



# MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended December 31, 2016

The following management discussion and analysis ("MD&A") is as of February 6, 2017 and relates to the financial condition and results of operations of Alacer Gold Corp. and its subsidiaries ("Alacer," the "Group" or the "Corporation") as of December 31, 2016. The MD&A supplements and complements the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016 (the "consolidated financial statements") and related notes. Other relevant documents to be read with this MD&A include the Corporation's audited annual consolidated financial statements and the MD&A for the year ended December 31, 2015, and the Annual Information Form ("AIF") for the year ended December 31, 2016. Comparison herein is provided to the year ended December 31, 2015. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from Management's expectations. Readers are encouraged to read the Cautionary Statements included with this MD&A and to consult the Corporation's audited annual consolidated financial statements for 2016 and related notes, which are available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on SEDAR at [www.sedar.com](http://www.sedar.com), and on the ASX at [www.asx.com.au](http://www.asx.com.au). The December 31, 2016 consolidated financial statements and MD&A are presented in U.S. Dollars ("USD") and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). References to non-IFRS measures are made throughout this MD&A. For further information and detailed reconciliations, see the "Non-IFRS Measures" section of this MD&A. This discussion addresses matters the Corporation considers important for an understanding of the financial condition and results of operations as of and for the year ended December 31, 2016, as well as the outlook for 2017.

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## Overview

Alacer is a leading intermediate gold mining company, with an 80% interest in the world-class Çöpler Gold Mine in Turkey operated by Anagold Madencilik Sanayi ve Ticaret A.S. ("Anagold"), and the remaining 20% owned by Lidya Madencilik Sanayi ve Ticaret A.S. ("Lidya Mining"). The Corporation's primary focus is to leverage its cornerstone Çöpler Mine and strong balance sheet to maximize portfolio value, maximize free cash flow, minimize project risk, and therefore, create maximum value for shareholders. The Çöpler Mine is located in east-central Turkey in the Erzincan Province, approximately 1,100 kilometers southeast from Istanbul and 550 kilometers east from Ankara, Turkey's capital city.

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

- Çöpler Oxide Production Optimization – Expansion of the existing heap leach pad to 58 million tonnes continues to advance. The Corporation continues to evaluate opportunities to extend oxide production beyond the current reserves, including a new heap leach pad site to the west of the Çöpler Mine.
- Çöpler Sulfide Expansion Project (the "Sulfide Project") – The Sulfide Project is under construction with first gold production projected in the third quarter 2018. The Sulfide Project is expected to deliver long-term growth with robust financial returns and adds 20 years of production at Çöpler. The Sulfide Project will bring Çöpler's remaining life-of-mine ("LoM") gold production to 4 million ounces at All-in Sustaining Costs averaging \$645 per ounce<sup>1, 2</sup>.
- The Corporation continues to pursue opportunities to further expand its current operating base and to become a sustainable multi-mine producer with a focus on Turkey. The systematic and focused exploration efforts in the Çöpler District, as well as in other regions of Turkey, are progressing. A maiden Mineral Resource estimate was released for Çakmaktepe and Bayramdere<sup>3</sup>, and the Çöpler District remains the focus with the potential to add oxide production from the existing Çöpler infrastructure within the next two years. In the region, the Gediktepe Project has advanced with a maiden Mineral Resource and Mineral Reserve released in Q3 2016<sup>4</sup>.

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

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<sup>1</sup> All-in Sustaining Costs per ounce is a non-IFRS performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation to IFRS, please see the "Non-IFRS Measures" section of this MD&A.

<sup>2</sup> Detailed information regarding the Sulfide Project, including the material assumptions on which the forward-looking financial information is based, can be found in the Technical Report dated June 9, 2016 entitled "Technical Report on the Çöpler Mine and Çöpler Sulfide Exploration Project" available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

<sup>3</sup> Detailed information regarding the Çöpler District Mineral Resource can be found in the press release entitled "Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an Initial Mineral Resource in the Çöpler District," dated December 19, 2016, available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

<sup>4</sup> Alacer has completed its clawback for the Gediktepe Project with ownership increasing from 20% to 50% in December 2016. Additional information on the Gediktepe Project can be found in the press release entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth," dated September 13, 2016, available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

