metals by weight or spectroscopic methods.
<i>Flotation</i>	A process by which some mineral particles are induced to become attached to bubbles and float, and other particles to sink, so that the valuable minerals are concentrated and separated from the worthless gangue or waste.
<i>Gangue</i>	Minerals that are sub economic to recover as ore.
<i>Heap Leaching</i>	The process of stacking crushed ore in a heap on an impermeable pad and percolating through the ore a solution containing a leaching agent such as cyanide. The gold that leaches from the ore into the solution is recovered from the solution by carbon adsorption or precipitation. After removal of the gold, the solution is then recycled to the heap to effect further leaching.
<i>Hectare</i>	A square of 100 metres on each side.
<i>HQ</i>	Denotes a specific diameter of cores recovered by a diamond drill, of 63.5 mm.
<i>Hydrothermal</i>	Processes associated with heated or superheated water, especially mineralization or alteration.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Intrusive

The process of, and rock formed by, intrusion.

JORC

The Australasian Code for Reporting of Mineral Resources and Ore Reserves, as amended from time to time.

Leach

Gold, silver and other minerals being dissolved in weak cyanide solution in dump or heap leaching or in tanks in a processing plant (agitated leach, carbon in pulp, carbon in leach).

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Metamorphic

Affected by physical, chemical, and structural processes imposed by depth in the earth's crust.

Metasediment

Metamorphic rock of sedimentary origin.

Mill

A mineral processing plant where ore is crushed and ground to expose metals or minerals of economic value, which then undergo physical and/or chemical treatment to extract the valuable metals or minerals.

<i>Mineral Deposit</i>	A mineral deposit is a body of mineralized material which could warrant further exploration work such as surface, underground, or drill sampling, to appropriately delineate the size, tonnage, and average grade of the metal(s) contained. Such a deposit does not qualify as a commercially viable ore body (a reserve) until a final feasibility study based upon the work done is concluded.
<i>Mineral Reserve</i>	A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.
<i>Mineral Resource</i>	A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.
<i>Mineralization</i>	The concentration of metals and their chemical compounds within a body of rock.
<i>Modifying Factors</i>	Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
<i>Monzonite</i>	A coarse-grained igneous rock containing less than 10 percent quartz.
<i>NI 43-101</i>	A Canadian National Securities Instrument, first promulgated in 2001 and amended from time to time, that establishes standards for all public disclosure an Issuer makes of scientific and technical information concerning mineral properties/projects.
<i>NQ</i>	Denotes the specific diameter of cores recovered by a diamond drill, of 47.6 mm.
<i>Open-Pit Mine</i>	An excavation for removing minerals that is initiated from the surface.
<i>Ore</i>	A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

<i>Oxide Ore</i>	Mineralized rock in which some of the original minerals, usually sulfide, have been oxidized. Oxidation tends to make the ore more porous and permits a more complete permeation of cyanide solutions so that minute particles of gold in the interior of the minerals will be readily dissolved.
<i>POX</i>	Denotes pressure oxidation, a system that utilizes oxygen and heat under pressure in a liquid medium, to effect oxidation of refractory ore by way of a controlled chemical reaction.
<i>Probable Mineral Reserve</i>	A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.
<i>Proven Mineral Reserve</i>	A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.
<i>Refractory material</i>	Gold mineralized material in which the gold is not amenable to recovery by conventional cyanide methods without pre-treatment. The refractory nature can be either silica or sulfide encapsulation of the gold or the presence of naturally occurring carbons which reduce gold recovery.
<i>Reverse Circulation Drill ("RC")</i>	A type of drill in which the cutting is done by percussion or abrasion. RC drilling uses a dual wall drill pipe. A down-hole hammer or rotary bit produces samples which enter the center drill pipe and are transported to the surface. The drill cuts rock chips rather than cores.
<i>Run of Mine ("ROM")</i>	Pertains to the ore that has been mined but not crushed.
<i>SART process</i>	Sulphidization, Acidification, Recycling, and Thickening. A process developed to treat heap leach solutions that contain elevated concentrations of copper. The base metals are precipitated, leaving the cyanide in solution. The resulting precipitate is a saleable product and cyanide is recycled to the gold recovery process.
<i>Scrubber</i>	A device that removes particulates from gaseous emissions.
<i>Strike</i>	Azimuth of a plane surface aligned at right angles to the dip of the plane used to describe the orientation of stratigraphic units or structures.
<i>Sulfide</i>	Mineralized rock containing a significant quantity of unoxidized sulfide minerals.
<i>Tailings</i>	The material that remains after all metals considered economic have been removed from ore during processing.
<i>Tonne</i>	Metric ton which measures 2,204.6 pounds or 1,000 kilograms.
<i>Underground Mine</i>	A mine where minerals are removed below the earth's surface and transported to the surface for processing. Underground mines are usually located several hundred feet below the earth's surface.
<i>Waste</i>	Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.
<i>Zadra-Strip Circuit</i>	A process to remove gold and silver from carbon that was previously "loaded" through an adsorption process.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to Alacer, certain statements contained in this document constitute forward-looking information, future oriented financial information, or financial outlooks (collectively “forward-looking information”) within the meaning of Canadian securities laws. Forward-looking information may be contained in this document and other public filings of Alacer. Forward-looking information often relates to statements concerning Alacer’s future outlook and anticipated events or results, and in some cases, can be identified by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “anticipate,” “believe,” “intend,” “estimate,” “projects,” “predict,” “potential,” “continue” or other similar expressions concerning matters that are not historical facts.

Forward-looking information includes statements concerning, among other things, preliminary cost reporting in this document; production, cost, and capital expenditure guidance; the ability to expand the current heap leach pad; development plans for processing sulfide ore at Çöpler; the results of any gold reconciliations; the ability to discover additional oxide gold ore; the generation of free cash flow and payment of dividends; matters relating to proposed exploration; communications with local stakeholders; maintaining community and government relations; negotiations of joint ventures; negotiation and completion of transactions; commodity prices; mineral resources, mineral reserves, realization of mineral reserves, and the existence or realization of mineral resource estimates; the development approach; the timing and amount of future production; the timing of studies, announcements, and analysis; the timing of construction and development of proposed mines and process facilities; capital and operating expenditures; economic conditions; availability of sufficient financing; exploration plans; receipt of regulatory approvals; and any and all other timing, exploration, development, operational, financial, budgetary, economic, legal, social, regulatory, and political matters that may influence or be influenced by future events or conditions.

Such forward-looking information and statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed in any other of Alacer’s filings, and include the inherent speculative nature of exploration results; the ability to explore; communications with local stakeholders; maintaining community and governmental relations; status of negotiations of joint ventures; weather conditions at Alacer’s operations; commodity prices; the ultimate determination of and realization of mineral reserves; existence or realization of mineral resources; the development approach; availability and receipt of required approvals, titles, licenses and permits; sufficient working capital to develop and operate the mines and implement development plans; access to adequate services and supplies; foreign currency exchange rates; interest rates; access to capital markets and associated cost of funds; availability of a qualified work force; ability to negotiate, finalize, and execute relevant agreements; lack of social opposition to the mines or facilities; lack of legal challenges with respect to the property of Alacer; the timing and amount of future production; the ability to meet production, cost, and capital expenditure targets; timing and ability to produce studies and analyses; capital and operating expenditures; economic conditions; availability of sufficient financing; the ultimate ability to mine, process, and sell mineral products on economically favorable terms; and any and all other timing, exploration, development, operational, financial, budgetary, economic, legal, social, geopolitical, regulatory and political factors that may influence future events or conditions. While we consider these factors and assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

You should not place undue reliance on forward-looking information and statements. Forward-looking information and statements are only predictions based on our current expectations and our projections about future events. Actual results may vary from such forward-looking information for a variety of reasons including, but not limited to, risks and uncertainties disclosed in Alacer's filings on the Corporation's website at www.alacergold.com, on SEDAR at www.sedar.com and on the ASX at www.asx.com.au, and other unforeseen events or circumstances. Other than as required by law, Alacer does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Company for the year ended December 31, 2016, together with the notes thereto (the "**Consolidated Financial Statements**"), as well as the Management Discussion and Analysis for the year ended December 31, 2016 (the "**MD&A**") are specifically incorporated herein by reference and are available for review on SEDAR at www.sedar.com and on the Australian Securities Exchange ("**ASX**") website at www.asx.com.au.

CORPORATE STRUCTURE

The Company is a Yukon corporation with its primary listing on the Toronto Stock Exchange ("**TSX**"). The Company's stock also trades via CHESD depository interests ("**CDIs**") on the ASX.

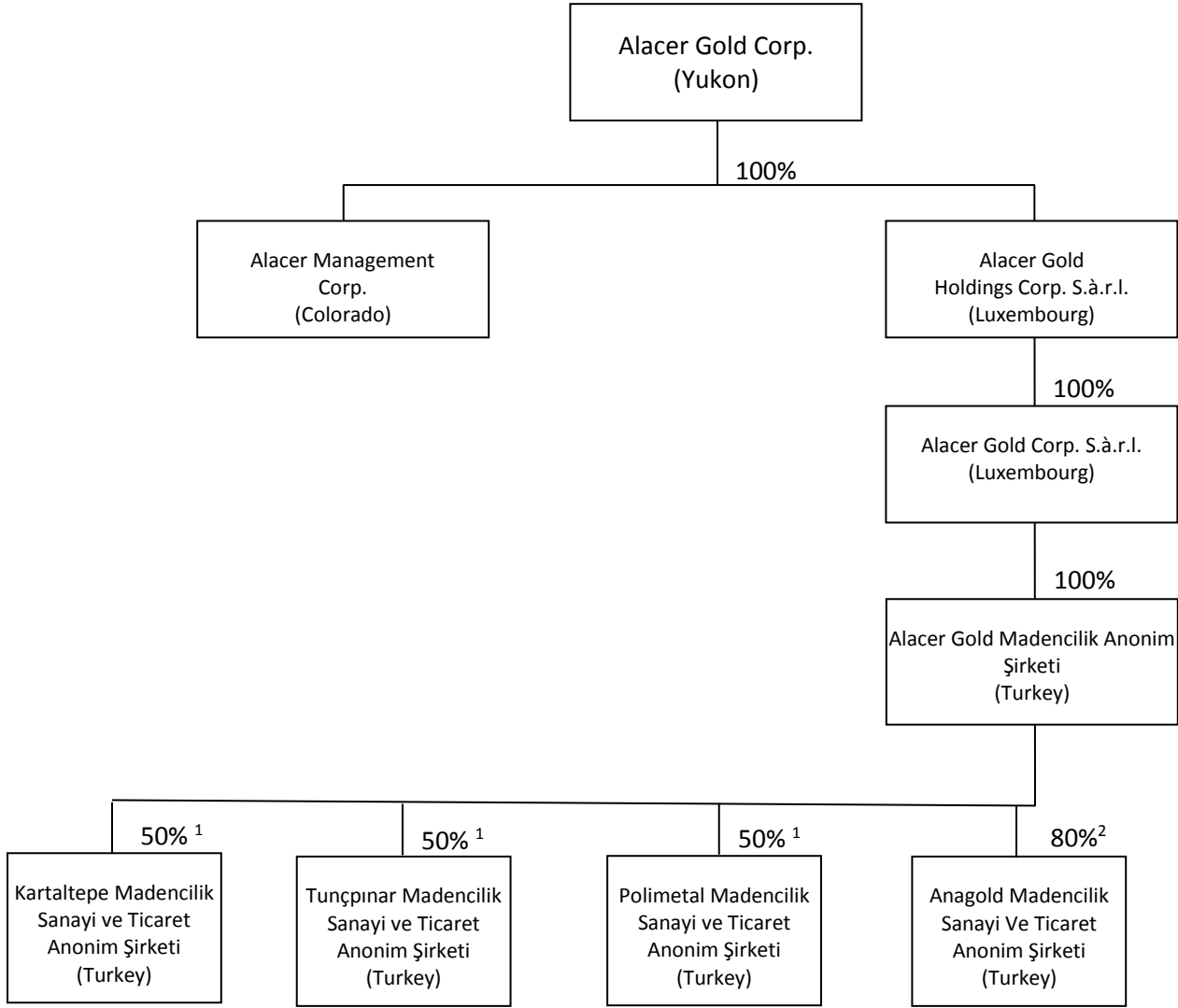
The Company was incorporated under the *Business Corporations Act* (Alberta) on September 20, 1993 as Woodco Resources Inc. ("**Woodco**"). Woodco was subject to a reverse takeover by Anatolia Minerals/Development Corp. Subsequent to the reverse takeover, Woodco was continued under the *Business Corporations Act* (Yukon) on January 14, 1998 as Anatolia Minerals Development Limited ("**Anatolia**") pursuant to Articles of Continuance.

On February 18, 2011, the Company completed a merger (the "**Merger**") with Avoca pursuant to a Merger Implementation Deed signed on September 8, 2010. Under the terms of the Merger, which was structured as a scheme of arrangement under Australian law between Avoca and its shareholders, each Avoca shareholder received 0.4453 Anatolia common shares for each Avoca ordinary share they held in consideration for the transfer of those Avoca shares to Anatolia. Unless an Avoca shareholder otherwise elected, the Anatolia consideration shares took the form of CDIs which are listed on the ASX. Upon completion of the Merger, Articles of Amendment changing the name of the Company to "Alacer Gold Corp." were filed. As a result of the Merger, Anatolia and Avoca shareholders each held approximately 50% of the Company on February 18, 2010, respectively.

On October 29, 2013, the Company completed the sale of all of its Australian assets to a subsidiary of Metals X Limited, an Australian public company.

The registered office of the Company is 3081 Third Avenue, Whitehorse, Yukon, Y1A 4Z7. The Company's principal executive office is located at 9635 Maroon Circle, Suite 300, Englewood, Colorado USA, 80112, c/o Alacer Management Corp. Operations, development and exploration support for the Company's Turkish activities is conducted from an office in Ankara, Turkey.

The following chart illustrates the Company's principal subsidiaries, together with the governing law of each subsidiary and the percentage of voting securities beneficially owned, or over which control or direction is exercised, by the Company as of this AIF:



Note 1: Lidya Mining holds the remaining 50% of this entity.

Note 2: Lidya Mining holds 18.5% of this entity and Banka Kombetare Tregtare SHA, a bank wholly-owned by Çalık Holding A.Ş., holds the remaining 1.5%.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Set forth below are the major events in the last three years that have influenced the general development of the business of the Company.

2014 Developments

On January 27, 2014, the Company announced the resignation of Mr. Howard Stevenson, its President and Chief Operating Officer. Mr. Stevenson had accepted a Chief Executive Officer position with another company.

On January 30, 2014, the Company announced that it had met its 2013 gold production guidance with record production of 216,850 attributable ounces, a 44% increase over 2012. The Company also released its 2014 gold production guidance of 160,000 - 180,000 attributable ounces with All-in Costs of \$730 - \$780 per ounce.

On February 24, 2014, the Company announced results from the Company's 2013 exploration program in Turkey. Results were from two areas in the Çöpler District (Bayramdere and Yakuplu) and the first results from a new project in western Turkey (Dursunbey).

On March 12, 2014, the Company announced an update on the Sulfide Definitive Feasibility Study and highlighted positive gold reconciliation in the sulfide orebody. In addition, the Company filed its financial results and related management's discussion and analysis for the year ended December 31, 2013. In 2013, the Çöpler Mine achieved record annual gold production of 216,850 attributable ounces, a 44% increase over 2012 at \$864 All-in Costs.

On April 17, 2014, the Company announced that Thomas R. Bates, Jr. had been appointed to the Board of Directors. In addition, Edward C. Dowling, Jr. was appointed as Chairman of the Board and Richard P. Graff was appointed as Lead Independent Director.

On April 28, 2014, the Company announced that it had filed its first quarter 2014 financial results and related management's discussion and analysis. First quarter gold production of 42,335 attributable ounces was delivered at industry-leading All-in Costs of \$739 per ounce.

On June 16, 2014, the Company announced the positive results of the Definitive Feasibility Study for the processing of sulfide ore through whole ore pressure oxidation at its Çöpler Mine in Erzincan Province, Turkey. In addition, the Company announced updated Mineral Resources and Reserves estimates for the Çöpler Mine as a result of the initial outcomes from the ongoing resource reconciliation project.

On June 30, 2014, the Company announced the resignation of Jan A. Castro from the Board of Directors and that the Board had begun the process to appoint a new independent director with the assistance of an independent third party.

On July 29, 2014, the Company announced that it had filed its second quarter 2014 financial results, the related management's discussion and analysis, and the NI 43-101 technical report for the Çöpler Sulfide Project. The second quarter of 2014 saw a gold production at Çöpler of 39,836 attributable ounces at industry-leading All-in Costs of \$806 per ounce.

On September 15, 2014, the Company announced the appointment of two new independent directors, Anna Kolonchina and Alan P. Krusi, to the Board of Directors.

On September 18, 2014, the Company issued a press release responding to market activity and acknowledged that it had been approached by third-parties on a preliminary basis regarding potential corporate transactions and that the Company is not currently involved in any third-party discussions.

On October 27, 2014, the Company announced that it had filed its third quarter 2014 financial results and related management's discussion and analysis. The Company reported a 27% increase in gold production at lower costs for the 2014 third quarter (63,356 ounces with All-in Costs of \$763 per ounce), while achieving a milestone of 600 days without a lost-time injury.

On December 15, 2014, the Company announced that it had successfully commissioned its Sulfidization, Acidification, Recycling and Thickening ("SART") facility on schedule and on budget and shipped 115 wet tonnes of copper concentrate to Metalkim Smelter in Istanbul, Turkey.

On December 18, 2014, the Company announced the results of the heap leach pad expansion study which resulted in a 14% increase in ultimate capacity to 56 million tonnes, and that work was underway on a technical review to re-optimize the mine plane to take advantage of the expanded heap leach pad capacity.

On December 28, 2014, the Company announced that it had received approval of the Environmental Impact Assessment ("EIA") for the Çöpler Sulfide Project from the Ministry of Environment and Urbanization of Turkey, which was the next step in the expansion of the Çöpler Mine to increase its life-of-mine production to 3.2 million ounces of gold over the next 20 years.

2015 Developments

On January 12, 2015, the Company announced the project development team leading the Çöpler Sulfide Project in Turkey. The team will be responsible for the construction and delivery of the Sulfide Project.

On January 20, 2015, the Company announced certain unaudited fourth quarter and full-year 2014 results and the Company's 2015 production and cost guidance for its Çöpler Mine in Turkey. Çöpler gold production in 2014 was 227,927 ounces at preliminary All-In Sustaining Costs per ounce of \$695. Production and cost guidance for 2015 was 180,000 to 200,000 ounces at All-in Sustaining Costs of \$775 to \$825 per ounce.

On February 11, 2015, the Company announced that it had filed its operating and financial results and related management's discussion and analysis ("MD&A") for the year ended December 31, 2014. The Company reported that its Çöpler Mine had exceeded guidance for the year with annual gold production of 227,927 ounces at \$694 All-in Sustaining Costs, a 15% decrease from 2013. The Board also suspended the Corporation's dividend policy due to likely capital expenditure commitments, including the Sulfide Project.

On March 30, 2015, the Company announced an update to its Mineral Resource and Mineral Reserve estimates and an updated production profile for the Çöpler Mine in Turkey. The new estimate increased the life-of-mine gold production by over 800,000 ounces consisting of 245,000 ounces of oxide ore and 550,000 ounces of sulfide ore.

On April 9, 2015, the Company announced that its Board of Directors had provide approval to proceed with the Çöpler Sulfide Project. The Board approved advancement of the Project into detailed engineering and procurement of long-lead time items.

On April 27, 2015, the Company announced that it had secured a commitment from a syndicate of lenders for a \$250 million credit facility for the Sulfide Project. The Company also announced that it had filed its first quarter 2015 operating and financial results and related management's discussion and analysis. First quarter gold production was 40,759 attributable ounces at All-in Sustaining Costs of \$690 per ounce. The Company also provided updated guidance based on the updated Mineral Resource and Reserve statement, ensuing mine plan optimizations and updated gold recovery model. Gold production guidance for 2015 increased from 180,000 to 200,000 ounces to 190,000 to 210,000 ounces.

On July 9, 2015, the Company announced the results of its 2015 Annual and Special Meeting of Shareholders held on June 10, 2015. In addition to approving the election of the Company's directors and the appointment of the Company's auditors, the shareholders of the Company approved and ratified, on an advisory basis, the Company's approach to executive compensation.

On July 27, 2015, the Company announced that it had filed its second quarter 2015 operating and financial results and related management's discussion and analysis. Second quarter gold production was 43,006 attributable ounces at All-in Costs of \$598 per ounce.

On August 19, 2015, the Company announced that it had produced its one millionth ounce of gold at Cöpler. This significant milestone was achieved approximately four and a half years after pouring its first ounce of gold on December 22, 2010.

On September 21, 2015, the Company announced that it had signed the previously announced \$250 million senior secured project finance facility with BNP Paribas (Suisse) SA, ING Bank A.S. and Societe Generale Corporate & Investment Banking. The facility has a 7-year term, interest rates of LIBOR plus 2.5% to 2.95%, no mandatory gold hedging requirements and no early repayment penalties. Advances under the facility are subject to customary conditions precedent including execution of security and construction documentation. The agreement was also posted to SEDAR.

On October 25, 2015, the Company announced that it had filed its third quarter 2015 operating and financial results and related management's discussion and analysis. Third quarter gold production was 42,982 attributable ounces at All-in Costs of \$672 per ounce.

On December 9, 2015, the Company announced drilling results from the Company's exploration program in Turkey. Drilling results were from several areas in the Çöpler District, including Yakuplu Southeast, Yakuplu East, Yakuplu North and Bayramdere. The formal reporting of these exploration prospects as resources is a key deliverable for 2016.

2016 Developments

On January 14, 2016, the Company announced its unaudited full-year 2015 results and the Company's 2016 gold production and cost guidance. Full-year 2015 gold production was 204,665 ounces at All-In Sustaining Costs of \$690 per ounce. The Company announced production and cost guidance for 2016 of 150,000 to 170,000 ounces with All-in Sustaining costs of \$780 to \$830 per ounce. The Company also announced that after comprehensive reviews during the detailed engineering phase of the Çöpler Sulfide Project, the Company would install twin horizontal autoclaves for the processing of sulfide ore and move forward with the Project on an Engineering, Procurement and Construction Management basis.

On February 8, 2016, the Company announced that it had filed its operating and financial results and related management's discussion and analysis for the year-ended December 31, 2015. The Company reported that its Çöpler Mine had met full-year production guidance, producing 204,665 ounces of gold at All-In Sustaining Costs of \$690 per ounce.

On March 31, 2016, the Company announced further drilling results from the Company's fourth quarter 2015 Çöpler District exploration program in Turkey. The results included an additional 5,063 meters of drilling at the Yakuplu North (Cakmaktepe) prospect approximately 5 km east of the Çöpler Mine.

On April 20, 2016, the Company announced that it had received approval for a number of permits from the Turkish authorities, for Çöpler, including those required for construction of the Sulfide Plant, the supporting infrastructure, the Tailings Storage Facility, the remaining Heap Leach Pad Phase 4 expansion, and additional exploration permits to continue drilling around the Çöpler District.

On May 12, 2016, the Company announced that it had filed its first quarter 2016 operating and financial results and related management's discussion and analysis. First quarter gold production was 25,541 attributable ounces at All-In Sustaining Costs of \$846 per ounce.

On May 12, 2016, the Company announced the Board of Directors had approved full construction of the Çöpler Sulfide Project. The Company also provided a comprehensive update for the Sulfide Project. The update stated that the detailed engineering and de-risking efforts of the company over the past year resulted in an improved after-tax NPV of \$728 million and an after-tax IRR of 19.2%, with a defined cost control estimate of \$744 million.

On May 26, 2016, the Company announced the results of its 2016 Annual and Special Meeting of Shareholders held on May 25, 2016 in Denver, Colorado. In addition to approving the election of the Company's directors and the appointment of the Company's auditors, the shareholders of the Company approved and ratified, on an advisory basis, the Company's approach to executive compensation.

On June 2, 2016, the Company announced the appointment of Stewart Beckman as Chief Operating Officer. Mr. Beckman joined Alacer with over 25 years in senior management roles with Rio Tinto and Placer Dome, where he managed development, construction and operations across a variety of commodities. Mr. Beckman will be responsible for both the operations and organic growth projects.

On June 17, 2016, the Company announced that it signed the previously announced \$350 million finance facility with a syndicate of lenders. The facility has an 8-year term, interest rates of LIBOR plus 3.5% to 3.95%, no mandatory hedging requirements and no early repayment penalties. Advances under the Facility are subject to customary conditions precedent including execution of security documentation.

On June 24, 2016, the Company announced that it had sold 160,000 ounces of forward gold contracts at \$1,273 per ounce for the period from July 2016 to September 2018 in line with its previously announced hedging program. The Company had been pursuing a hedging program for a portion of its oxide gold production as part of its de-risking efforts during the sulfide project construction.

On July 17, 2016, the Company provided comments on the recent events in Turkey. The Company reported that after initiating its contingency plans, it was able to confirm that all personnel had been accounted for and were safe and that all activities at the Çöpler Mine remained operating at normal capacity with no local disruptions.

On July 21, 2016, the Company announced further exploration results for the Çöpler District. The announced drill results were from drilling completed through May 31, 2016, and include an additional 17,361 meters of drilling at the Çakmaktepe North prospect (formerly known as Yakuplu North).

On July 24, 2016, the Company announced that it had filed its second quarter 2016 operating and financial results and related management's discussion and analysis. Second quarter gold production was 24,038 attributable ounces at All-in Sustaining Costs of \$940 per ounce.

On September 13, 2016, the Company announced a new reserve for its Gediktepe Project (formerly known as Dursunbey). The company announce the positive results from the Prefeasibility Study establishing a maiden resource and reserve for the 50% owned Gediktepe Project in Western Turkey. The company also provided key highlights on the Gediktepe Project including: Life-of-Mine production over 12 years of 1.8 million Gold Equivalent Ounces; pre-production capital expenditure of \$120 million and an additional \$126 million in capital required for the sulfide ore flotation plant; Project after-tax NPV at 5% of \$475 million; and a Project after-tax unlevered IRR of 47%.

On October 26, 2016, the Company announced that it had filed its third quarter 2016 operating and financial results and related management's discussion and analysis. Third quarter gold production was 18,562 attributable ounces at All-in Sustaining Costs of \$1,180 per ounce.

On December 6, 2016 the Company announced revised 2016 production guidance of between 115,000 ounces and 125,000 ounces of gold. Cost guidance for Total Cash Costs was revised to between \$675 per ounce and \$725 per ounce and All-in Sustaining Costs to between \$900 per ounce and \$950 per ounce. Delays in accessing higher grade ore in the Marble Pit impacted the production plan in 2016 and pushed production of those ounces into 2017.

On December 19, 2016 the Company announced an initial Mineral Resource estimate of 140,000 measured + indicated oxide ounces and 24,000 inferred oxide ounces for the Çakmaktepe near-mine deposits located in the Çöpler District. The company also announced additional drilling results for the Çakmaktepe North and Çakmaktepe Central deposits. The maiden Mineral Resource does not include the most recent drilling and the resource remains open.

Subsequent Events

On January 17, 2017, the Company announced its unaudited full-year 2016 production results and the Company's 2017 production and cost guidance. Full-year 2016 gold production was 119,036 ounces at preliminary All-in Sustaining costs of \$960 per ounce. Production and cost guidance provided for 2017 is 160,000 to 180,000 ounces with All-in Sustaining costs of \$700 to \$750 per ounce.

Significant Acquisitions

The Company did not complete any significant acquisitions in the most recently completed financial year.

NARRATIVE DESCRIPTION OF THE BUSINESS

Alacer is a leading intermediate gold mining company, with an 80% interest in the world-class Çöpler Gold Mine in Turkey operated by Anagold Madencilik Sanayi ve Ticaret A.S. ("Anagold"), and the remaining 20% owned by Lidya Madencilik Sanayi ve Ticaret A.S. ("Lidya Mining"). The Corporation's primary focus is to leverage its cornerstone Çöpler Mine and strong balance sheet to maximize portfolio value, maximize free cash flow, minimize project risk, and therefore, create maximum value for shareholders.

The Çöpler Mine is located in east-central Turkey in the Erzincan Province, approximately 1,100 kilometers southeast from Istanbul and 550 kilometers east from Ankara, Turkey's capital city.

Alacer is actively pursuing initiatives to enhance value beyond the current mine plan:

- Çöpler Oxide Production Optimization – Expansion of the existing heap leach pad to 58 million tonnes continues to advance. The Corporation continues to evaluate opportunities to extend oxide production beyond the current reserves, including a new heap leach pad site to the west of the Çöpler Mine.
- Çöpler Sulfide Expansion Project (the "Sulfide Project") – The Sulfide Project is under construction with first gold production projected in the third quarter 2018. The Sulfide Project is expected to deliver long-term growth with robust financial returns and adds 20 years of production at Çöpler. The Sulfide Project will bring Çöpler's remaining life-of-mine ("LoM") gold production to 4 million ounces at All-in Sustaining Costs averaging \$645 per ounce^{2, 3}.

² All-in Sustaining Costs per ounce is a non-IFRS performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation to IFRS, please see the "Non-IFRS Measures" section of the MD&A for the three-month period ended December 31, 2016.

³ Detailed information regarding the Sulfide Project, including the material assumptions on which the forward-looking financial information is based, can be found in the Technical Report dated June 9, 2016 entitled "Technical Report on the Çöpler Mine and Çöpler Sulfide Exploration Project" available on the Corporation's website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au.

- The Corporation continues to pursue opportunities to further expand its current operating base and to become a sustainable multi-mine producer with a focus on Turkey. The systematic and focused exploration efforts in the Çöpler District, as well as in other regions of Turkey, are progressing. A maiden Mineral Resource estimate was released for Çakmaktepe and Bayramdere⁴, and the Çöpler District remains the focus with the potential to add oxide production from the existing Çöpler infrastructure within the next two years. In the region, the Gediktepe Project has advanced with a maiden Mineral Resource and Mineral Reserve released in Q3 2016⁵.

