Alacer Gold Corp.

Consolidated Financial Statements

For the Years Ended
December 31, 2018 and 2017

ALACER GOLD

Management's Responsibility for Financial Reporting

The consolidated financial statements, the notes thereto, and other information in Management's Discussion and Analysis of Alacer Gold Corp. (the "Corporation"), are the responsibility of Management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect Management's best estimates, judgments and policies that it believes appropriate in the circumstances.

The Corporation maintains a system of internal accounting controls which provide on a reasonable basis, assurance that the financial information is relevant, reliable, accurate and that the Corporation's assets are appropriately accounted for and safeguarded.

The Board of Directors, principally through the Audit Committee, is responsible for ensuring Management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors, all of whom are independent, and meets periodically with Management and the external auditors to review accounting, auditing, internal control and financial reporting matters.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants who were appointed by the shareholders. The auditor's report outlines the scope of their examination and their opinion on the consolidated financial statements.

/signed/	/signed/
Rodney Antal	**Mark Murchison**
President and Chief Executive Officer	Chief Financial Officer

February 5, 2019

Independent auditor's report

To the Shareholders of Alacer Gold Corp

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Alacer Gold Corp and its subsidiaries, (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of profit and comprehensive profit for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Marelize Konig.

(Signed) "PricewaterhouseCoopers LLP."

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 5, 2019

Alacer Gold Corp.

Consolidated Statements of Financial Position

(expressed in thousands of U.S. dollars)

	Note	As of December 31, 2018	As of December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	6	$ 104,798	$ 202,813
Receivables and other	7	24,984	22,497
Inventories	8	86,698	68,507
		216,480	293,817
Mineral properties and equipment, net	9	952,281	738,202
Deferred tax asset	10	95,133	119,232
Other long-term assets	11	94,229	101,868
Total assets		$ 1,358,123	$ 1,253,119
Liabilities			
Current liabilities			
Trade and other payables	12	$ 51,441	$ 58,633
Borrowings, short-term	14	68,155	-
Current income tax liabilities		-	1,432
		119,596	60,065
Borrowings, long-term	14	272,665	242,718
Asset retirement obligation	15	23,877	37,938
Other long-term liabilities	16	6,881	4,928
Total liabilities		423,019	345,649
Equity			
Equity attributable to owners of the corporation			
Share capital	17	1,477,586	1,476,265
Reserves		17,513	15,251
Deficit		(748,839)	(763,445)
		746,260	728,071
Non-controlling interest in subsidiary	18	188,844	179,399
Total equity		935,104	907,470
Total liabilities and equity		$ 1,358,123	$ 1,253,119

Signed on behalf of the Board

/signed/ **Edward C. Dowling, Jr.** Chairman of the Board	/signed/ **Richard P. Graff** Chair of Audit Committee

The accompanying notes are an integral part of these consolidated financial statements.

Alacer Gold Corp.

Consolidated Statements of Profit and Comprehensive Profit

(expressed in thousands of U.S. dollars)

	Note	For the year ended December 31, 2018	2017
Revenues		$ 187,983	$ 209,087
Cost of sales			
Production costs		74,888	88,746
Depreciation, depletion and amortization		31,124	54,512
Total cost of sales		106,012	143,258
Mining gross profit		81,971	65,829
Other costs			
Exploration and evaluation		6,010	2,549
General and administrative		10,126	12,146
Share-based employee compensation costs		5,165	3,975
Foreign exchange loss		52,296	9,143
Share of loss on investments accounted for using the equity method	19	2,700	4,218
Other (gain) loss	20	(3,458)	23,815
Profit before income tax		9,132	9,983
Income tax benefit	10	15,431	97,737
Total net profit and comprehensive profit		$ 24,563	$ 107,720
Net profit and comprehensive profit attributable to:			
Owners of the corporation	21	$ 15,118	$ 81,504
Non-controlling interest	18	9,445	26,216
Total net profit and comprehensive profit		$ 24,563	$ 107,720
Total net profit per share - Basic	21	$ 0.05	$ 0.28
Total net profit per share - Diluted	21	$ 0.05	$ 0.28

The accompanying notes are an integral part of these consolidated financial statements.

Alacer Gold Corp.

Consolidated Statements of Cash Flows

(expressed in thousands of U.S. dollars)

	Note	For the year ended December 31, 2018	2017
Cash provided by (used in):			
Operating activities			
Total net profit and comprehensive profit		$ 24,563	$ 107,720
Non-cash items:			
Depreciation, depletion and amortization		31,249	54,620
Non-cash related to hedging activities	13	(2,187)	19,172
Unrealized foreign exchange impacts		48,203	7,009
Share-based employee compensation costs		5,165	3,975
Other non-cash expenses and items not affecting cash		(10,060)	10,478
Income taxes	10	(15,431)	(97,736)
Net change in non-cash working capital, net of investing activities	26	17,783	3,907
		99,285	109,145
Investing activities			
Mineral properties and equipment		(264,896)	(345,686)
Sulfide ore stockpile		(18,224)	(13,972)
Equity investments		(5,680)	(7,388)
Contract advances and payables		(3,518)	(1,562)
		(292,318)	(368,608)
Financing activities			
Borrowings		98,155	250,000
Finance facility costs		(379)	(681)
		97,776	249,319
Decrease in cash and cash equivalents		(95,257)	(10,144)
Cash and cash equivalents - beginning balance		202,813	214,551
Effect of exchange rates on changes in cash held in foreign currencies		(2,758)	(1,594)
Cash and cash equivalents – ending balance		$ 104,798	$ 202,813
Supplemental cash flow information			
Interest paid		$ 18,213	$ 5,763
Income taxes paid		$ 8,759	$ 5,888

The accompanying notes are an integral part of these consolidated financial statements.

Alacer Gold Corp.

Consolidated Statements of Changes in Equity

(expressed in thousands of U.S. dollars)

	Attributable to owners of the Corporation				Non-controlling interest	
	Share capital	Reserves	Deficit	Total		Total Equity
Balance at January 1, 2017	$ 1,474,524	$ 15,353	$ (844,949)	$ 644,928	$ 153,183	$ 798,111
Profit for the period	-	-	81,504	81,504	26,216	107,720
Transactions with owners of the corporation:						
Capital contribution	-	-	-		-	-
Share plans - exercises	1,741	(1,701)	-	40	-	40
Amortization of share-based awards	-	1,599	-	1,599	-	1,599
Total transactions with owners of the corporation	1,741	(102)	-	1,639	-	1,639
Balance at December 31, 2017	$ 1,476,265	$ 15,251	$ (763,445)	$ 728,071	$ 179,399	$ 907,470
Balance at January 1, 2018	$ 1,476,265	$ 15,251	$ (763,445)	$ 728,071	$ 179,399	$ 907,470
Profit for the period	-	-	15,118	15,118	9,445	24,563
Transactions with owners of the corporation:						
Share plans - exercises	1,321	(1,437)	-	(116)	-	(116)
Amortization of share-based awards	-	2,722	-	2,722	-	2,722
Reclassification of share-based awards withholding tax obligation (IFRS 2) - See Note 3s	-	977	(512)	465	-	465
Total transactions with owners of the corporation	1,321	2,262	(512)	3,071	-	3,071
Balance at December 31, 2018	$ 1,477,586	$ 17,513	$ (748,839)	$ 746,260	$ 188,844	$ 935,104

The accompanying notes are an integral part of these consolidated financial statements.

1. General information

Alacer Gold Corp. ("Alacer" or the "Corporation") is a leading low-cost gold producer, 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 is incorporated under the laws of the Yukon Territory, Canada. The address of its registered office is 3081 Third Avenue, Whitehorse, Yukon, Y1A 4Z7. Corporate administrative services are provided by Alacer Management Corp.

These consolidated financial statements of the Corporation as of and for the year ended December 31, 2018 are comprised of the Corporation, its subsidiaries, and joint ventures accounted for as equity investment (together referred to as the "Group" individually as "Group entities"). The Corporation is the ultimate parent.

2. Basis of presentation

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, except for forward sales contracts and marketable security investments that are measured at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

These consolidated financial statements were authorized for issue by the Board of Directors ("BOD") on February 5, 2019.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Subsidiaries and joint arrangement

Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls an entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. A list of Group entities appears in Note 18.

The Corporation conducts a portion of its subsidiary business through joint arrangements where the venturers are bound by contractual arrangements establishing joint control over the ventures requiring unanimous consent of each of the venturers regarding strategic, financial and operating policies of the venture. The Corporation undertakes its joint arrangements through jointly controlled entities, being corporations, partnerships or other unincorporated entities in which each venturer has an interest. The Corporation accounts for investments in joint ventures using the equity method of accounting. The carrying value of the Corporation's investments in joint ventures represents the cost of the investment, including the Corporation's share of retained earnings and losses subsequent to formation. At the end of each reporting period, the Corporation assesses its investments in joint ventures for any indicators of impairment.