## 2016 Highlights

### Strategic

- On May 12, 2016, the Corporation announced the Board of Directors has approved full construction of the Sulfide Project.
- The Sulfide Project is 21% complete with first gold production on track for third quarter 2018. The Sulfide Project has incurred costs of \$158 million as of the end of 2016 and remains on budget to the capital cost estimate of \$744 million.
- On June 9, 2016, the Corporation filed an updated technical report on the Çöpler Mine.<sup>1</sup>
- On June 17, 2016, the Corporation announced that it increased the existing finance facility to \$350 million with a syndicate of lenders (BNP Paribas (Suisse) SA, ING Bank A.S., Societe Generale Corporate & Investment Banking and UniCredit Bank Austria AG).
- On June 24, 2016, the Corporation announced it had initiated a hedge program to forward sell gold to further de-risk the Sulfide Project while under construction. The program has forward sold 195,783 ounces of gold production at an average gold price of \$1,282.
- On September 13, 2016, the Corporation released the prefeasibility study for the Gediktepe Project in western Turkey in a press release entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth." In Q4 2016, Alacer completed its previously announced clawback to 50% of the Gediktepe Project.
- On December 19, 2016, the Corporation released its fourth set of drilling results for the Çakmaktepe prospect in the Çöpler District including an initial Mineral Resource in a press release entitled "Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an initial Mineral Resource in the Çöpler District."

### Operational

- Gold production of 119,036 ounces and attributable gold production<sup>2</sup> of 95,229 ounces was within revised guidance.<sup>3</sup>
- Total Cash Costs (C2) per ounce<sup>4</sup> were \$738 and All-in Sustaining Costs per ounce<sup>3</sup> were \$966.
- Expansion of the existing heap leach pad to 58 million tonnes continues to advance.
- Sulfide stockpiles at year end were 7.1 million tonnes at an average grade of 3.38 g/t gold or approximately 770,000 contained gold ounces.
- During 2016, two lost-time injuries ("LTI") occurred and both individuals are expected to make full recoveries.

### Financial

- The Corporation ended 2016 with cash of \$215 million.
- A finance facility of \$350 million is undrawn.
- Working capital was \$270 million at year end.
- Cash flow from operating activities total \$37 million.
- Attributable net profit<sup>1</sup> was \$6.2 million or \$0.02 per share.

<sup>1</sup> Detailed information regarding the Technical Report dated June 9, 2016 can be found in the "Technical Report on the Çöpler Mine and Çöpler Sulfide Exploration Project" available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

<sup>2</sup> Attributable gold production and net profit is reduced by the 20% non-controlling interest at the Çöpler Gold Mine.

<sup>3</sup> Detailed information about the revised guidance can be found in the press release entitled "Alacer Gold Revises 2016 Production and Cost Guidance," dated December 6, 2016, available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

<sup>4</sup> Total Cash Costs (C2) per ounce and All-in Sustaining Costs per ounce are non-IFRS performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation to IFRS, please see the "Non-IFRS Measures" section of this MD&A.

**2017 Guidance (100%)**

As announced in the press release dated January 17, 2017 entitled "Alacer Gold Announces 2016 Results and Increased 2017 Production Guidance," the Corporation expects to produce between 160,000 and 180,000 gold ounces at Total Cash Costs (C2) per ounce<sup>1</sup> of \$500 to \$550.

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

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

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

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

<b>Guidance for the Corporation's 2017 gold production and costs</b>		
Gold produced (100%)	(ozs '000's)	160 to 180
Gold produced (attributable <sup>2</sup> )	(ozs '000's)	128 to 144
Total Cash Costs (C2) per ounce <sup>1</sup>	(\$)	500 to 550
All-in Sustaining Costs per ounce <sup>1</sup>	(\$)	700 to 750
Çöpler sustaining capital expenditure	(\$ millions)	12
Çöpler sulfide expansion capital expenditure	(\$ millions)	420
Gediktepe capital expenditure	(\$ millions)	16
Exploration expenditure	(\$ millions)	15
General and Administrative	(\$ millions)	12

<sup>1</sup> Total Cash Costs (C2) per ounce and All-in Sustaining Costs per ounce are non-IFRS financial performance measures with no standardized definitions under IFRS. For further information and detailed reconciliations to IFRS, see the "Non-IFRS Measures" section of this MD&A.

<sup>2</sup> Attributable gold production is reduced by the 20% non-controlling interest at the Çöpler Gold Mine.

### Çöpler Sulfide Expansion Project Update

The Sulfide Project will deliver long-term growth with robust financial returns and will add 20 years of production at Çöpler. The Sulfide Project will bring Çöpler's remaining LoM gold production to 4 million ounces at All-in Sustaining Costs averaging \$645 per ounce. Detailed information regarding the Sulfide Project can be found in the technical report filed June 9, 2016 (the "Updated Technical Report").<sup>1</sup> The Sulfide Project is 21% complete with first gold production on track for third quarter 2018. The Sulfide Project has incurred costs of \$158 million as of the end of 2016 and remains on budget to the capital cost estimate of \$744 million.