Alacer is a Canadian corporation incorporated in the Yukon Territory with its primary listing on the Toronto Stock Exchange. The Corporation also has a secondary listing on the Australian Securities Exchange where CDIs trade.

Additional Growth

Exploration and Evaluation

The Corporation holds a significant portfolio of highly prospective exploration land holdings across Turkey. The Corporation continues to explore for opportunities to add to its development pipeline to become a sustainable multi-mine producer.

The Corporation is taking a disciplined and systematic approach to the exploration program with efforts focused in two parts: the Çöpler District and Turkey Regional. The exploration program is starting to show positive results with successes in both the Çöpler District and the Turkey Regional exploration programs. Firstly, in the Çöpler District, an initial Measured and Indicated Mineral Resource of 140,000 ounces and an Inferred Mineral Resource of 24,000 ounces were announced on December 19, 2016 (the “Çöpler District Resource Update”).⁶ Exploration work continues in the Çöpler District, which has the potential to add near-term value by leveraging Çöpler’s existing infrastructure, including the excess capacity arising from the HLP4 expansion. Secondly, in the Region, the Corporation announced results of a prefeasibility study at Gediktepe (the “Gediktepe PFS”) in a press release entitled “Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth,” dated September 13, 2016. Both of the referenced press releases are available on the Corporation’s website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au. As a result of the positive Gediktepe PFS, the project has moved into a detailed study phase where basic engineering and further detailed technical studies will be completed. Permitting work and some site preparation will also be undertaken concurrently with the detailed studies. The results from the Çöpler District and the Gediktepe Project are encouraging and have increased the confidence that these deposits will add to the Corporation’s organic growth pipeline.

⁴ Detailed information regarding the Çöpler District Mineral Resource can be found in the press release entitled “Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an Initial Mineral Resource in the Çöpler District,” dated December 19, 2016, available on the Corporation’s website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au.

⁵ Alacer has completed its clawback for the Gediktepe Project with ownership increasing from 20% to 50% in December 2016. Additional information on the Gediktepe Project can be found in the press release entitled “Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth,” dated September 13, 2016, available on the Corporation’s website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au.

⁶ Detailed information regarding the Çöpler District Mineral Resource can be found in the press release entitled “Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an Initial Mineral Resource in the Çöpler District,” dated December 19, 2016, available on the Corporation’s website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au.

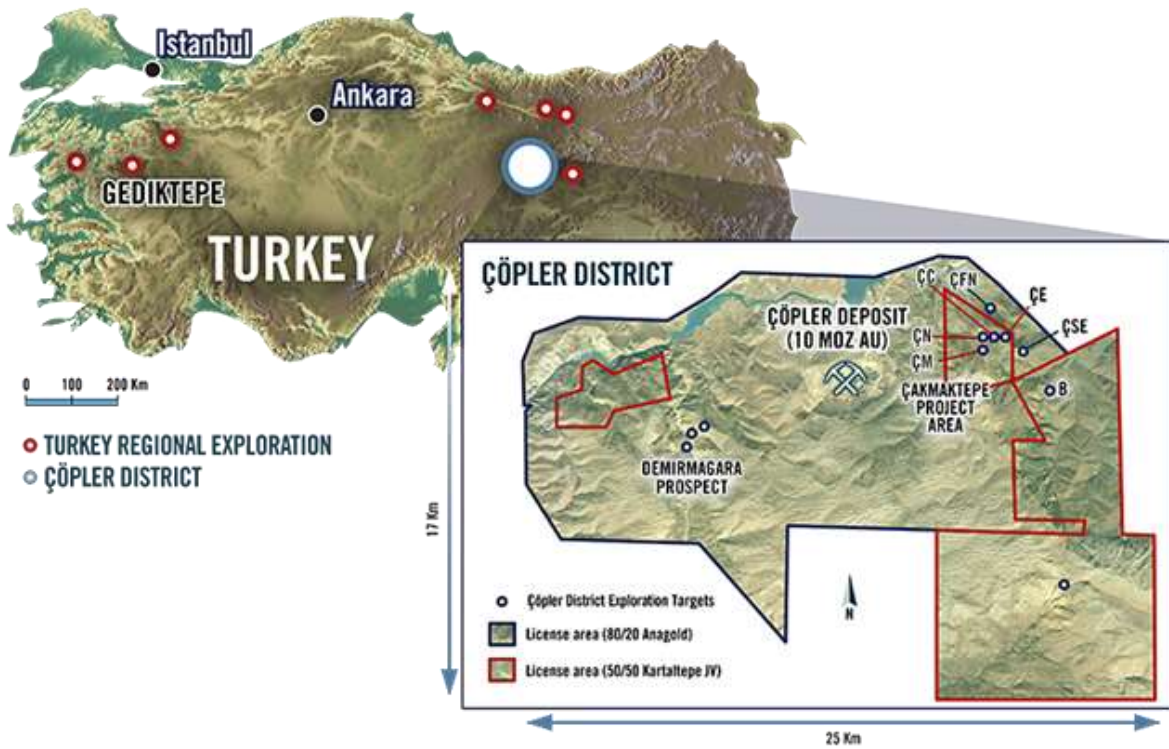
Overall exploration activities for 2016, as well as activities planned for 2017, are discussed below.

2016 Exploration spending (in '000) ¹	Alacer Contribution (%)	Exploration 100%	Exploration Attributable
Çöpler District 80/20	80%	\$ 1,595	\$ 1,276
Çöpler District 50/50	50%	15,540	7,770
Turkey Regional - Gediktepe ²	Varied	11,558	2,721
Turkey Regional and other	Varied	2,521	832
Total		\$ 31,214	\$ 12,599

¹ Exploration attributable to joint venture spending is accounted for as other costs under the share of loss on investments accounted for using the equity method of accounting.

² Alacer completed its clawback for the Gediktepe Project in December 2016 bringing ownership to 50%. Alacer's attributable portion of Gediktepe through November 2016 was 20%.

Çöpler District Exploration Program



ÇN = Çakmaktepe North (Resource); **ÇM** = Çakmaktepe Main (Prospect); **ÇC** = Çakmaktepe Central (Resource & New Discovery);
ÇE = Çakmaktepe East (Resource); **ÇSE** = Çakmaktepe Southeast (Resource); **ÇFN** = Çakmaktepe Far North (Prospect);
B = Bayramdere (Resource).

On December 19, 2016, an initial Measured and Indicated Mineral Resource of 140,000 ounces and an Inferred Mineral Resource of 24,000 ounces for Çakmaktepe and Bayramdere were announced in addition to the fourth set of exploration drill results for Çakmaktepe⁷. Mineralization has been identified in several prospects that can potentially be mined as a series of satellite open pits within 5 km to 7 km of the existing Çöpler Mine facilities. The prospects of particular focus are Çakmaktepe North, Çakmaktepe Central, Çakmaktepe Southeast, Çakmaktepe East, and Bayramdere and have the potential to add to the oxide production within the next two years. Based on the results to date, exploration works at Çakmaktepe will continue in 2017. The latest 2016 drilling produced positive results in Çakmaktepe Central near surface and will likely improve the maiden Mineral Resource.



The **Çakmaktepe North** prospect is a relatively new discovery and is located on the 50% Alacer-owned (Kartaltepe) tenement area. Currently, Çakmaktepe North is the largest of the defined gold prospects within the Çöpler District. The drilling conducted in the first half of 2016 included infill drilling and continues to expand on the initial 2015 discovery. The Çakmaktepe area contains a network of structures allowing gold mineralization to occur within multiple lithologies. The mineralization style is similar to the Çöpler Deposit and is expected to be processed through the existing facilities at the Çöpler Mine. The mineralized system is currently open to the southeast, providing the potential for additional mineralization. Initial design work for the proposed haul road to the Çöpler Mine infrastructure has been completed, and the permitting process is under way.

⁷ Detailed information can be found in the press release entitled "Alacer Announces Çöpler District Exploration Results" dated December 9, 2015, in the press release entitled "Alacer Gold Announces Further Exploration Results for the Çöpler District in Turkey" dated March 31, 2016, in the press release entitled "Alacer Gold Announces Further Exploration Results for the Çöpler District" dated July 21, 2016, and in the press release entitled "Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an initial Mineral Resource in the Çöpler District" dated December 19, 2016, all of which are available on the Corporation's website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au.

The current understanding is there are multiple controls on mineralization with strong epithermal textures and associated structural overprints. Similar to the other Çakmaktepe prospects, there is gossan hosted mineralization occurring along ophiolite and limestone contacts. The main body of mineralization appears to be associated with a sub-vertical shear zone referred to as the 'Main Shear'. In places, this domain is over 40m wide with a mineralized strike length of about 700m.

The **Çakmaktepe Central** prospect located on the 50% Alacer-owned (Kartaltepe) tenement area was recognized as an important new high-grade oxide gold source late in the 2016 exploration drilling season. Shallow extension drilling following Çakmaktepe North mineralization to the south and east intercepted increasing grades and strong mineralization continuity near surface in the area now referred to as Çakmaktepe Central. The mineralization outcrops and dips shallowly eastward with development of thicker high grade mineralization zones proximal to a newly discovered gold mineralized porphyry intrusive. Given the position of the porphyry between Çakmaktepe North, East and Central, it is likely responsible for the mineralized dykes, sills and fluids associated with mineralizing and/or the increasing grade of these deposits. The occurrence of the mineralized porphyry enhances the prospect for further discovery at Çakmaktepe as there is potential for further oxide mineralization associated with the porphyry.

The **Çakmaktepe Southeast** prospect is on the 80% Alacer-owned (Anagold) tenement area and is characterized by gold-copper-silver mineralization, mainly hosted within iron rich gossans and altered wallrock developed along shallow dipping contacts between diorite, ophiolite and limestone lithologies. Most of the mineralization is oxidized and occurs from 0m to 50m of surface. Drilling has defined mineralization over an area of 350m by 300m within a single near surface flat lying gossan, which was found to have variable gold grade continuity with a thickness from 2m to 16m. Metallurgical test work has defined the mineralization as having similar leach recovery characteristics to Çöpler oxide ore and that this material is suitable for processing at the Çöpler Mine.

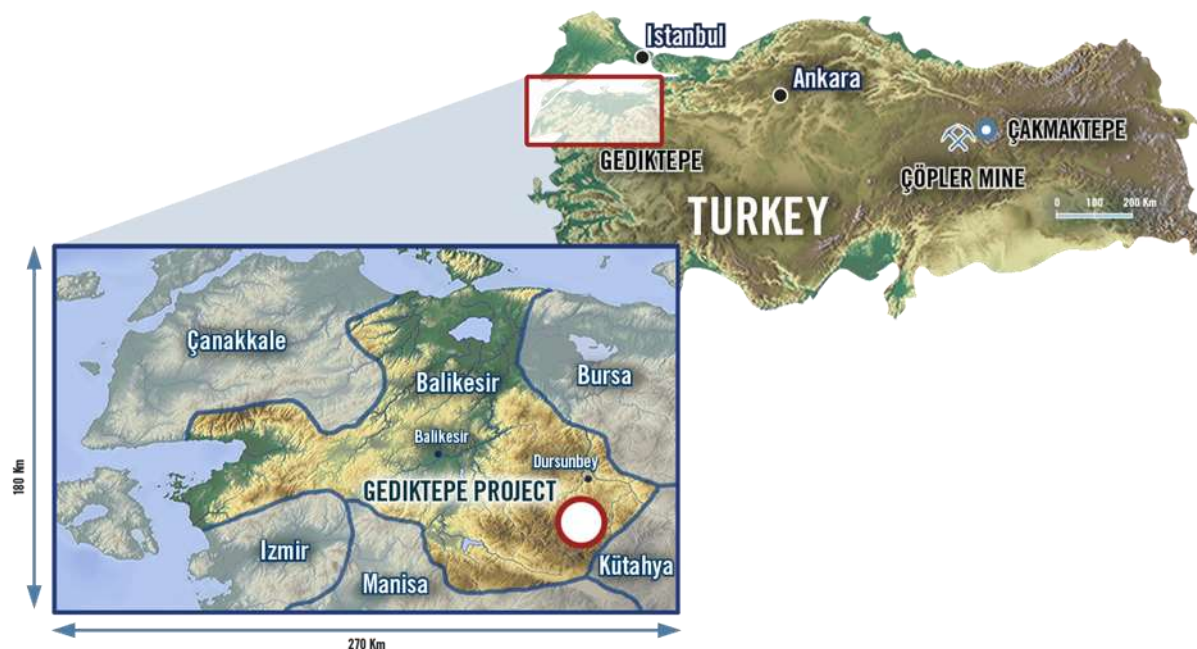
The **Çakmaktepe East** prospect is on the 50% Alacer-owned (Kartaltepe) tenement area and is a gold-copper prospect with mineralization occurring near surface in stacked iron rich gossans and associated oxidized host rocks. As with the Çakmaktepe Southeast prospect, the majority of mineralization occurs along the contacts of diorite, ophiolite and limestone lithologies with the highest grades in proximity to diorite contacts. The majority of mineralization is within 50m of surface and the prospect currently has a 300m strike extent and is 150m wide across-strike. The mineralized gossans have good spatial and grade continuity; however, preliminary metallurgical test work indicates slightly lower leach recoveries than Çöpler oxide ores. Further metallurgical test work using more characteristic ore domains will confirm ore recovery characteristics.

The **Bayramdere** prospect is on the 50% Alacer-owned (Kartaltepe) tenement area and is an oxide gold and copper prospect. Mineralization at Bayramdere occurs within three overlapping, iron rich gossan horizons formed along the contacts of limestone and ophiolite units. Unlike Çakmaktepe East and Çakmaktepe Southeast, there is no obvious influence of diorites on mineralization in the stratigraphy. Gold grades are higher than Çakmaktepe, but are restricted to localized areas of gossan. The mineralization is stratigraphically constrained and daylights on the northern and western slopes of the prospect. Metallurgical test work completed shows better oxide ore leach recovery characteristics than Çöpler. Although a small prospect, Bayramdere is higher-grade and supports a high strip ratio to access mineralization.

The Bayramdere and the Çakmaktepe prospects are geologically connected, as they are adjacent to and on the southwestern side of a major northwest striking regional structure that appears to control the distribution of most mineralization on the eastern side of the Çöpler District. A major component of the 2016 drilling program focused on testing the geologic model and discovering new mineralization.

Other Exploration Joint Ventures in Turkey

The Gediktepe Project is located in Balıkesir Province, about 370 km west of Ankara and 190 km to the south of Istanbul. As of December 31, 2016, Gediktepe is owned on a 50/50% basis with our joint venture partner, Lidya Mining.



Gediktepe is a polymetallic orebody that contains economic values for gold, silver, copper and zinc. The sulfide deposit is overlain with oxide ore containing gold and silver which is amenable to heap leaching. Gediktepe will be an open pit mine and the oxide ore will be processed first, providing cash flow for the development and subsequent processing of the more prevalent sulfide ore. The sulfide ore contains gold, silver, copper and zinc and will be processed through a multi-stage flotation circuit producing two marketable concentrates⁸.

Overall Project Economics:

- Total payable metals of 400,000 ounces of gold, 8 million ounces of silver, 315 million pounds of copper and 780 million pounds of zinc
- LoM production over 12 years of 1.8 million ounces on a Gold Equivalent Ounce (“AuEq”)⁹ basis

⁸ Detailed information, including the material assumptions on which the production targets and forward-looking financial information on which the Gediktepe Project are based, can be found in the press release entitled “Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth,” dated September 13, 2016, available on the Corporation’s website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au

- Pre-production capital expenditure of \$120 million
- An additional \$126 million in project capital required for the sulfide ore flotation plant and related infrastructure
- Project after-tax net present value at 5% (“NPV”) is \$475 million
- Project after-tax, unlevered internal rate of return (“IRR”) of 47%
- Project payback achieved in 2.5 years from start of production
- After-tax free cash flow of \$745 million generated over the LoM
- LoM average costs on a AuEq basis:
 - Total Cash Costs (C2) of \$613 per ounce AuEq
 - All-in Sustaining Costs of \$625 per ounce AuEq
 - All-in Costs of \$759 per ounce AuEq

As a result of the positive Gediktepe PFS, the Project has moved into a detailed study phase where basic engineering and more detailed technical studies will be completed. Permitting work and some site preparation will be undertaken concurrently with the detailed studies.

2017 Guidance

As announced in the press release dated January 17, 2017 entitled “Alacer Gold Announces 2016 Results and Increased 2017 Production Guidance,” the Corporation expects to produce between 160,000 and 180,000 gold ounces at Total Cash Costs (C2) per ounce¹⁰ of \$500 to \$550.

Assumptions underlying Alacer’s 2017 outlook include 1) the Mineral Reserves and Mineral Resources as set out in the Technical Report, depleted through December 31, 2016, 2) gold sales price of \$1,282 per ounce for approximately 93,000 ounces of hedged production and the remainder of production sold at spot, and 3) a USD to Turkish Lira (“TRY”) foreign exchange rate of 3.5.

Production guidance for 2017 assumes the receipt of a pastoral permit to access the West Pit, which contains approximately 20,000 ounces of recoverable gold. In addition, cost guidance for 2017 assumes the receipt of the pastoral permit to access additional waste dump areas. If the permit is not received, there will be additional costs incurred to manage waste tonnes, which will impact the financial metrics.

Çöpler’s 2017 sustaining capital expenditure is planned to total \$12 million (\$10 million attributable), which includes \$7 million for the final, Phase 4 expansion of Heap Leach Pad (“HLP4”) to 58 million tonnes. Growth capital expenditure for 2017 is planned to total \$436 million, which includes \$420 million (\$336 million attributable) for the Çöpler Sulfide Expansion Project and \$16 million (\$8 million attributable) to progress technical work and initial site preparation for the Gediktepe project.

⁹ Gold Equivalent Ounce (AuEq) is a non-IFRS measure with no standardized definition under IFRS which converts non-gold production into gold equivalent ounces.

¹⁰ Total Cash Costs (C2) per ounce and All-in Sustaining Costs per ounce are non-IFRS financial performance measures with no standardized definitions under IFRS. For further information and detailed reconciliations to IFRS, see the “Non-IFRS Measures” section of the MD&A for the three-month period ended December 31, 2016.

Expenditure on Alacer's exploration portfolio in Turkey is planned to total \$15 million during 2017, of which \$7 million is attributable to Alacer. Alacer's exploration portfolio is held in various joint ventures with our Turkish partner, Lidya Mining.

Guidance for the Corporation's 2017 gold production and costs		
Gold produced (100%)	(ozs '000's)	160 to 180
Gold produced (attributable ¹¹)	(ozs '000's)	128 to 144
Total Cash Costs (C2) per ounce ¹⁰	(\$)	500 to 550
All-in Sustaining Costs per ounce ¹⁰	(\$)	700 to 750
Çöpler sustaining capital expenditure	(\$ millions)	12
Çöpler sulfide expansion capital expenditure	(\$ millions)	420
Gediktepe capital expenditure	(\$ millions)	16
Exploration expenditure	(\$ millions)	15
General and Administrative	(\$ millions)	12

Specialized Skill and Knowledge

Nearly all aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, mine planning, engineering, construction, regulatory compliance and accounting. Many of the officers and directors of the Company are industry professionals who have extensive expertise and highly-technical experience specific to the mining industry. They provide a strong foundation of advanced field skills and advanced knowledge and specialized mineral exploration experience, complemented by their demonstrated ability to succeed in the management and administration of a mining company. The Company's business depends upon these skilled and experienced personnel.

Principal Products and Markets

The Company's principal products are gold, copper and silver. There are worldwide gold and silver markets into which the Company can sell and, as a result, the Company is not dependent on a particular purchaser with regard to the sale of the gold and silver that it produces. Product fabrication and bullion investment are the two principal uses of gold and silver. Within the fabrication category there are a wide variety of end uses, the largest of which is the manufacture of jewelry. Other fabrication purposes include official coins, electronics, miscellaneous industrial and decorative uses, dentistry, medals and medallions.

Competitive Conditions

The mining industry is intensely competitive, particularly in the acquisition of Mineral Resources and Mineral Reserves. The Company focuses on gold production, development and exploration. In comparison with diversified mining companies, the Company's competitive position is subject to unique competitive advantages and disadvantages related to the price of gold. In addition, the Company has focused its efforts on the acquisition, financing, development and operation of gold mines in Turkey. The Company's competitive position is also affected by its ability to successfully operate, explore and

¹¹ Attributable gold production is reduced by the 20% non-controlling interest at the Çöpler Gold Mine.

develop properties in Turkey where the Company believes that its past experience and management expertise provides it with a significant competitive advantage over other mining companies.

Environmental Protection Requirements

The Company's mining, exploration and development activities are subject to various federal, provincial, state and municipal laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties.

In all jurisdictions where the Company operates, specific statutory and regulatory requirements and standards must be met throughout the exploration, development and operations stages of a mining property with regard to, among other things, air quality, water quality, fisheries and wildlife protection, solid and hazardous waste management and disposal, noise, land use and reclamation.

The financial and operational effect of environmental protection requirements on the capital expenditures and earnings of each mineral property are not significantly different than that of similar sized mines, and therefore should not have negative effect on the Company's competitive position in the future.

The Company has established an Environmental, Health, Safety & Sustainability Committee of the Board of Directors, as described below in this AIF, and has also adopted individual policies in respect to Community Relations, Environment, Health and Safety and Resettlement. These policies are designed to promote shareholder profitability in all operations while maintaining the Company's commitment to fostering sustainable communities and to take the views, customs and culture of the Company's stakeholders into account when conducting its business. All employees are responsible for incorporating into their planning and work the actions necessary to fulfill this goal.

Employees

As of December 31, 2016, the Company had approximately the following number of employees and contractors:

<u>Location</u>	<u>Full-Time Employees</u>	<u>Contractors</u>
Denver, Colorado	13	0
Turkey	467	835
Total	480	835

Foreign Operations

The Company owns 80% of the Çöpler Mine in Turkey. As described elsewhere in this AIF, the Company has acquired and explores a number of other prospects in Turkey. Any changes in regulations or shifts in political attitudes in this foreign jurisdiction is beyond the control of the Company and may adversely affect the Company's business. Future exploration, development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the

restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. The effect of these factors cannot be accurately predicted. See “Risk Factors – Foreign Operations”.

RISK FACTORS

Investment in the securities of the Company is considered highly speculative due to the nature of the Company’s business, which involves development and exploration for predominately gold, silver and copper deposits in Turkey. In evaluating the Company’s securities, the following risks should be considered carefully in addition to any other information and risks set forth in this AIF and in the Company’s other public filings:

Gold Price Risk

The profitability of the Company’s operations is significantly affected by changes in the market price of gold. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Company. The price of gold can be subject to volatile price movements and future serious price declines could cause continued commercial production to be impractical and uneconomical. Industry factors may affect the price movements and future serious price declines could cause continued commercial production to be impractical. Industry factors that may affect the price of gold include: industrial and jewelry demand; the level of demand for such metals as an investment; central bank lending, sales and purchases of the metals; speculative trading; and costs of and levels of global production by producers of the metals. Gold may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the US dollar (the currency in which the price of gold is generally quoted) and other currencies; interest rates; and global or regional political or economic uncertainties.

If the world market price of gold were to drop and the prices realized by the Company on gold sales were to decrease significantly and remain at such a level for any substantial period, the Company’s profitability and cash flow would be negatively affected. In such circumstances, the Company may determine that it is not economically feasible to continue commercial production at some or all of its operations or the development of some or all of its current projects, which could have an adverse impact on the Company’s financial performance and results of operations. Under such circumstances, the Company might curtail or suspend some or all of its exploration activities, with the result that depleted reserves are not replaced. In addition, the market value of the Company’s gold inventory might be reduced and existing Mineral Reserves might be reduced to the extent that ore cannot be mined and processed economically at the prevailing prices.

Price and Cost Instability

Precious metals prices, foreign currency rates, and costs of materials and consumables associated with exploration, development and mining activities are subject to frequent, unpredictable and substantial volatility which is beyond the Company’s control. The Company currently has several hedging contracts in place and the Company may engage in further hedging activities in the future. Hedging activities are intended to mitigate exposure to fluctuations in the price of precious metals, materials and consumables. Certain precious metals hedging strategies may protect a company against lower prices, they may also limit the price that can be realized on precious metal that is subject to forward sales and call options where the market price of gold exceeds the gold price in a forward sale or call option

contract. Similarly, hedges of foreign currencies, materials and consumables may protect a company against adverse currency variances and rising costs, but may result in losses if currency rates and costs move counter to a company's hedge position. Hedging activities may be uneconomic due to numerous factors and no assurances can be made that hedging will effectively mitigate risks as intended.

Risks Regarding Financial Instruments

The Company maintains financial instruments consisting of cash and cash equivalents, receivables, investments in publicly-traded securities, forward sales contracts, trade and other payables and borrowings. The Company's financial instruments are denominated in various foreign currency denominations. These financial instruments and others which the Company may acquire involve substantial risks, including but not limited to credit risk, liquidity risk, interest rate risk and foreign currency risk. Volatility of external factors beyond the Company's control may result in substantial and permanent losses. Furthermore, any derivative which may be acquired in attempt to mitigate risks associated with financial instruments may be ineffective.

Risk Regarding Short Term Investments

The Company has accumulated substantial balances of cash, cash equivalents and short term investments. These assets are held in various financial institutions. The inherent nature of these assets exposes the Company to concentrations of credit risk, exchange rate volatility, and other risks associated with financial instruments (see below) that may result in substantial and permanent losses. Furthermore, to adequately reduce these risks to acceptable levels, available investment alternatives may result in limited or no return on these assets.

Foreign Currency Exchange Rate Fluctuation

Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs at its operations. Gold is sold throughout the world based principally on a United States Dollar price, but a portion of the Company's expenses are incurred in, amongst others, Turkish Lira. The appreciation of foreign currencies, particularly the Turkish Lira against the United States Dollar, would increase the costs of gold production at properties located in this jurisdiction, which could materially and adversely affect the Company's earnings and financial condition.

Other Commodities and Equipment

The Company is dependent on various commodities (such as diesel fuel, electricity, steel, explosives, concrete and cyanide) and equipment to conduct its mining operations and development projects. The shortage of such commodities, equipment and parts or a significant increase of their cost could have a material adverse effect on the Company's ability to carry out its operations and therefore limit, or increase the cost of production. Market prices of commodities can be subject to volatile price movements which can be material, occur over short periods of time and are affected by factors that are beyond the Company's control. If the costs of certain commodities consumed or otherwise used in connection with the Company's operations and development projects were to increase significantly, and remain at such levels for a substantial period, the Company may determine that it is not economically feasible to continue commercial production at some or all of the Company's operations or the development of some or all of the Company's current projects, which could have an adverse impact on the Company's financial performance and results of operations.

Reclamation Costs

Land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance, and the Company is subject to such requirements at its mineral properties. Decommissioning liabilities include requirements to control dispersion of potentially deleterious effluents; and, reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations arising from exploration and potential development activities, the Company may be required to allocate financial resources that might otherwise be spent on further exploration and development programs. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

Financing Risk

The Company's mining, processing, development and exploration activities may require additional external financing. Failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development or production on any or all of its projects. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable.

Indebtedness

The Company may not be able to generate sufficient cash to service all of its future indebtedness, including the \$350 million secured project finance facility (once drawn), and may be forced to take other actions to satisfy its obligations under such indebtedness, which may not be successful. The Company's ability to make scheduled payments on or refinance its debt obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium (if any) and interest on the Company's indebtedness.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Company to meet its scheduled debt service obligations. The Company's \$350 million secured project finance facility will restrict its ability to dispose of assets and use the proceeds from those dispositions and may also restrict its ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. The Company may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Furthermore, the Company's failure to comply with covenants in its the \$350 million secured project finance facility (once drawn) could result in an event of default which, if not cured or waived, could result in a cross-default under other debt instruments and the acceleration of all its debt.

Taxation

The Company has operations and conducts business in multiple jurisdictions and it is subject to the taxation laws of each such jurisdiction. These taxation laws are complicated and subject to change. The Company may also be subject to review, audit and assessment in the ordinary course. Any such changes in taxation law or reviews and assessments could result in higher taxes being payable or require payment of taxes due from previous years, which could adversely affect the Company's profitability. Taxes may also adversely affect the Company's ability to repatriate earnings and otherwise deploy its assets.

Geopolitical

The Company's operations are currently conducted in Turkey, and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary for each country and include, but are not limited to: extreme fluctuations in currency exchange rates; high rates of inflation; labor unrest; terrorism; civil commotion and unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; corruption; unstable legal system; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions and social unrest.

Changes, if any, in mining or investment policies or shifts in political attitude could adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by:

- government regulations including, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety; and
- the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights and tenements, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have a material adverse effect on the Company's operations or profitability.

Opposition to Business Activities

In recent years, individuals, communities, governmental agencies, courts, and non-governmental organizations have become more vocal and active with respect to mining activities and business activities of foreign entities. These parties may take actions such as road blockades, applications for injunctions seeking work stoppages, refusals to grant access to lands or sell properties on commercially viable terms, lawsuits for damages, issuances of unfavorable laws and regulations, and rulings contrary to a company's interests. These actions can occur in response to not only current activities but also to decades' old mining activities by prior owners of subject mining properties. Opposition to business activities of the Company are beyond its control and may result in the inability to obtain or a loss of rights to explore, develop, and mine mineral properties, substantial delays, and increased costs.

Governmental Regulation of Mining

The mining, processing, development and exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have a material adverse effect on the Company's operations, financial position or results of operations.

Mining Industry Risks

The exploration for, development of, and ultimately mining of mineral deposits involves a high degree of risk that even a combination of careful evaluation, experience, knowledge and sufficient financial resources may not adequately reduce or eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Significant expenses may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by the Company or its joint-venture partners will result in additional profitable commercial mining operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are inherently cyclical and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted and the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Exploration and Development Activities

Substantial efforts and compliance with regulatory requirements are required to establish ore reserves through drilling and analysis, to develop metallurgical processes to extract metal from the ore and, in the case of development properties, to develop and construct the mining and processing facilities and infrastructure at any site chosen for mining. Shareholders cannot be assured that any gold reserves or mineralized material acquired or discovered will be in sufficient quantities to justify commercial operations.