Non-controlling interests represent equity interests in subsidiaries, not classified as joint arrangements. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net profit and comprehensive profit is recognized directly in equity. Changes in the Corporation's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

b) Transactions with non-controlling interests

The Corporation treats transactions with non-controlling interests as transactions with equity owners of the Group. Gains or losses on disposals of non-controlling interests are recorded to the profit or deficit account in Equity. For non-wholly-owned subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the Consolidated Statements of Financial Position. Profit (loss) for the year that is attributable to the non-controlling interests is calculated based on the ownership of the non-controlling shareholders in the subsidiary.

c) Segment reporting

The Corporation currently operates in one reportable operating segment consisting of mining, development and exploration of mineral deposits in Turkey. Corporate and other results are shown separately for reconciliation purposes as presented in Note 25.

d) Foreign currency translation

i) Functional currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Primary and secondary indicators are used to determine the functional currency (primary indicators have priority over secondary indicators). Primary indicators include the currency that mainly influences sales prices and the currency that mainly influences labor, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The functional currency for all Group entities is the United States dollar ("U.S. dollar").

ii) Transactions and balances
Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statements of Profit and Comprehensive Profit.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held available on demand with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash balances are excluded from cash and cash equivalents and are classified as either current or non-current assets, based upon the expiration date of the restriction.

f) Inventories

Product inventories are valued at the lower of production cost or net realizable value. Production costs are determined on an average cost basis and consist of direct production costs including mining, crushing, processing, site support costs, depreciation and allocated indirect costs, based on normal operating capacity. Supplies inventories are valued at the lower of average cost or net realizable value less any allowances for obsolescence.

i) Finished goods inventory includes gold bullion and doré. Doré represents a bar containing predominantly gold by value, which is generally refined off-site to return saleable metals. Doré inventory is valued at the lower of average cost to produce the doré and net realizable value.

ii) Work-in-process inventory represents costs that are incurred in the process of converting mineralized ores into partially refined precious metals, or doré. Ore represents material that, at the time of extraction, is expected to be processed into a saleable form. The recovery of gold from ore is achieved through a heap leaching process. Under the heap leaching method, ore is crushed and placed on leach pads where it is treated with a chemical solution, which dissolves the gold contained in the ore. The resulting "pregnant" solution is further processed in a plant where the gold is recovered. Sulfide work-in-process inventory is not reflected in this until commercial production is achieved.

Costs capitalized to work-in-process inventory include costs incurred during the mining process such as direct and indirect materials and consumables; stripping costs in the production phase of the mine; direct labor; repairs and maintenance; utilities; depreciation, depletion and amortization of mineral property, plant and equipment; and site support costs. Costs are removed from work-in-process inventory and transferred to finished goods inventory as ounces are produced based on the average cost to produce a recoverable ounce. Costs are transferred from inventory and recorded as costs of sales in the Consolidated Statements of Profit and Comprehensive Profit upon the sale of refined gold.

Recoverable gold on the leach pads is estimated based on the quantities of ore placed on the leach pads (based on grade control measured tonnes added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on estimated ultimate recovery assumptions from the block model). The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, estimates are refined based on actual results and engineering studies over time. The ultimate recovery of gold from leach pads will not be known until the leaching process is concluded at the end of the mine life.

iii) Current oxide and sulfide ore stockpile inventories represent ore that has been mined and is available for further processing in the next twelve months. Ore stockpile quantities are measured by estimating the number of tonnes added and removed from the stockpile and are verified by periodic surveys. Costs are allocated to ore stockpiles based on the current mining cost per tonne incurred up to the point of stockpiling the ore, including applicable overhead, depreciation, depletion and amortization relating to mining operations, and are removed at the average cost per tonne. The carrying value of ore stockpiles inventory is measured at the lower of average cost and net realizable value which is determined based on the number of contained ounces (based on assay data) and the estimated metallurgical recovery rate.

iv) Long-term sulfide ore stockpiles are measured and valued in the same manner as the above current oxide and sulfide ore stockpile inventories; however, the long-term sulfide ore stockpile is classified as a non-current asset, as this material will not be processed within the next twelve months.

g) Exploration and evaluation expenditures

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or costs incurred during the evaluation process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond or reverse circulation drilling and other work involved in searching for ore.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of: (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an orebody that is classified as either a mineral resource or a proven and probable reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping and prefeasibility studies.

Exploration and evaluation expenditures incurred prior to the date of a Definitive Feasibility Study (“DFS”) on an exploration project are expensed as incurred. Exploration and evaluation expenditures incurred during and subsequent to the DFS, including development drilling and related expenditures are capitalized as mineral properties in the accounting period the expenditure is incurred.

h) Mineral properties and mining plant and equipment

i) Mineral Properties & Non-Producing Properties

Mineral properties consist of mineral reserves and resources acquired in a business combination or asset acquisition; capitalized exploration and evaluation costs; development projects; open-pit mine development costs including pre-production stripping costs; and estimates of any related-rehabilitation obligations. Mineral properties are comprised of historical costs associated with acquisition, evaluation, and development of mining properties and is stated at historical cost less depletion. Historical cost includes expenditures directly attributable to acquisitions and subsequent costs to evaluate and develop mineral reserves and resources. On acquisition of a mineral property in the exploration stage, an estimate of the fair value attributable to the exploration licenses acquired is determined, including the fair value attributable to mineral resources, if any, of that property. The fair value of the exploration license is recorded as an exploration asset (acquired exploration potential) as at the date of acquisition.

Non-Producing properties are mineral properties prior to being subject to depletion. Depletion does not occur until commercial production is achieved. Commercial production is achieved when the mining plant and equipment is operating sustainably without interruption in order for the designed economic benefit to be derived.

Mineral property costs are depleted using the units-of-production ("UOP") method based on proven and probable mineral reserves.

In open-pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the orebody (referred to as pre-production stripping) are capitalized as open-pit mine development costs. Stripping costs in the production phase of the mine are included in the cost of inventory produced during the relevant period. Capitalized open-pit mine development costs are amortized on a UOP method over the proven and probable reserves accessed by the mine development process. Capitalized open-pit mine development costs are amortized when the open-pit has entered production and the future economic benefit is being derived.

ii) Mining Plant and Equipment & Construction-in-Progress ("CIP")

Mining plant and equipment are stated at historical costs less accumulated depreciation. Historical costs include initial purchase price or construction cost, costs directly attributable to bringing the asset into operation, and where relevant, include an estimate of its related rehabilitation obligation and borrowing costs.

Costs that meet the asset recognition criteria are capitalized. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance expense and are accounted for as a cost of work-in-process inventory and subsequently charged to period expense, when the related revenues are recognized.

(expressed in thousands of U.S. dollars, unless otherwise stated)

CIP are mining plant and equipment assets under construction prior to being subject to depreciation. The cost of CIP comprises its purchase price and any costs directly attributable to bringing it to working condition, including borrowing costs and capitalized interest. Incidental revenues and operating costs are included in CIP prior to a plant achieving commercial production. Commercial production is achieved when the mining plant and equipment are operating sustainably without interruption in order for the designed economic benefit to be derived. Once commercial production is achieved, the capitalized costs are transferred to the appropriate mining plant and equipment asset class and depreciation commences.

Mining plant and equipment, net of residual value, are depreciated either on the UOP method or on a straight-line basis, over the shorter of estimated useful lives or life of the related mineral property. Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Straight-line depreciation rates of major asset categories:

Buildings, plant and equipment	5 - 25 years
Light vehicles and other mobile equipment	2 - 3 years
Furniture, computer and office equipment	2 - 3 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in Other (Gain) Loss in the Consolidated Statements of Profit and Comprehensive Profit.

iii) Leasing Arrangements

The Group may enter into both leasing arrangements and arrangements that are in substance leasing arrangements. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Group are classified as finance leases. All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in the Consolidated Statements of Profit and Comprehensive Profit on a straight-line basis over the lease term. The Group presently has no finance leases.

The consolidated financial statements of the Corporation contained herein and presented as of December 31, 2018 and December 31, 2017 reflect the accounting for leases under IAS 17, *Leases*, and related Interpretations. IFRS 16, “Leases” has not been early adopted by the Corporation but is effective from January 1, 2019. See Note 3.t, “Future changes to accounting standards” for the expected effects on the Corporation of the adoption of IFRS 16 in 2019.

i) Recoverability of long-lived assets

Assets subject to depreciation, depletion and amortization are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized in the Consolidated Statements of Profit and Comprehensive Profit at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Previously impaired non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Financial assets

Routine purchases and sales of financial assets are recognized on trade date, the date on which the Corporation commits to purchase or sell the asset. At initial recognition, the Corporation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value, through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the classification of financial assets determined at initial recognition. Classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Corporation classifies and provides for financial assets as follows:

- <u>Financial assets at fair value, through profit or loss</u> include principally the Group's cash and cash equivalents, marketable equity securities, gold and foreign currency forward sales contracts, as well as interest rate swap contracts. A financial asset is classified in this category if it does not meet the criteria for amortized cost of fair value through other comprehensive income, or is a derivative instrument not designated for hedging. Gains and losses arising from changes in fair value are presented in the Consolidated Statements of Profit and Comprehensive Profit in the period in which they arise.