Key Milestones	Target Date
Equipment Procurement Complete	Complete
Autoclaves Arrive on Site	Q1 2017
Electrical & Instrumentation Works Begin	Q2 2017
Engineering Design Complete	Q2 2017
Major Civil Works Complete	Q3 2017
Oxygen Plant Complete	Q4 2017
Dry Commissioning Begins	Q1 2018
First Gold Pour	Q3 2018

In 2016, the Sulfide Project achieved several key milestones starting with the receipt of key permits in April 2016 and the Board of Directors' approval for construction in May 2016. Following Board approval, key contracts for Engineering, Procurement, Construction Management ("EPCM"), sulfide process plant construction and long-term oxygen supply were executed. Mobilization and commencement of construction activities occurred in Q3 2016. Development highlights include:

- No LTI's incurred project to date
- Design engineering is 90% complete, of which process engineering is 97% complete, with only on-going engineering support activities remaining
- Equipment and bulk materials procurement is complete and overall procurement is 95% complete with only minor items remaining
- Plant site earthworks complete
- Civils are nearly 60% complete with over 20,000 m<sup>3</sup> of concrete poured to date
- Completion of the POX structural steel building and commencement of flash vessel installation
- Commencement of the installation of field fabricated tanks
- Air Liquide oxygen plant construction commenced
- Tailings storage facility earthworks underway

<sup>1</sup> Detailed information regarding the Sulfide Project, including the material assumptions on which the forward-looking financial information is based, can be found in the Technical Report dated June 9, 2016 entitled "Technical Report on the Çöpler Mine and Çöpler Sulfide Exploration Project" available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au)





Overview of the Project Site

The following key activities are planned in Q1 2017:

- Arrival of autoclaves at mine site
- Site assembly of the autoclave vessels to commence
- Completion of design engineering activities
- Continuation of civil works
- Structural steel installation to continue
- Mobilization of mechanical and piping contractors
- Structural and mechanical works for oxygen plant commence
- Tailing storage facility earthworks continues
- Award and premobilization activities for the electrical and instrumentation works contract will commence



Autoclaves in transit at Turkish port



Flash vessel assembly on site

## Results of Operations

<b>Çöpler Gold Mine:</b> <sup>1</sup>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>2016</b>	<b>2015</b>
Gold ounces produced	33,861	46,231	119,036	204,665
Gold ounces sold	32,263	46,252	115,431	204,776
<b>Attributable: (80% ownership)</b>				
Gold ounces produced	27,089	36,985	95,229	163,732
Gold ounces sold	25,811	37,002	92,345	163,821
Oxide ore mined - tonnes	1,495,068	1,188,073	4,598,436	6,119,506
Oxide ore mined - grade (g/t)	1.48	0.73	1.11	1.21
Oxide ore mined - ounces	71,340	27,758	163,723	238,300
Oxide ore treated - tonnes	1,593,087	1,108,330	4,739,368	6,030,514
Oxide ore treated - head grade (g/t)	1.48	0.73	1.10	1.23
Sulfide ore mined - tonnes <sup>2</sup>	388,183	521,887	1,968,406	1,819,599
Sulfide ore mined - grade (g/t) <sup>2</sup>	3.06	2.46	2.62	2.75
Sulfide ore stockpiled - ounces <sup>2</sup>	38,130	41,320	165,639	160,602
Waste tonnes mined	6,930,205	7,871,366	28,846,108	24,833,830
Cash Operating Costs (C1) per ounce sold <sup>3</sup>	\$ 703	\$ 590	\$ 716	\$ 469
Total Cash Costs (C2) per ounce sold <sup>3</sup>	\$ 727	\$ 597	\$ 738	\$ 482
All-in Sustaining Costs per ounce sold <sup>3</sup>	\$ 967	\$ 817	\$ 966	\$ 690
All-in Costs per ounce sold <sup>3</sup>	\$ 2,509	\$ 1,128	\$ 2,287	\$ 902
Average realized gold price	\$ 1,191	\$ 1,104	\$ 1,230	\$ 1,159

<sup>1</sup> Çöpler Gold Mine production data represents 100% for all periods presented, except for attributable production and sales.