Properties without Known Mineral Reserves

For certain of the Company's exploration properties it has not yet been determined that they contain mineralization that may be economically recoverable. The exploration activities of the Company will continue to be directed towards the search for, evaluation of and development of mineral deposits. There is no assurance that the exploration expenditures of the Company will result in discoveries of commercial ore bodies. Furthermore, there can be no assurance that the Company's estimates of future exploration expenditures will prove accurate, and actual expenditures may be significantly higher than currently anticipated.

Development of Mineral Projects into Commercially Viable Mines

Development projects, including the Company's development projects in Turkey, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of Mineral Reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future gold prices, and anticipated capital and operating costs of these projects. The Company's development projects have no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of Proven and Probable Mineral Reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of the Company's development projects: unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in gold prices, accidents, labor actions and force-majeure events.

It is not unusual in new mining operations to experience unexpected challenges during the start-up phase, and delays can often occur at the start of production. It is likely that actual results for the Company's projects will differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favorable than currently estimated, the Company's business, results of operations, financial condition and liquidity could be materially adversely affected.

Mineral Resources and Mineral Reserves Estimates

The estimates for Mineral Resources and Mineral Reserves presented herein, including the anticipated tonnages and grades that will be achieved or the indicated level of recovery that will be realized, are estimates and no assurances can be given as to their accuracy. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. It may also take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a deposit may change. Mineral Resources and Mineral Reserves estimates are materially dependent on prevailing gold price and the cost of recovering and processing minerals at the individual mine sites. Market fluctuations in the price of gold or increases in recovery costs, as well as various short-term operating factors, may cause a mining operation to be unprofitable in any particular financial period.

Prolonged declines in the market price of gold may render reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could reduce materially the Company's Mineral Resources and Mineral Reserves. Should such reductions occur, material write downs of the Company's investment in mining properties or the discontinuation of development or production might be required, and there could be material delays in the development of new projects, increased net losses and reduced cash flow. The estimates of Mineral Resources and Mineral Reserves attributable to a specific property are based on accepted engineering and evaluation principles. The estimated amount of contained gold in Proven and Probable Mineral Reserves does not necessarily represent an estimate of a fair market value of the evaluated properties.

There are numerous uncertainties inherent in estimating quantities of Mineral Resources and Mineral Reserves. The estimates in this AIF and the Company's other disclosure documents are based on various assumptions relating to gold prices and exchange rates during the expected life of production, mineralization of the area to be mined, the projected cost of mining, and the results of additional planned development work. Actual future production rates and amounts, revenues, taxes, operating expenses, environmental and regulatory compliance expenditures, development expenditures, and recovery rates may vary substantially from those assumed in the estimates. Any significant change in these assumptions, including changes that result from variances between projected and actual results, could result in material downward revision to current estimates.

Limited Lives of Mines

Because mines have limited lives, the Company must continually replace and expand its Mineral Reserves as they are depleted by production at its operations in order to maintain or grow its total Mineral Reserve base. The life-of-mine estimates included in this AIF for each of the Company's material properties are based on a number of factors and assumptions and may prove to be incorrect. The Company's ability to maintain or increase its annual production of gold will significantly depend on its ability to bring new mines into production and to expand Mineral Reserves at existing mines. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish Mineral Reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries. As a result, the reserve base of the Company may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine lives, based on current production rates.

Permits

The Company's operations in Turkey are subject to receiving, maintaining and renewing permits (including environmental permits) for exploration, operations and expansion of existing operations or for the development of new projects from the appropriate governmental authorities. Obtaining or renewing governmental permits is a complex and time-consuming process in Turkey. The duration and success of permitting efforts are contingent upon many variables not within the Company's control, including the interpretation of requirements implemented by the applicable permitting authority.

The Company may not be able to obtain or renew permits that are necessary for existing operations, additional permits for the expansion and the development of projects, or additional permits associated with new legislation. The cost to obtain or renew permits may exceed the Corporation's expectations. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a project, which could materially adversely affect the Company's revenues and future growth.

Additionally, it is possible that previously issued permits may become suspended for a variety of reasons, including through government or court action. There can be no assurance that the Company will continue to hold or obtain, if required to, all permits necessary to develop or continue operating at any particular property. There can be no assurance that delays or objections will not occur in connection with obtaining any necessary renewals of permits for the existing operations or additional permits or authorizations for any possible future changes to operations.

Payment Obligations Relating to Properties

The Company incurs substantial annual costs to maintain its mineral property interests in good standing. Failure to timely make these payments or any required exploration expenditures for each property or license could require the Company to forfeit interests in certain of its properties. There can be no assurance that sufficient working capital will be available in the future to permit the Company to satisfy these obligations.

Production and Cost Estimates

The Company prepares estimates of mine production and costs for Çöpler. The Company cannot give any assurance that it will achieve its production and cost estimates. The failure of the Company to achieve its production and cost estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition. These production and cost estimates are dependent on, among other things, the accuracy of Mineral Reserve estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores and the accuracy of estimated rates and costs of mining and processing

The Company's actual production and costs may vary from its estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment spare parts and lubricants; labor shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to mineral properties, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause a mineral deposit that has been mined profitably in the past to become unprofitable, forcing the Company to cease production.

Environmental Risks and Hazards

The Company is and will be subject to environmental regulation in Turkey where it operates. In addition, the Company will be subject to environmental regulation in any other jurisdictions in which the Company operates or has development properties in the future. These regulations mandate, among other things, the maintenance of air and water quality standards, land use standards and land reclamation. These regulations also set out limitations on the generation, transportation, storage and disposal of solid, liquid and hazardous waste.

Environmental legislation is evolving in a manner which will require, in certain jurisdictions, stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. No certainty exists that future changes in environmental regulation, if any, will not adversely affect the Company's operations or development properties. Environmental hazards may exist on the Company's properties which are unknown to management at present and which have been caused by previous owners or operators of the properties.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure by the Company to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mining operations or its exploration or development of mineral properties and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Production at the Company's Çöpler Mine involves the use of sodium cyanide which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, the Company may then become subject to liability for cleanup work. While appropriate steps are being taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability should these hazards occur.

Reputational Risk

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although the Company places a great emphasis on protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and act as an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than itself. Competition in the base and precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically; the human resources and technical expertise to find, develop, and operate such properties; the labor to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

Future Acquisitions

As part of the Company's business strategy, it has sought and will continue to seek new operating, development and exploration opportunities in the mining industry. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses into its business. The Company cannot provide assurance that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favorable terms, if at all, or that any acquisitions or business arrangements completed will ultimately benefit its business. Further, any acquisition the Company

makes will require a significant amount of time and attention of its management, as well as resources that otherwise could be spent on the operation and development of its existing business.

Any future acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of its ongoing business; the inability of management to realize anticipated synergies and maximize its financial and strategic position; the failure to maintain uniform standards, controls, procedures and policies; and the potential for unknown or unanticipated liabilities associated with acquired assets and businesses, including tax, environmental or other liabilities. There can be no assurance that any business or assets acquired in the future will prove to be profitable, that the Company will be able to integrate the acquired businesses or assets successfully or that the Company will identify all potential liabilities during the course of due diligence. Any of these factors could have a material adverse effect on its business, expansion, results of operations and financial condition.

The Company's Growth Projects

As part of its strategy, the Company will continue its efforts to develop new gold projects and has a portfolio of such projects. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labor, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks. The level of production and capital and operating cost estimates relating to the Company's portfolio of projects, which are used in establishing ore/ Mineral Reserve estimates for determining and obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainties. It is possible that actual results for the Company's projects will differ from the Company's current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, and/or increase capital and/or operating costs above, the Company's current estimates. If actual results are less favorable than the Company currently estimates, the Company's business, results of operations, financial condition and liquidity could be adversely impacted.

Rights of Joint-Venture and Strategic Partners

From time to time the Company enters into joint venture and strategic arrangements with respect to mineral properties. The Company has joint venture arrangements over all of its properties in Turkey. Although the Company expects relations with its joint venture and strategic partners to remain positive, contractual or other disputes may arise that may have a material adverse effect on the Company's financial condition or its ability to develop and operate its assets. Furthermore, the Company has inherently less control when it is not the operator of a project subject to a joint venture agreement. In such instances, the contractual terms of the agreement may limit the Company's ability to influence the operation of the project.

In January 2012, Lidya Mining executed its option to increase its ownership of Çöpler via its share ownership in Anagold from 5% to 20%. The additional management rights gained by Lidya Mining as a result of acquiring an additional 15% interest in Anagold increases the risk for potential delays or disputes between the Company and Lidya Mining as it relates to the operation of Çöpler.

Dependence on Labor and Employment Relations

Production at the Company's mines is dependent upon the efforts of, and maintaining good relationships with employees of the Company. Relations between the Company and its employees may be impacted by changes in labor relations which may be introduced by, among others, employee groups, unions, and the relevant governmental authorities in whose jurisdictions the Company carries on business. Adverse changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations, and financial condition.

Dependence Upon Key Management Personnel and Executives

The Company is dependent upon a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Company. The Company's ability to manage its mining, exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. The Company faces intense competition for qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel.

Possible Conflicts of Interest of Directors and Officers of the Company

Certain of the directors and officers of the Company may also serve as directors, officers and/or advisors of and to other companies involved in natural resource mining, exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the *Business Corporations Act (Yukon)* and any other applicable law.

Title Matters

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests.

Litigation Risk

The Company may, currently, or in the future, be subject to claims (including class action claims and claims from government regulatory bodies) based on allegations of negligence, breach of statutory duty, breach of contract, public nuisance or private nuisance or otherwise in connection with its business or operations. Liability resulting from any such claim in the future may have a materially adverse effect on the Company's financial condition or operations.

Market for Securities

There can be no assurance that an active market for the Company's securities will be sustained. Holders of these securities may be unable to sell their investments on satisfactory terms. As a result of any risk factor discussed herein, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company. Furthermore, responding to these risk factors could result in substantial costs and divert management's attention and resources. Substantial and potentially permanent declines in the value of the Company's securities may result.

Risk of Dilution

The Company's Certificate and Articles of Continuance, as amended, provide that the Company has an unlimited number of authorized common shares and preferred shares that may be issued. Under applicable Canadian law, shareholder approval may not be required for the Company to issue shares of either class of capital stock. Moreover, the Company has commitments that could require the issuance of a substantial number of additional common shares, such as under the Company's equity participation plans.

The future business of the Company may require substantial additional financing which could likely involve the sale of equity or equity-linked capital. The Company can also be expected to issue additional restricted share units, deferred share units, options, warrants and other financial instruments, which may include debt. Future issuances of equity or equity-linked capital may have a substantial dilutive effect on existing shareholders. The Company is not able at this time to predict the future amount of such issuances or dilution.

Anti-Bribery Laws

The Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act and anti-bribery laws in other jurisdictions, prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantage. The Company's policies mandate compliance with these anti-bribery laws, which often carry substantial penalties. The Company operates in jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There can be no assurances that the Company's internal control policies and procedures will always protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's business, financial position and results of operations.

Dependence upon Information Technology Systems

The Company is dependent upon information technology systems in the conduct of its operations. The Company's information technology systems are subject to disruption, damage or failure from a variety of sources, including, without limitation, computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. Cyber security incidents, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. Various measures have been implemented to manage the Company's risks related to the information technology systems and network disruptions. However, given the unpredictability of the timing, nature and scope of information technology disruptions, the Company could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on the Company's cash flows, competitive position, financial condition or results of operations. The Company could also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into the Company's operations.

Uninsured Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. The Company carries insurance to protect against certain risks in such amounts as it considers adequate. However, the Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable. Risks not insured against in each case may include certain political risks, war, environmental pollution, earthquake damage, mine flooding or other hazards against which mining entities cannot insure or against which the Company may elect to not insure after carefully weighing the risks and benefits. Failure to have insurance coverage for any one or more of such risks or hazards could have a material adverse effect on the Company's business, financial condition and results of operations.

Internal Control over Financial Reporting

No evaluation can provide complete assurance that the Company's internal control over financial reporting will prevent, detect or uncover all failures of persons within the Company to disclose material information required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in complying with internal control regulations.

MINERAL PROPERTIES

The following section discloses information on the Company's material properties:

Turkish Operations - Çöpler

The following is the summary contained in the Technical Report dated June 9, 2016 (the "**Çöpler Technical Report**") and prepared in compliance with NI 43-101 *Standards of Disclosure for Mineral Projects*, which is filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and is available under the Company's profile at www.sedar.com. The detailed disclosure in the Çöpler Technical Report is incorporated by reference herein. It should be noted that since the date of the Çöpler Technical Report any changes that have occurred are detailed in the Subsequent Events – Çöpler section below.

1.0 SUMMARY

1.1 Introduction and Scope of Work

Alacer Gold Corp. (Alacer or the Company) has prepared a Technical Report (the Report) on the Çöpler Mine and Çöpler Sulfide Expansion Project (collectively the Project), located in Turkey.

Alacer, listed on the Toronto Stock Exchange (TSX) and the Australian Stock Exchange (ASX) is a mid-tier gold producer and explorer with assets in Turkey. Alacer was formed following the merger of Anatolia Minerals Development Limited (Anatolia) and Avoca Resources Limited (Avoca) in February 2011.

The currently-operating Çöpler Mine is owned and operated by Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi (Anagold). Alacer controls 80% of the shares of Anagold and Lidya Madencilik Sanayi ve Ticaret A.Ş. (Lidya), formerly Çalık Holdings A.Ş., controls 20%. The same ownership percentage interests apply to the Çöpler Sulfide Expansion Project (the Sulfide Expansion Project). Exploration tenures surrounding the Project are subject to joint venture agreements between Alacer and Lidya that have varying interest proportions. As noted earlier, Alacer Gold currently has an 80% stake in Anagold, and has a 50% stake in Kartaltepe Madencilik (Kartaltepe),

Co-contributors to the Report include Qualified Persons (QPs) from, in alphabetical order, Alacer, Amec Foster Wheeler E&C Services Inc., Amec Foster Wheeler Australia Pty Ltd (collectively Amec Foster Wheeler), Anagold Madencilik, Golder Associates Inc. (Golder Associates), John O. Marsden LLC (Metallurgium), Mining Plus Pty Ltd (Mining Plus), and SRK Consulting (Canada) Inc. and SRK Consulting (US) Inc. (collectively SRK).

Alacer completed a technical report titled *Çöpler Sulfide Expansion Project Prefeasibility Study* in May 2011. The prefeasibility study (PFS) found that the project was feasible and could be advanced to the feasibility study (FS) stage. A technical report titled *Çöpler Sulfide Expansion Project Definitive Feasibility Study, Revision B* was issued in August 2014, and found the project to be technically and financially feasible. In March 2015, a technical report titled *Çöpler Sulfide Expansion Project Feasibility Update* was issued, updating the Mineral Resources, Mineral Reserves and other project-specific parameters. The later document provided the basis of a decision to advance the sulfide project to detailed engineering which is currently ongoing.

The intent of this Report is to update the Mineral Resource and Mineral Reserve estimates and the Sulfide Expansion Project status from the 2015 technical report. A material change in the Inferred Mineral Resource estimate has occurred since the year-end 2015 resource estimates, as initially published in Alacer's Management's Discussion and Analysis, dated February 8, 2016. This report was compiled to support the updated Mineral Resource estimates that were detailed in Alacer's news release dated 12 May, 2016, entitled *Alacer Gold Announces Çöpler Sulfide Project Approval* and to provide updated information on the current detailed engineering phase.

Alacer engaged Amec Foster Wheeler to conduct detailed engineering for the sulfide ore processing plant, and to provide procurement and construction management services. Golder Associates performed the design for the tailings storage facility (TSF) and is completing detailed design on site geotechnical and construction services. SRK Consulting, Metallurgium and Mining Plus are providing technical expertise specific to this Report.

The Mineral Resource estimate described in this Report are based on additional drilling conducted in 2015 and a new resource block model calibrated to production data.

Sulfide ore is currently being stockpiled for processing in the new pressure oxidation (POX) facilities currently scheduled to be constructed starting in mid-2016, and brought into production in the third quarter of 2018.

All units in this study are according to International Systems (SI) of units unless otherwise noted. All costs are in United States dollars and are based on fourth quarter (Q4) 2015 dollars unless otherwise noted.

The word "ore" in this report describes the mineralization to be delivered from the mine to the processing facilities and is used for material that has been estimated as Mineral Reserves as defined by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) 2014 Definition Standards.

1.2 Key Outcomes

Key outcomes from the Feasibility Study are summarized in Table 1-3, Table 1-4, and Table 1-5, included in later sections of this summary.

- Measured and Indicated Mineral Resources for the open pit totals 100.4 Mt grading 1.93 g/t Au. Proven and Probable Mineral Reserves total 58.0 Mt grading 2.25 g/t Au.
- Planned POX process rate is 1.9 to 2.2 Mt/a, which will extend the mine life of Çöpler to 22 years with the operation forecasted to end in 2037.
- Commissioning of the sulfide process plant is scheduled to be completed by the end of second quarter 2018, with first gold pour in the third quarter 2018. The schedule allows for an 18-month ramp-up to achieve initial design capacity of 1.9 Mt through-put rate per year.

The Sulfide Expansion Project shows the following financials:

- Net Present Value (NPV) of US \$728M
- An Internal Rate of Return (IRR) of 19.2%
- Payback period of 3.0 years.

1.3 Property Description and Location

The Çöpler Mine is located in east-central Turkey, 120 km west of the city of Erzincan, in Erzincan Province, 40 km east of the iron-mining city of Divriği (one-hour drive), and 550 km east of Turkey's capital city, Ankara (Figure 1-1). The nearest urban center, İliç, (approximate population 2,600), is located about 6 km east of the Çöpler Mine.

Figure 1-1 Project Location Map

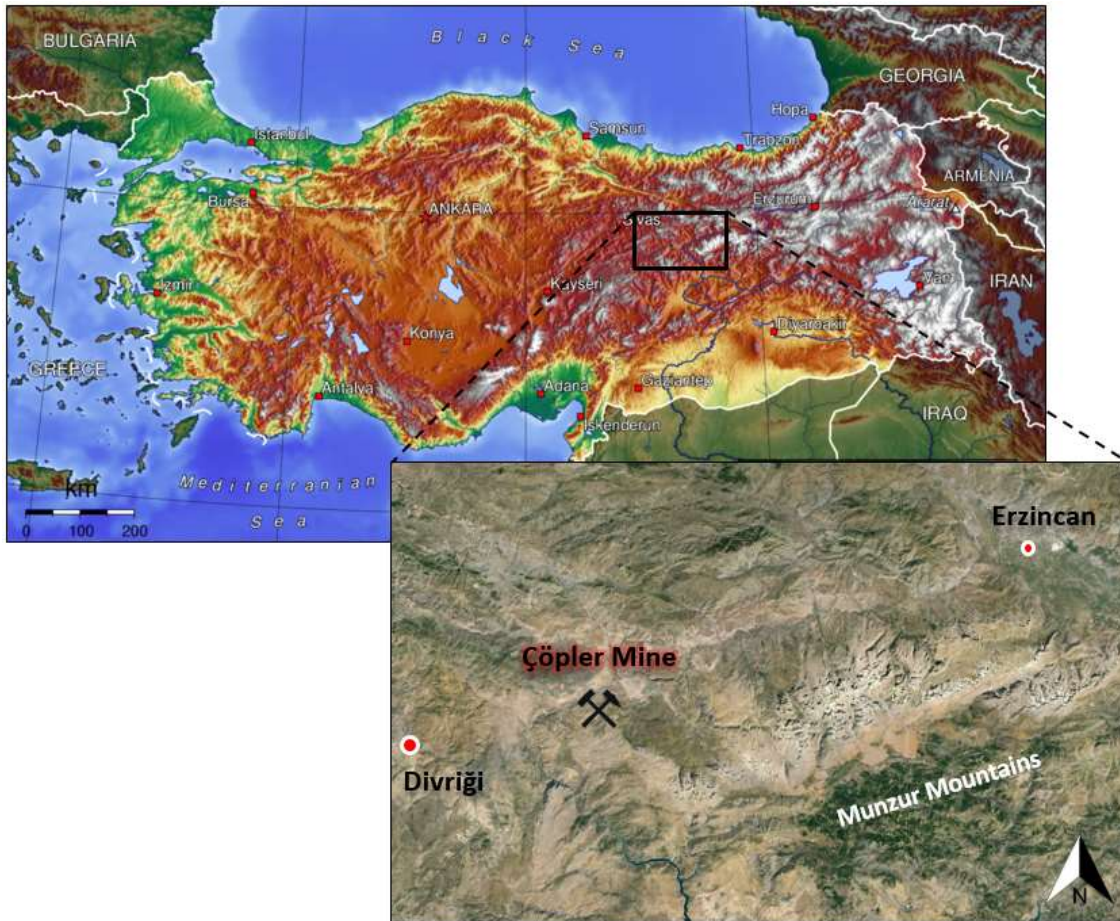


Figure prepared by Alacer, 2016.

- There are seven granted licenses covering a combined area of about 16,573 ha. Mineral title is held in the name of Anagold.
- Alacer holds sufficient surface rights to allow continued operation of the heap leach mining operation and has obtained the required surface rights to allow construction and operation of the Sulfide Expansion Project.

1.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The mine is accessible by a maintained paved highway to the intersection of the mine access road, approximately 2 km from the mine. The mine access road is a well-maintained gravel road. The mine access road will be realigned as part of the Çöpler Sulfide Expansion Project.

The Project area is located in the Eastern Anatolia geographical district of Turkey. The climate is typically continental with wet, cold winters and dry, hot summers. The Çöpler mining area is accessed from the main paved highway between Erzincan and Kemaliye.

Mining operations are currently conducted year-round, and will continue to be a year-round activity when the Çöpler Sulfide Expansion Project is in operation.

1.5 History

The Turkish Geological Survey (MTA) carried out regional exploration work in the early 1960s that was predominately confined to geological mapping. During 1964, a local Turkish company started manganese mining, which continued until closing in 1973. Unimangan acquired the property in January 1979 and restarted manganese production, continuing until 1992.

In September 1998, Alacer's predecessor, Anatolia, identified several porphyry-style gold-copper prospects in east-central Turkey and applied for exploration licenses for these prospects. During this work, Anatolia identified a prospect in the Çöpler basin. This prospect and the supporting work was the basis for a joint venture agreement for exploration with Rio Tinto.

In January 2004, Anatolia acquired the interests of Rio Tinto and Unimangan. The property was under sole control of Anatolia until the joint venture agreement between Anatolia and Lydia was executed in August 2009.

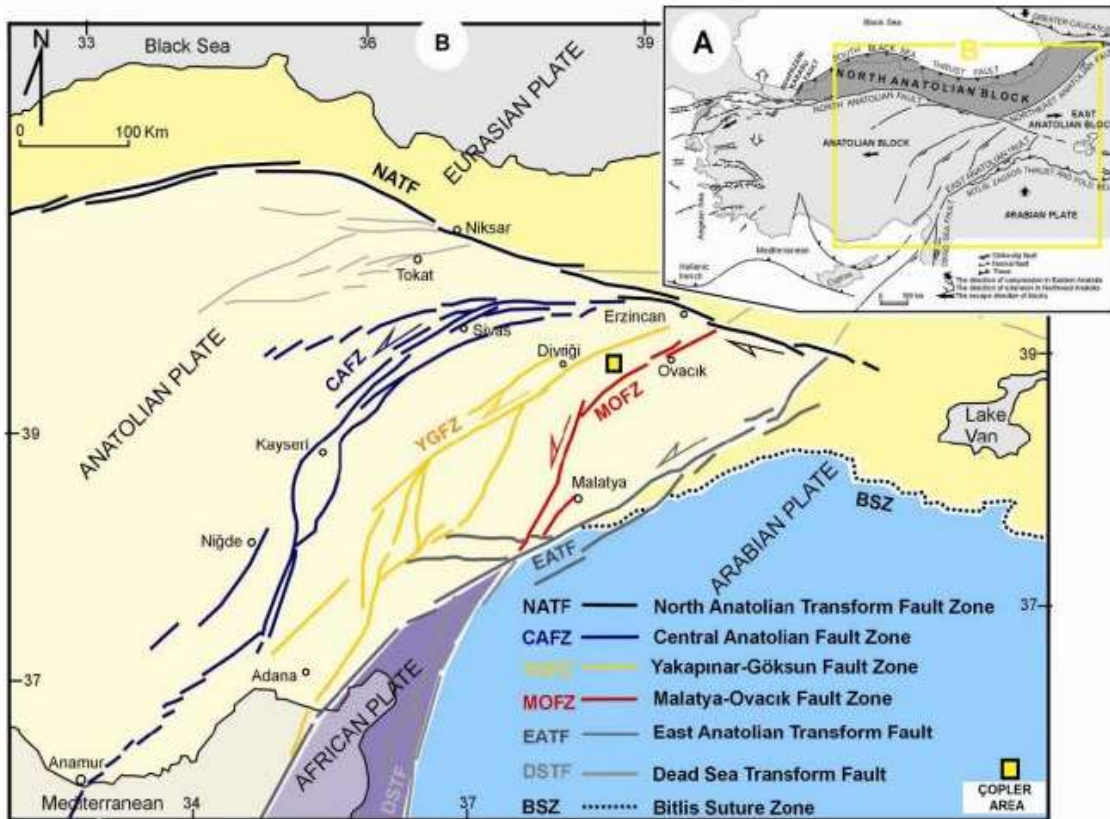
Anatolia merged with Avoca Resources Limited, an Australian company, to form Alacer Gold Corporation in February 2011. In October 2013, Alacer sold its Australian Business Unit.

Although the company will be referred to as Alacer, it may have been Anatolia at certain times referenced in the report.

1.6 Geological Setting and Mineralization

The Project is located near the north margin of a complex collision zone lying between the Pontide Belt/North Anatolian Fault, the Arabian Plate, and the East Anatolian Fault which bounds several major plates. The region underwent crustal thickening related to the closure of a single ocean, or possibly several oceanic and micro-continental realms, in the late Cretaceous to early Tertiary. Figure 1-2 illustrates the broad structural setting of the Anatolia region of Turkey. The Çöpler Mine is located between Divriği and Ovacık.

Figure 1-2 Structural Setting of Anatolia



Major neotectonic elements of Anatolia (from Elmas 2003). **B**: Simplified neotectonic map showing major tectonic escape-induced structures in eastern half of Turkey and adjacent areas (from Koçyiğit and Erol, 2001)

At Çöpler, gold, silver, and copper mineralization of economic interest occurs in a porphyry-related epithermal deposit, with most of the gold mineralization concentrated in three zones. The mineralization at Çöpler is present in five different forms:

- Stockwork and veins with disseminated marcasite, pyrite and arsenopyrite.
- Clay-altered brecciated and carbonatised diorite with rhodochrosite veinlets, disseminated marcasite, pyrite, realgar, orpiment, sphalerite and galena.
- Massive marcasite and pyrite replacement bodies.
- Massive jarositic gossan.
- Massive manganese oxide.

Oxidation of the above mineralization has resulted in the formation of gossans, massive manganese oxide, and goethitic/jarositic assemblages hosting fine-grained free gold. The oxidized cap is underlain by primary and secondary sulfide mineralization. Çöpler is a geologically-complex system due to structural complexities and multiple-stage diorite intrusions. The initial mineralization concept model, based on geochemistry of an epithermal system overlying a copper-gold porphyry dome, continues to hold true with current modeling.

1.7 Exploration

The primary exploration effort at Çöpler was completed by:

- Anatolia during 1998 and 1999 prior to entering into a joint venture with Rio Tinto.
- A joint venture between Anatolia and Rio Tinto from 2000 to 2004.
- Anatolia from 2004 to 2010.
- Anagold from February 2011 to date.

Initial exploration at Çöpler was directed at evaluating the economic potential for recovering gold by either heap leaching or conventional milling techniques from near-surface oxide mineralization.

A drilling program specifically designed to investigate the sulfides was commenced late in 2009 and completed early in 2010. Infill resource drilling has continued at Çöpler in an attempt to define extensions to the current resource and to collect additional information within the current resource boundary. Drill testing continues to date in order to better define both the oxide and sulfide portions of the deposit. In 2013, drilling occurred primarily in the western and northern portions of the Çöpler deposit, and in 2014 drilling focused on verification of existing mineralization through a twin hole program. Drilling in 2015 provided data coverage at depth in the Manganese pit, in-fill drilling in the Main pit and initial testing of low sulfur mineralization below the oxidation boundary. The majority of the drill meters in 2016 was on near-mine exploration projects. Drilling programs in 2016 also covered definition of the sulfide stockpile and testing of leachable material in the Main pit.

Exploration activities across the Yakuplu East, Yakuplu Southeast, Yakuplu North, Yakuplu Main and Bayramdere prospects have included geological mapping, geochemical sampling, geophysical surveys, and drilling.

Surficial mapping and geochemical soil sampling has continued in the wider district over the life of the Project.

1.8 Drilling

A significant amount of drilling has been undertaken at the Project in order to locate, test and define the mineralization and its extents, and to test exploration targets. A total of 1,125 reverse circulation (RC) drill holes (126.5 km), 734 diamond (DD) core holes (171.5 km) and 98 holes with mixed drilling methods have provided more than 297 km of drill sample in the vicinity of the Çöpler pit. Near-mine drilling on the exploration prospects includes 507 drill holes (55.2 km) of both RC and DD through April 2016.

The current drill hole spacing at surface is a nominal 50 m by 50 m; however, infill drilling to 25 m by 25 m has occurred over the majority of the drilled areas.

1.9 Sampling Method, Approach and Analyses

From 2004 to late 2012, samples were prepared at ALS İzmir, Turkey and analyzed at ALS Vancouver, Canada. From late 2012 to 2014, samples were prepared and analyzed at ALS İzmir, Turkey. Samples in 2015 and 2016 were prepared and analyzed at the SGS Laboratory in Ankara, Turkey.

SGS Ankara is certified to ISO 9001:2008 and OHSAS 18001. ALS İzmir has ISO 9001:2008 certification and ALS Vancouver is ISO/IEC 17025:2005 accredited for precious and base metal assay methods.