- <u>Financial assets at fair value through other comprehensive income ("OCI")</u> are financial assets that are held in a business model with an objective that is achieved by both collecting contractual cash flows and selling financial assets, and where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the Consolidated Statements of Profit and Comprehensive Profit. The Group presently has no financial assets measured at fair value through OCI.

- <u>Financial assets at amortized cost</u> are financial assets with the objective to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes the company's loans when a floating rate does not apply and receivables (see Note 4.d). Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the Consolidated Statements of Profit and Comprehensive Profit and presented in other gains/(losses), together with foreign exchange gains and losses.

At each balance sheet date, on a forward-looking basis, the Corporation assesses the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Amendments to IFRS 9, "Financial Instruments" was adopted by the Corporation on January 1, 2018. See Note 3.s.ii, "Changes to accounting standards in 2018" for the effects on the Corporation of the adoption.

k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

l) Reserves

The Corporation recognizes in reserves the fair value at grant date of the restricted share units granted to employees but not yet vested. The reserves also include the fair value at grant date of options issued to employees in the past but never exercised.

m) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings using the effective interest method.

Fees paid to establish loan facilities are recognized as transaction costs of the loan and are deferred into other assets, subsequently accounted for as a discount to the loan principal and accreted over the instrument's life based on the effective interest rate once drawn. Transaction costs and fees are any expenditures directly connected with establishing and finalizing the borrowing arrangement. These costs include legal and accounting fees, printing costs, investment banker or registration fees, agency fees, and arrangement fees.

Commitment fees are amounts incurred by the Company for undrawn loan principal. For accounting treatment of these fees, an assessment is made to determine the probability the loan will be drawn down. If probable, these fees are capitalized along with the qualifying asset and are included as an indirect cost of CIP. If it is not probable the loan will be drawn, or the commitment expires without drawing on the loan, the fees are recognized as a non-operating expense.

Interest expense is a non-operating expense shown on the profit and loss statement. It represents interest payable on any type of borrowings, except when the borrowing is directly attributable to the acquisitions, construction, or production of qualifying assets, in which case interest expense is capitalized under CIP. Interest expense is calculated as the effective interest rate times the outstanding principal amount of the debt times the number of days subject to the interest calculation.

Any premium or discount is recorded in a separate account. Discounts and premiums, if material, are amortized using the effective interest rate method. The amortization thereof is considered a non-operating cost for the current period, subject to potential capitalization, with the offsetting debit or credit to the premium or discount account in the liability section of the balance sheet.

In situations when debt instruments, including finance leases, are entered into to finance the acquisition, construction or production of a qualifying long-term asset (an asset that takes greater than twelve months to get ready for its intended use or sale), the attributable borrowing costs will be added to the cost of that asset until such time the asset is substantially ready for its intended use or sale.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability, or a portion of the liability, for at least twelve months after the balance sheet date.

n) Current and deferred income taxes

Income tax expense or benefit for the reporting period includes current and deferred income taxes. Tax expense or benefit is recognized in the Consolidated Statements of Profit and Comprehensive Profit, except to the extent when it relates to items recognized directly in Equity in the Consolidated Statements of Financial Position. In such cases, associated income tax is recognized directly in Equity.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the statement of financial position date in the countries where Group entities operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax basis of assets and liabilities and the respective carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Incentive tax credits in Turkey create deferred income tax assets as eligible spending occurs. The deferred tax asset creates a tax credit in the period earned and can be applied to current and future year income tax payments.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint arrangements, except for deferred income tax liabilities where the timing of the reversals of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

o) Share-based payments

Fair value of restricted share units or other share-based payments under incentive programs is measured at grant date and amortized over the period during which the employee becomes unconditionally entitled to the equity-based instrument. Amounts amortized are expensed or, to the extent appropriate, are capitalized as the cost of constructing long-term assets. Total value is determined by reference to the fair value of the instrument granted, excluding the impact of any non-market service and performance vesting conditions. The unvested units that are cash-settled are subject to mark-to-market adjustments based on the share price at the end of the period and assumptions related to performance measures. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest.

The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. At each reporting date, the entity revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Consolidated Statements of Profit and Comprehensive Profit, or Consolidated Statements of Changes in Equity, as appropriate for amounts capitalized as a cost of constructing long-term assets, with a corresponding adjustment to the reserve. The proceeds received, if any, net of any directly attributable transaction costs, are credited to share capital when the instruments are exercised or otherwise redeemed.

Amendments to IFRS 2, “Share-based Payments” was adopted by the Corporation on January 1, 2018. See Note 3.s.i, “Changes to accounting standards in 2018” for the effects on the Corporation of the adoption.

p) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

An asset retirement obligation to incur decommissioning and reclamation costs generally occurs when an environmental disturbance is caused by exploration, evaluation, development or ongoing production. Costs are estimated on the basis of a formal closure plan and are subject to periodic review.

Decommissioning and site reclamation costs arising from the installation of plant and other site preparation work, discounted to present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged through depreciation and/or depletion of the asset and unwinding of the discount on the provision is recognized in finance expense within the Other (gains) losses in the Consolidated Statements of Profit and Comprehensive Profit.

q) Revenue recognition

Gold bullion is sold primarily on the Istanbul Gold Exchange. Under legislation commenced in Turkey in 2018, the Central Bank of the Republic of Turkey has first right of refusal for all gold produced by mining operations in Turkey. The Corporation recognizes revenue from the sale of gold bullion when control has transferred to the customer. This is generally at the point in time when physical delivery has occurred, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the gold bullion; therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the gold bullion. Delivery of the gold bullion is required before this point and is therefore not accounted for as a separate performance obligation.

The sales price is fixed based on the gold spot price determined in USD on the date of delivery. Payment of the transaction price is required concurrently with the delivery of the gold bullion; therefore, no element of financing is deemed present.

Amendments to IFRS 15, “Revenue from Contracts” was adopted by the Corporation on January 1, 2018. See Note 3.s.iii, “Changes to accounting standards in 2018” for the effects on the Corporation of the adoption.

r) Earnings per share

The Corporation presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders, and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise any convertible arrangements, including share-based compensation granted to employees.

s) Changes to accounting standards in 2018

As of January 1, 2018, the Corporation adopted changes to accounting standards IFRS 2 – Share-based Payment, IFRS 9 – Financial Instruments, and IFRS 15 – Revenue from Contracts. Also see Notes 3.o, 3.j and 3.q, respectively.

i) IFRS 2—Share-based Payments

The Company has adopted the amendments to IFRS 2 on a prospective basis in accordance with the transition provisions of IFRS 2. As such, comparative figures have not been restated.

Restricted Share Units ("RSU") issued to employees require the Company to withhold tax on exercised and settled amounts with the tax authorities. The company's current RSU policy allows a net settlement arrangement. Under the requirements effective through December 31, 2017, the Company divided the transaction into an equity settled and a cash settled component.

Effective January 1, 2018, the IASB amended IFRS 2 to remove this requirement, resulting in the RSU being classified in their entirety as equity-settled share-based payment transactions. As a result, an adjustment was made in Q1 2018 to eliminate the short-term and long-term liabilities of $0.5 million at December 31, 2017 and to increase equity reserves by $1.0 million. The historical mark-to-market adjustments of $0.5 million has been recognized as a change to prior year retained earnings (Deficit).

ii) IFRS 9—Financial Instruments

The Company has adopted IFRS 9 on a retrospective basis in accordance with the transitional provisions of IFRS 9. The standard promulgates a single approach for the classification of financial assets, based on a) the business model used to manage financial assets in order to generate cash flows, and b) the cash flow characteristics of those financial assets. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Corporation's financial assets on the transition date; therefore, comparative figures have not been restated.

Financial Assets
As a result of the changes in the entity's accounting policies, certain reclassifications were required to be reflected in the financial statements. IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument's contractual cash flow characteristics and the business models under which they are held. Under the IFRS 9 model for classification of financial assets, the Corporation has classified and measured its financial assets as described below:

- Cash and cash equivalents, marketable equity securities, gold and foreign currency forward sales contracts, and interest rate swap contracts are classified as financial assets at fair value through profit or loss and measured at fair value during their quotational period until the final settlement price is determined. This classification is consistent with the previous classification under IAS 39.
- Trade and non-trade receivables are classified as financial assets measured at amortized cost. Previously under IAS 39, these amounts were classified as loans and receivables.

Financial Liabilities
For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Corporation does not have any financial liabilities, the adoption of IFRS 9 did not impact the Corporation's accounting policies for financial liabilities.