<sup>2</sup> Sulfide ore is being stockpiled and reported as a non-current asset (Total of 7.1 million tonnes at 3.38 g/t gold).

<sup>3</sup> Cash Operating Costs (C1) per ounce, Total Cash Costs (C2) per ounce, All-in Sustaining Costs per ounce and All-in Costs per ounce are non-IFRS financial performance measures with no standardized definitions under IFRS. For further information and detailed reconciliations to IFRS, see the "Non-IFRS Measures" section of this MD&A.

As announced in the press release<sup>1</sup> dated December 6, 2016, delays in accessing higher grade ore in the Marble Pit impacted the production plan for 2016, reducing production and increasing cost metrics. Final full year outcomes resulted in production within the revised guidance and Total Cash Costs (C2) and All-in Sustaining Costs marginally above the guidance.

### Fourth Quarter 2016 vs. Fourth Quarter 2015

Gold production of 33,861 ounces in Q4 2016 declined by 27% as compared to Q4 2015. While Q4 2016 oxide ore grade was 103% higher and oxide ore tonnes mined were 26% higher than Q4 2015, the decline in Q4 2016 gold production as compared to Q4 2015 reflects the impact of 1) stacking lower recoverable ounces on the heap leach pad for the full year 2016, and 2) stacking recoverable ounces on the heap leach pad later than expected as a result of the previously disclosed pit wall instability in the Marble Pit, moving this gold production into 2017. The lower recoverable ounces stacked has driven a 22% increase in Total Cash Costs (C2) per ounce, equivalent to production costs on a per ounce basis, from Q4 2015 to Q4 2016.

<sup>1</sup> Detailed information about the revised guidance can be found in the press release entitled "Alacer Gold Revises 2016 Production and Cost Guidance," dated December 6, 2016, available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

Total Cash Costs (C2) per ounce in Q4 2016 of \$727 were 22% higher than Q4 2015. The increase reflects the impact of less gold production due to the impact of stacking lower recoverable ounces on the heap leach pad during 2016. C2 costs are expected to trend lower in 2017 as gold production increases.

All-in Sustaining Costs per ounce<sup>1</sup> in Q4 2016 of \$967 were 18% higher than Q4 2015 due to higher Total Cash Costs (C2) per ounce noted above, offset by lower sustaining capital expenditures.

All-in Costs per ounce<sup>1</sup> in Q4 2016 of \$2,509 were 122% higher than Q4 2015. The increase reflects the higher All-in Sustaining Costs noted above, coupled with higher growth capital spending on the Sulfide Project.

### Full Year 2016 vs. Full Year 2015

Gold production of 119,036 ounces in 2016 declined 42% as compared to 2015. The decrease is due to oxide ore tonnes mined decreasing 25% and oxide ore grade declining 8% as compared to 2015. The stacking of recoverable ounces on the heap leach pad was later than expected as a result of the previously disclosed pit wall instability in the Marble Pit, moving this gold production into 2017. The lower recoverable ounces have driven a 53% increase in Total Cash Costs (C2) per ounce, equivalent to production costs on a per ounce basis, in 2016 versus 2015.

Waste tonnes mined were 16% higher in 2016 as compared to 2015 due to the Marble Pit layback and the planned Manganese Pit pushback.

Total Cash Costs (C2) per ounce in 2016 of \$738 were 53% higher than in 2015. The increase reflects the impact of less gold production due to a decline in oxide ore grade and oxide ore tonnes stacked on the heap leach pad, as well as higher waste tonnes mined. C2 costs are expected to trend lower in 2017 as gold production increases.

All-in Sustaining Costs per ounce<sup>1</sup> in 2016 of \$966 were 40% higher than in 2015 due to the increase in Total Cash Costs (C2) per ounce noted above, offset by lower sustaining capital expenditures (\$51 per ounce in 2016 versus \$128 per ounce in 2015).

All-in Costs per ounce<sup>1</sup> in 2016 of \$2,287 were 154% higher than in 2015. The higher cost per ounce reflects higher growth capital spend due to the ramp up in construction of the Sulfide Project (\$1,179 per ounce in 2016 versus \$189 per ounce in 2015) and higher All-in Sustaining Costs noted above.

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<sup>1</sup> All-in Sustaining Costs per ounce and All-in Costs per ounce are non-IFRS financial performance measures with no standardized definitions under IFRS. For further information and detailed reconciliations to IFRS, see the "Non-IFRS Measures" section of this MD&A.