SGS and ALS are specialist analytical testing service companies that are independent of Alacer.

Samples provided to SGS in 2015 were analyzed for gold using SGS method FAA303 which uses a 30 g pulp for fire assay and measurement by atomic absorption spectroscopy (AAS). The gold detection limits are 0.01 g/t to 100 g/t. SGS method FAG303 using a gravimetric finish was also included when the gold content was found to be above 3 g/t.

From 2004 to end of 2014, samples sent to ALS were analyzed for gold using the ALS method Au-AA25 that comprises a fire assay of a 30 g pulp sample followed by measurement of gold grades using AAS. The lower and upper gold detection limits are 0.01 g/t and 100 g/t respectively. Samples with returned gold grades above the upper detection limit are re-analyzed using the gravimetric method Au-GRA21.

Analysis of 33 other elements is accomplished through the ALS method ME-ICP61 which involves a four-acid (perchloric, nitric, hydrofluoric and hydrochloric acid) sample digest followed by measurement of element grades by inductively coupled plasma –atomic emission spectroscopy (ICP-AES). Silver, copper, lead, zinc and manganese are among the 33 elements analyzed by this method.

1.10 Data Verification

Data verification was conducted during compilation of technical reports on the Project from 2003 to 2012. None of the verification programs identified material issues with the supporting data.

In 2014, Amec Foster Wheeler conducted a database audit and review of available quality assurance and quality control (QA/QC) data to ensure the data were of sufficient quality to support resource estimation. The database audit covered data collected from 2000 to December 2013.

Amec Foster Wheeler was unable to validate collar and down-hole survey data because Alacer was unable to provide copies of the original documents. Scans of original drill logs (lithology, RQD and bulk density) were compared to values contained in the database. Rio Tinto operated a drill program from 2000 to 2003; samples from this program were submitted to OMAC Laboratories Limited (OMAC), a certified laboratory that was independent of Rio Tinto. Assay results from early drill holes (2000 to 2003) assayed by OMAC were unable to be obtained at the time of the audit. OMAC drilling represents 6% of the total meters drilled at the time of the database extract for the resource estimate. Amec Foster Wheeler used statistical methods to validate the 2000 to 2003 data against the ALS data and found the data to be comparable. Assay results from 2004 to 2013 were obtained from ALS. Amec Foster Wheeler electronically compared assay results (gold, copper, silver, arsenic, iron, manganese, sulfur and zinc) to the database.

A set of witness samples were collected in 2014 from blast hole cuttings that were submitted to both the Çöpler site laboratory and to ALS. The mean of ALS results is 8% higher than the mean of the results provided by the Çöpler site laboratory. If the result from one high-grade sample (above 4 g/t gold) is removed from the comparison, the mean ALS gold grade is only 3% higher than the mine site laboratory. In Amec Foster Wheeler's opinion this is acceptable agreement between the two laboratories.

In 2015, Amec Foster Wheeler reviewed the Çöpler deposit database as of July 15, 2015 in order to verify the data were of sufficient quality to support Mineral Resource estimation of gold, copper and silver for the Çöpler deposit. This audit focused on the 121 drill holes totalling 12,959.8 m completed since the previous audit.

Amec Foster Wheeler validated collar and downhole survey data against the original documents. Amec Foster Wheeler compared original drill logs for lithology and rock quality designation (RQD) to values contained in the database. Density data were supplied on a separate Excel spreadsheet and were compared to the original logs. Assay results from 2014 and 2015 were obtained directly from ALS and SGS. Amec Foster Wheeler electronically compared assay results (gold, copper, silver, iron, manganese, sulfur) to the database. Available QA/QC data were evaluated to ensure the assay data are suitable to support resource estimation. A list of samples and data to be reviewed and checked was forwarded to Alacer as a result of the audits. A number of recommendations were also made, and included:

- As silver contributes 0.4% to the overall economics, Amec Foster Wheeler recommends adding a single silver certified reference material (CRM) within the expected grade range.
- An additional CRM to monitor sulfur assays at the sulfur grade used to define the oxide/sulfide boundary should be considered.

In Amec Foster Wheeler's opinion, the data contained in the Alacer database is of sufficient quality to support Mineral Resource estimation.

1.11 Metallurgical Testwork

1.11.1 Heap Leaching Testwork

Metallurgical testwork for oxide ore heap leaching commenced in September of 2004 and was managed by Resource Development Inc. (RDi) of Wheat Ridge Colorado, with oversight from Ausenco Limited of Brisbane, Australia, and Pennstrom Consulting of Highlands Ranch, Colorado. RDi carried out the majority of the metallurgical testing. Additional follow-up metallurgical testwork was conducted by AMMTEC, Perth, Western Australia in 2009.

The heap leaching facilities were commissioned in late 2010 and have operated continuously since that time.

Heap leaching process gold recovery assumptions have been updated to reflect actual performance of the operation between September 2010 and December 2015. The gold recovery assumptions for oxide ore are summarized in Table 1-1. Material that was previously considered within a transition zone adjacent to the oxidation boundary is not currently considered to be suitable for heap leach feed.

Table 1-1 Gold Recovery Assumptions for Heap Leaching of Material in the Çöpler Oxide Zone

Oxide Ore Type	Manganese	Marble	Main	Main East	Main West	West
Marble	78.4	75.7	68.6	78.4	75.7	75.7
Metasediments	66.8	66.8	66.8	66.8	66.8	66.8
Gossan	71.2	65.1	71.2	71.2	65.1	65.1
Diorite	71.2	62.3	71.2	71.2	62.3	62.3
Mn Diorite	71.2	62.3	71.2	71.2	62.3	62.3

1) Table units are recovery percentages.

Sulfide material (containing $\geq 2\%$ sulfide sulfur content) is not suitable for treatment by the heap leaching process, and therefore no gold recovery assumptions are provided for this material.

The original gold recovery assumptions have been updated during operations.

The recovery assumptions listed in Table 1-1 consider heap leaching of ore crushed to 80% passing 12.5 mm, agglomerated with lime and moisture to achieve consistently high quality agglomerates, and placed on a lined heap leach pad for treatment. The general process flowsheet is shown in Figure 13-1 of the Çöpler Technical Report.

The gold recovery assumptions provided in Table 1-1 represent a positive adjustment of 1.0476 applied to the original (2008) assumptions, reflecting the results of additional metallurgical testing and the results of the heap leach production model performance and calibration.

1.11.2 POX Testwork

1.11.2.1 Historical Testwork

RDi performed several sulfide processing scoping level investigations for Alacer in the period 2006 to 2009. SGS Lakefield Research Limited (SGS) conducted a two-phase program on sulfide samples in 2009 and 2010 to support the pre-feasibility study (PFS) completed by Samuel Engineering (Samuel, 2011). A quantitative evaluation of minerals by scanning electron microscopy (QEMScan) mineralogy study on six oxide and three sulfide samples was performed by AMMTEC Limited (AMMTEC) in December 2008.

The historical work completed at both RDi and SGS evaluated typical sulfide processing options including direct cyanidation, flotation, cyanidation of flotation concentrates and flotation tailings, POX coupled with cyanidation, and roasting coupled with cyanidation.

Diagnostic leaching testwork carried out by RDi indicated that only 11% to 30% of the gold content in the sulfide samples is amenable to whole-ore direct cyanidation. It was evident that 60% to 80% of the gold content was intimately associated with sulfide minerals, and it would only be possible to release this gold for recovery by cyanidation using a pyrite oxidation step.

The RDi scoping studies showed the most effective pre-treatment method for the ore was POX, which promised greater than 90% gold extraction. Flotation of pyrite (and minor chalcopyrite) recovered a large amount of the gold, but the concentrates were low grade with relatively high mass pulls, and gold recovery was low. Testwork also found flotation concentrates and tailings did not leach well using cyanide, even after being finely ground.

The scoping test program on new samples by SGS in 2009 sought to verify the findings of RDi, and begin to develop the metallurgical flowsheet. Results from the flotation testwork were consistent with the RDi tests, demonstrating that it was not feasible to make either a saleable copper concentrate or saleable sulfide concentrate.

The refractory nature of the Çöpler sulfide mineralization to direct cyanidation was confirmed. POX testing successfully oxidized 90% to 99% of the sulfide content and provided gold extractions consistently in the range of 90% to 96%. Roasting was able to oxidize the contained sulfide minerals; however, gold was not fully liberated for cyanidation, yielding gold cyanidation extractions around 79%.

SGS completed a second phase of metallurgical testing in 2010, to support a PFS using POX followed by cyanidation. The flowsheet continued to achieve superior gold extractions when compared to alternative treatment options. Included in the evaluation were ultra-fine grinding followed by direct cyanidation and Albion oxidation followed by cyanidation.

SGS demonstrated that the SO₂/air process destroyed cyanide remaining in POX leach residues. Consistent with previous testwork, limestone neutralized the POX solution phase and, subsequently, sodium hydrosulfide (NaHS) successfully precipitated copper.

1.11.2.2 Mineralogy

In December 2008, Alacer had QEMScan precious metals search (PMS), trace mineral search (TMS), and energy dispersive spectra signal (EDS) mineralogy analyses performed on three sulfide samples by AMMTEC. Samples of diorite, metasediments (MTS), and massive pyrite mineralization were analyzed. The results indicated that the gangue is composed mainly of quartz (31%), micas/clays (27%) and feldspars (21%). The sulfide mineralization consists of pyrite, arsenopyrite, chalcopyrite and sphalerite.

AMTEL Ltd. (AMTEL) analyzed a sample of sulfide ore (composite MC4) and showed that sulfide minerals contain most of the gold. The majority of the sulfide gold is present in a submicroscopic form. Arsenopyrite has the highest content of submicroscopic gold, followed in turn by pyrite and marcasite. Metallic gold accounted for 14% of the gold in the sample, and this is consistent with conventional direct cyanidation extracting only 17% of the gold. Only an additional 10% of the gold was extracted using ultra-fine grinding (P80 of 5 µm) and cyanidation. The mineralogical work conducted by AMTEL confirmed that gold recovery requires either whole ore pre-oxidation or flotation.

1.11.2.3 Flowsheet Determination Testwork

The PFS process flowsheet design, a POX circuit followed by copper and gold recovery circuits, used criteria developed from the 2009 and 2010 SGS metallurgical test program.

Alacer developed and implemented a metallurgical test program with Hazen Research Inc. (Hazen) in early 2012 to support the 2014FS. Alacer personnel identified and shipped samples representing the rock types hosting sulfide mineralization to Hazen in Golden, Colorado. Hazen prepared the samples and conducted the majority of the FS testwork. The program aimed to determine appropriate operating conditions for the POX circuit and the subsequent process operations. Hazen completed multiple batch testwork campaigns and multiple pilot plant campaigns under the banners Campaign 1 through Campaign 4. Additional testwork was conducted by third-party consultants and vendors, using samples generated by Hazen.

The first objective of the Hazen campaigns was to develop a feasible POX process followed by copper recovery and conventional cyanidation of POX residue for the recovery of gold. The second objective, predominantly achieved by continuous pilot testing, was to develop metallurgical data to support completion of a FS.

The test campaigns incorporated variability testing of spatially-diverse samples from the deposit and head grade variability within the mineralization types. The campaign results allowed development of recovery models, selection of major equipment, and the estimation of reagent consumptions.

The Hazen campaigns covered the following areas:

- Head characterization of Campaigns 1 through 4 and Variability Study (VS) VS1 and VS2.
- Comminution testing.
- Direct cyanidation.
- POX testing.
- Hot cure testing.
- Iron arsenic precipitation.
- Metal sulfide precipitation (MSP) (for copper recovery).
- Solid-liquid separation.
- Tailings filtration.
- Bulk cyanidation and carbon kinetics.
- Cyanide destruction and environmental testing.
- Sulfide feed stock variability testing.
- Flotation testing.

Campaign 4 results provided the fundamental basis for the flowsheet.

SGS Lakefield Orestest in Perth, Western Australia conducted additional pilot testing (Campaign 5) during 2015 at the direction of Alacer.

The Campaign 5 testwork utilized various composite samples that represent the first 3 years' operation and LOM blend that resulted in changes to the acidulation area and changes in thickener design. Analysis of gold recovery results on variability samples confirmed that, in laboratory conditions, it is possible to recover between 96 and 98% of the gold (depending on ore type) at expected head grades and using design operating conditions to achieve almost complete oxidation of pyrite. On average, only 14.6% of the silver was recovered.

Analysis of the results provided a recovery model for use in economic analysis. Additional discounts have reduced the calculated recoveries allowing for commissioning, solution losses in the counter-current decantation (CCD) stage and for operation on a single autoclave (rather than two autoclaves) at high throughput rates.

1.12 Mineral Resource Estimates

The Mineral Resource model was constructed by Loren Ligocki, SME Registered Member (RM SME), Alacer's Resource Geologist and full-time employee of Alacer, and Gordon Seibel, RM SME, a Principal Geologist with Amec Foster Wheeler. The Mineral Resource estimates were reviewed by Dr. Harry Parker, RM SME, Consulting Mining Geologist and Geostatistician with Amec Foster Wheeler. Gordon Seibel and Dr. Harry Parker are the Qualified Persons for the Mineral Resource estimate. Mineral Resources were classified using the criteria set out in the 2014 Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves (the 2014 CIM Definition Standards).

The resource estimation method was designed to address the variable nature of the epithermal structural and disseminated styles of gold mineralization while honoring the bi-modal distribution of the sulfur mineralization that is critical for mine planning (material with sulfur < 2% is sent to the heap leach while material with sulfur grades \geq 2% will be sent to the sulfide stockpile for eventual processing at the POX plant). Since no obvious correlations were observed between gold and total sulfur, gold and sulfur were domained and estimated separately. Gold showed little correlation with lithology, and was domained by mining areas (Manganese, Main, Marble and West) to reflect the different trends of the mineralization that commonly follow structures and/or the lithological contacts. Due to the strong correlation between sulfur content and lithology, sulfur was domained by lithology. However, since each lithology may contain < 2% S and \geq 2% S material, each lithology was additionally separated into < 2% S and \geq 2% S sub-domains.

Probability assigned constrained kriging (PACK) was used to estimate the gold content of the mineralization within an expanded mineralized wireframe generated in the commercially-available software, Leapfrog. A probabilistic envelope was generated within the expanded gold shape to define the limits of the economic mineralization. The Leapfrog wireframe and probabilistic envelope were used to prevent potentially economic assays from being “smeared” into non-economic zones, and conversely to restrict waste assays from diluting the potentially economic mineralization. Two Au PACK models were constructed. The first (low-grade) model was applied to < 2% S material that can be processed by heap leaching, and the second (high-grade) model was later applied to ≥ 2% S material to be processed by the POX plant.

Geology, exploratory data analysis (EDA), composite grade comparisons and other checks were performed to develop the parameters used to build the models. Once constructed, the gold models were calibrated to past production categorized by total sulfur content (< 2% S and ≥ 2% S material) and mining area. Mineral Resources were classified to each block based on drill hole density and data quality.

Mineral Resources were assessed for reasonable prospects for eventual economic extraction by reporting only material that fell within a Lerchs-Grossmann (LG) conceptual pit shell using metal prices of \$1,400/oz for gold and \$21.00/oz for silver. Due to process design changes for the proposed POX plant, copper was not included in the LG calculation. Key parameters are summarized in Table 1-2.

Table 1-2 Summary of Key Parameters Used in Lerchs-Grossmann Conceptual Pit Shell

Description	Element	Minimum	Maximum
Heap Leach Recovery	Au	62.3%	78.4%
	Ag	24.6%	37.8%
	Cu	3.5%	15.8%
POX Recovery	Au	94%*	94.0%
	Ag	3.0%	3.0%
	Cu	~	~
Mining Cost per tonne mined	---	\$1.90	\$1.90
Process Costs Heap Leach per tonne	---	\$5.24	\$9.87
Process Costs POX per tonne	---	\$33.40	\$33.40
Site Support per tonne processed	---	\$3.50	\$3.50
Internal Au Cutoff - Heap Leach	---	0.25	0.40
Royalty	---	2%	2%
Inter Ramp Slope RQD≤15	---	25 degrees	52.5 degrees
Inter Ramp Slope RQD>15	---	40 degrees	52.5 degrees

1. POX costs assume 5,000 tonne per day production rate
2. An Au cut-off of 1.00 g/t was applied to all sulfide material
3. * Au recovery is the average percent over the life of mine

Mineral Resources are reported inclusive of Mineral Reserves, and have been tabulated by resource classification and oxidation state in Table 1-3. Mineral Resources are presented on a 100% basis.

Table 1-3 Mineral Resource Tabulation by Resource Classification and Oxide State

Mineral Resource Statement for the Çöpler Deposit (As of December 31st, 2015)							
Gold Cut-off Grade (g/t)	Material Type	Resource Category Material	Tonnes (x1000)	Au (g/t)	Ag (g/t)	Cu (%)	Contained Au (oz x 1000)
<i>Variable</i>	<i>Oxide</i>	Measured	-	-	-	-	-
		Indicated	24,959	1.04	3.19	0.13	836
		Stockpile - Indicated	148	0.87	-	-	4
		Measured + Indicated	25,106	1.04	3.17	0.13	840
		Inferred	20,863	0.83	6.40	0.13	557
<i>1.0</i>	<i>Sulfide</i>	Measured	-	-	-	-	-
		Indicated	70,151	2.12	5.94	-	4,771
		Stockpile - Indicated	5,102	3.67	-	-	602
		Measured + Indicated	75,253	2.22	5.53	-	5,373
		Inferred	12,739	1.99	12.00	-	814
<i>Variable</i>	<i>Stockpiles</i>	Indicated	5,250	3.59	-	-	606
<i>Variable</i>	<i>Total</i>	Measured	-	-	-	-	-
		Indicated	100,359	1.93	4.95	0.03	6,213
		Measured + Indicated	100,359	1.93	4.94	0.03	6,213
		Inferred	33,602	1.27	8.52	0.08	1,371

1. Mineral Resources have an effective date of December 31, 2015. Gordon Seibel and Harry M. Parker, both SME Registered Members, and Amec Foster Wheeler employees, are the Qualified Persons responsible for the Mineral Resource estimates. The Mineral Resource model was prepared by Messrs. Gordon Seibel and Loren Ligocki.
2. Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Mineral Resources are shown on a 100% basis, of which Alacer owns 80%.
4. In the Main pit, oxide is defined as material above the interpreted oxide surface. All material beneath the oxide surface in this area is classified as sulfide. A transitional zone was not used. The Manganese and Marble pit are divided into oxide material (S < 2%) and sulfide material (S ≥ 2%) based on sulfur content.
5. The Mineral Resources meet the reasonable prospects for eventual economic extraction by reporting only material within a Lerchs-Grossmann (LG) conceptual pit shell. The following parameters were used: assumed throughput rate of 1.9 to 2.2 Mt/a; variable metallurgical recoveries in oxide including 62.3–78.4% for Au, 24.6–37.8% for Ag, 3.5–15.8% for Cu; metallurgical recoveries in sulfide including 94% for Au, 3% for Ag, no recovery for Cu; mining cost of \$1.90/t; process cost of \$5.24–\$9.87/t leached and \$33.40/t through the POX; general and administrative charges of \$3.50/t; 2% royalty payable; inter-ramp slope angles that vary from 25–52.5°. Metal price assumptions were \$1,400/oz for gold, \$21.00/oz for silver, with copper excluded.
6. Reported Mineral Resources contain no allowances for unplanned dilution or mining recovery.
7. Tonnage and grade measurements are in metric units. Contained gold is reported in troy ounces.
8. Tonnes are rounded to the nearest thousand tonnes; grades are rounded to two decimal places.
9. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.

1.13 Mineral Reserve Estimates

Alacer currently operates a heap leach operation at the Çöpler mine with a production rate of approximately 6.0 Mt of oxide ore per annum with an average remaining life-of-mine (LOM) grade of 1.13 g/t Au. Heap leach operations are expected to continue through 2022 with production rates diminishing in 2018 as the mine transitions into the sulfide mineralization. All mining at Çöpler is undertaken by conventional open pit mining techniques. At present, all mining activities related to the extraction of material from the pits is being conducted by a contractor, retained by Alacer. It is anticipated the sulfide mineralization will also be exploited by conventional open pit methods, and that contractor mining will continue to be utilized.

Through the process of pit optimization and limitations on tailings disposal capacity, the Çöpler pit design and stockpiles delineates 18.0 Mt of oxide ore and 40.0 Mt of sulfide ore. The total LOM tonnage mined from the beginning of 2016 is 277.6 Mt with a strip ratio of 4.25 (waste/ore).

The pit design consists of 16 phases that first target oxide ore and then target sulfide ore in a manner that maximizes cash flow and efficiencies in the mine-to-mill interface. The final pit will be spread out over 2.7 km from west to east, 1.1 km from north to south with a maximum depth of 295 m below the original ground topography.

The commercially-available MineSight Schedule Optimizer tool was used to schedule the extraction of ore from the mine, with the objective of maximizing the net present value (NPV) within the constraints of production tonnages, metallurgical blend requirements, and mining operational efficiencies. The first scheduling period was started as of January 1, 2016, using the end of year December 31, 2015 surveyed topography for the mine. The scheduling interval was on a monthly basis through 2016, on a quarterly basis from 2017 through 2020, and thereafter on an annual basis for the remainder of the mine life. Prior to the commissioning of the sulfide mill, all sulfide ore is shipped to one of three sulfide ore stockpiles. The three sulfide ore stockpiles will be used for low-grade (1.5 – 3.2 g/t Au), medium-grade (3.2 – 4.0 g/t Au), and high-grade (4.0 g/t Au and higher) sulfide ore. The mill is scheduled to be in production through 2037, when it will exhaust the remainder of the low-grade sulfide ore contained in stockpile. All mining activities (oxide and sulfide) will cease in 2023, and the remaining mine life to 2037 is based on re-handle of stockpile material.

A resource block model, completed by Amec Foster Wheeler and Alacer in February 2016, was used as the basis for detailed economic pit optimization using the commercially available Geovia Whittle Version 4.4.1 pit optimization software. This software, in conjunction with economic, metallurgical, and geotechnical criteria, was used to develop a series of economic pit shells that formed the basis for design and production scheduling.

On the basis of metallurgical testwork and trade-off studies, the Mineral Reserve estimates are based on the following process routes:

- Heap leach of all oxide ore.
- Whole ore POX of all sulfide ore.

This Technical Report is based on the continued use of a mining contractor. The contractor supplies all personnel, equipment, and facilities required to perform the entire mining operation. Alacer will incur additional costs associated with the supervisory, engineering, and grade control functions.

All costs mentioned in Section 16.0 of the Çöpler Technical Report are used as the basis of the Mineral Reserve estimate and may not reflect cost metrics used for financial analysis based on the timing of the cost estimate and the differences in allocation of various site support costs

The Mineral Reserves for the Çöpler gold deposit have been estimated by Alacer as summarized in Table 1-4. Mineral Reserves are presented on a 100% basis.

Mineral Reserves are quoted as of December 31, 2015. Oxide Mineral Reserves use a calculated internal gold cut-off grade (excluding mining cost) ranging from 0.30 g/t Au to 0.45 g/t Au, while sulfide Mineral Reserves use a gold cut-off grade of 1.50 g/t Au.

Table 1-4 Mineral Reserves for the Çöpler Gold Deposit

Mineral Reserves for the Çöpler Mining area deposit (As of December 31st, 2015)						
Reserve Category Material	Tonnes (x1000)	Au (g/t)	Ag (g/t)	Cu (%)	Contained Au Ounces	Recoverable Au Ounces
Proven - Oxide In-Situ	-	-	-	-	-	-
Probable - Oxide In-Situ	17,836	1.13	3.53	0.13	650,000	494,000
Probable - Oxide Stockpile	148	0.87	-	-	4,000	3,000
Total - Oxide	17,984	1.13	3.50	0.13	654,000	497,000
Proven - Sulfide In-Situ	-	-	-	-	-	-
Probable - Sulfide In-Situ	34,879	2.63	7.23	-	2,944,000	2,829,000
Probable - Sulfide Stockpile	5,102	3.67	-	-	602,000	579,000
Total - Sulfide	39,982	2.76	6.30	-	3,546,000	3,408,000
<i>Proven - Oxide + Sulfide + Stockpile</i>	-	-	-	-	-	-
<i>Probable - Oxide + Sulfide + Stockpile</i>	<i>57,965</i>	<i>2.25</i>	<i>5.44</i>	<i>0.04</i>	<i>4,200,000</i>	<i>3,905,000</i>
Total - Oxide + Sulfide	57,965	2.25	5.44	0.04	4,200,000	3,905,000

1. Mineral Reserves are not diluted.
2. Full mine recovery assumed.
3. Average Heap Leach Au recovery for all rock types is estimated at 76.0% and for Pressure Oxidation (POX), 96.1%.
4. Numbers may not add up due to rounding.
5. The Mineral Reserves were developed based on mine planning work completed in March 2016 and estimated based on End of December, 2015 topography surface.
6. A calculated gold internal cut-off grade was applied to Oxide Heap Leach Mineral Reserves using the equation: $X_c = P_o / (r * (V - R))$ where X_c = Cut-off Grade (gpt), P_o = Processing Cost of Ore (USD/tonne of ore), r = Recovery, V = Gold Sell Price (USD/gram), Refining Costs (USD/gram). A gold cut-off grade of 1.50 g/t was used for Sulfide Pressure Oxidation Ore.
7. Mineral Reserves are based on US\$ 1,250/Oz Au Gold Price.
8. The Mineral Reserves were estimated by Stephen Statham, PE (Colorado License #PE.0048263, SME 4140907RM) of Alacer, a qualified person under NI 43-101 and JORC guidelines.

Mineral Reserves have been classified using the 2014 CIM Definition Standards.

The Mineral Reserves disclosure presented in Table 1-4 were estimated by Stephen Statham, PE, RM SME, who is a full-time employee of Alacer.

The mine plan developed in this report is based on Proven and Probable Mineral Reserves only. There is upside opportunity for the Project if some or all of the Inferred Mineral Resources can be upgraded to higher-confidence categories with additional infill drilling and supporting studies.

1.14 Mining Methods

All mining at Çöpler will be undertaken by conventional open pit mining techniques used for hard-rock truck-and-shovel operations. Contractor mining will be retained for the LOM.

1.15 Process Plants

1.15.1 Oxide Ore Heap Leach Processing

Construction of a heap leach facility was undertaken from 2008-2010, and the first gold pour was achieved in the fourth quarter of 2010. The process was designed to treat approximately 6.0 Mtpa of ore by three-stage crushing (primary, secondary and tertiary) to 80% passing 12.5 mm, agglomeration (with cement and water) and heap leaching on a lined heap leach pad with dilute alkaline sodium cyanide solution. Gold is recovered through a carbon-in-column (CIC) system, followed by stripping of metal values from carbon using a high-temperature, pressure elution process, and electrowinning, retorting and melting of the resulting product to yield a doré (containing gold and silver) suitable for sale. Carbon is regenerated using acid washing and reactivation in a rotary kiln, and the carbon is recycled back to the CIC system. Subsequent to commissioning of the plant, a sulfidization-acidification-recovery-thickening (SART) plant has been constructed and commissioned to remove copper from the leaching solution and to regenerate cyanide. The SART process operates intermittently, on an as-needed basis. The process flowsheet is summarized in Figure 1-3.

Since commissioning through the end of December 2015, an estimated 1,734 koz ounces of gold has been placed on the heap, contained within approximately 35.2 Mt of ore at an average grade of 1.52 g/t Au (0.049 oz/t). At the end of December 2015, 1,078 koz ounces had been produced as bullion. It is noted that approximately 25% of the material placed onto the leach pad between 2010 and the end of 2014 was placed as run-of-mine ore (no crushing or agglomeration).

Figure 1-3 Process Flowsheet for Heap Leach

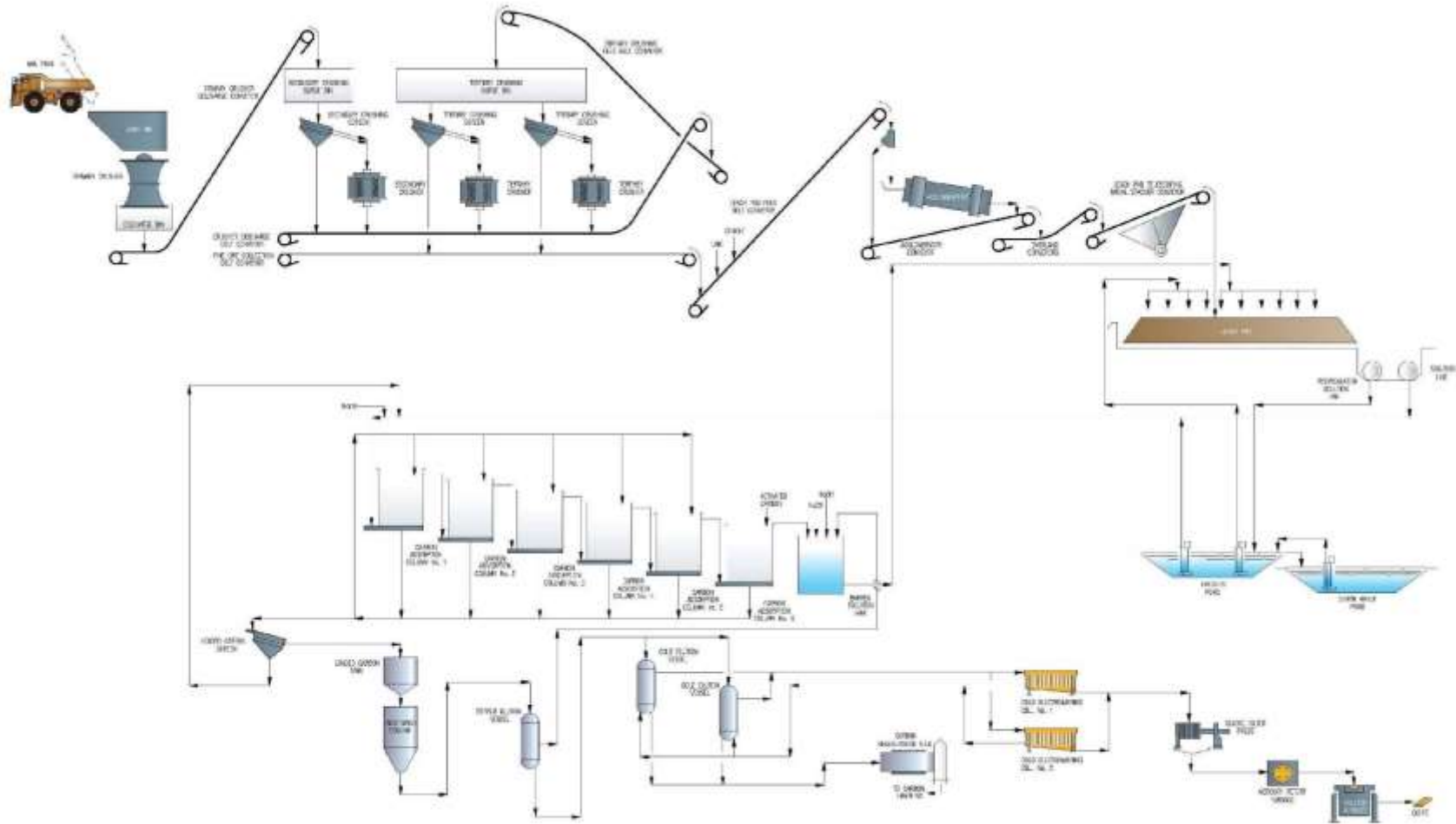


Figure prepared by Alacer, 2016.