Expected Credit Loss Impairment Model
IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Corporation's financial statements.

iii) IFRS 15—Revenue from Contracts

The company has adopted IFRS 15 on a retrospective basis in accordance with the transitional provisions of IFRS 15. This standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The new standard requires companies to follow a five-step model to determine if revenue should be recognized:

1) Identify the contracts with customers
2) Identify the performance obligations in the contract
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations in the contract
5) Recognize revenue when the entity satisfies a performance obligation

The Company has concluded that there are no significant differences between the point of risks and rewards transfer for its gold under IAS 18 and the point of transfer of control under IFRS 15. As such, no adjustment has been recorded to the comparative figures.

t) Future changes to accounting standards

The following new standard(s), new interpretation(s) and amendment(s) to standard and interpretation have been issued but are not effective until financial years beginning on or after January 1, 2019 and have not been early adopted. Pronouncements that are not applicable to the Corporation have been excluded from those described below.

IFRS 16—Leases

In January 2016, the IASB issued IFRS 16 – *Leases* which establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17, *Leases*, and related Interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date although the Corporation has chosen not to do so. The Corporation has evaluated the new standard. Under the new standard, a lessee is in essence required to:

1) Recognize all right of use assets and lease liabilities, with the exception of short term (under 12 months) and low value leases (less than $5,000) on the balance sheet. The liability is initially measured at the present value of future lease payments for the lease term. Where a lease contains an extension option, the lease payments for the extension period will be included in the IFRS liability if the Corporation is reasonably certain that it will exercise the option. The liability includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use asset reflects the lease liability, initial direct costs and any other lease payments made before the commencement date of the lease less any lease incentives and, where applicable, provision for dismantling and restoration.
2) Recognize depreciation of right of use assets and interest on lease liabilities in the income statement over the lease term.
3) Separate the total amount of cash paid into a principal portion (presented within financing activities in the Consolidated Statements of Cash Flows) and interest portion (which the Corporation shows within operating activities of the Consolidated Statements of Cash Flows).

The Corporation has completed the review of all contracts to determine which ones are in scope per the new standard. The Corporation's analysis of in-scope contracts determined that the adoption of the new standard will result in higher assets and liabilities on the balance sheet in 2019. The present value of the Corporation's operating lease payments under the new standard will be recognized as lease liabilities on the balance sheet. The right of use asset will be included in non-current assets.

Operating cash flow will increase under IFRS 16 as the element of cash paid attributable to the repayment of principal will be included in financing cash flows. The net increase/decrease in cash and cash equivalents will remain the same.

The standard must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognized as at January 1, 2019 under the modified retrospective approach. The Corporation will use the modified retrospective approach.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and commodity price risk). The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the corporate finance function under policies approved by the BOD. Corporate treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The BOD provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The Group's risk exposures and the impact on the Group's financial instruments are summarized below:

a) Credit risk

The portion of cash and cash equivalents held by banks and receivable balances are subject to credit risk. Such credit risk is managed by diversifying holdings among various financial institutions and by purchasing short-term investment grade securities and money market fund holdings, including bankers' acceptances, guaranteed investment contracts, corporate commercial paper, and United States and Canadian treasury notes in accordance with the Corporation's investment policy. Investment objectives are primarily directed towards preservation of capital and liquidity. The investment policy provides limitations on concentrations of credit risk, credit quality and the duration of investments, as well as minimum rating requirements for cash and cash equivalents held in banks and financial institutions.

The majority of the Corporation's receivable balances consist of Turkish value-added tax recoverable claims. The Corporation is also exposed to credit risk to the extent these amounts are not received. As at December 31, 2018, receivables from the Turkish value-added tax recoverable totaled $17.3 million ($15.2 million as of December 31, 2017).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Consolidated Statements of Financial Position. Management monitors its exposure to credit risk on an ongoing basis. The Company's most significant financial asset is cash and cash equivalents, which totaled $104.8 million and $202.8 million as at December 31, 2018 and 2017, respectively, for which the credit risk is deemed low.

b) Liquidity risk

The Corporation's approach to managing liquidity risk is to provide reasonable assurance that it can provide sufficient capital to meet liabilities when due. The Corporation maintains sufficient cash and cash equivalents in order to meet short-term business requirements. The Corporation's ability to settle other long-term liabilities when due is dependent upon future liquidity from capital sources or positive cash flows from commercial operations.

(expressed in thousands of U.S. dollars, unless otherwise stated)

The table below analyzes the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the Consolidated Statements of Financial Position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years
Balance at December 31, 2018				
Trade and other payables	$ 51,441	-	-	-
Current income tax liabilities	-	-	-	-
Borrowings	35,000	35,000	70,000	210,000
Total	$ 86,441	$ 35,000	$ 70,000	$ 210,000
Balance at December 31, 2017				
Trade and other payables	$ 58,633	-	-	-
Current income tax liabilities	1,432	-	-	-
Borrowings	-	-	50,000	150,000
Total	$ 60,065	$ -	$ 50,000	$ 150,000

This table does not include forward sales contracts discussed in Note 13 or other commitments discussed in Note 23.

c) Market risk

i) Interest rate risk

The Corporation holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. All other financial assets and liabilities in the form of receivables, payables and provisions are non-interest bearing. Borrowings have a variable interest rate based on LIBOR plus a predetermined rate. Future net cash flows from interest income on cash and cash equivalents and interest expense on variable rate borrowings will be affected by interest rate fluctuations. The Corporation manages interest rate risk by maintaining an investment policy for short-term investments and cash and cash equivalents. This policy focuses primarily on preservation of capital and liquidity. As of December 31, 2018, the unsettled interest rate swaps program was applicable to approximately 80% of the Finance Facility loan at an average fixed LIBOR rate of 2.86% for settlements during the period between September 2018 and December 2021.

As at December 31, 2018, Management estimates that if interest rates had changed by 0.1% (i.e. 10 basis points), assuming all other variables remained constant, the impact to 1) pre-tax net profit (loss) would have been approximately $0.1 million (2017 - $0.2 million) for interest earned on cash and cash equivalents, and 2) capitalized interest would have been approximately $0.7 million (2017 - $0.1 million) for outstanding borrowings.

ii) Currency risk

The Group's functional currencies are the U.S. dollar. The Group is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the U.S. dollar in relation to other currencies impact the fair value of financial assets and liabilities and operating results. The Corporation has entered into a forward sales foreign currency program to to limit exposure to the impact of Turkish Lira volatility (Note 13). In 2018, the Corporation fully settled its foreign currency forward sales program.

Certain short-term financial liabilities are denominated in other currencies, predominately the Turkish Lira. To reduce exposure to currency transaction risk, the Group maintains cash and cash equivalents in each of these currencies to meet short-term liquidity requirements. Other assets and liabilities subject to currency translation risk primarily include non-U.S. dollar cash and cash equivalents, receivables, deferred tax assets, taxes and royalties payable.

As at December 31, 2018, Management estimates that if foreign exchange rates had weakened 10% against the U.S. dollar, assuming all other variables remained constant, pre-tax profit would have decreased $5.9 million (2017 - $8.3 million), and a strengthening of 10% in foreign exchange rates, assuming all other variables remained constant, would have increased pre-tax profit by $7.3 million (2017 - $10.2 million). This is mainly a result of foreign exchange gains or losses on translation of Turkish Lira denominated cash and cash equivalents, receivables, deferred tax assets and payables.

iii) Commodity price risk

The market price of gold is a significant driver of the ability to generate free cash flow. The Corporation sells gold produced at prevailing market rates. Future declines in commodity prices may impact the valuation of long-lived assets, and fluctuations in commodity pricing may impact cash flows and profitability. In 2016, the Corporation entered into a forward sales hedge program to secure the gold price on gold production (Note 13). In 2018, the Corporation fully settled its gold forward sales program. As at December 31, 2018, management estimates that if gold prices had increased or decreased by 10% for the full year, assuming all other variables remained constant, the impact to gold sales would have been an approximately $21.2 million (2017 - $20.9 million) increase or decrease to the free cash flows.

d) Fair value of financial instruments

Financial assets and financial liabilities are initially recognized at fair value; subsequent measurement is dependent on the applicable classification. The Corporation has classified loans when a floating rate does not apply and receivables at amortized cost, which approximates fair value. The Corporation has classified marketable equity securities at fair value through profit and loss. The Corporation has classified accounts payable and accrued liabilities as other financial liabilities. The carrying amounts of accounts payable and accrued liabilities approximate the fair values of those financial instruments, due to the short-term maturity of such instruments.

In accordance with IFRS 9, the Company records the fair value of the forward contracts instruments at the end of the reporting period as an asset (in the money) or liability (out of the money). The fair value is calculated as the difference between a market-based price and the contracted price. At the end of the reporting period, a corresponding gain or loss is recorded in the Consolidated Statements of Profit and Comprehensive Profit as Other (Gain) Loss.

(expressed in thousands of U.S. dollars, unless otherwise stated)

IFRS requires disclosure about the inputs to fair value measurements, including their classification within a hierarchy that prioritize the inputs to fair value measurement. The following are the three levels of the fair value hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability
- Level 3 – Inputs that are not based on observable market data

The following table shows the Company's financial assets and liabilities carried at fair value by valuation method as of December 31, 2018 and 2017.