## Investments in Mineral Properties and Equipment

A summary of the investments in capital for Q4 2016 and for the year ended 2016 is presented below:

Capital Investments (in '000)	Q4 2016		2016	
	100%	Attributable <sup>1</sup>	100%	Attributable <sup>1</sup>
<b>Sustaining and general capital</b>				
Heap Leach Pad Phase 4 expansion	\$ 798	\$ 639	\$ 1,936	\$ 1,549
General plant and other assets	2,189	1,752	3,905	3,124
Sustaining capital - Total	\$ 2,987	\$ 2,391	\$ 5,841	\$ 4,673
<b>Growth capital</b>				
Sulfide Project Costs	\$ 44,999	\$ 36,000	\$ 136,043	\$ 108,835
Other growth	1,028	831	5,181	4,506
Growth capital - Total	\$ 46,027	\$ 36,831	\$ 141,224	\$ 113,341
<b>Total capital expenditures</b>	<b>\$ 49,014</b>	<b>\$ 39,222</b>	<b>\$ 147,065</b>	<b>\$ 118,014</b>
<b>Long-term asset - Çöpler Sulfide Stockpiles</b>	<b>\$ 3,473</b>	<b>\$ 2,778</b>	<b>\$ 23,418</b>	<b>\$ 18,734</b>

<sup>1</sup> Capital related to Anagold has been adjusted to reflect the impact of the 20% non-controlling interest. Capital related to Corporate activities is reflected at 100%.

*Sustaining capital expenditures* are generally defined as those that support the ongoing operation to sustain production and future earnings and are mostly considered non-discretionary. Sustaining capital expenditures in 2016 totaled \$5.8 million, including \$1.9 million for the HLP4 expansion. Expansion of the existing heap leach pad to 58 million tonnes continued to advance in Q4 with the stacking of some oxide ore on the newly commissioned areas of the heap leach pad. Noncritical expansion activities were deferred to 2017 and 2018 as they do not impact the Çöpler production profile. Remaining costs are approximately \$12 million.

*Growth capital expenditures* are generally defined as those that grow production and/or increase future earnings and are considered discretionary. Expenditures incurred on the Sulfide Project of \$136.0 million in 2016 included advancement of the detailed engineering phase, the execution of key contracts, contractor site mobilization, site works, and construction. Other growth capital expenditures of \$5.2 million for 2016 were primarily related to capitalized waste material for construction activities.

*Long-term asset - Çöpler Sulfide Stockpiles* reflects sulfide ore mined and stockpiled. In 2016, 2.0 million tonnes of sulfide ore at an average grade of 2.62 g/t were added to the sulfide stockpiles. Costs related to the mining and stockpiling of sulfide ore in 2016 totaled \$23.4 million. The high-grade, medium-grade, and low-grade sulfide stockpiles at December 31, 2016 totaled 7.1 million tonnes at an average grade of 3.38 g/t gold (or approximately 770,000 contained ounces) and carried a total cost of \$69.2 million (or approximately \$9.89/tonne or approximately \$89.92/ounce).

## Exploration and Evaluation

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

The Corporation is taking a disciplined and systematic approach to the exploration program with efforts focused in two parts: the Çöpler District and Turkey Regional. The exploration program is starting to show positive results with successes in both the Çöpler District and the Turkey Regional exploration programs. Firstly, in the Çöpler District, an initial Measured and Indicated Mineral Resource of 140,000 ounces and an Inferred Mineral Resource of 24,000 ounces were announced on December 19, 2016 (the "Çöpler District Resource Update").<sup>1</sup> Exploration work continues in the Çöpler District, which has the potential to add near-term value by leveraging Çöpler's existing infrastructure, including the excess capacity arising from the HLP4 expansion. Secondly, in the Region, the Corporation announced results of a prefeasibility study at Gediktepe (the "Gediktepe PFS") in a press release entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth," dated September 13, 2016. Both of the referenced press releases are available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au). As a result of the positive Gediktepe PFS, the project has moved into a detailed study phase where basic engineering and further detailed technical studies will be completed. Permitting work and some site preparation will also be undertaken concurrently with the detailed studies. The results from the Çöpler District and the Gediktepe Project are encouraging and have increased the confidence that these deposits will add to the Corporation's organic growth pipeline.