1.15.2 POX Processing

The Çöpler Sulfide Expansion Project is designed to treat 1.9 to 2.2 Mtpa of sulfide ore, from which gold-silver doré will be produced.

Run-of-mine (ROM) sulfide process feed stock will be transported by haul trucks to the sulfide process stockpile. Sulfide process feed stock will be deposited in specified areas in the process stockpile according to sulfide feed blending parameters. The POX circuit was designed to run within a specific range of feed parameters. In order to feed the POX system a consistent blend meeting these parameters, front-end loaders will be used to deliver sulfide process feed stock from the various areas of the stockpile to the primary crusher according to blending parameters.

Ore will be fed to a ROM bin protected with a static grizzly and an apron feeder at the base of the bin feeds a primary sizer. During major sizer maintenance the crusher will be removed to be worked on off-line and will be replaced with a 300 mm square static grizzly. Finer than average ore will be deliberately selected for feeding at these times. The primary crushed ore (or 300 mm grizzly undersize) will directly feed a semi-autogenous grinding (SAG) mill. Due to the fine (and potentially sticky) nature of the ROM ore, there is no SAG mill feed stockpile. The SAG mill will be fitted with a discharge trommel screen and the screen oversize will be recycled directly to the mill using a water-jet trumpet return, centrally located in the trommel.

SAG screen undersize will feed the ball mill that will operate in closed circuit with a cyclone cluster. The grinding circuit product, cyclone overflow, will be screened to remove tramp oversize, then it will be thickened in the grinding circuit thickener. The thickener underflow slurry will be pumped to the acidulation feed tanks.

A partial acidulation circuit was adopted where one fraction of the grinding thickener underflow will be acidulated fully and the remainder will bypass acidulation and will be sent directly to the POX feed tanks. Slurry will be acidulated using recycled acid from the decant thickener overflow, and supplemented with fresh sulfuric acid if required. The acidulated slurry stream portion will be pumped to the POX feed thickener with most of the thickener overflow pumped to the decant thickener. Excess thickener overflow will be bled to the iron/arsenic precipitation tank as needed. The thickened acidulated slurry will be pumped to the POX feed surge tank to join the unacidulated slurry and decouple the thickener system from the autoclaving system.

Slurry will be pumped from the POX feed surge tank to the low-temperature heaters. Slurry will be heated using steam generated in the low-temperature flash tank. The low-temperature heated slurry will be pumped to the high-temperature heater and mixed with steam from the high-temperature flash tank. The hot slurry will be pumped from the high-temperature heater to the autoclaves at the required POX system operating pressure.

The autoclave circuit will consist of two horizontal autoclaves operating in parallel. The slurry will flow through the baffled chambers of the autoclaves and will be reacted with oxygen gas at each of the agitators. The autoclaves are designed to operate at 220°C, 3,150 kPa.g and provide 60 minutes of residence time, each with half the plant flow going to each unit. Treated slurry will exit the last vessel through the pressure letdown system consisting of a high-pressure and a low-pressure flash vessel.

The depressurized hot slurry will be combined with the POX feed thickener overflow and thickened in the decant thickener. The thickened slurry will be pumped to the iron/arsenic precipitation system. The thickener overflow will be recycled to the acidulation circuit to minimize fresh acid addition.

The iron/arsenic precipitation system will consist of two agitated tanks in series. Limestone will be added, raising the slurry pH to form a stable iron arsenate precipitate.

The treated slurry from the iron/arsenic precipitation system will be pumped to the two-stage CCD thickener system to remove dissolved copper from the gold-bearing solids. This step is required to limit copper consumption of cyanide and copper loading onto activated carbon. Washed slurry from CCD2 will be pumped to the pre-leach tank, the first step of the cyanidation circuit. The CCD1 overflow will be pumped to the tailings neutralization tanks. Provision has been made in the plant layout for future recovery of a saleable copper product from the CCD1 overflow.

Lime will be added to the washed slurry from CCD2 in the pre-leach tank. Lime raises the slurry pH to about 10.5 prior to feeding the two-stage cyanide leach tanks. Sodium cyanide will be added in the leach tanks to dissolve virtually all the gold and a small amount of the silver from the oxidized solids. The leached slurry will feed a six-stage carbon-in-pulp (CIP) gold recovery system.

In the CIP tanks, the solubilized precious metals will load onto activated carbon that will be mixed with the leached slurry in each tank. Slurry will flow continuously from tank to tank through carbon screens, which will retain the carbon in each tank. Loaded carbon will be removed from the first CIP tank and pumped to the new adsorption-desorption-recovery (ADR) plant.

A new ADR facility and refinery will be provided to strip gold and silver from the loaded carbon, producing a pregnant solution for feeding an electrowinning system. Electrowinning will convert dissolved gold and silver to metal form ahead of producing doré bars. The new ADR plant and refinery will be equipped with air emissions control equipment to scrub the gas being vented to meet Turkish air emission limits. Stripped carbon will be reactivated using a carbon kiln and reused in the CIP circuit.

CIP tailings will be processed in a cyanide destruction circuit utilizing SO₂/air treatment technology. The system will reduce the slurry cyanide concentration to meet Turkish discharge regulations. The detoxified slurry will be pumped to the tailings neutralization circuit.

The detoxified CIP tailings will be combined with the CCD1 overflow where milk-of-lime slurry will be added to raise the pH to precipitate manganese and magnesium, stabilizing the slurry in the neutralization tanks. The neutralized slurry will flow to the tailings thickener. The thickener underflow will be pumped to the tailings holding tank. The tailings will be pumped from the holding tank through the tailings pipeline to the tailings storage facility. Tailings thickener overflow will be pumped to the process water tank for reuse in the process.

A pumping system will be provided in the tailings storage facility (TSF) to reclaim decanted water and return the water to the process water tank.

Reagent systems will be provided to mix and deliver the required reagents to the various addition point in the process.

Utility systems including compressed air, steam generators, and water distribution systems will be provided to service the process systems.

A schematic flowsheet of the process is presented in Figure 1-4.

Figure 1-4 Çöpler Sulfide Process Schematic

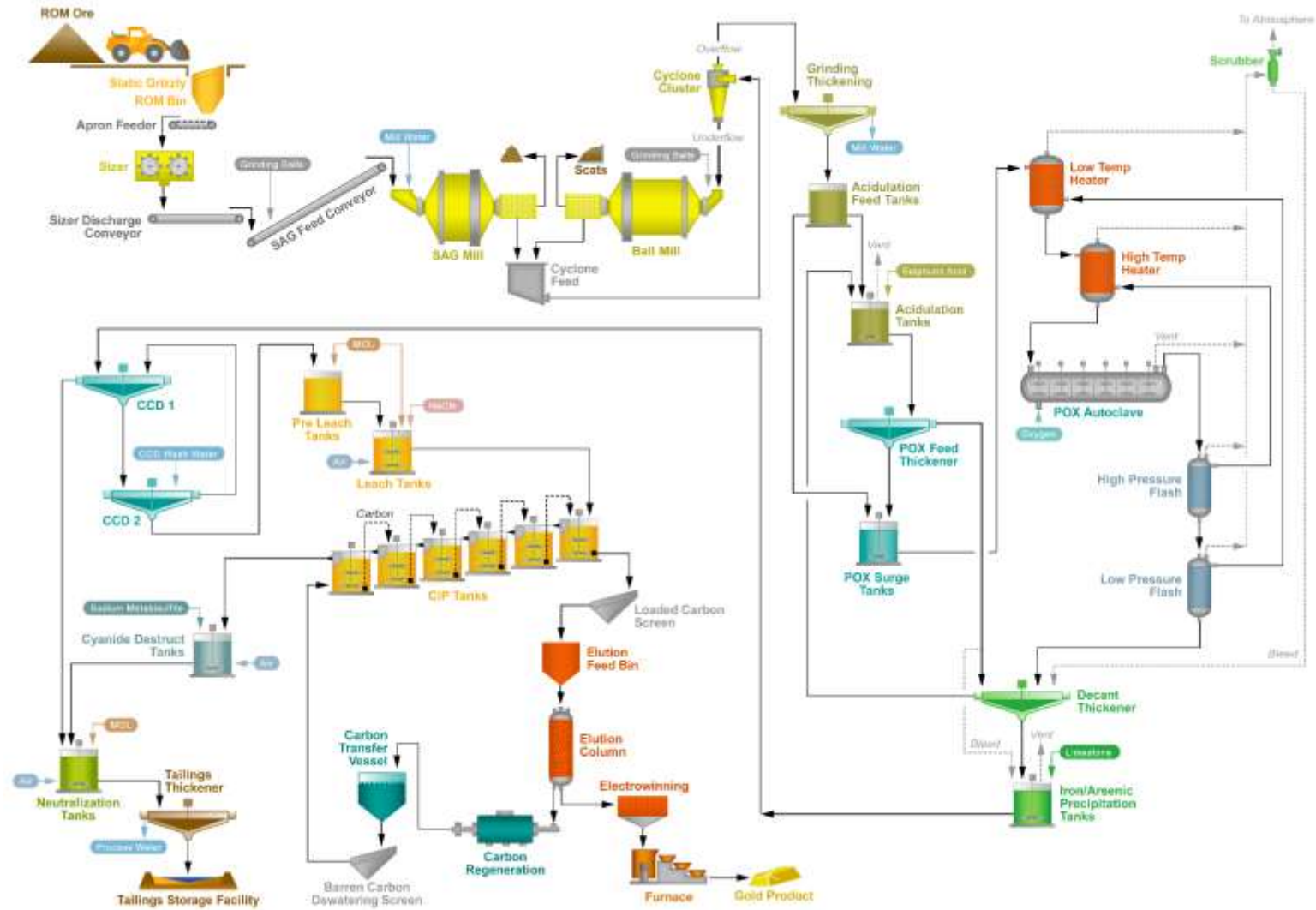


Figure prepared by Amec Foster Wheeler, 2016.

1.16 Project Infrastructure

1.16.1 Infrastructure

Infrastructure required for the heap leach operation is in place and no additional infrastructure is required for the heap leach activities for the remainder of the mine life.

The infrastructure for the Sulfide Expansion Project will be partially supported by the existing facility infrastructure. Some of the existing infrastructure will adequately support the new facility, while other components will be modified to meet the design criteria of the overall mine. The majority of the infrastructure for the Sulfide Expansion Project will be new.

The planning and design of new infrastructure was developed to suit the available area and to provide the required resources at the site. Consideration was given to the topography, geotechnical information, space constraints and economical process flow requirements during construction and operation. All aspects of the design reflect the compliance to applicable Turkish national codes and local codes.

The new infrastructure requirements include power supply, buildings, water and sewage, communications, site roads, plant fire protection system, and plant lighting system.

1.16.2 Tailings Storage Facility

The TSF for the Sulfide Expansion Project has been designed to provide containment for up to 45.9 Mt of mill tailings. The tailings will be pumped to the fully-lined tailings impoundment over an approximate 20-year mine life. Approximately 6,293 tpd of tailings will be pumped at a slurry density of 28% by weight from the tailings thickener to the TSF.

The Sulfide Expansion Project will make use of the same TSF location proposed in 2007, with an increase in overall height of the embankment crest from 1,224 m to 1,264 m amsl to accommodate the increased mass of tailings anticipated in the current mine plan.

The TSF design includes a rockfill embankment with downstream raise construction, an impoundment underdrain system, a composite liner system, and an overdrain system.

1.17 Market Studies and Contracts

1.17.1 Markets

The markets for gold and silver doré are international and generally robust but variable, depending on supply and demand.

Currently, 50% of the gold and silver from the Çöpler heap leach operations is delivered to METALOR Technologies S.A in Switzerland. The remaining 50% is delivered to the Istanbul Gold refinery. It is expected that sale of gold recovered from the Sulfide Expansion Project will be similar to the current arrangement.

Due to low copper prices, a decision has been made to remove the copper circuit in the POX plant design. Provisions have been made in the plant design to include the copper circuit in the future should copper prices improve. Copper precipitate is currently produced from the SART plant and sold into local markets in Turkey.

1.17.2 Contracts

Anagold contracts the mining operations to a Turkish mining contractor. The contract term expires on February 1, 2017. The contract contains provisions for escalation/de-escalation for fuel prices, foreign exchange rates, haul grade and distance and Turkish inflation. The terms and prices for the mining contract are within industry standards for mining contracts.

Anagold has entered into a contract with Amec Foster Wheeler for engineering, procurement and construction management for the Sulfide Project. The Company has or will enter into a number of additional contracts for earthworks, oxygen supply and construction services in connection with the construction of the Sulfide Project.

1.18 Environmental and Permitting

The EIA permitting process for the Sulfide Expansion Project started on April 07, 2014 and ended by receiving the “EIA Positive Statement” on December 24, 2014. The EIA permit serves as a construction permit. The forestry land use permits for the construction of the Çöpler Sulfide Expansion Project were obtained on 20 April, 2016.

The EIA permitting for the Çöpler gold mine for the oxide ore was completed in April 2008 with the issuance of an EIA positive certificate. All of the operation permits have already been obtained for the oxide resources. These are: explosive storage permit, permit for water abstraction from groundwater sources, EIA positive for power transmission line construction, land acquisition permits for forest areas and pasturelands hazardous workplace permit and operating permits. The EIA permitting process for the Sulfide Expansion Project was started on April 7, 2014 and was completed with the receipt of an “EIA Positive Statement” on December 24, 2014. In addition to EIA approval, other permits required for the Sulfide Expansion Project involve an expanded workplace opening permit, additional operating permits and land acquisition permits for forest areas and pasturelands, etc.

An Environmental Impact Assessment (EIA) study was completed in 2008 for the heap leach operation assuming processing of oxide ores. The project description for the 2008 EIA included three main open pits, five waste rock storage areas (WRSAs), a heap leach pad, a processing plant, and a TSF. The 2008 project description involved only the oxide resources.

Additional EIA studies conducted and environmental permits received for Çöpler Gold Mine since the start of the gold mine operations are as follows:

- EIA permit dated April 10, 2012 for the operation of a mobile crushing plant.
- EIA permit dated May 17, 2012 for capacity expansion involving (i) increasing the operation rate to 23,500 tpd; (ii) increasing the Çöpler WRSA footprint area; (iii) adding a SART plant to the process in order to decrease the cyanide consumption due to high copper content in some ores.

The EIA studies were conducted according to the format stipulated by the Turkish EIA Regulation. In the period following the receipt of the 2008 EIA permit, Alacer conducted additional studies to supplement the Turkish EIA study and subsequently meet International Finance Corporation (IFC) requirements. These studies involved a Resettlement Action Plan (RAP) for the Çöpler village, a socio-economic baseline study for the Çöpler village, a human rights assessment study, an Environmental Management Plan, and a biodiversity study.

SRK Danışmanlık ve Mühendislik A.Ş. (SRK) was retained by Alacer to undertake the Çöpler Sulfide Project Environmental and Social Impact Assessment (ESIA) study for permitting and possible financing purposes. The Stakeholder Engagement Plan (SEP) and the Social Impact Assessment (SIA) for the Sulfide Expansion Project was prepared and reported in May 2015.

The Çöpler Sulfides Expansion Project ESIA process did not identify any fatal-flaw impacts, due to the limited nature of sensitive environmental and human receptors, and the existing disturbed nature of the site.

1.19 Capital and Operating Costs

1.19.1 Capital Costs

Capital costs were updated during the detailed engineering phase. The update reflects the decision to adopt two horizontal autoclaves in the current process design over the vertical autoclave arrangement that was envisaged in earlier designs, updated material quantities, updated equipment pricing and revised construction direct and indirect cost estimates.

The initial capital cost estimate was based on the scope of work as outlined in the facilities description and Work Breakdown Structure (WBS).

The estimate is considered to have an accuracy of +10% / -5%. The total estimated initial capital cost to design, procure, construct and start-up the facilities as of April 1, 2015 is \$743.7 million, including owner's costs. The initial capital required for the TSF starter embankment is \$30.7 million. Total LOM capital for the TSF is estimated at \$291.6 million. This includes initial and sustaining capital costs for the TSF. Table 1-5 summarizes the estimated initial capital costs.

Table 1-5 Overall Initial Project Capital Cost Summary

PROJECT AREA	USD \$M
1000 - Process Plant	269.9
2000 - Process Plant Utilities & Services	74.1
3000 - Tailings Storage Facility	30.7
4000 - Support Infrastructure & Temp Facilities	101.0
5000 - Engineering, Procurement & Construction Management	93.6
6000 - Start-up & Commissioning	10.3
8000 - Owner's Costs	87.1
9000 - Provisions (incl. Growth Allowance & Contingency)	76.9
TOTAL	743.7

The estimate is expressed in fourth-quarter 2015 United States dollars.

Mining operations are currently contracted to an outside party and this arrangement is expected to continue during the foreseeable future. Therefore, no capital cost is included for mining equipment or facilities. All such costs are built into the unit rate for mining operations included in the operating cost estimate.

Costs incurred prior to 1 April 2015 are considered to be sunk costs.

1.19.2 Operating Costs

Operating costs are expressed in Q4 2015 U.S. dollars with no allowance for escalation.

The projected LOM unit operating cost estimate is summarized in Table 1-6.

Table 1-6 Summary of Life-of-Mine Average Operating Costs

Activity	Unit	Life of Mine Average Unit Cost
Mining	per tonne mined	1.50
Rehandle	per tonne ore rehandled	1.12
Heap Leach Processing	per tonne HL ore processed	8.09
POX Processing	per tonne POX ore processed	31.80
Site Support and Offsite	per tonne ore processed	5.83

The LOM all-in operating costs per gold ounces are summarized in Table 1-7.

Table 1-7 Summary of All in Cash Costs Net of By-Products

Costs per Ounce (Cash Basis)	Units	Amount
Cash Operating Costs (C1)	US\$/oz	563
By-Product Credits (Ag, Cu)	US\$/oz	(9)
Cash Operating Costs net of By Products (C1)	US\$/oz	554
Royalties	US\$/oz	17
Total Cash Costs (C2)	US\$/oz	570
Sustaining Capital	US\$/oz	74
All In Sustaining Costs (AISC)	US\$/oz	645
Sulfide Preproduction Capital	US\$/oz	183
Reclamation	US\$/oz	17
All In Costs (AIC)	US\$/oz	844

Reported as Unit Cost per Ounce. Negative costs indicated in this table reflect the positive revenue from the silver and copper by-product sales that are deducted from the operating cash costs. Totals may not sum due to rounding.

Sulfide Processing Costs

The process operating costs for the Sulfide Expansion Project were estimated from first principles. They were calculated assuming 19 full years of operation for the POX plant. Operating costs were based on metallurgical testwork, the mine plan, Alacer compensation/benefit guidelines, and recent supplier quotations for consumables. Consumables included in the operating costs include spare parts, repair supplies, wear liners, grinding media and screen components. Alacer has elected to capitalize autoclave vessel refractory replacement in the years following the initial start-up, and these are not part of the operating costs but are included in sustaining capital.

The copper recovery circuit has been eliminated from the process flowsheet due to low copper prices. This has resulted in approximately a \$3/t reduction in operating costs. Reagent costs have been updated to Q4 2015 US dollars based on recent quotes and foreign exchange rates.

LOM average sulfide processing costs for the project are shown in Table 1-8. Costs are shown on a \$/tonne sulfide ore processed, \$/oz of gold recovered by the sulfide process, and the average total sulfide circuit operating cost in million \$/year.

Table 1-8 Life-of-Mine Sulfide Processing Costs by Cost Component

Item	\$/t Sulfide	\$/oz Sulfide	Annual Cost, \$M
POX Processing - Labour	4.50	53	9.5
POX Processing - O ₂ Plant Fixed	4.05	48	8.5
POX Processing - O ₂ Plant Variable	3.41	40	7.2
POX Processing - Reagents	9.23	108	19.4
POX Processing - Fuel Oil	0.92	11	1.9
POX Processing - Electrical	4.52	53	9.5
POX Processing - Maintenance Materials	3.89	46	8.2
POX Processing - Large Mobile Equipment	0.22	3	0.5
POX Processing - Laboratory	0.89	10	1.9
POX Processing - Commissioning	0.17	2	0.4
Total Sulfide Processing Costs	31.80	373	66.9

Note: Totals may not sum due to rounding.

1.20 Economic Analysis

Information in this sub-section includes forward-looking information. Readers are requested to view the cautionary statements in Section 2.2 of the Çöpler Technical Report regarding information that is forward-looking. Actual results may differ from those presented in this sub-section.

A financial analysis for the Sulfide Expansion Project was carried out using an incremental or differential cash flow approach. Cash flow models were developed for the Sulfide Expansion Project with the oxide heap leach as well as for the oxide heap leach alone without the sulfide project. A differential cash flow was calculated between the two sets of cash flows to determine the financial benefit of the sulfide project. The IRR and NPV using a discount rate of 5% were calculated using this differential cash flow. The financial analysis was performed using the following key assumptions:

- The base case gold, silver and copper prices are \$1,250/oz, \$18.25/oz and \$2.75/lb respectively.
- Cash flows begin on January 1, 2016 and end on December 31, 2046.
- The cash flows take into account depreciation, cash taxes, changes in working capital, and tax credits.
- Commissioning is expected at the end of second quarter 2018 with sulfide gold production to begin in the third quarter of 2018.
- Unless noted otherwise, all cost and sales estimates are in constant Q4 2015 U.S. dollars with no escalation factors taken into account.

Table 1-9 provides a summary of the NPV, IRR and payback period using a 5% discount rate.

Table 1-9 Financial NPV, IRR, and Payback Period

Description	Unit	Amount
METAL PRICES		
Gold Price LOM	US\$/oz	1,250
Silver Price LOM	US\$/oz	18.25
Copper Price LOM	US\$/lb	2.75
PROJECT CASH FLOWS		
Sulfide and Oxide Projects	US\$M	1,577
Oxide Project	US\$M	94
Project Differential Cash Flow	US\$M	1,483
PROJECT FINANCIALS		
NPV at 5% of Differential Cash Flows	US\$M	728
IRR of Differential Cash Flows	%	19.2
Payback on Sulfide Project Cash Flow (from Start of Sulfide Production)	years	3.0

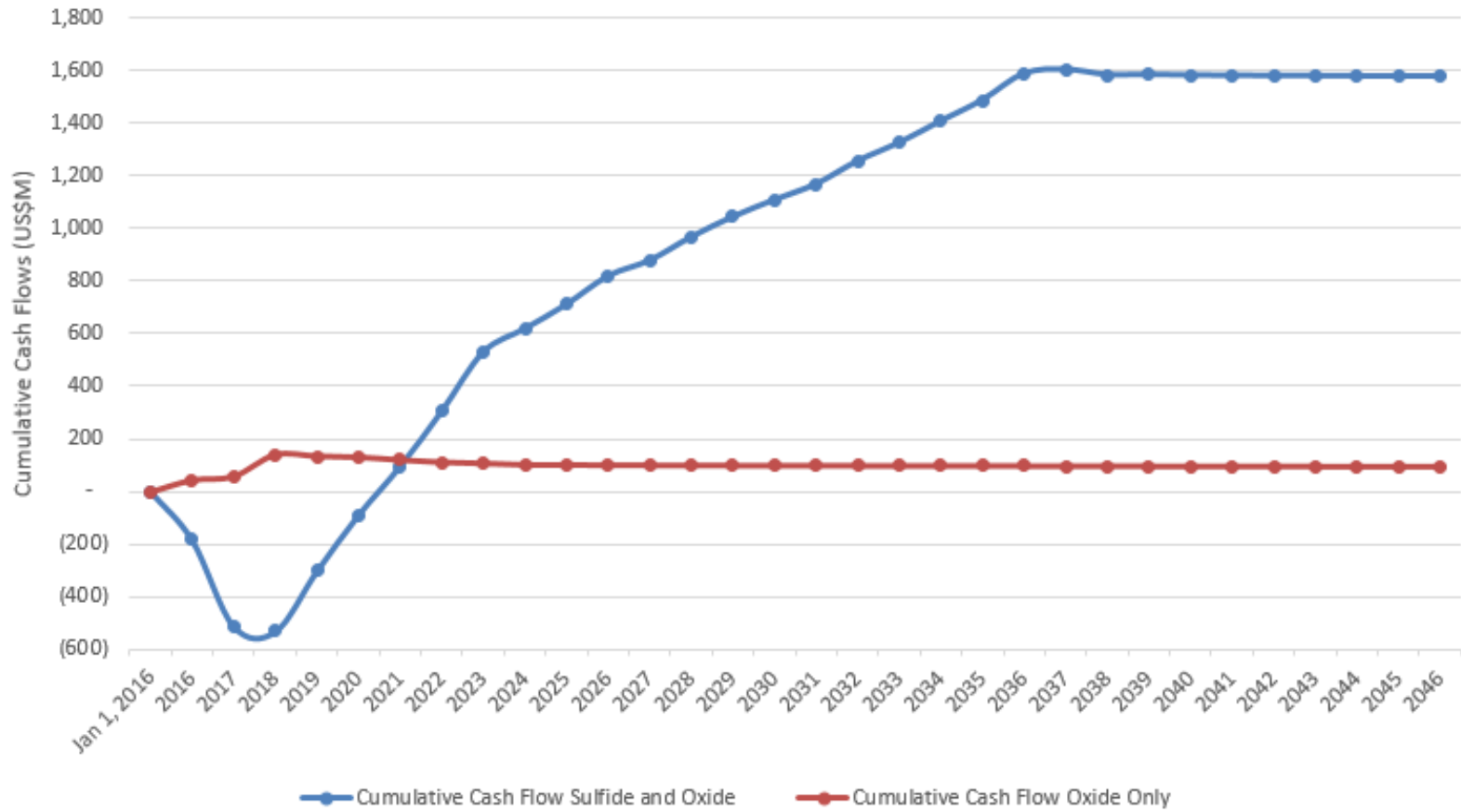
The project payback period, based on the cash flow for the combined sulfide processing and heap leach operation, is 3.0 years following the startup of the POX plant.

LOM cash flows for the Project, the oxide heap leach only case and the differential cash flow between the two are shown in Table 1-10.

Table 1-10 Sulfide Project with Oxide Heap Leach Cash Flow

Year	Gold Price (\$/oz)	Copler Sulfide Project and Oxide Heap Leach (\$M)	Oxide Heap Leach Only (\$M)	Cash Flow Differential (\$M)
2016	1,250	(184)	44	(228)
2017	1,250	(328)	14	(342)
2018	1,250	(20)	81	(101)
2019	1,250	229	(5)	234
2020	1,250	213	(4)	217
2021	1,250	185	(10)	195
2022	1,250	210	(8)	218
2023	1,250	225	(4)	229
2024	1,250	89	(5)	94
2025	1,250	93	(1)	93
2026	1,250	107	(1)	108
2027	1,250	59	(1)	60
2028	1,250	89	(1)	90
2029	1,250	77	(0)	77
2030	1,250	64	(0)	64
2031	1,250	60	(0)	60
2032	1,250	87	(0)	88
2033	1,250	69	(0)	70
2034	1,250	83	(0)	83
2035	1,250	80	(0)	80
2036	1,250	100	(0)	101
2037	1,250	15	(0)	16
2038	1,250	(20)	(0)	(20)
2039	1,250	1	(0)	1
2040	1,250	(3)	(0)	(2)
2041	1,250	(1)	(0)	(1)
2042	1,250	(1)	(0)	(1)
2043	1,250	(1)	(0)	(1)
2044	1,250	(1)	(0)	(1)
2045	1,250	(0)	(0)	(0)
2046	1,250	(0)	(0)	(0)

Figure 1-5 Cumulative Cash Flows for Sulfide Project with Oxide Heap Leach and for the Oxide Heap Leach Only



The sensitivity analyses for NPV and IRR are shown in Figure 1-6 and Figure 1-7 respectively when the gold price, operating cost (Opex), capital costs (Capex) costs, sulfide gold grade and Turkish lira exchange rate assumptions vary.