	December 31, 2018			
Fair Value Hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash, cash equivalents	$ 129,782	$ -	$ -	$ 129,782
Marketable equity securities	-	-	-	-
Forward sales contracts	-	(1,105)	-	(1,105)
	$ 129,782	$ (1,105)	$ -	$ 128,677

	December 31, 2017			
Fair Value Hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash, cash equivalents, and trade receivables	$ 225,310	$ -	$ -	$ 225,310
Marketable equity securities	22	-	-	22
Forward sales contracts	-	(3,291)	-	(3,291)
	$ 225,332	$ (3,291)	$ -	$ 222,041

e) Capital risk management

The Corporation 's objectives when managing capital (including borrowings, if any, and share capital) are to:

- Ensure the Group has sufficient cash available to support the continuing mining, development, exploration and other areas of the business;
- Ensure the Group has sufficient capital and capacity to support its long-term growth strategy;
- Provide investors with an appropriate rate of return in context of a balanced risk profile;
- Ensure compliance with borrowing covenant ratios, if applicable; and
- Minimize counterparty credit risk.

The Corporation adjusts its capital structure based on changes in business results, economic conditions, and the Corporation's strategy. The Corporation, upon BOD approval, has the ability to adjust its capital structure by issuing new equity, issuing new debt and by selling or acquiring assets. Within the context of its strategy, the Corporation can also control how much capital is returned to shareholders through dividends and share buybacks. The Corporation's net debt-to-equity ratio was 25% at December 31, 2018 (4% at December 31, 2017).

5. Critical accounting estimates and judgments

Many of the amounts included in the Consolidated Statements of Financial Position require Management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on Management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the Consolidated Statements of Financial Position. Information about such judgments and estimates is contained in the accounting policies within these Notes to Consolidated Financial Statements, and the critical areas are summarized below.

Judgments and estimates:

i) <u>Mineral reserve and resource estimates</u>
Amounts estimated for reserves and resources are determined in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators and Canadian Institute of Mining, Metallurgy and Petroleum standards. Proven and probable reserves are the economically mineable parts of the Group's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Group estimates its proven and probable reserves and measured and indicated and inferred mineral resources based on information compiled by appropriately qualified persons, as also defined by NI 43-101. The information relating to the geological data on the size, depth, and shape of an orebody requires complex geological judgments to interpret the data. The estimation of future cash flows related to proven and probable reserves is based upon factors such as estimates of foreign exchange rates, gold and other commodity prices, future capital requirements and production costs along with geological assumptions, and judgments made in estimating the size and grade of the orebody. Changes in the proven and probable reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of property, plant and equipment; reclamation and remediation obligations; recognition of deferred tax amounts; and depreciation, depletion and amortization.

ii) <u>Depreciation, depletion and amortization</u>
Plant assets and other facilities used directly in mining activities are depreciated using the UOP method over a period not to exceed the estimated life of the orebody based on recoverable ounces to be mined from proven and probable reserves. Mobile and other equipment is depreciated, net of residual value, on a UOP or straight-line basis, over the useful life of the equipment but does not exceed the related estimated life of the mine based on proven and probable reserves. The calculation of the UOP rate, and therefore the annual depreciation, depletion and amortization expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining,

and differences in gold price used in the estimation of mineral reserves. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation, depletion and amortization and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

iii) Inventories
The assumptions used in the valuation of work-in-process inventories include estimates of gold contained in the ore stacked on leach pads, assumption of the amount of gold stacked that is expected to be recovered from the leach pads, and an assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Corporation may be required to write-down the recorded value of its work-in-process inventories, which would reduce the Corporation's earnings and working capital. In the event of a write-down, the impairment will be reviewed for possible reversal at the end of each reporting period.

iv) Mine restoration provision estimates
The Corporation's calculation of rehabilitation and closure provisions (and corresponding capitalized closure cost assets, if necessary) relies on estimates of costs required to rehabilitate and restore disturbed land to appropriate post-operations' condition. Key assumptions are reviewed regularly and adjusted to reflect current assumptions used to calculate these estimates. Significant judgment is required in determining the provision for mine closure and rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development and operating activity, changes in technology, price, and inflation rate and discount rate changes.

v) Income taxes
The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes tax-related assets and liabilities based on the Group's current understanding of tax laws as applied to the Group's circumstances. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

vi) Recoverability of long-lived assets
The Corporation reviews and evaluates long-term non-financial assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. This assessment is done at the cash generating unit level, which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. An impairment is considered to exist if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use, is less than the carrying amount. Future cash flows are estimated based on expected future production, gold and other commodity prices, operating costs and capital costs. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis.

(expressed in thousands of U.S. dollars, unless otherwise stated)

6. Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash at banks and on hand	$ 53,132	$ 136,719
Money market funds and other	51,666	66,094
	$ 104,798	$ 202,813

Cash is deposited at banks and financial institutions and earns interest based on market rates. The fair value of cash and cash equivalents approximates the values as disclosed in the table above.

7. Receivables and other

	December 31, 2018	December 31, 2017
Consumption taxes recoverable (VAT)	$ 17,322	$ 15,224
Non-trade receivables	6,059	1,351
Prepaid expenses and advances	1,578	5,574
Other current assets	25	348
	$ 24,984	$ 22,497

VAT is usually recovered in 90 to 120 days and can be netted with withholding taxes and other taxes payable. Non-trade receivables includes temporary short-term loans to JV partners.

8. Inventories

	December 31, 2018	December 31, 2017
Work-in-process	$ 51,948	$ 53,362
Finished goods	4,991	3,670
Oxide ore stockpiles	1,823	217
Sulfide ore stockpiles	10,584	6,301
Supplies and reagents	17,352	4,957
	$ 86,698	$ 68,507

Work-in-process inventories represent materials that are currently in the process of being actively converted into saleable product. This primarily includes cash operating costs and depreciation related to oxide ore placed on the heap leach pad for processing.

The Corporation’s Sulfide ore stockpiles are classified as short-term if expected to be consumed in the next twelve months. Otherwise, Sulfide ore stockpiles are classified as long-term and listed under Other long-term assets (Note 11).

(expressed in thousands of U.S. dollars, unless otherwise stated)

Supplies and reagents are materials, spare parts and consumables used when processing ore to produce gold. Starting 2018, this account also includes inventory procured for the newly constructed sulfide plant.

There were no write-downs of inventory to net realizable value. As of December 31, 2018, a reserve for obsolescence of $1.9 million ($1.8 million - December 31, 2017) is included in the Supplies and reagents balance.

9. Mineral properties and equipment, net

	Mineral properties[1]	Mining plant and equipment	Construction-in-progress[2]	Non-producing properties[2]	Total
Balance at January 1, 2017	$ 101,261	$ 66,029	$ 117,993	$ 150,075	$ 435,358
Additions	-	-	360,523	-	360,523
Transfers	3,888	4,835	(8,789)	66	-
Disposals	-	(773)	-	(239)	(1,012)
Rehabilitation provision	3,031	-	-	-	3,031
Depreciation, depletion	(36,228)	(23,470)	-	-	(59,698)
Balance at January 1, 2018	$ 71,952	$ 46,621	$ 469,727	$ 149,902	$ 738,202
Additions	-	-	250,038	-	250,038
Transfers	11,047	1,162	(12,209)	-	-
Disposals / Refunds	(23)	(4)	-	-	(27)
Rehabilitation provision	(10,199)	-	-	-	(10,199)
Depreciation, depletion	(13,970)	(11,763)	-	-	(25,733)
Balance at December 31, 2018	$ 58,807	$ 36,016	$ 707,556	$ 149,902	$ 952,281

1 Mineral properties represent assets subject to depreciation including production stage properties, capitalized mine development costs related to current production, and capitalized pre-production stripping.

2 Construction-in-progress and Non-producing properties are not subject to depreciation. Construction-in-progress includes the Sulfide Project costs incurred following construction approval and sustaining capital expenditures. Non-producing properties includes the Sulfide Project costs incurred prior to construction approval and other capitalized mine development costs not yet in production.

Cash proceeds from the sulfide plant gold sales (23,246 gold ounces sold and $24 million proceeds received) and operating costs related to those gold sales are included in CIP prior to the plant achieving commercial production. Commercial production is achieved when the mining plant and equipment are operating substantially without interruption in order for the designed economic benefits to be delivered.

(expressed in thousands of U.S. dollars, unless otherwise stated)

10. Income taxes

a) Income tax expense - The following table summarizes activity for the years ended December 31:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Income tax (benefit) expense:		
Current income tax expense	$ 5,536	$ 4,397
Deferred income tax benefit	(20,967)	(102,134)
Income tax benefit	$ (15,431)	$ (97,737)

The Corporation receives incentive tax credits for qualifying expenditures at the Çöpler Gold Mine. Application of these tax credits reduces income tax expense in the current period and offsets current and future cash tax payments.

b) Reconciliation of income tax expense - The following table summarizes the difference between income tax expense at the Canadian statutory rate of 27.0% for 2018 (28.5% - 2017) and actual income tax expense for the years ended December 31:

	2018	2017
Net profit (loss) before income tax for the year	$ 9,132	$ 9,983
Income tax expense (benefit) at Canadian statutory rate	2,466	2,845
Effect of difference in foreign tax rates	(1,349)	(2,383)
Incentive tax credits	(60,889)	(97,343)
Unrecognized income tax assets, net	2,751	4,089
Foreign currency valuations	40,160	(6,451)
Other	1,430	1,506
Income tax benefit	$ (15,431)	$ (97,737)

(expressed in thousands of U.S. dollars, unless otherwise stated)

c) Significant components of deferred tax assets and liabilities

	Consolidated statement of financial position on December 31, 2018	December 31, 2017
Deferred income tax assets:		
Incentive tax credits recognized	$ 155,209	$ 145,887
Deferred income tax liabilities	(60,076)	(26,655)
Deferred income tax asset	$ 95,133	$ 119,232

Tax attributes not recognized:	**2018**	**2017**
Loss carry-forwards	$ 138,708	$ 137,042
Capital loss carry-forwards	$ 903,884	$ 946,887

Deferred income tax assets are recognized for incentive tax credits to the extent that the realization of the related tax benefit through future taxable profits is probable. The deferred tax liability is comprised of temporary differences. In 2018, the deferred tax liability was primarily impacted by the revaluation of non-monetary assets on the balance sheet. The Corporation applies the liability method to recognize deferred income tax expense on temporary differences between the tax basis of assets and their carrying amounts in the financial statements.

The Group did not recognize deferred income tax assets of $158.2 million (2017: $173.8 million) in respect of losses amounting to $138.7 million (2017: $137.0 million) that can be carried forward against future taxable income, and in respect of capital losses amounting to $903.9 million (equivalent to $1.2 billion Canadian Dollars). Canadian operating losses total $118.1 million and can be carried forward 20 years. U.S. losses total $16.1 million and can be carried forward 20 years. Luxembourg losses total $1.9 million and can be carried forward indefinitely if incurred before January 1, 2017, and losses can be carried forward 17 years thereafter. Turkish losses total $2.6 million and can be carried forward 5 years.

Deferred income tax liabilities of $64.4 million (2017: $62.4 million) have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totaled $644.3 million at December 31, 2018 (2017: $624.0 million).

(expressed in thousands of U.S. dollars, unless otherwise stated)

11. Other long-term assets

	December 31, 2018	December 31, 2017
Long-term sulfide ore stockpiles	$ 74,500	$ 78,600
Equity accounted investments (Note 19)	18,628	18,108
Finance facility costs	-	3,141
Long-term advances and deposits	1,101	1,997
Marketable security investments	-	22
	$ 94,229	$ 101,868

Long-term sulfide ore stockpiles represent sulfide ore that has been extracted from the mine and is not expected to be further processed within twelve months. The Corporation's current sulfide ore stockpile inventories are expected to be consumed in the next twelve months are classified as current assets (Note 8).

Finance facility costs in 2017 included the prorated portion of borrowing costs related to the undrawn portion of the finance facility. In 2018, the entire $350 million finance facility was drawn, and therefore, the finance facility costs are reflected in borrowings. See Note 14.

12. Trade and other payables

	December 31, 2018	December 31, 2017
Trade payables	$ 30,309	$ 31,289
Accruals	18,677	17,937
Forward sales and swap contracts obligation (hedge) (Note 13)	335	3,291
Withholding taxes	516	1,653
Royalties payable	1,604	4,463
	$ 51,441	$ 58,633

Trade payables include the corporation's obligations to suppliers of goods or services acquired on trade credit. This represents invoices received but not yet paid for, goods delivered, or services already consumed by the company and usually settled within a month. Accruals include estimated amounts for goods or services received but not yet invoiced by the supplier, as well as obligations that build up throughout the year and settled once annually, such as short-term incentive compensation payments.

(expressed in thousands of U.S. dollars, unless otherwise stated)

13. Financial Instruments – forward sales contracts (hedge)

The following table is a summary of the carrying amounts of the Corporation's financial instruments that are recognized in the Consolidated Statements of Financial Position at:

Financial instrument classification	December 31, 2018	December 31, 2017
Gold forward sales contracts - Short-term	$ -	$ (1,699)
Foreign currency forward sales contracts - Short-term	$ -	$ (1,592)
LIBOR interest rate swap contracts - Short-term	(335)	-
Trade and other payables (Note 12)	$ (335)	$ (3,291)
LIBOR interest rate swap contracts - Long-term	(770)	-
Other long-term liabilities (Note 16)	$ (770)	$ -
Net liability	**$ (1,105)**	**$ (3,291)**

The change in the carrying amount of the Corporation's financial instruments, $2.2 million gain for 2018 and ($19.2 million loss for 2017), is recorded as Other (Gain) Loss in the Consolidated Statements of Profit and Comprehensive Profit (Note 20).

a) Gold forward sales contracts

In 2018, the Company fully settled its gold forward sales program. The following table is a summary of the program:

	Ounces	Average Fixed Price
Forward sales settled in 2016	53,777	$ 1,282
Forward sales settled in 2017	98,207	$ 1,280
Forward sales settled in 2018	72,799	$ 1,299
Gold Forward Sales Program Total	**224,783**	**$ 1,287**

Gold forward sales are settled in cash during the settlement period. Realized gains (losses) are recorded as Other (Gain) Loss in the Consolidated Statements of Profit and Comprehensive Profit (Note 20). The program is fully settled with $3.4 million realized gain ($1.1 million realized gain in 2018).

(expressed in thousands of U.S. dollars, unless otherwise stated)

b) Foreign currency forward sales contracts

In 2018, the Company fully settled its foreign currency forward sales program. The following table is a summary of the program:

	TRY	Average FX Rate
Forward sales settled in 2017	224,687,500	3.7
Forward sales settled in 2018	275,312,500	3.8
Foreign Currency Forward Sales Program Total:	**500,000,000**	**3.8**

Foreign currency forward sales are settled in cash during the settlement period. Realized gains (losses) are recorded as Other (Gain) Loss in the Consolidated Statements of Profit and Comprehensive Profit (Note 20). The program is fully settled with $4.8 million realized loss ($5.2 million realized loss in 2018).

c) LIBOR interest rate swap contracts

The carrying value of these instruments is the fair value of the difference between the original variable LIBOR interest rate as compared to a fixed interest rate of 2.86% for settlement during the period from October 2018 to December 2021 on approximately 80% of the forecast outstanding debt balance for the relevant period.

Quarter Ending	Hedged amount of debt (million $)	Hedged Rate	Forward Curve	Gain (Loss) (million $)
Q1 2019	350	2.86%	2.83%	-
Q2 2019	275	2.86%	2.72%	(0.1)
Q3 2019	250	2.86%	2.69%	(0.1)
Q4 2019	225	2.86%	2.67%	(0.1)
Q1 2020	200	2.86%	2.66%	(0.1)
Q2 2020	175	2.86%	2.56%	(0.1)
Q3 2020	150	2.86%	2.50%	(0.1)
Q4 2020	125	2.86%	2.46%	(0.1)
Q1 2021	100	2.86%	2.48%	(0.1)
Q2 2021	75	2.86%	2.45%	(0.1)
Q3 2021	50	2.86%	2.45%	(0.1)
Q4 2021	50	2.86%	2.46%	(0.1)
Weighted average rates of unsettled Interst Rate Swap		2.86%	2.64%	
Total unrealized gain (loss) on unsettled Interst Rate Swap				(1.1)
Q3 2018	350	2.86%	2.33%	(0.5)
Q4 2018	350	2.86%	2.37%	(0.4)
Weighted average rates of settled Interst Rate Swap		2.86%	2.33%	
Total realized gain (loss) on unsettled Interst Rate Swap				(0.9)
Program total for Interst Rate Swap				(2.0)

Interest rate swaps are settled in cash during the settlement period. Realized gains (losses) ($0.9 million realized loss in 2018) are recorded as Other (Gain) Loss in the Consolidated Statements of Profit and Comprehensive Profit (Note 20).

(expressed in thousands of U.S. dollars, unless otherwise stated)

Fair value methodology

In accordance with IFRS 9, a three-level hierarchy was evaluated to determine the applicable fair value accounting methodology to be used for the hedge instrument. Level 2 of the hierarchy is applicable and therefore, the Corporation calculates fair value of financial instruments utilizing observable market data and other inputs. The fair values of the gold and foreign exchange forward sales contracts are determined using forward rates at the balance sheet date.

14. Borrowings

As of December 31, 2018, Alacer has a fully drawn $350 million finance facility with a syndicate of lenders (BNP Paribas (Suisse) SA, ING Bank A.S., Societe Generale Corporate & Investment Banking and UniCredit S.P.A.). The facility agreement has no mandatory hedging, has an 8-year term ending in 2023, and has interest rates of LIBOR plus a margin of 3.5% to 3.95%. While no mandatory hedging is required, discretionary hedging to secure the gold price, limit the exposure to TRY volatility and fix the LIBOR rate were implemented as discussed in Note 13.