Figure 1-6 Incremental NPV at 5% Sensitivities

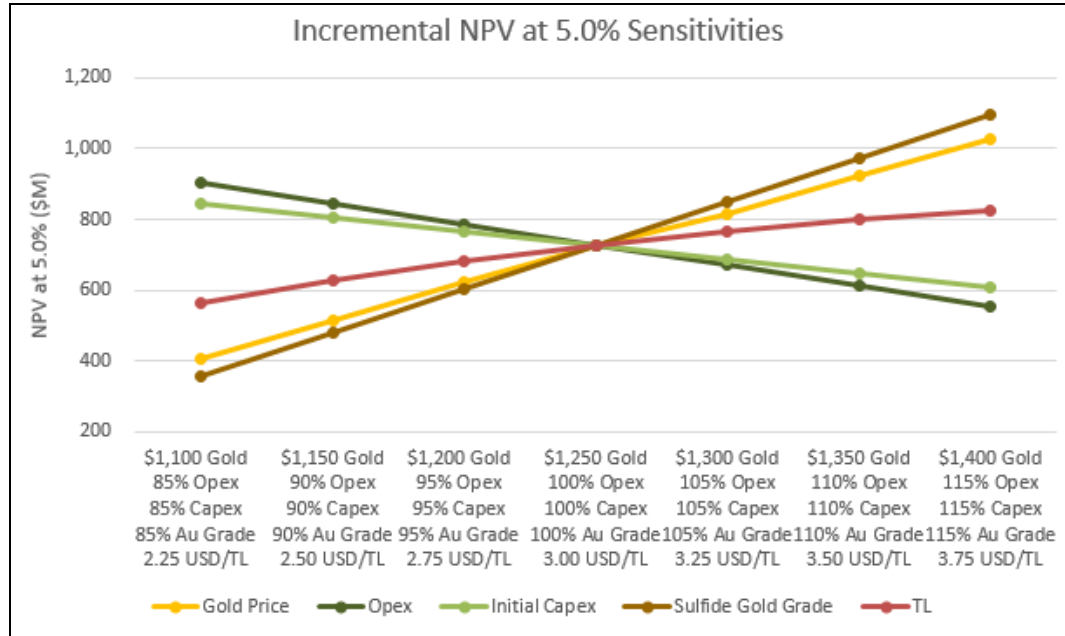
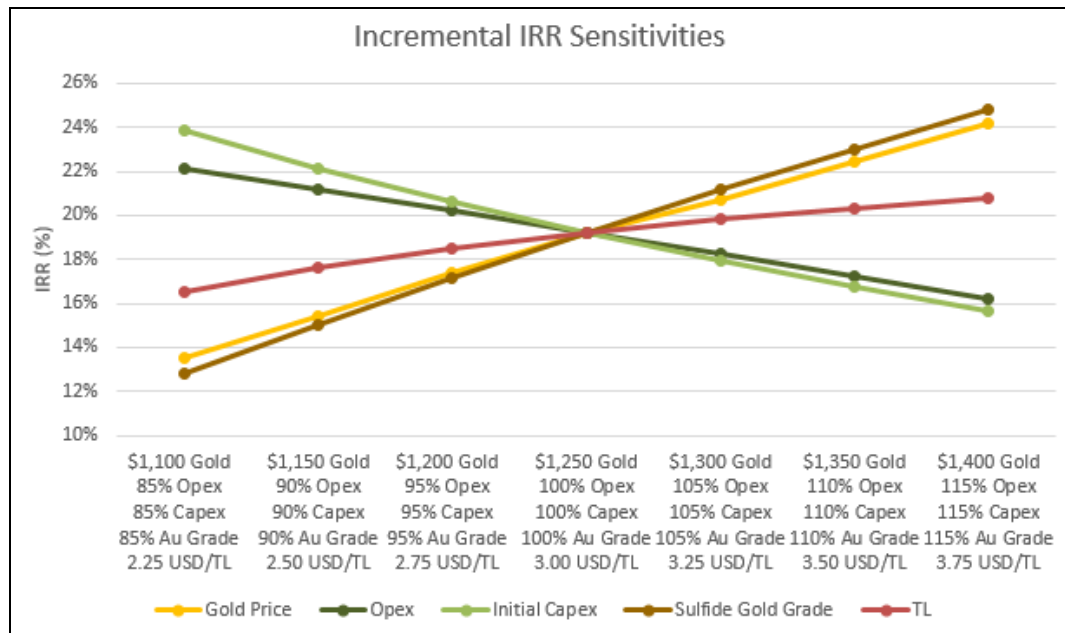


Figure 1-7 Incremental IRR Sensitivities



Figures prepared by Alacer, 2016.

USD = US\$; TL = Turkish Lira; Opex = operating cost; Capex = capital cost.

1.21 Interpretation and Conclusions

Under the assumptions presented in the Report, the currently-operating heap leach operation shows positive economics. The Sulfide Expansion Project is shown to be economically and technically feasible and that the Project should move to construction.

There are no project execution issues identified at this time that could jeopardize the success of the Project.

1.22 Recommendations

Key recommendations by area:

Recommendations made by Amec Foster Wheeler for the drill database:

- Differences noted in the ALS and SGS assays should be corrected in the Datashed master database.
- Anagold should follow QA/QC protocol on lab checks, reassay when outside of acceptable range, and increase blank sample submission.

Recommended as part of the next phase of engineering and design associated with the Project:

- Detailed scheduling and design of the sulfide ore stockpiles should be completed. Results from ongoing metallurgical test work will assist in determining the optimal stockpiling strategy.
- Further refinement of the modeled carbonate and sulfide sulfur grades in the resource model should be completed.
- A detailed pit dewatering and depressurization plan should be designed and implemented to account for the increased depths of mining activities through the sulfide phases of the pit design.

Recommendations for metallurgy and mineral processing identified during the FS engineering:

- It is recommended that an effective heap leach production model be maintained and that the model be calibrated at least annually against actual gold production from the heap leaching facilities.
- Sulfide sulfur content in heap leach feed materials, as well as column and IBRT feed materials should be measured routinely and correlated against gold extraction.
- Perform a study of tailings disposal optimizing slurry disposal and examine slurry disposal versus dry tailings to meet project closure and reclamation requirements.

Some of the recommendations from the ESIA report are:

- An Integrated Water Management Plan will be developed for the Çöpler Mine. The management plan will enable the detailed assessment of process water use and water management during the operation phase as well as planning for the closure lake formation. Integrated water management report will be prepared every 5 years in the light of the estimations stated at the EIA report for the closure and the post-closure period, and will be submitted to the General Directorate of State Hydraulic Works.
- A monitoring program will be conducted in accordance with the commitments in EIA report and reported to the Ministry of Environment and Urban Planning, to the General Directorate of State Hydraulic Works.
- When the project enters the construction phase, and throughout the remaining life of the project, stakeholder engagement will also include:
 - Reporting on the Environmental and Social Management Plan (ESMP) and relevant supporting management plans; and
 - Opportunities for stakeholders to respond to the information received

Additional recommendations for the project are included in Section 26.0 of the Çöpler Technical Report.

Subsequent Events – Çöpler

On December 19, 2016, the Company announced an initial Mineral Resource estimate of 140,000 measured + indicated oxide ounces and 24,000 inferred oxide ounces for the Çakmaktepe near-mine deposits located in the Çöpler District (the “Çöpler District Resource Release”). A copy of this press release can be found on the Corporation’s website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au. The company also announced additional drilling results for the Çakmaktepe North and Çakmaktepe Central deposits. Çakmaktepe Central was formerly considered a part of the Çakmaktepe North deposit, but is now recognized as a separate new mineralized zone. This initial Mineral Resource does not include the most recent drilling and the resource remains open.

The Mineral Resources and Mineral Reserves estimates in the tables below for the Çöpler Mine have been depleted through December 31, 2016 and include the initial Mineral Resource for the Çöpler District announced in December 2016. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Further information is provided in the Çöpler Technical Report and the Çöpler District Resource Release.

Alacer Gold - Measured, Indicated, and Inferred Mineral Resource Summary (As of December 31, 2016)										
Deposit	Resource Category Material	Tonnes (x1000)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained Au (oz x 1000)	Contained Ag (oz x 1000)	Contained Cu (lb x 1000)	Contained Zn (lb x 1000)
Çöpler Mine - Oxide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	21,289	1.02	3.49	0.12	-	696	-	-	-
	Indicated - Oxide Stockpile	7	0.84	-	-	-	0	-	-	-
	Measured + Indicated	21,296	1.02	3.49	0.12	-	697	-	-	-
	Inferred	19,800	0.84	6.72	0.14	-	537	-	-	-
Çöpler Mine - Sulfide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	66,644	2.12	6.00	-	-	4,536	-	-	-
	Indicated - Sulfide Stockpile	7,071	3.38	-	-	-	767	-	-	-
	Measured + Indicated	73,714	2.24	5.42	-	-	5,303	-	-	-
	Inferred	12,716	1.99	12.02	-	-	814	-	-	-
Çöpler Mine - Total	Measured	-	-	-	-	-	-	-	-	-
	Indicated	95,010	1.96	4.99	0.03	-	6,000	-	-	-
	Measured + Indicated	95,010	1.96	4.99	0.03	-	6,000	-	-	-
	Inferred	32,516	1.29	8.79	0.08	-	1,350	-	-	-
Çakmaktepe - Oxide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	2,278	1.76	10.94	-	-	129,000	-	-	-
	Measured + Indicated	2,278	1.76	10.94	-	-	129,000	-	-	-
	Inferred	373	1.89	0.92	-	-	23,000	-	-	-
Bayramdere - Oxide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	145	2.34	20.82	-	-	11,000	-	-	-
	Measured + Indicated	145	2.34	20.82	-	-	11,000	-	-	-
	Inferred	8	2.17	19.95	-	-	1,000	-	-	-
Çöpler District Total	Measured	-	-	-	-	-	-	-	-	-
	Indicated	2,422	1.80	11.53	-	-	140	-	-	-
	Measured + Indicated	2,422	1.80	11.53	-	-	140	-	-	-
	Inferred	381	1.89	1.35	-	-	24	-	-	-

Notes: Further information on this resource estimate is in the Updated Technical Report and the Çöpler District Resource Release both of which can be found on the Corporation's website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au. Mineral Resources are quoted after mining depletion and are inclusive of Mineral Reserves. Mineral Resources are shown on a 100% basis. The key assumptions, parameters, and methods used to estimate the Mineral Resources are provided in the Updated Technical Report and the Çöpler District Resource Release. The Corporation is not aware of any new information or data that materially affects the information included in these tables and that all material assumptions and technical parameters underpinning the estimates in these tables continue to apply and have not materially changed. Rounding differences will occur.

Alacer Gold - Proven and Probable Mineral Reserve Summary (As of December 31, 2016)										
Deposit	Reserve Category Material	Tonnes (x1000)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained Au (oz x 1000)	Contained Ag (oz x 1000)	Contained Cu (lb x 1000)	Contained Zn (lb x 1000)
Çöpler Mine - Oxide	Proven	-	-	-	-	-	-	-	-	-
	Probable	14,298	1.11	4.04	0.11	-	512	-	-	-
	Probable - Oxide Stockpile	7	0.84	-	-	-	0	-	-	-
	Proven + Probable	14,305	1.11	4.04	0.11	-	512	-	-	-
Çöpler Mine - Sulfide	Proven	-	-	-	-	-	-	-	-	-
	Probable	32,530	2.63	7.35	-	-	2,754	-	-	-
	Probable - Sulfide Stockpile	7,071	3.38	-	-	-	767	-	-	-
	Proven + Probable	39,601	2.77	6.04	-	-	3,522	-	-	-
Çöpler Mine Total	Proven	-	-	-	-	-	-	-	-	-
	Probable	53,905	2.33	5.51	0.03	-	4,034	-	-	-
	Proven + Probable	53,905	2.33	5.51	0.03	-	4,034	-	-	-

Notes: Further information on this reserve estimate is in the Updated Technical Report which can be found on the Corporation's website at www.alacergold.com, on www.sedar.com, and on www.asx.com.au. The Mineral Reserve methodology and cut-off grades are discussed in the Updated Technical Report. Mineral Reserves are shown on a 100% basis. The key assumptions, parameters, and methods used to estimate the Mineral Reserves are provided in the Updated Technical Report. The Corporation is not aware of any new information or data that materially affects the information included in these tables and that all material assumptions and technical parameters underpinning the estimates in these tables continue to apply and have not materially changed. Rounding differences will occur.

Gediktepe

The following is the summary contained in the Gediktepe Project Prefeasibility Study dated June 1, 2016 (the “**Gediktepe Technical Report**”) filed on September 13, 2016, and prepared in compliance with NI 43-101 *Standards of Disclosure for Mineral Projects*, which is filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and is available under the Company’s profile at www.sedar.com. The detailed disclosure in the Gediktepe Project Prefeasibility Study is incorporated by reference herein. It should be noted that since the date of the Gediktepe Technical Report any changes that have occurred are detailed in the Subsequent Events – Gediktepe section below.

1.0 SUMMARY

Polimetal Madencilik San. Ve Tic A.S. (Polimetal) assembled a team of consultants to complete a Preliminary Feasibility Study (PFS) for the Gediktepe mining project in Western, Turkey. The project plan utilizes open pit mining to produce gold and silver by heap leaching of oxide mineralization followed by gold, silver, zinc, and copper production by flotation of sulfide mineralization.

The planned production rate for oxide heap leaching is 3,000 tonnes per day (tpd) for three years. Processing of sulfide ore starts in Year 3 at an average rate of 4,500 tpd and ramps up to 6,500 tpd producing a copper concentrate and a zinc concentrate.

The project team was comprised of the three consulting companies listed below and the engineering staff at Polimetal. Polimetal provided input regarding infrastructure costs and owner’s costs.

- Resource Development Inc. (RDi) for process testing and design

- SRK Consulting (U.S.) Inc. (SRK) for pre-feasibility level heap leach pad and tailing storage facility designs.

- Independent Mining Consultants, Inc. (IMC) for resource modeling, mine planning

The deposit is in the Balıkesir province, roughly 42 km straight line distance southeast of the town of Balıkesir. It is about 17 km south-southwest of the town of Dursunbey. A location map is provided in Section 4.0 of the Gediktepe Technical Report.

The Gediktepe project is a massive sulfide deposit hosted in metamorphic schist units. The upper portion of the deposit has been oxidized by surface and ground water. The oxide zone is nearly devoid of base metals. The sulfide zone is polymetallic with economic values of zinc, copper, gold and silver. The major economic minerals are sphalerite and chalcopyrite. Pyrite is ubiquitous.

The data base for this project reflects all drilling completed through August 5, 2015. The mineral resource is based on 487 holes that were drilled by Polimetal. Reverse circulation drilling was utilized for 184 holes and the remaining 303 holes were by diamond drilling. A nearest neighbor comparison of the two drill types demonstrated that both types of drill data are acceptable for estimation purposes. IMC has reviewed and verified the drill hole data, including the QAQC information. As a result of the review and verification, IMC and the qualified person, John Marek, find that the drill hole data is acceptable for the determination of mineral resources and mineral reserves.

The mineral resources were established using a computer based block model to estimate the in-ground mineralization. The component of that mineralization that has reasonable prospects of economic extraction was estimated using the floating cone algorithm. The economic and process input information to the floating cone are summarized in Sections 14 and 15 of the Gediktepe Technical Report.

The Qualified Person for the mineral resources is John Marek of IMC. The mineral resource could change as additional drilling is completed and more detailed process recovery information becomes available. Metal prices could materially change the resources in either a positive or negative way. Table 1-1 summarizes the mineral resources. The stated mineral resources include the mineral reserve.

Table 1-1
Gediktepe, Mineral Resources, 1 June 2016

Material Type Classification	NSR Cutoff \$/t	Tonnages ktonnes	Head Grades				Contained Metal			
			Au gm/t	Ag gm/t	Cu %	Zn %	Au koz	Ag koz	Cu klb	Zn klb
Oxides										
Measured	\$11.70	1,722	2.645	66.5	0.12	0.16	146.4	3,680		
Indicated	\$11.70	<u>2,110</u>	<u>2.561</u>	<u>71.0</u>	<u>0.18</u>	<u>0.35</u>	<u>173.7</u>	<u>4,817</u>		
Meas+Ind.	\$11.70	3,832	2.599	69.0	0.15	0.26	320.2	8,497		
Inferred	\$11.70	213	1.574	63.1	0.13	0.17	10.8	432		
Sulfides										
Measured	\$15.67	12,027	0.777	28.5	1.00	1.89	300.4	11,030	263,824	501,133
Indicated	\$15.67	<u>20,180</u>	<u>0.773</u>	<u>30.1</u>	<u>0.85</u>	<u>1.95</u>	<u>501.5</u>	<u>19,506</u>	<u>378,158</u>	<u>867,540</u>
Meas+Ind.	\$15.67	32,207	0.774	29.5	0.90	1.93	802.0	30,536	641,982	1,368,673
Inferred	\$15.67	1,685	0.807	31.7	0.98	1.80	43.7	1,719	36,256	66,866
Oxides+Sulfides										
Measured	11.70/15.67	13,749	1.011	33.3	0.89	1.67	446.9	14,710	263,824	501,133
Indicated	11.70/15.67	<u>22,290</u>	<u>0.942</u>	<u>33.9</u>	<u>0.79</u>	<u>1.80</u>	<u>675.3</u>	<u>24,323</u>	<u>378,158</u>	<u>867,540</u>
Meas+Ind.	11.70/15.67	36,039	0.968	33.7	0.82	1.75	1,122.1	39,033	641,982	1,368,673
Inferred	11.70/15.67	1,898	0.893	35.3	0.88	1.62	54.5	2,151	36,256	66,866

Notes:

Mineral resources include the mineral reserve

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Qualified Person for the Mineral Resource is John Marek, RM-SME

Summation errors are due to rounding

Metal Prices Used: Gold: \$1,200/oz. Copper: \$3.00/lb. Zinc: \$1.20/lb. Silver: \$18/oz.

Tonnages are reported in 000's of metric tonnes

Contained precious metal reported in 000's troy ounces, contained base metal reported in 000's of lbs.

Contained copper and zinc not reported for oxides. No recovery potential is expected for these metals in the oxide zone

Copper and zinc grades are reported in the oxide zone because they have an impact on process plant design and costs

Floating cone inputs used to define Resource:

-Mining Cost=\$1.47/tonne

-G&A Costs=\$4.78/tonne ore

-Oxide Processing: \$6.92/tonne, Sulfide Processing: \$10.89/tonne

-Pit Slope Angle: 48°

The reader is cautioned that mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be realized or that they will convert to mineral reserves. The contained copper and zinc within the oxide zone are not presented on the statement of mineral resources because there is no process planned to produce those metals in the oxide zone. The grades of copper and zinc are shown because their presence has an impact on the design of the oxide process plant and oxide processing costs.

The Gediktepe deposit will be mined by conventional open pit hard rock mining methods. Polimetall currently plans to utilize a contract mining company to move the ore and waste from the mine. Compared with typical mining practices in North America, Turkish contractors generally utilize small back hoe loading units with relatively small haul trucks. The mine geometries have been designed with 12 meter haul roads and minimum mining widths of ~70 meters.

The Gediktepe PFS plan produces oxide mineralization to a heap leach facility at the rate of 3,000 tpd for just over 3 years. After that period, the minor oxide material that is incurred during sulfide mining will be wasted.

The minor sulfide ores that are incurred in Preproduction and Year 1 are wasted. Sulfide ore that is incurred in Year 2 is stockpiled for processing with fresh ore in Year 3. Both oxide and sulfide ores are processed in Year 3. The crushing circuit is sufficiently large that both oxide and sulfide feed material can be crushed through the circuit on a short term campaign basis. A tripper is planned downstream of crushing so that oxide material goes to agglomeration and then on to the heap leach pad by conveyor. The tripper can also send the sulfide feed to the grinding circuit followed by floatation.

The PFS mine production schedule is summarized on Table 1-2. Total mined material ramps up to 18,500,000 tonnes per year (52,857 tpd) inclusive of both ore and waste. The mine and plant are assumed to operate 350 days per year. Table 1-3 summarizes the feed to the planned process plant and illustrates the recovered metal that is planned for production.

As a result of the mine and process plans that are summarized on Tables 1-2 and 1-3, the total of all proven and probable category material that is planned for processing constitutes the mineral reserve that is presented on Table 1-4. Metal prices used for determining the mineral reserve are about 17% lower than metal price inputs defining the mineral resource. Alternative metal prices were used in the financial analysis presented later. The Qualified Person for the mineral reserve is John Marek of IMC. The mineral reserve could change as more drilling and engineering is completed. Metal prices could materially change the mineral reserve in a positive or negative way. Changes to operating costs could also impact the statement of reserves.

The payable copper and zinc metal within the oxide zone are not presented on the statement of mineral reserves because there is no process planned to produce those metals in the oxide zone. The grades of copper and zinc are shown because their presence has an impact on the design of the oxide process plant and oxide processing costs.

The contained mercury and arsenic in the ore is reported on Tables 1-2 and 1-3 as a check to understand the impact of those elements on processing and marketing of concentrates. Process testing to date indicates that there is minimal risk of smelter penalties due to either mercury or arsenic. Mercury and arsenic are not shown on the statement of reserves as they have no economic impact positive or negative on the project.

The metallurgical test work indicates that the oxide ores will be treated by heap leach and the sulfide ore will be floated to produce two concentrates for zinc and copper. The process flowsheets and associated recoveries are discussed in Section 17 of the Gediktepe Technical Report.

The flowsheet for the heap leach process is shown on Figure 17-1 in the Gediktepe Technical Report. The run-of-mine ore will be crushed in three crushing stages to produce a product with P_{100} of 19 mm. A 19 mm opening screen can be used on the feed to the secondary crusher to remove the finished product. The secondary crusher product will be recycled back to the screen. The crushed ore will be discharged onto a conveyor which will convey the ore to the agglomerating drum.

The flowsheet for processing sulfide ore is presented on Figure 17-2 in the Gediktepe Technical Report. The run-of-mine sulfide ore will be crushed in 3 stages and ground to P₈₀ of 325 mesh using ball mills in the comminution circuit.

Following the grind, a pre-float will be applied to remove talc and fibrous silicates. That will be followed by copper flotation and then zinc flotation to produce two concentrates. Each of the two circuits will incur regrind and 4 stages of cleaning to produce the final concentrates.

The project will require the development of a number of infrastructure items in order to operate. The current approach that utilizes a combination of oxide heap leaching followed by sulfide flotation will require both heap leach and tailing storage facilities.

The major infrastructure items are:

- 1) Heap Leach Pad (HLP): A PFS level design of a heap leach facility was completed by SRK that has 3.6 million tonnes of capacity. The HLP is located immediately southwest of the pit and process plant.
- 2) Tailing Storage Facility(TSF): A PFS level design of a tailing storage facility was completed by SRK with a capacity of 22 million tonnes of flotation tailing. The selected facility is located southwest of the pit and lower in the valley. The TSF is planned for 3 phases of expansion over the mine life using downstream construction.
- 3) Waste Storage Facility (WSF): The waste storage facility is east of the pit and will be discussed in Section 16 of the Gediktepe Technical Report regarding the mine plan.
- 4) Water Supply: A water supply system will be required for the project. The water supply system will include a freshwater pond and a water treatment plant. On site testing for water resources is now underway at the project site.
- 5) Power Transmission Line: A power supply system has been planned by Polimetal that incorporates a new power line from Dursunbey to site following an existing power line route. Cost estimates were developed by Polimetal working with the local Turkish power authorities.
- 6) Bypass road construction: A bypass road will be constructed so that mine traffic will not have to travel through the town of Hacıömerderesi.
- 7) Mine Buildings: A mine camp will be constructed southwest of the project site. Mine site offices, laboratories, warehouses etc. will also be erected southwest of the mine pit.

Figure 1-1 illustrates the overall end of mine life general arrangement drawing. The pit, plant area, waste storage, heap leach pad, and tailing facilities are shown in their final configuration as a result of this PFS mine schedule.

Table 1-2
Gediktepe Mine Production Schedule

Years	Mined Material																			WASTE ktonnes	TOTAL ktonnes
	CUTOFF NSR \$/tonne	Oxide Mined Material								CUTOFF NSR \$/tonne	Sulfide Mined Material										
		ORE ktonnes	NSR \$/tonne	Gold gm/t	Silver gm/t	Copper %	Zinc %	Mercury ppm	Arsenic ppm		ORE ktonnes	NSR \$/tonne	Gold gm/t	Silver gm/t	Copper %	Zinc %	Mercury ppm	Arsenic ppm			
PreProd	\$15.16	92	\$34.63	1.25	32.3	0.37	0.86	2.7	1,486											257	349
Y 1	\$15.16	886	\$68.17	2.15	68.4	0.22	0.50	5.6	1,091	\$14.55	138	\$51.68	0.81	26.9	0.76	1.99	2.1	551		4,740	5,764
Y 2	\$15.16	1,048	\$117.65	3.73	85.9	0.13	0.21	7.5	1,566	\$14.55	379	\$49.92	0.77	28.2	0.79	1.72	1.9	632		9,068	10,495
Y 3	\$15.16	1,048	\$94.92	2.99	76.7	0.10	0.10	6.1	1,420	\$14.55	1,193	\$65.40	0.90	34.5	1.25	1.66	2.3	575		9,317	11,558
Y 4	\$15.16	149	\$104.18	3.05	111.1	0.14	0.16	6.6	1,409	\$14.55	2,275	\$78.33	0.95	30.8	1.67	1.64	1.8	656		10,576	13,000
Y 5	\$15.16	71	\$55.61	1.92	36.1	0.10	0.07	4.3	1,770	\$14.55	2,275	\$80.68	0.97	38.3	1.42	2.62	2.1	681		16,154	18,500
Y 6	\$15.16	14	\$67.98	2.40	32.3	0.09	0.12	4.2	1,415	\$14.55	2,275	\$63.44	0.95	40.0	0.77	2.95	3.3	789		16,211	18,500
Y 7	\$15.16									\$14.55	2,275	\$58.15	0.87	36.1	0.75	2.55	2.4	556		16,225	18,500
Y 8	\$15.16									\$14.55	2,275	\$67.46	1.18	44.8	0.81	3.00	2.8	625		16,225	18,500
Y 9	\$15.16									\$14.55	2,275	\$65.73	1.06	42.9	0.81	2.93	2.5	582		15,090	17,365
Y 10	\$15.16	20	\$27.38	0.98	32.1	0.20	0.07	1.9	706	\$14.55	2,275	\$61.62	1.00	31.6	0.99	2.05	2.1	767		8,308	10,603
Y 11										\$14.55	2,275	\$48.68	0.72	27.9	0.73	1.84	1.4	634		3,756	6,031
Y 12										\$14.55	1,920	\$51.37	0.65	25.6	0.79	2.00	1.2	597		1,479	3,399
Y 13																					
Y 14																					
Y 15																					
TOTAL	\$15.16	3,328	\$92.34	2.92	76.4	0.15	0.26	6.3	1,383	\$14.55	21,830	\$63.90	0.92	35.3	0.98	2.35	2.2	650		127,406	152,564

Sulfide Material Mined in Year 1 and Oxide Material Mined in Years 5-10 assumed to be waste

**Table 1-3
Gediktepe Process Production Schedule**

Years	Heap Leach Material												Mill Feed Material																	
	Oxide Feed Material								Contained Metal		Payable Metal		Sulfide Feed Material								Contained Metal				Sulfide Payable Metal					
	ORE ktonnes	NSR \$/tonne	Gold gm/t	Silver gm/t	Copper %	Zinc %	Mercury ppm	Arsenic ppm	Gold Ozx1000	Silver Ozx1000	Equation Au Kozs	44% Ag Kozs	ORE ktonnes	NSR \$/tonne	Gold gm/t	Silver gm/t	Copper %	Zinc %	Mercury ppm	Arsenic ppm	Gold Ozx1000	Silver Ozx1000	Copper Lbs x 1000	Zinc Lbs x 1000	23% Au Kozs	19% Ag Kozs	67% Cu Mlbs	69% Zn Mlbs		
PreProd																														
Y 1	978	\$65.01	2.06	65.0	0.24	0.53	5.3	1,129	64.8	2,045.1	50.8	901.9																		
Y 2	1,048	\$117.65	3.73	85.9	0.13	0.21	7.5	1,566	125.8	2,893.6	105.3	1,276.1																		
Y 3	1,048	\$94.92	2.99	76.7	0.10	0.10	6.1	1,420	100.9	2,584.0	83.4	1,139.6	1,572	\$61.66	0.87	33.0	1.14	1.68	2.2	589	43.9	1668.4	39,367	58,112	10.1	334.4	26.29	40.26		
Y 4	149	\$104.18	3.05	111.1	0.14	0.16	6.6	1,409	14.6	532.3	12.2	234.8	2,275	\$78.33	0.95	30.8	1.67	1.64	1.8	656	69.3	2254.7	83,809	82,254	15.4	421.8	55.97	56.98		
Y 5													2,275	\$80.68	0.97	38.3	1.42	2.62	2.1	681	70.6	2803.8	71,220	131,406	15.5	509.4	47.56	91.03		
Y 6													2,275	\$63.44	0.95	40.0	0.77	2.95	3.3	789	69.5	2922.4	38,469	147,958	15.8	542.9	25.69	102.50		
Y 7													2,275	\$58.15	0.87	36.1	0.75	2.55	2.4	556	63.6	2638.0	37,616	127,896	14.6	497.8	25.12	88.60		
Y 8													2,275	\$67.46	1.18	44.8	0.81	3.00	2.8	625	85.9	3273.7	40,475	150,465	20.3	633.1	27.03	104.23		
Y 9													2,275	\$65.73	1.06	42.9	0.81	2.93	2.5	582	77.3	3141.4	40,575	146,954	17.9	603.5	27.10	101.80		
Y 10													2,275	\$61.62	1.00	31.6	0.99	2.05	2.1	767	72.8	2312.0	49,854	102,818	17.2	438.7	33.29	71.23		
Y 11													2,275	\$48.68	0.72	27.9	0.73	1.84	1.4	634	52.4	2044.3	36,463	92,285	12.1	389.4	24.35	63.93		
Y 12													1,920	\$51.37	0.65	25.6	0.79	2.00	1.2	597	39.8	1581.1	33,567	84,657	8.8	278.3	22.42	58.65		
Y 15																														
Total	3,223	\$93.66	2.95	77.7	0.15	0.27	6.3	1,378	306.2	8,055.1	251.6	3,552.3	21,692	\$63.98	0.93	35.3	0.99	2.35	2.2	650	645.1	24,639.9	471,416	1,124,806	147.7	4,649.4	314.80	779.21		

Sulfide Material Mined in Year 1 and Oxide Material Mined in Years 5-10 assumed to be waste

Sulfide Payable Recoveries include both Process Plant Recovery and Smelter Payable Estimates.