As defined by the Corporation's Significant Accounting Policies, the Finance Facility Costs incurred to establish and finalize the financing facility (including syndicate bank fees, legal and accounting fees, investment and registration fees, and other agency fees) are accounted for as a discount to the loan principal and amortized over the life of the loan. All related interest expense is capitalized in construction-in-progress, since the borrowing is directly attributable to funding the Sulfide Project construction. Capitalized interest amounted to $18.3 million in 2018 ($6.1 million in 2017). As of December 31, 2018, the Corporation is in compliance with all aspects of the finance facility.

The following table is a summary of the carrying amounts of the Corporation's borrowings that are recognized in the Consolidated Statements of Financial Position as of:

	December 31, 2018	December 31, 2017
Short-term portion of the Finance Facility	$ 70,000	$ -
Short-term portion of Discounted Finance Facility Costs	(1,845)	-
Long-term portion of the Finance Facility	280,000	250,000
Long-term portion of Discounted Finance Facility Costs	(7,335)	(7,282)
	$ 340,820	$ 242,718

The first repayment of principal for the finance facility is expected on March 21, 2019 with final principal repayment on or before December 21, 2023. The repayment schedule is a flat 5% paid quarterly. Mandatory cash sweep conditions on excess cash flows are in place and will escalate repayment, if conditions exist.

(expressed in thousands of U.S. dollars, unless otherwise stated)

15. Asset retirement obligation ("ARO")

	December 31, 2018	December 31, 2017
Balance, beginning of period	$ 37,938	$ 27,316
Arising during the period	13,622	3,031
Change in estimates	(30,433)	-
Accreting and unwinding of discount	2,750	7,591
Balance, end of period	$ 23,877	$ 37,938

At the end of each year, the Corporation reviews cost estimates and assumptions used in the valuation of environmental provisions. Changes in these cost estimates and assumptions have a corresponding impact on the carrying value of the obligation. The primary factors that can cause expected future cash flows to change include construction of new processing facilities, material changes in reserve estimates and the life-of-mine plan, changes in ore characteristics that may impact required environmental protection measures and related costs, changes in water quality that impact the amount of water treatment required, and changes in laws and regulations governing the protection of the environment. The environmental provision established for reclamation and closure cost obligations represents the present value of rehabilitation costs for the Çöpler Gold Mine.

For the year ended December 31, 2018, the Corporation updated the reclamation and closure cost obligation for the Çöpler Gold Mine. The update was prepared based on management and third-party estimates. The total undiscounted expenditures adjusted for inflation are estimated at $47.2 million as of December 31, 2018. The critical assumptions used in the 2018 estimate include the timing of when the expenditures are expected to be incurred up to the year 2044, the inflation rate of 2.0%, and the discount rate of 4.4% to determine net present value. The estimates are based on the 20-year US government bond rate and the long-term US inflation rate.

16. Other long-term liabilities

	December 31, 2018	December 31, 2017
LIBOR interest rate swap contracts	$ 770	$ -
Share-based compensation	3,845	2,956
Long-term employee benefits	2,266	1,972
	$ 6,881	$ 4,928

(expressed in thousands of U.S. dollars, unless otherwise stated)

17. Share capital and share-based payments

a) Share capital

The Corporation has an unlimited number of common shares, without nominal or par value, authorized for issuance and an unlimited number of preferred shares, without nominal or par value, issuable in series. As of December 31, 2018, there have been no transactions involving preferred shares. The following table summarizes activity for common shares:

	Common Shares	
	Number of Shares	$
Balance at January 1, 2017	292,144,883	$ 1,474,524
Shares issued:		
On exercise of share-based awards (Note 17b)	946,145	1,741
Balance at December 31, 2017	293,091,028	$ 1,476,265
Shares issued:		
On exercise of share-based awards (Note 17b)	749,060	1,321
Balance at December 31, 2018	293,840,088	$ 1,477,586

b) Share-based payments

i) Restricted share unit ("RSU") plan

The Corporation's outstanding RSUs were granted under the 2014 RSU plan or the 2017 RSU plan (collectively, the "Alacer RSU Plans"). The 2014 RSU plan will only remain active until all RSUs granted under the plan are vested or terminated. All new RSUs will be granted under the 2017 RSU plan. Each RSU becomes payable as they vest over their lives (typically at three years), are subject to normal performance criteria, and entitles participants to receive one common share of the Corporation. Alternatively, the Corporation, at its discretion, may elect to satisfy all or part of its payment obligation in cash. The Corporation has never elected to settle in cash. RSUs are treated as equity instruments.

The following table summarizes activity for the years ended December 31:

	2018		2017	
	Number of RSUs	Weighted average price	Number of RSUs	Weighted average price
Outstanding - Beginning of year	2,655,853	$ 1.71	2,655,788	$ 1.89
Granted	1,470,934	1.76	1,753,638	1.62
Vested and redeemed	(749,060)	1.70	(946,145)	1.88
Forfeited	(479,211)	1.70	(807,428)	2.06
Outstanding - December 31	2,898,516	$ 1.72	2,655,853	$ 1.71

(expressed in thousands of U.S. dollars, unless otherwise stated)

ii) Performance share unit ("PSU") plan

The Corporation's outstanding PSUs were granted under the 2014 PSU plan or the 2017 PSU plan (collectively, the "Alacer PSU Plans"). The 2014 PSU plan will only remain active until all PSUs granted under the plan are vested or terminated. All new PSUs will be granted under the 2017 PSU plan. Each PSU granted entitles the participant, at the end of the applicable performance period (typically three years), 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 in the Corporation. PSUs are treated as liability instruments.

The following table summarizes activity for the years ended December 31:

	2018	2017
	Number of PSUs	**Number of PSUs**
Outstanding - Beginning of year	2,735,089	2,640,959
Granted	1,518,666	1,320,489
Vested and redeemed	(817,958)	(959,356)
Forfeited	-	(267,003)
Outstanding - December 31	3,435,797	2,735,089

iii) Deferred share unit ("DSU") plan

The Corporation's outstanding DSUs were granted under the 2014 DSU plan or the 2017 DSU plan (collectively, the "Alacer DSU Plans"). The 2014 DSU plan will only remain active until all DSUs granted under the plan are vested or terminated. All new DSUs will be granted under the 2017 DSU plan. DSUs are valued based on the share price and settled in cash upon the director's departure from the Corporation. DSUs are treated as liability instruments.

(expressed in thousands of U.S. dollars, unless otherwise stated)

The following table summarizes activity for the years ended December 31:

	2018	2017
	Number of DSUs	Number of DSUs
Outstanding - Beginning of year	651,020	446,641
Granted	227,558	204,379
Vested and redeemed	-	-
Forfeited	-	-
Outstanding - December 31	878,578	651,020

18. Group entities and transactions with non-controlling interests

		Ownership interest	
Alacer Gold Corp.	**Country of incorporation**	**31-Dec 2018**	**31-Dec 2017**
Alacer Management Corp.	USA	100%	100%
Alacer Gold Holdings Corp. S.à.r.l.	Luxembourg	100%	100%
Alacer Gold Corp. S.à.r.l.	Luxembourg	100%	100%
Alacer Gold Madencilik Anonim Şirketi	Turkey	100%	100%
Anagold Madencilik Sanayi Ve Ticaret Anonim Şirketi	Turkey	80%	80%
Kartaltepe Madencilik Sanayi Ticaret Anonim Şirketi	Turkey	50%	50%
Tunçpınar Madencilik Sanayi Ve Ticaret Anonim Şirketi	Turkey	50%	50%
Polimetal Madencilik Sanayi Ticaret Anonim Şirketi	Turkey	50%	50%

In 2009, the Group and Lidya Mining formalized an agreement to create a strategic relationship which allowed Lidya Mining to acquire up to a 20% interest in Çöpler, through ownership of Anagold stock, and outlined a structure for cooperation and cross-investment to jointly explore and develop other mineral properties in Turkey on a 50/50 basis.

In addition, and in conjunction with the strategic relationship with Lidya Mining, during 2011 the Corporation and Lidya Mining completed two joint ventures on other non-Çöpler Turkish holdings. During 2012 the Corporation and Lidya Mining completed a third non-Çöpler Turkish holding joint venture. The joint venture agreements provide for equal ownership by the Corporation and Lidya Mining. In 2013, the Corporation elected to reduce its ownership in Polimetal from 50% to 20%, but still maintaining its rights to clawback its interest in the Polimetal joint venture to 50% on a project-by-project basis. Starting December 2016, Alacer's interest in the Polimetal joint venture is 50%. (See additional information in Note 19.)

As a 20% shareholder of Anagold, Lidya Mining is responsible for its proportionate share of Anagold's capital and operating costs and will receive the benefit of its proportionate share of revenues and other income. Non-controlling interest represents the 20% interest of Lidya Mining in Anagold, based on investment amounts adjusted for its share of profit or losses.