Table 1-4
Gediketepe Mineral Reserves, 1 June 2016

Classification	Cutoff NSR \$/Tonne	Oxide Mineral Reserves					Payable Metal			
		Oxide Ktonnes	Gold gm/t	Silver gm/t	Copper %	Zinc %	Gold Kozs	Silver Kozs	Copper Mlbs	Zinc Mlbs
Proven	15.16	1,456	2.98	74.7	0.12	0.17	118.0	1,541.4		
Probable	15.16	<u>1,767</u>	<u>2.93</u>	<u>80.3</u>	<u>0.18</u>	<u>0.35</u>	<u>133.6</u>	<u>2,010.9</u>		
Proven+Probable	15.16	3,223	2.95	77.7	0.15	0.27	251.6	3,552.3		

Classification	Cutoff NSR \$/Tonne	Sulfide Mineral Reserves					Payable Metal			
		Sulfide Ktonnes	Gold gm/t	Silver gm/t	Copper %	Zinc %	Gold Kozs	Silver Kozs	Copper Mlbs	Zinc Mlbs
Proven	14.55	10,425	0.84	31.0	1.04	2.05	64.3	1,924.6	160.2	326.6
Probable	14.55	<u>11,267</u>	<u>1.00</u>	<u>39.3</u>	<u>0.93</u>	<u>2.63</u>	<u>83.4</u>	<u>2,724.8</u>	<u>154.6</u>	<u>452.6</u>
Proven+Probable	14.55	21,692	0.93	35.3	0.99	2.35	147.7	4,649.4	314.8	779.2

Classification	Cutoff NSR \$/Tonne	TOTAL MINERAL RESERVES					Payable Metal			
		Total Ktonnes	Gold gm/t	Silver gm/t	Copper %	Zinc %	Gold Kozs	Silver Kozs	Copper Mlbs	Zinc Mlbs
Proven	15.16/14.55	11,881	1.11	36.3	0.93	1.82	182.3	3,466.0	160.2	326.6
Probable	15.16/14.55	<u>13,034</u>	<u>1.26</u>	<u>44.9</u>	<u>0.83</u>	<u>2.32</u>	<u>217.0</u>	<u>4,735.6</u>	<u>154.6</u>	<u>452.6</u>
Proven+Probable	15.16/14.55	24,915	1.19	40.8	0.88	2.08	399.3	8,201.7	314.8	779.2

Notes:

Mineral Reserve Based on Metal Prices of:

\$1,000/oz Gold, \$15.00/oz Silver, \$2.50/lb Copper, \$1.00/lb Zinc

Payable Metal is not shown for copper and zinc in the oxide zone because there is no plan to recover copper or zinc from the oxide zone. Their grades are shown because copper and zinc have an impact on the design of the oxide process and oxide process costs.

The Qualified Person for the Mineral Reserve is John Marek, RM-SME

Pit slope angles are 48 degrees in fresh rock and 42 degrees in weathered rock

Ktonnes are 1000 metric tonnes

Mlbs are millions of pounds of copper and zinc metal

Kozs are 1000 troy ounces of gold and silver.

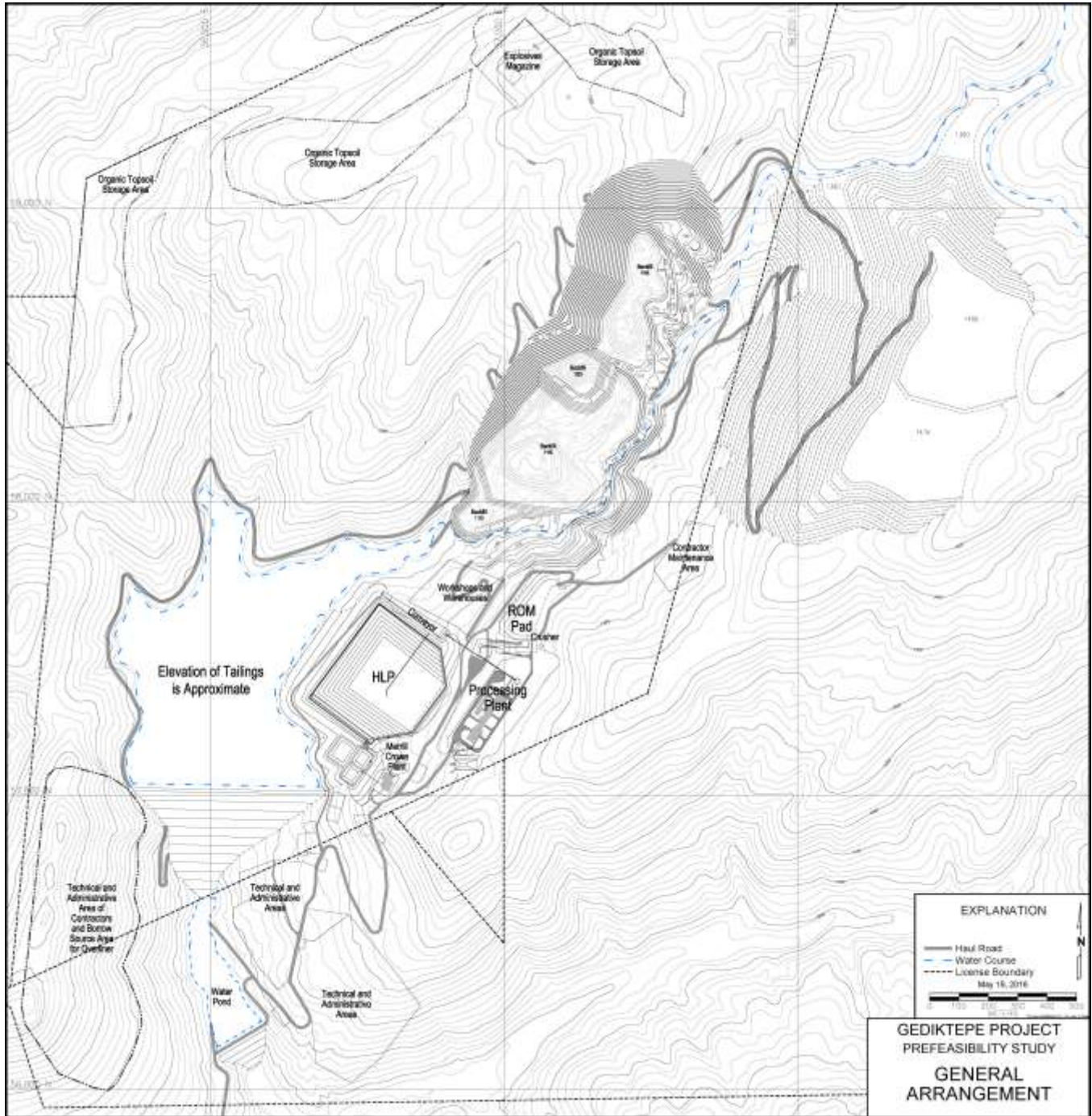


Figure 1-1
 General Arrangement at End of PFS Mine Life

Operating Costs

Operating costs for each component of the project were estimated by the project team. Those costs were combined into the financial analysis that is summarized in Section 22 of the Gediktepe Technical Report.

The operating costs include the costs of mining, processing, and G&A costs. The average operating costs over the life-of-mine by category are provided on Table 1-5.

Mine operating costs are based on a budgetary quote from a Turkish contract mining company. Supervisory, engineering, and ore control costs from Polimetal staff have been added to the contract mining costs. Mine road construction, and topsoil removal are included in the mine operating costs.

Process operating costs were estimated from first principals by RDi. Concentrate treatment and refining costs are based on current typical costs provided by commodity traders.

General and Administrative (G&A) costs were estimated from first principals and include all mine site costs not included in mining or processing costs. This cost covers administration costs and staff, camp costs, employee transportation, government permits, and other necessary expenses.

All costs (operating and capital) are presented in 4th quarter 2015 U.S. Dollars. Costs in Turkish Lira were converted to U.S. Dollars at the exchange rate of: 3.00 Turkish Lira / U.S. Dollar.

Table 1-5
Gediktepe Operating Cost by Category

OPCOST Category	Unit Cost	Units	Total Cost (\$000's)
Mining	1.45	\$/tonne material	221,126.5
Oxide Ore Processing	9.51	\$/tonne ore	30,640.8
Sulfide Ore processing	11.88	\$/tonne ore	257,678.7
Site Wide G&A	7.45	\$/tonne ore	185,661.4
Total:			695,107.5

The average mining cost per tonne ore processed is: \$8.87 per tonne. This equates to an average operating cost of \$25.83/tonne of oxide ore and \$28.20/tonne of sulfide ore.

Capital Cost

Capital costs have been estimated by the three consultants (RDi, SRK and IMC) and the Polimetal staff.

Due to the use of a mining contractor, there are no capital costs for mine mobile equipment. The mine preproduction stripping is shown as a capital cost.

The initial process plant costs during preproduction are for the construction of the oxide processing facilities. The large sustaining plant capital cost shown in Years 1 and 2 is the capital cost for the construction of the sulfide process plant.

Infrastructure costs include the heap leach pad, and the tailing storage facility that is required for the PFS mine schedule. All infrastructure items on page 1-4 are included.

Table 1-6 summarizes the project capital costs.

Table 1-6
Estimated Project Capital Costs, 4th Quarter 2015 USD x 1000

Cost or Income Item	Totals Project Life Costs x1000	Capital Costs in Years Shown, USD x 1000												
		Preprod	Preprod	Year	Year	Year	Year	Year	Year	Year	Year	Year		
		-2	-1	1	2	3	4	5	6	7	8	13		
Capital Costs														
Initial Capital Costs														
Plant	\$ 46,381.2	\$ -	\$ 46,381.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ 41,972.5	\$ 6,089.30	\$ 35,883.16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Investigation and Proj. Eng.	\$ 6,900.0	\$ 6,100.0	\$ 800.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Land purchase	\$ 1,600.0	\$ -	\$ 1,600.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Production Mining	\$ 3,153.9	\$ -	\$ 3,153.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency Avg. 20%	\$ 19,711.2	\$ 2,210.2	\$ 17,501.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 119,718.7	\$ 14,399.5	\$ 105,319.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sustaining Capital Costs														
Plant	\$ 81,052.7	\$ -	\$ -	\$ 27,058.3	\$ 49,994.4	\$ -	\$ -	\$ 2,000.0	\$ -	\$ 2,000.0	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ 23,336.5	\$ -	\$ -	\$ 3,587.7	\$ 6,233.3	\$ 2,180.4	\$ 1,434.8	\$ 2,282.3	\$ 3,686.4	\$ 659.9	\$ 3,271.7	\$ -	\$ -	\$ -
Site Investigation and Proj. Eng.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reclamation	\$ 17,661.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,685.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,976.2
Contingency Avg. 22%	\$ 26,779.8	\$ -	\$ -	\$ 5,751.2	\$ 11,076.4	\$ 683.8	\$ 401.9	\$ 1,969.3	\$ 1,047.9	\$ 557.3	\$ 947.6	\$ 4,344.3	\$ -	\$ -
Subtotal	\$ 148,830.7	\$ -	\$ -	\$ 36,397.3	\$ 67,304.1	\$ 2,864.1	\$ 1,836.7	\$ 8,937.2	\$ 4,734.3	\$ 3,217.1	\$ 4,219.3	\$ 19,320.5	\$ -	\$ -
Total	\$ 268,549.4	\$ 14,399.5	\$ 105,319.2	\$ 36,397.3	\$ 67,304.1	\$ 2,864.1	\$ 1,836.7	\$ 8,937.2	\$ 4,734.3	\$ 3,217.1	\$ 4,219.3	\$ 19,320.5	\$ -	\$ -

The accuracy of the capital estimate is expected to be in the range of + 20% to -15% of the actual project cost for each of the project cost centers except the HLP, TSF and Sulfide Plant costs. The accuracy of the capital cost estimate for those three items is less accurate and expected to be in the range of +30 to -20% of the actual project costs. The applied contingencies by capital cost center are provided in Table 1-7.

Table 1-7
Capital Cost Center Applied Contingency

Cost Area	Conting.
Pre-Production Mining	25%
Oxide Plant	12%
Sulfide Plant	18%
Private Land Purchase	25%
Site Investigation and Engineering	25%
Non TSF/HLP Infrastructure	25%
Non TSF/HLP Reclamation	25%
HLP Construction	32%
TSF Construction	30%
HLP Reclamation	34%
TSF Reclamation	32%

Financial Analysis

The financial analysis utilized the base case capital and operating costs that are summarized in Section 21 of the Gediktepe Technical Report. Additional assumptions in the economic analysis are:

- 1) Base case metal prices of: \$1,250 /oz Gold, \$18.25 /oz Silver, \$2.75/lb Copper, and \$1.00/lb Zinc.
- 2) Sensitivity tests were performed for: metal prices/head grade, operating costs and capital costs.
- 3) Turkish tax rates and incentives have been incorporated into the analysis.
- 4) Discounting is started at the beginning of project construction, and end of year discounting is applied.
- 5) Contingency is applied to capital costs and is variable based on the relative risks assessed by each of the contractors in each area of costing. On average, contingency is in the range of 20 to 22%.

The base case results indicate that the after tax NPV_{5%} of the combined oxide and sulfide project is \$475.2 million, the internal rate of return is 46.5% and that the payback period of the initial capital cost is 2.5 years.

Figure 1-2 summarizes the project cash flows over time.

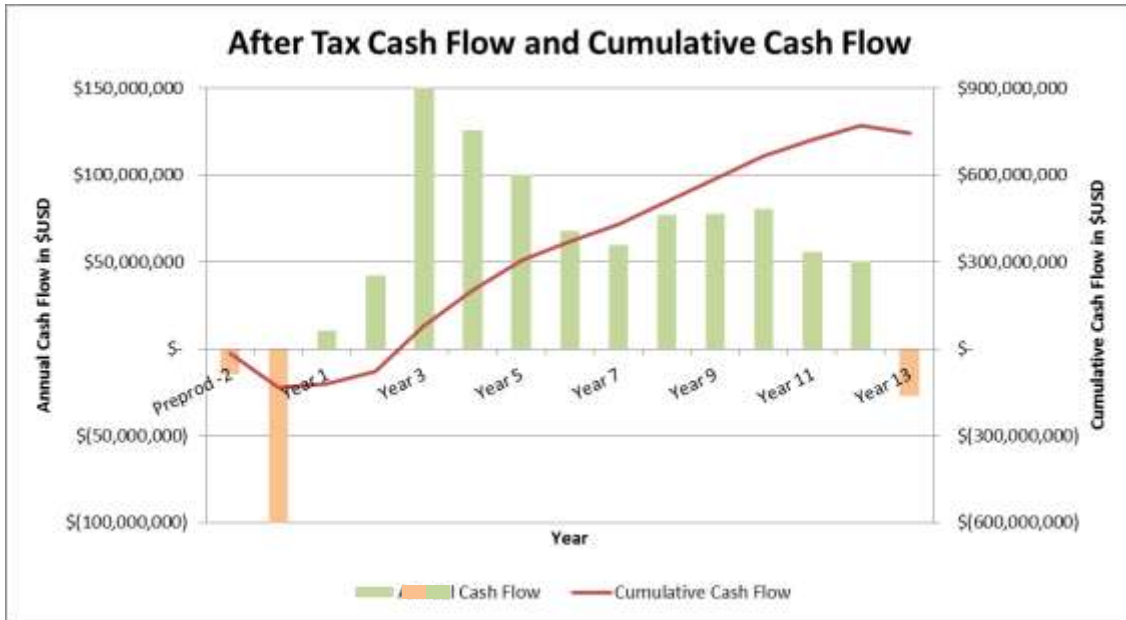


Figure 1-2
Project Cash Flows over Time for the Base Case Metal Prices

The project is robust to changes in metal prices (which corresponds to changes in recovery or changes in head grade), operating costs and capital costs. Figure 1-3 summarizes the internal rate of return versus changes in metal price, operating costs, and capital costs. The project is most sensitive to changes in metal price. Figure 1-4 illustrates the response of the project's Net Present Value at a 5% discount rate as the metal price, operating costs, and capital costs are varied.

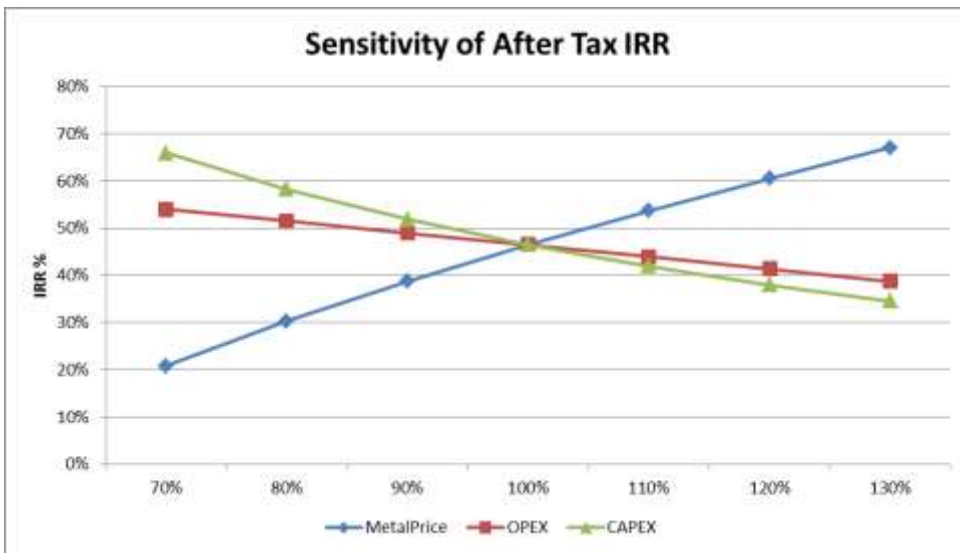


Figure 1-3
Project IRR Sensitivity to Input Parameters

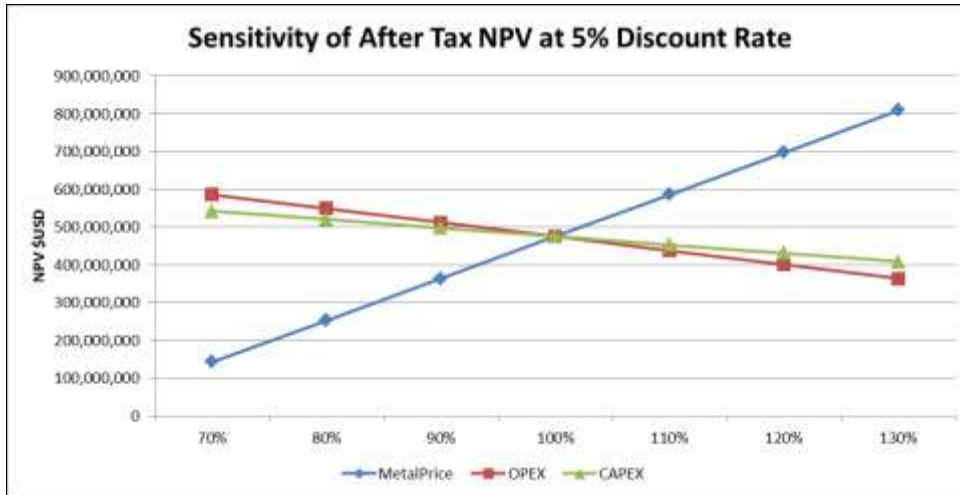


Figure 1-4
Project NPV_{5%} Sensitivity to Input Parameters

In response to current volatility of the metal markets Polimetal desired to present a sensitivity of the project economics at metal prices more conservative than the base case prices used. The metal prices used in this conservative evaluation are: \$950/oz. Au, \$13.50/oz. Ag, \$2.25/lb Cu, and \$0.80/lb Zn. The economic indicators at these metal prices are an after tax NPV_{5%} of \$243.8 million and a 28.9% IRR.

Conclusions and Recommendations

This prefeasibility study indicates that the Gediktepe project is an economically robust project over a wide range of metal price assumptions and project cost estimates. Processing testing that was completed during the last year has developed a flow sheet and approach for the sulfides that produces marketable concentrates for both copper and zinc at reasonable process recoveries.

The heap leach component of the project can be quickly moved toward production with financial commitment to geotechnical data collection and additional metallurgical testing followed by more detailed engineering of the heap leach facility and oxide process plant design.

The development of sulfide mining and processing can be established during the oxide production period and consequently has several years available to complete: preproduction stripping, detailed testing, detailed engineering, and construction.

There are a number of tasks that are recommended for continued development of the project. A specific list is presented in Section 26 of the Gediktepe Technical Report. Some of the major items are:

- 1) Drill hole data QAQC for the sulfide zone of the deposit should be improved with more checks, and standards as drilling continues.
- 2) Complete the geotechnical investigation and design for all of the project infrastructure items.
- 3) Complete detailed site wide water balance for input to design.
- 4) Continue the current efforts to obtain environmental permits as time and engineering warrants.
- 5) Continue process metallurgical testing to provide final details for plant design.

The costs and timing of these tasks have been addressed in the estimated project capital cost in Section 21 of the Gediktepe Technical Report and execution schedule in Section 24 of the Gediktepe Technical Report.

Subsequent Events – Gediktepe

Since the filing of the Gediktepe Technical Report, there have been no subsequent events that have occurred at Gediktepe.

MARKETS AND CONTRACTS FOR SALE

Markets and contracts for sale:

Gold can be readily sold through numerous markets and buyers throughout the world and it is not difficult to ascertain its market price at any particular time. Because of the active nature of gold markets, the Company is capable of achieving competitively priced transactions at the time of sale.

The Company's gold production is currently refined to market delivery standards by the Istanbul Gold Refinery (Istanbul, Turkey) and METALOR Technologies S.A. (Switzerland). The Company currently believes that due to the availability of alternative refiners, no material adverse effect would result if one of the Company's current refiners were unable to process its product.

DIVIDENDS AND DISTRIBUTIONS

On February 10, 2013, the Company announced that it was going to adopt a dividend policy to return a minimum of 20% of free cash flow to the Company's shareholders annually beginning in 2014. On March 6, 2013, the Company adopted a dividend policy with the following terms:

Subject to receipt by the Board of a solvency certificate in advance of each annual dividend declaration, the Company shall, at the discretion of the Board, declare an annual dividend beginning in 2014 on all of the issued and outstanding common shares in the aggregate amount equal to twenty percent (20%) of the Company's free cash flow (as determined by the Board in its sole discretion) payable on such dates as the Board may determine appropriate.

Free cash flow for the Corporation totaled \$12.4 million during 2013 and on March 12, 2014, the Corporation's Board of Directors declared a dividend of \$0.02 per share (approximately \$5.8 million) payable on April 15, 2014 (in Canada) to shareholders of record at the close of business on March 31, 2014.

In February 2015, the Board of Directors resolved to suspend the Corporation's dividend policy due to likely capital expenditure commitments, including the Sulfide Project.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares, and an unlimited number of preferred shares, issuable in series. As of December 31, 2016 there were 292,144,883 common shares and no preferred shares outstanding.

Common Shares

Each common share entitles the holder thereof to receive notice of, and to attend, all meetings of the shareholders of the Company and to cast one vote for each common share held at all meetings of the shareholders. Holders of common shares are entitled to receive equally, share for share, all dividends declared by the Board of Directors at its discretion from funds legally available therefore and, upon the liquidation, whether voluntary or involuntary, or any other distribution of assets of the Company for the purpose of winding up its affairs, the holders of common shares are entitled to receive on a pro-rata basis the payment of dividends and distribution of the assets of the Company.

Preferred Shares

Preferred shares may, at any time or from time to time, be issued in one or more series. As of the date of this AIF, there are no preferred shares outstanding. The Board shall fix before issue, the number of, the consideration per share of, the designation of, and the provisions attaching to the shares of each series. Except as required by law or as otherwise determined by the Board of Directors in respect of a series of shares, the holder of a preferred share shall not be entitled to vote at meetings of shareholders.

Preferred shares of each series rank on a priority with the preferred shares of every other series and are entitled to preference over the common shares and any other shares ranking subordinate to the preferred shares with respect to priority and with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of preferred shares, the Company may redeem all, or from time to time, any part of the outstanding preferred shares on payment to the holders of the redemption price per share and all unpaid dividends declared on such share. A holder of preferred shares will also be entitled to require the Company to redeem at any time, and from time to time after the date of issue of any preferred shares, all or any number of the preferred shares registered in the name of such holder at the redemption price per share, together with all unpaid dividends declared on such shares.

Share Incentive Plans

Restricted Stock Unit Plan

On June 27, 2014, the Company's shareholders adopted a renewal of the Company's Restricted Stock Unit Plan (the "**2014 RSU Plan**") to replace the previous Restricted Stock Unit Plan that was adopted on June 2, 2011 (the "**2011 RSU Plan**", and, together with the 2014 RSU Plan, the "**RSU Plans**"). Pursuant to the rules of the TSX, equity-based compensation plans whereby the maximum number of securities issuable thereunder is set as a fixed percentage of the listed issuer's issued and outstanding securities from time to time are subject to renewal approval by shareholders every three years. Full plan text of the 2014 RSU Plan and 2011 RSU Plan were attached to the Corporation's Circulars dated May 2, 2014, and April 28, 2011, respectively, and are available on SEDAR at www.sedar.com.

The Compensation Committee administers the RSU Plans and eligible participants include employees, senior officers, directors and service providers of the Corporation or any of its affiliates (the "**RSU Participants**", each participant being an "**RSU Participant**"). The Compensation Committee determines the RSU Participants to whom an RSU grant will be made based on the RSU Participant's current and potential contribution to the success of the Corporation, and the terms of each grant.

Each RSU granted under the RSU Plans entitles the RSU Participant, at the end of the grant period, to receive one Share (or CDI at the election of the RSU Participant) or, at the option of the Corporation or as otherwise required by the RSU Plans, payment in cash for the equivalent of one Share, provided: (i) the RSU Participant continues to be employed or engaged by the Corporation or any of its affiliates; and (ii) all other terms and conditions of the grant have been satisfied. The grant of an RSU does not entitle the RSU Participant to exercise any voting rights, receive any dividends or exercise any other right which attaches to ownership shares of the Corporation. The rights or interests of an RSU Participant under the RSU Plans is not assignable or transferable, other than by will or the laws governing the devolution of property in the event of death. Further, such rights or interests are not to be encumbered.

The RSU Plans include certain protections for RSU Participants in the event of a change in control of the Corporation or the death of the RSU Participant. In the case of a change in control, a RSU Participant will be entitled, subject to certain conditions, to receive, in full settlement of an RSU covered by a grant, the number of shares or CDIs (or the cash payment) that would have been issued to that RSU Participant. In the event of the death of a RSU Participant while in the service of the Corporation or one of its affiliates, the RSU Plans provide for the issuance of shares (or a cash payment) to the RSU Participant's estate for any outstanding RSUs covered by a grant.

Upon the termination of the RSU Participant's employment or service with the Corporation for any reason other than death, any RSUs covered by a grant with respect to which the payment date has not occurred and for which RSUs have not been issued are automatically forfeited and the RSU Participant is not entitled to any compensation for loss of any benefit under the RSU Plans.

The aggregate number of shares (including for the purpose of issuing CDIs) issuable pursuant to the 2014 RSU Plan, together with the aggregate number of shares issuable under any other previously established or proposed share compensation arrangement of the Corporation, is capped at 5% of the total number of issued and outstanding shares (calculated on a non-diluted basis). The aggregate value of RSUs awarded to non-executive directors within any one-year period under the RSU Plan, together with all other security based compensation arrangements of the Corporation, is capped at 1% of the total number of issued and outstanding shares (calculated on a non-diluted basis) and the award value of all awards is capped at \$150,000 in value of equity per non-executive director. The maximum number of shares issuable to Insiders (as defined in the Securities Act (Ontario)) under the 2014 RSU Plan, or when combined with any other previously established or proposed share compensation arrangements, at any time or issued within any one-year period, is capped at 5% of the issued and outstanding shares (calculated on a non-diluted basis).

The Board, subject to certain restrictions, may from time to time amend, suspend or terminate the RSU Plans in whole or in part without further Shareholder approval. In addition, in the event of certain alterations of the Corporation's Share capital, including a dividend being declared on the Corporation's shares that is payable in shares, the Board has the discretion to adjust the number of RSUs with respect to grants made pursuant to the RSU Plans.

As of January 13, 2017, there were 2,815,900 RSUs issued and outstanding under the 2014 RSU Plan redeemable for 2,815,900 shares or CDIs (representing approximately 0.96% of the issued and outstanding shares), leaving approximately 11,791,344 RSUs (representing approximately 4.04% of the issued and outstanding shares) available for future grants under the 2014 RSU Plan. As of January 13, 2017, there were 284,500 RSUs issued and outstanding under the 2011 RSU Plan redeemable for 284,500 shares or CDIs (representing approximately 0.10% of the issued and outstanding shares). No additional grants will be made under the 2011 RSU Plan and this plan will only remain in effect until all RSUs issued under 2011 RSU Plan either vest or are forfeited.

Performance Share Unit Plan

On August 20, 2014, the Compensation Committee and the Board adopted a Performance Share Unit Plan (the “**PSU Plan**”) to more fully align executive long-term compensation to the Corporation’s performance.

Each PSU granted entitles the participant, at the end of the applicable performance period, to receive a payment in cash for the equivalent value of one share provided: (i) the participant continues to be employed or engaged by the Corporation or any of its affiliates; and (ii) all other terms and conditions of the grant have been satisfied, including the performance metrics associated with each PSU. The grant of a PSU does not entitle the PSU Participant to exercise any voting rights, receive any dividends or exercise any other right which attaches to ownership of shares of the Corporation.

The PSU Plan includes certain protections for PSU Participants in the event of a change in control of the Corporation or the death of the PSU Participant. In the case of a change in control, a PSU Participant will be entitled, subject to certain conditions, to receive, in full settlement of a PSU covered by a grant, the cash payment that would have been issued to that PSU Participant. In the event of the death of a PSU Participant while in the service of the Corporation or one of its affiliates, the PSU Plan provides for the issuance of a cash payment to the PSU Participant’s estate for any outstanding PSUs covered by a grant.