(expressed in thousands of U.S. dollars, unless otherwise stated)

The following table summarizes activity for the years ended December 31:

		2018		2017
Non-controlling interest, beginning of period	$	179,399	$	153,183
Share of profit (loss) in Anagold		9,445		26,216
Non-controlling interest, end of period	$	188,844	$	179,399

Set out below is summarized financial information for Anagold, the entity which has the 20% non-controlling interest held by Lidya Mining. The amounts disclosed are based on those included in the consolidated financial statements before inter-company eliminations.

Summarized statements of financial position		**As of December 31, 2018**		**As of December 31, 2017**
Current assets		160,303		215,431
Current liabilities		114,000		52,513
	$	46,303	$	162,918
Non-current assets		1,102,547		921,641
Non-current liabilities		299,371		282,446
	$	803,176	$	639,195
Net assets	$	849,479	$	802,113

Summarized statement of profit and comprehensive profit		**For the year ended**		
		December 31, 2018		**December 31, 2017**
Revenue	$	187,983	$	209,087
Depreciation, depletion and amortization	$	29,089	$	50,036
Income tax benefit	$	(20,233)	$	(99,924)
Total net profit and comprehensive profit	$	47,222	$	131,078
Attributable to:				
Owners of the Corporation	$	37,777	$	104,862
Non-controlling interest	$	9,445	$	26,216

(expressed in thousands of U.S. dollars, unless otherwise stated)

Summarized statement of cash flows	**For the year ended December 31, 2018**	**December 31, 2017**
Cash flows from operating activities	$ 113,167	$ 122,169
Cash flows for investing activities	$ (283,282)	$ (360,810)
Cash flows from financing activities	$ 97,776	$ 249,319

Lidya Mining is entitled to receive dividend payments equaling its 20% share of legally declarable dividends from Anagold. Commencing in 2015, there have been no dividend payments related to Anagold earnings. Dividend payments were suspended in 2015 due to expected future capital expenditure commitments, including the Sulfide Project construction.

19. Investments accounted for using the equity method

The Corporation has interests in exploration joint ventures (see Note 18) that are accounted for using the equity method. The aggregated financial information on the Kartaltepe Madencilik Sanayi Ticaret Anonim Şirketi, Tunçpınar Madencilik Sanayi Ve Ticaret Anonim Şirketi, and Polimetal Madencilik Sanayi Ticaret Anonim Şirketi joint ventures is as follows:

	For the year ended December 31, 2018	**December 31, 2017**
Aggregate amount of the Corporation's share of net losses	$ 2,700	$ 4,218

The aggregate amount of the Corporation's share of net losses is the current reporting period's expenditures of the joint ventures.

	As of December 31, 2018	**As of December 31, 2017**
Aggregate carrying amount (Note 11)	$ 18,628	$ 18,108

The Corporation has no commitments and contingencies for the joint ventures.

(expressed in thousands of U.S. dollars, unless otherwise stated)

20. Other (gain) loss

The following table summarizes activity for the years ended December 31:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Finance income, net	$ (2,171)	$ (1,704)
ARO (gain) loss	(3,863)	7,591
Unrealized (gain) loss on financial instruments (hedge) (Note 13)	(2,186)	19,172
Realized (gain) loss on financial instruments (hedge)	4,975	(1,238)
Write-down of property, plant and equipment assets	2	833
Non-operating transactions	(215)	(839)
Total other (gain) loss	$ (3,458)	$ 23,815

21. Profit (loss) per share

Basic profit (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Corporation by the weighted average number of ordinary shares outstanding during the period.

Diluted profit (loss) per share is calculated using the "if-converted method" in assessing the dilution impact of convertible instruments until maturity. The if-converted method assumes that all convertible instruments until maturity have been converted in determining fully diluted profit (loss) per share if they are in-the-money, except where such conversion would be anti-dilutive. The following table summarizes activity for the years ended December 31:

	2018	2017
Net profit attributable to owners of the Corporation	$ 15,118	$ 81,504
Weighted average number of shares outstanding – basic	293,813,654	293,004,478
Weighted average number of shares outstanding – diluted	296,712,170	295,660,331
Total net profit (loss) per share – basic	$ 0.05	$ 0.28
Total net profit (loss) per share – diluted	$ 0.05	$ 0.28

22. Contingencies

The Group has contingent liabilities associated with legal claims arising in the ordinary course of business. The Corporation believes these claims will have no material impact where a liability would be recorded in the financial statements.

23. Commitments

a) Contractual Obligations

Contractual commitments related to purchase obligations and capital expenditures are as follows:

($ 000's)	Less than one year	Between one and five years	More than five years	Total
Purchase obligations for operations	$ 2,019	$ -	$ -	$ 2,019
Capital expenditure commitments	7,779	-	22,000	29,779
Total contractual obligations	$ 9,798	$ -	$ 22,000	$ 31,798

b) Other

In connection with exploration and development activities, the Group may enter into option, lease, royalty or other similar agreements with third parties. Generally, payments required on these commitments do not occur until the property has reached commercial production.

24. Related party transactions

In 2016, the Corporation entered into a new related party agreement for the construction of the sulfide process plant with an affiliate of our joint venture partner, GAP İNŞAAT YATIRIM VE DIŞ TİCARET A.Ş. ("GAP"). The current scope of work is substantially complete, and contract close out is in process. The estimated total value of transactions is approximately $150 million.

There were no other related party transactions for services rendered during 2018 and 2017, except key management compensation as detailed below.

Key management compensation

The compensation of directors of the Corporation and key management personnel of the Corporation is shown below for the years ended December 31:

	2018	2017
Salaries, director fees and other employee benefits	$ 4,293	$ 5,141
Share-based compensation expense	3,148	1,370
Total	$ 7,441	$ 6,511

(expressed in thousands of U.S. dollars, unless otherwise stated)

25. Segment information

The Corporation operates one segment directed towards the acquisition, exploration and production of gold in Turkey. The segment net profit (loss) and the segment assets and liabilities as of and for the years ended December 31, 2018 and 2017 are shown in the following tables:

	Turkish Business Unit	Corporate and other	Total
For the year ended December 31, 2018:			
Revenues	$ 187,983	$ -	$ 187,983
Production costs	74,888	-	74,888
Depreciation, depletion, amortization	29,089	2,035	31,124
Mining gross profit (loss)	84,006	(2,035)	81,971
Exploration and evaluation	5,791	219	6,010
Administration, finance and other, net	53,931	12,898	66,829
Income tax expense (benefit)	(16,555)	1,124	(15,431)
Net profit (loss) for the period	$ 40,839	$ (16,276)	$ 24,563
For the year ended December 31, 2017:			
Revenues	$ 209,087	$ -	$ 209,087
Production costs	88,746	-	88,746
Depreciation, depletion, amortization	50,036	4,476	54,512
Mining gross profit (loss)	70,305	(4,476)	65,829
Exploration and evaluation	2,157	392	2,549
Administration, finance and other, net	40,629	12,668	53,297
Income tax expense (benefit)	(98,858)	1,121	(97,737)
Net profit (loss) for the period	$ 126,377	$ (18,657)	$ 107,720

(expressed in thousands of U.S. dollars, unless otherwise stated)

	Turkish Business Unit	Corporate and other	Total
As of December 31, 2018:			
Current assets	$ 125,745	$ 90,735	$ 216,480
Non-current assets	1,121,524	20,119	1,141,643
Total assets	$ 1,247,269	$ 110,854	$ 1,358,123
Current liabilities	$ 114,541	$ 5,055	$ 119,596
Non-current liabilities	299,578	3,845	303,423
Total liabilities	$ 414,119	$ 8,900	$ 423,019
As of December 31, 2017:			
Current assets	$ 200,706	$ 93,111	$ 293,817
Non-current assets	939,886	19,416	959,302
Total assets	$ 1,140,592	$ 112,527	$ 1,253,119
Current liabilities	$ 54,461	$ 5,604	$ 60,065
Non-current liabilities	282,628	2,956	285,584
Total liabilities	$ 337,089	$ 8,560	$ 345,649

26. Net change in non-cash working capital

The following table summarizes activity, excluding cash and cash equivalents transactions, for the years ended December 31:

	For the year ended December 31, 2018	December 31, 2017
Changes in non-cash working capital accounts:		
Trade and other payables	$ (7,192)	$ 27,285
Receivables and other	(2,487)	1,518
Inventories	(18,191)	4,339
Current income tax liabilities	(1,432)	(2,879)
Subtotal of non-cash working capital accounts	$ (29,302)	$ 30,263
Non-cash related to short-term hedging activities	2,956	(14,092)
Non-cash related to equity investment	5,160	-
Receivables and other related to the Sulfide Project	3,519	1,562
Trade and other payables related to the Sulfide Project	14,888	(13,826)
Inventory related to sulfide stockpile	20,562	-
Net change in non-cash working capital, net of investing activities	$ 17,783	$ 3,907