Upon the termination of the PSU Participant’s employment or service with the Corporation for any reason other than death, any PSUs covered by a grant with respect to which the payment date has not occurred and for which PSUs have not been issued are automatically forfeited and the PSU Participant is not entitled to any compensation for loss of any benefit under the PSU Plan.

For the current outstanding PSU awards, the Compensation Committee established three performance criteria to determine eventual PSU payouts: gold production, all-sustaining cost reduction, and TSR relative to the Corporation’s compensation peer group. As of January 13, 2017, there were 3,216,480 PSUs issued and outstanding under the PSU Plan.

Deferred Share Unit Plan

On April 17, 2014, the Board of Directors adopted a new deferred share unit plan (the “**2014 DSU Plan**”) as a component of director compensation. Under the 2014 DSU Plan, DSUs are paid in cash when a director retires from the Board based on the market value of the Corporation’s shares on the TSX on the date of retirement.

DSUs are not considered shares of the Corporation and, as such, they do not confer the rights to their holders which Shareholders of the Corporation are normally entitled to; however, dividend equivalent payments will be awarded in respect of DSUs held by a participant on the same basis as dividends declared and paid on Common shares as if the participant was a Shareholder of record of Common shares on the relevant record date. As of January 13, 2017, there were 446,641 DSUs issued and outstanding under the 2014 DSU Plan.

MARKET FOR SECURITIES

Common Shares and CDIs

Following completion of the Merger, on February 18, 2011, the common shares of the Company trade on the TSX under the symbol ASR and the CDIs issued pursuant to the Merger trade on the ASX under the symbol AQG.

The following table indicates the high and low price and the volume of the common shares on the TSX for each month of 2016:

<u>Month</u>	<u>High Price</u>	<u>Low Price</u>	<u>Volume</u>
January 2016	C\$2.93	C\$2.07	682,380
February 2016	C\$2.81	C\$2.16	1,102,350
March 2016	C\$2.97	C\$2.35	1,376,138
April 2016	C\$3.46	C\$2.30	1,259,145
May 2016.....	C\$3.57	C\$2.86	1,023,091
June 2016	C\$3.16	C\$2.86	1,205,011
July 2016.....	C\$3.64	C\$3.05	1,021,299
August 2016.....	C\$3.50	C\$2.88	610,549
September 2016.....	C\$3.79	C\$2.87	1,329,605
October 2016.....	C\$3.31	C\$2.64	1,058,136
November 2016.....	C\$2.96	C\$2.22	1,249,833
December 2016	C\$2.61	C\$1.75	4,071,290

The following table indicates the high and low price and the volume of the CDIs on the ASX for each month of 2016:

Month	High Price	Low Price	Volume
January 2016	A\$2.91	A\$2.07	162,866
February 2016	A\$2.83	A\$2.19	575,564
March 2016	A\$2.88	A\$2.40	599,220
April 2016	A\$3.46	A\$2.38	513,763
May 2016.....	A\$3.70	A\$3.05	439,444
June 2016	A\$3.40	A\$2.99	285,580
July 2016.....	A\$3.75	A\$3.09	639,911
August 2016.....	A\$3.51	A\$3.01	251,734
September 2016.....	A\$3.85	A\$2.96	271,821
October 2016.....	A\$3.45	A\$2.61	367,310
November 2016.....	A\$2.93	A\$2.25	488,344
December 2016	A\$2.64	A\$1.88	552,659

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

Set forth below are the names and municipalities of residence of the directors and officers of the Company as of December 31, 2016, their positions held with the Company, the date on which each became a director or officer and their principal occupations during the preceding five years:

- Rodney P. Antal, of Denver, Colorado, U.S.A., has held the position of President and Chief Executive Officer and executive director since August 13, 2013. Mr. Antal's principal occupation during the five preceding years includes acting as Chief Financial Officer of the Company since May 2012, and prior to his position with Alacer Gold, Mr. Antal held various senior management positions within the Rio Tinto Group, most recently including Chief Financial Officer of Rio Tinto Minerals and Global Head of Shared Services.
- Mark E. Murchison, of Denver, Colorado, U.S.A., has held the position of Chief Financial Officer since August 13, 2013. Mr. Murchison's principal occupation during the five preceding years includes serving as the Company's Senior Vice President – Finance since January 8, 2013. Prior to joining the Company, Mr. Murchison held management positions within Rio Tinto Group over a 12 year period, including the position of General Manager Financial Controller Iron Ore, Chief Financial Officer of Rio Tinto's Global Exploration group, as well as various positions globally within the Rio Tinto Tax Department.
- Thomas R. Bates, Jr., of Fort Worth, Texas, U.S.A., has been a Director at Alacer Gold since April 17, 2014. His principal occupation during the five preceding years includes serving as an adjunct professor since 2011 at the Neeley School of Business within Texas Christian University. Before his role at the university, Mr. Bates served as Managing Director, and then Senior Advisor, for thirteen years at Lime Rock Partners, an energy focused private equity firm investing in differentiated oil and gas oriented businesses. Mr. Bates is also currently on the Board of Directors at Tetra Technologies, Inc. and Independence Contract Drilling, Inc. Mr. Bates is Chair of Alacer Gold's Compensation Committee and is a member of the Audit Committee and Environment, Health, Safety & Sustainability Committee.
- Stewart Beckman, of Brisbane, Australia, has held the position of Chief Operating Officer since June 2016. His principal occupation during the five preceding years includes serving as Global Lead for Group Working Capital Reduction and Senior Vice President Operations and Technical Development for Turquoise Hill Resources and Director Oyu Tolgoi Expansion. Mr. Beckman spent 19 years with Rio Tinto working across a number of product groups in senior leadership, minerals processing, mining operations and project development roles and has more than 20 years of experience in the mining and minerals processing industry. Prior to joining Rio Tinto, he spent seven years in a variety of operational roles at Placer Dome.

- Edward C. Dowling, Jr., of Greenwood Village, Colorado, U.S.A., was appointed as Chairman of the Board on April 17, 2014 and has been a Director since February 20, 2008. Mr. Dowling's principal occupation during the five preceding years includes board service and serving as President and Chief Executive Officer of the Company until August 2012. Mr. Dowling is also a director of Detour Gold and Teck Resources Ltd. Mr. Dowling is also the chairman of privately held company, Polyus Open Joint Stock Company (PJSC), which currently has about 4.5% of its shares trading on the Moscow Stock Exchange. Mr. Dowling also serves as the Chair of the Environmental, Health, Safety & Sustainability Committee.
- Richard P. Graff, of Denver, Colorado, U.S.A., was appointed as Independent Lead Director of the Board on April 17, 2014, and has held the position of Director since July 24, 2008. Mr. Graff also served as Interim Chairman of the Board from September 10, 2013 through April 16, 2014. Since his retirement as partner from PricewaterhouseCoopers LLP, Mr. Graff's principal occupation during the five preceding years has been board service and as an advisor to the mining industry. Mr. Graff also served as a member of the Financial Accounting Standards Board task force for establishing accounting and financial reporting guidance in the mining industry. He represents a consortium of international mining companies and has provided recommendations to the International Accounting Standards Board on mining industry issues and to regulators on industry disclosure requirements of securities legislation. Mr. Graff serves on the Board of Directors and is Chairman of the Audit Committees of Yamana Gold Inc. and DMC Global, Inc. (formerly Dynamic Materials Corp.). Mr. Graff is Chairman of the Audit Committee and is a member of the Company's Compensation Committee and Corporate Governance & Nominations Committee.
- Roy Kim, of Denver, Colorado, U.S.A., has been with Alacer Gold since November 2010. Mr. Kim's principal occupation during the five preceding years with the Company includes serving as Vice President Corporate Development & Investor Relations, and previously as Merger Integration Director. Prior to Mr. Kim's position with the Company, he was Vice President Business Development at Gold Fields Limited.
- Anna Kolonchina, of Zurich, Switzerland, has been a Director at Alacer Gold since September 15, 2014. Ms. Kolonchina's principal occupation during the five preceding years has been serving as Executive Managing Director at Nafta Moskva from 2009 through 2014. Since November 2016 she has served as Chief Investment officer at Renova Management AG. Ms. Kolonchina is a member of Alacer Gold's Audit Committee and Corporate Governance & Nominations Committee.
- Alan P. Krusi, of Eugene, Oregon, U.S.A., has been a Director at Alacer Gold since September 15, 2014. Mr. Krusi's principal occupation during the five preceding years has been at AECOM Technology, serving as President, Strategic Development since October 2011, and as Executive Vice President for Corporate Development from August 2008 until October 2011. Currently, Mr. Krusi is a Board member at Comfort Systems USA, Inc., Layne Christensen, and Lithko Contracting, Inc. Mr. Krusi is a member of Alacer Gold's Compensation Committee, Environment, Health, Safety & Sustainability Committee and Corporate Governance & Nominations Committee, which he chairs.

- John M. LeRoux, of Edinburgh, Scotland, has been with Alacer Gold since May 2011 as the General Manager of Alacer's Çöpler Operation in Turkey and was promoted to Country Manager and Senior Vice President in 2013. His principal occupation during the five preceding years includes serving as General Manager of the Kışladağ Mine in Turkey and Vice President of Operations for Kumtor Operating Company in Kyrgyzstan.
- Michael J. Sparks, of Parker, Colorado, U.S.A., has been with Alacer Gold since December 2012 and currently serves as the Company's Chief Legal Officer & Secretary. Mr. Sparks' principal occupation during the five preceding years includes serving as the General Counsel and Associate General Counsel of the Company. Prior to joining Alacer Gold, Mr. Sparks was an associate with King & Spalding LLP in Houston, Texas and subsequently at Davis Graham & Stubbs LLP in Denver, Colorado where he represented both private and public companies.

All directors hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Based on information available to the Company, as of December 31, 2016, approximately 1,925,571 common shares of the Company were beneficially owned, directly or indirectly, by the directors and executive officers of the Company as a group, representing approximately 0.66% of the current outstanding share capital of the Company on a non-diluted basis and 2,098,730 common shares were reserved for RSUs granted in favor of the directors and executive officers of the Company as a group representing, together with the aforementioned common shares and RSUs, approximately 0.72% of the current outstanding share capital of the Company on a fully-diluted basis.

Bankruptcies; Corporate Cease Trade Orders

No director or officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or within the past ten years has been, a director or officer of any other issuer that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, trustee or receiver manager appointed to hold its assets.

No director or officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or within the past ten years been, a director or officer of any other issuer that, while that person was acting in that capacity, been the subject of a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or has been, after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer the subject of a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers and shareholders of other companies that are similarly engaged in the mining, exploration and development of mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any property or opportunity. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

Audit Committee

The Company's Audit Committee is responsible for, among other things, monitoring its accounting and financial reporting practices, the adequacy of its internal accounting systems, controls and procedures, and liaising and reviewing accounting matters with the Company's external auditors. In addition to its audit function, the Audit Committee reviews the risk identification and management process developed by management to confirm it is consistent with the Company's strategy and business plan. The Audit Committee consists of three members, specifically Richard P. Graff (Chair), Thomas R. Bates, Jr. and Anna Kolonchina. All of the members of the Audit Committee are independent of the Company within the meaning of applicable Canadian securities laws and all of the members are financially literate. A copy of the Audit Committee's charter is appended to this AIF as Appendix "A".

Mr. Graff is the Chairman of the Audit Committee and is a retired partner from PricewaterhouseCoopers LLP where he served as the Audit Leader in the United States for the mining industry. Since his retirement, Mr. Graff has been an advisor to the mining industry and was a member of a Financial Accounting Standards Board task force for establishing accounting and financial reporting guidance in the mining industry. Mr. Graff represents a consortium of international mining companies and has provided recommendations to the International Accounting Standards Board on mining industry issues and to regulators on industry disclosure requirements of securities legislation. Mr. Graff currently serves on the Board of Directors at Yamana Gold Inc. and DMC Global Inc. (formerly Dynamic Materials Corp.) as Chairman of the Audit Committees.

Mr. Bates has 35 years' experience in oil service management and operations. Mr. Bates is currently an adjunct professor in the finance department at the Neeley School of Business at Texas Christian University, where he also serves as co-chair of the Advisory Board for the Energy MBA. He spent 15 years at Schlumberger in both domestic and international locations, served as President of the Discovery Group of Baker Hughes, and was later the Managing Director and Senior Advisor for thirteen years at Lime Rock Partners, an energy focused private equity investment firm investing in differentiated oil and gas oriented businesses. Mr. Bates has previously served on the Board of Directors at Hercules Offshore, Inc., Natco Group, Inc. and T-3 Energy Services and is currently serving on the Board of Directors at Tetra Technologies, Inc. and Independence Contract Drilling, Inc.

Ms. Kolonchina is a seasoned investment specialist, she has over 15 years' experience in investment banking. Currently, Ms. Kolonchina is serving as a Chief Investment Officer at Renova Management AG, she previously served as the Executive Managing Director of Nafta Moskva. Prior to that, Ms. Kolonchina served as Chief Financial Officer and Vice President of Economy & Finances at PIK Group Open Joint-Stock Company, and as Managing Director at Wainbridge Limited. Ms. Kolonchina gained substantial experience in global financial markets during the 12 years she worked for Deutsche Bank AG in their Moscow and London offices. While at Deutsche Bank, Ms. Kolonchina was the Director of the EMEA Debt Capital Markets department within Global Markets. Ms. Kolonchina has also built her knowledge of the international gold mining industry while serving as a Director of OJSC Polyus Gold since 2010 and as a Director of Polyus Gold International, Ltd. since July 2011. Ms. Kolonchina has also served as a Director of the Uralkali Open Joint Stock Company and PIK Group Open Joint-Stock Company.

There has been no recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors. The Audit Committee has not adopted any policies and procedures for the engagement of non-audit services.

The following are audit fees, audit related fees, tax fees and all other fees billed by the Company's external auditors in each of the last two fiscal years.

<u>Fiscal Year</u>	<u>Audit Fees</u> ⁽¹⁾	<u>Non-Audit Fees</u> ⁽²⁾	<u>Tax Fees</u> ⁽³⁾	<u>All Other Fees</u> ⁽⁴⁾
2016	\$603,568	Nil	Nil	66,745
2015	\$643,880	Nil	Nil	35,000

(1) "Audit Fees" refer to fees billed for audit services.

(2) "Non-Audit Fees" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees".

(3) "Tax Fees" refer to fees billed for advice related to tax compliance, tax advice and tax planning.

(4) "All Other Fees" refer to fees billed for services not included in the categories of "Audit Fees", "Audit-Related Fees" and "Tax Fees".

Other Committees of the Board

Environmental, Health, Safety and Sustainability Committee

The Environmental, Health, Safety and Sustainability Committee reviews and makes recommendations regarding the Company's activities, programs and policies concerning environmental, health, safety and sustainability matters. The Environmental, Health, Safety and Sustainability Committee consists of three members, specifically, Edward C. Dowling, Jr. (Chair) Thomas R. Bates, Jr. and Alan P. Krusi.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee reviews and makes recommendations regarding the Company's approach to corporate governance issues, succession planning and identifying and nominating candidates for executive and non-executive director positions. The Corporate Governance and Nominations Committee consists of three members, specifically Alan P. Krusi (Chair), Richard P. Graff and Anna Kolonchina.

Compensation Committee

The Compensation Committee is responsible for reviewing and making recommendations to the Board of Directors concerning the appointment, compensation, benefits and termination of officers and all other senior employees of the Company and for making recommendations in respect of the remuneration of the Board of Directors. The Compensation Committee consists of three members, specifically: Thomas R. Bates, Jr. (Chair), Richard P. Graff and Alan P. Krusi.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Neither the Company, nor any of its subsidiaries, are a party to any material legal proceedings or any material regulatory actions.

INTERESTS OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

To the best of the Company's knowledge, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than ten percent (10%) of the outstanding securities of the Company, or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or in any proposed transaction, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is CST Trust Company Inc., 320 Bay Street, 3rd Floor, Toronto, Ontario M5H 4A6.

MATERIAL CONTRACTS

On June 17, 2016, the Company announced that it had signed the previously announced \$350 million senior secured project finance facility with BNP Paribas (Suisse) SA, ING Bank A.S., Societe Generale Corporate & Investment Banking and UniCredit Bank Austria AG. The Facility has an 8-year term, interest rates of LIBOR plus 3.5% to 3.95%, no mandatory hedging requirements and no early repayment penalties. Advances under the Facility are subject to customary conditions precedent including execution of security documentation. The agreement is available on SEDAR.

INTEREST OF EXPERTS

Information regarding Çöpler is included in this AIF based upon the Çöpler Technical Report contributors Alacer Gold Corp, Jacobs, Golder Associates, SRK Consulting, Amec Foster Wheeler E&C Services Inc. and Global Resource Engineering (GRE) in accordance with NI 43-101. Information regarding Gediktepe is included in this AIF based upon the Gediktepe Technical Report contributors SRK Consulting, Resource Development Inc., and Independent Mining Consultants. As of the date hereof the employees of Jacobs, Golder Associates, SRK Consulting, Amec Foster Wheeler E&C Services Inc., Global Resource Engineering, Resource Development Inc., and Independent Mining Consultants own less than one percent of the securities of the Company and its subsidiaries.

The independent auditor of the Company is PricewaterhouseCoopers LLP², PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2.

ADDITIONAL INFORMATION

Additional information, including remuneration and indebtedness of the directors and officers, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, will be contained in the Company's Management Information Circular pertaining to the Annual & Special Meeting of Shareholders of the Company which is expected to be held during Q2 2017. Additional financial information is provided in the Consolidated Financial Statements and MD&A. Such information, along with additional information relating to the Company can be found on SEDAR at www.sedar.com and on the ASX at www.asx.com.au.

Requests for copies pursuant to the foregoing should be made to: The Secretary of the Company, c/o Alacer Management Corp., 9635 Maroon Circle, Suite 300, Englewood, Colorado USA, 80112, USA.

ASX LISTING RULES DISCLOSURE

Distribution and number of CDI holders as of December 31, 2016

Range	Total Holders
1 - 1,000	2,176
1,001 - 5,000	1,428
5,001 - 10,000	340
10,001 - 100,000	295
100,001 - maximum	14
	<hr/>
	4,253

As of December 31, 2016, 728 CDI holders hold less than a marketable parcel of shares. There are no restricted securities subject to voluntary escrow on issue.

² PricewaterhouseCoopers LLP has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Substantial shareholders as of December 31, 2016:

Substantial shareholders of which the Corporation is aware, were as follows:

Name of share/CDI holder	Number of shares/CDIs held	% held
Van Eck Associates Corporation	31,079,216	10.6%
JCP Investment Partners Ltd.	26,944,463	9.2%
Newton Investment Management Ltd.	16,072,129	5.5%

Voting Rights

For all common shares, voting rights are one vote per member on a show of hands and one vote per share in a poll. As holders of CDIs are not the registered holders of common shares represented by CDIs, they will not be automatically entitled to vote in person at a general meeting of the Company's shareholders. However, the holder of a CDI can direct CHES Depositary Nominees Pty Limited ("CDN") to cast votes in a particular manner on their behalf or they can require CDN to appoint the holder (or a person nominated by the holder) as proxy to exercise the votes attaching the common shares represented by the holder's CDIs. In such latter case, a holder of CDIs may, as proxy, attend and vote in person at a general meeting of the Company's shareholders.

Corporate Directory

Chairman of the Board

Mr. Edward C. Dowling, Jr.

Independent Lead Director

Mr. Richard P. Graff

Executive Director / CEO

Mr. Rodney P. Antal

Other Non-Executive Directors

Mr. Thomas R. Bates, Jr.

Ms. Anna Kolonchina

Mr. Alan P. Krusi

Management Office

9635 Maroon Circle, Suite 300

Englewood, Colorado 80112

Telephone: 303-292-1299

Fax: 303-297-0538

Ankara Office

Anagold Madencilik Sanayi Ve Ticaret Anonim Şirketi

Aşağı Öveçler

8.Cadde 1332.

Sokak No:8/8

Dikmen 06460 Çankaya

Ankara / Türkiye

Telephone: +90-312-472-8051

Fax: 90-312-473-5513

Stock Exchange Listings

Toronto Stock Exchange - Code: ASR

Australian Securities Exchange - Code: AQG

Investor Relations

Lisa Maestas

Telephone: 303-292-1299

Canadian Share Registry

CST Trust Company

P.O. Box 700, Station B

Montreal, QC H3B 3K3

CANADA

Telephone: 800-387-0825 (toll free in Canada and the United States)

+1-416-682-3860 (international calls)

Web: <http://www.canstockta.com/>

Australian Share Registry

Link Market Services Limited ("LINK")

Level 4 Central Park

152 St Georges Terrace

Perth WA 6000

Or

Locked Bag A14

Sydney South, NSW 1235

AUSTRALIA

Telephone: 1-300-554-474 (investors within Australia)

+61-1300-554-474 (international calls)

Web: <http://www.linkmarketservices.com.au/>

Auditor

PricewaterhouseCoopers LLP

PwC Tower, 18 York Street, Suite 2600

Toronto, Ontario, Canada M5J 0B2

Telephone: +1 416-863-1133

Web: www.pwc.com/ca

Legal Counsel and Secretary

Michael J. Sparks

Chief Legal Officer & Secretary

Alacer Gold Corp.

9635 Maroon Circle, Suite 300

Englewood, Colorado 80112

Telephone: 303-292-1299

APPENDIX A

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

ALACER GOLD CORP.

**AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS**

Terms of Reference

March 14, 2012

PURPOSE

The Audit Committee (the “**Committee**”) shall provide assistance to the Board of Directors (the “**Board**”) of Alacer Gold Corp. (the “**Corporation**”) in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are to:

- Oversee the accounting and financial reporting processes of the Corporation, and the audit of its financial statements, including: (i) the integrity of the Corporation’s financial statements; (ii) the Corporation’s compliance with legal and regulatory requirements; and (iii) the independent auditors’ qualifications and independence.
- Serve as an independent and objective party to monitor the Corporation’s financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation’s independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management, and the Board for financial reporting and control matters, and meet periodically with management and with the independent auditors.

PROCEDURES AND ORGANIZATION

- A. The Committee shall consist of at least three Board members, composed exclusively of independent directors¹, who are each financially literate². At least one member shall have accounting or related financial management expertise to qualify as a “financial expert”. A person will qualify as a “financial expert” if he or she possesses the following attributes:
1. an understanding of financial statements and generally accepted accounting principles used by the Corporation to prepare its financial statements;
 2. an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
 3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be included in the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
 4. an understanding of internal controls and procedures for financial reporting; and
 5. an understanding of audit committee functions.
- B. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the Committee Chair and members of the Committee for the ensuing year. It is desirable that at least one member of the previous Committee be carried over to any newly constituted Committee. Any member may be removed from the Committee or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director.
- C. The Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.

¹ An **independent director** is defined as a director who has no direct or indirect material relationship with the Corporation. A material relationship means a relationship that could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. Certain relationships are prescribed by *National Instrument 52-110* as material, including a partner or executive officer of an entity providing paid accounting, consulting, legal, investment banking or financial advisory services to the Corporation. In addition, the composition of the Audit Committee shall comply with the rules and regulations of the Toronto Stock Exchange and any other stock exchanges on which the shares of the Corporation are listed, subject to any waivers or exceptions granted by such stock exchanges.

² **Financially literate** means the ability to read and understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements, in accordance with the requirements of National Instrument 52 -110.

- D. In the absence of the Chair or Secretary at any meeting of the Committee, the members present at the meeting shall appoint one of their members to act as Chair of the Committee meeting and shall designate any director, officer or employee of the Corporation to act as Secretary.
- E. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- F. The Committee shall have access to such officers and employees of the Corporation, to the Corporation's independent auditors, and to such information and records of the Corporation as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- G. Meetings of the Committee shall be conducted as follows:
 - (i) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair of the Committee, one of which shall be to review the annual financial statements of the Corporation and three of which shall be to review the interim financial statements of the Corporation. Notice of meetings shall be given to each member not less than 48 hours before the time of the meeting. However, meetings of the Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting;
 - (ii) notice of meeting may be given verbally or by letter, facsimile, email or telephone and need not be accompanied by an agenda or any other material. The notice shall specify the purpose of the meeting;
 - (iii) the independent auditors shall receive notice of and be entitled to attend all meetings of the Committee; and
 - (iv) the following management representatives shall be invited to attend all meetings, except those meetings deemed by the Committee as either executive sessions and private sessions with the independent auditors;
 - (a) Chief Financial Officer
 - (b) Other management representatives shall be invited to attend as determined by the Committee.

- H. The independent auditors shall have a direct line of communication to the Committee through its Chair. The committee, through its Chair, may contact any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- I. The Committee shall take to the Board at its next regular meeting all such action it has taken since the previous report.
- J. The Chair shall call and convene a meeting of the Committee at the request of the Chief Executive Officer, a member of the Committee, or the auditors of the Corporation.
- K. Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the Chair shall be entitled to a second or deciding vote.

DUTIES AND RESPONSIBILITIES

- A. The general duties and responsibilities of the Committee shall be as follows:
 - (i) to review the annual consolidated financial statements of the Corporation, including the related notes, management's discussion and analysis thereto for the purpose of recommending approval by the Board prior to release;
 - (ii) to assist the Board in the discharge of its fiduciary responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls;
 - (iii) to provide oversight of the management of the Corporation in designing, implementing and maintaining an effective system of internal controls;
 - (iv) to report periodically the Committee's findings and recommendations to the Board; and
 - (v) annually review and revision of this Charter as necessary with the approval of the Board provided that this Charter may be amended and restated from time to time without the approval of the Board to ensure that the composition of the Committee and the Responsibilities and Powers of the Committee comply with the applicable laws and stock exchange rules.
- B. The duties and responsibilities of the Committee as they relate to the independent auditors shall be as follows:
 - (i) to recommend to the Board a firm of auditors, established by the Committee to be independent, for recommendation to the shareholders of the Corporation for appointment by the Corporation;

- (ii) to review the fee, scope and timing of the audit and other related services rendered by the independent auditors and recommend to the Board the compensation of the independent auditors;
- (iii) to pre-approve all non-audit services to be provided to the Corporation by the independent auditors or, alternatively, to adopt specific policies and procedures for the engagement of non-audit services³; and
- (iv) to provide oversight of the work of the independent auditors and then to review with the independent auditors, upon completion of their audit:
 - (a) contents of their report;
 - (b) scope and quality of the audit work performed;
 - (c) adequacy of the Corporation's financial and auditing personnel;
 - (d) cooperation received from the Corporation's personnel during the audit;
 - (e) internal resources used;
 - (f) significant transactions outside of the normal business of the Corporation;
 - (g) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
 - (h) the non-audit services provided by the independent auditors; and
 - (i) "management" letters and recommendations and management's response and follow-up of any identified issues or weaknesses.
- (v) to meet quarterly with the auditors in "in camera" sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management's performance.

³ According to *Companion Policy 52-110CP to National Instrument 52-110 Audit Committees*, it may be sufficient for an audit committee to adopt specific policies and procedures for the engagement of non-audit services as a means of satisfying the requirement to pre-approve non-audit services where the pre-approval policies and procedures are detailed, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.

- (vi) at least annually, obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Corporation (to assess auditor independence).
- C. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation shall be:
- (i) to review the appropriateness and soundness of the Corporation's policies and practices with respect to internal auditing, insurance, accounting and financial controls, including through discussions with the Chief Executive Officer and Chief Financial Officer;
 - (ii) to review any unresolved issues between management and the independent auditors that could affect financial reporting or internal controls of the Corporation;
 - (iii) to review the appropriateness and soundness of the Corporation's procedures for the review of the Corporation's disclosure of financial information extracted or derived from its financial statements;
 - (iv) to establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
 - (v) to establish procedures for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters; and
 - (vi) to periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the staff or by the independent auditors have been implemented.
- D. The duties and responsibilities of the Committee as they relate to financial risk management shall be:
- (i) to inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such financial risk;
 - (ii) to oversee and monitor management's documentation of the material financial risks that the Corporation faces and update as events change and risks shift;

- (iii) to assess the steps management has taken to control identified financial risks to the Corporation;
 - (iv) to review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
 - (a) management's tolerance for financial risks;
 - (b) management's assessment of significant financial risks facing the Corporation; and
 - (c) the Corporation's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
 - (d) to review with the Corporation's counsel, legal matters which could have a material impact on the financial statements.
- E. The duties and responsibilities of the Committee as they relate to non-financial risk management shall be:
- (i) review the risk identification and management process developed by management to confirm it is consistent with the Corporation's strategy and business plan; and
 - (ii) review management's assessment of risk at least annually and provide an update to the Board in this regard.
- F. Other responsibilities of the Committee shall be:
- (i) to review and approve the Corporation's interim financial statements, related notes, and management's discussion and analysis;
 - (ii) to review, appraise and report to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
 - (iii) to review any earnings press releases before the Corporation publicly discloses such information;
 - (iv) to review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements, and consider recommendations for any material change to such policies;
 - (v) to review and approve the hiring policies of the Corporation regarding employees and former employees of the present and former independent auditors of the Corporation;

- (vi) to determine that the Corporation has implemented adequate internal control to ensure compliance with regulatory requirements and that these controls are operating effectively; and
- (vii) to develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board.

G. In the carrying out of its responsibilities, the Committee has the authority:

- (i) to engage independent counsel and other advisors at the expense of the Corporation, as may be appropriate in the determination of the Committee;
- (ii) to set and pay the compensation for any advisors employed by the Committee; and
- (iii) to communicate directly with the internal and external auditors.

H. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, so long as the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.

FORWARD SCHEDULE

The attached schedule provides a planning guide for the Committee's activities

Agenda Items	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Review Audit Committee Terms of Reference		✓		
Review Annual Financial Statements	✓			
Review Management Letter	✓			
Review Interim Financial Statements		✓	✓	✓
Review Risk Management Issues and Processes	✓	✓	✓	✓
Recommend Auditor and compensation		✓		
Review Scope of Audit		✓		
Review Auditor's Fees	✓	✓		
Meet Independently with Auditors	✓	✓	✓	✓
Self Assessment	✓			