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

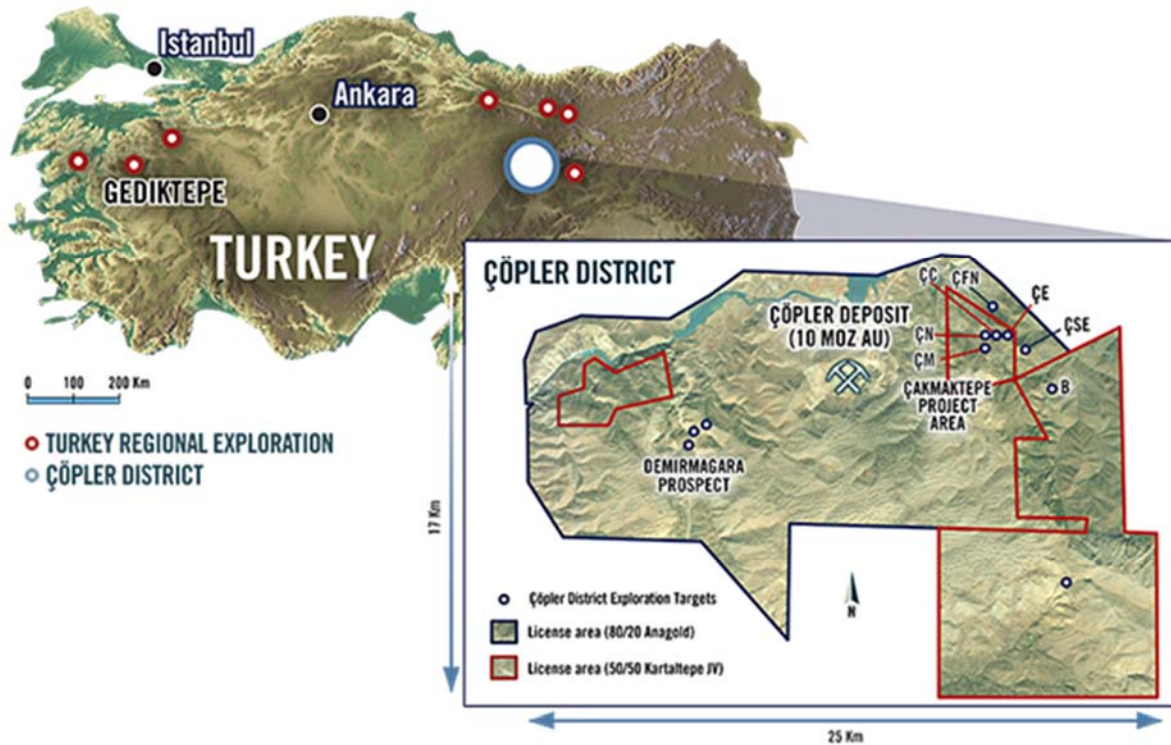
2016 Exploration spending (in '000) <sup>1</sup>	Alacer Contribution (%)	Exploration 100%	Exploration Attributable
Çöpler District 80/20	80%	\$ 1,595	\$ 1,276
Çöpler District 50/50	50%	15,540	7,770
Turkey Regional - Gediktepe <sup>2</sup>	Varied	11,558	2,721
Turkey Regional and other	Varied	2,521	832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

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

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

<sup>1</sup> Detailed information regarding the Çöpler District Mineral Resource can be found in the press release entitled "Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an Initial Mineral Resource in the Çöpler District," dated December 19, 2016, available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

## Çöpler District Exploration Program



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

On December 19, 2016, an initial Measured and Indicated Mineral Resource of 140,000 ounces and an Inferred Mineral Resource of 24,000 ounces for Çakmaktepe and Bayramdere were announced in addition to the fourth set of exploration drill results for Çakmaktepe<sup>1</sup>. Mineralization has been identified in several prospects that can potentially be mined as a series of satellite open pits within 5 km to 7 km of the existing Çöpler Mine facilities. The prospects of particular focus are Çakmaktepe North, Çakmaktepe Central, Çakmaktepe Southeast, Çakmaktepe East, and Bayramdere and have the potential to add to the oxide production within the next two years. Based on the results to date, exploration works at Çakmaktepe will continue in 2017. The latest 2016 drilling produced positive results in Çakmaktepe Central near surface and will likely improve the maiden Mineral Resource.

<sup>1</sup> Detailed information can be found in the press release entitled "Alacer Announces Çöpler District Exploration Results" dated December 9, 2015, in the press release entitled "Alacer Gold Announces Further Exploration Results for the Çöpler District in Turkey" dated March 31, 2016, in the press release entitled "Alacer Gold Announces Further Exploration Results for the Çöpler District" dated July 21, 2016, and in the press release entitled "Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an initial Mineral Resource in the Çöpler District" dated December 19, 2016, all of which are available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).



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

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

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



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

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

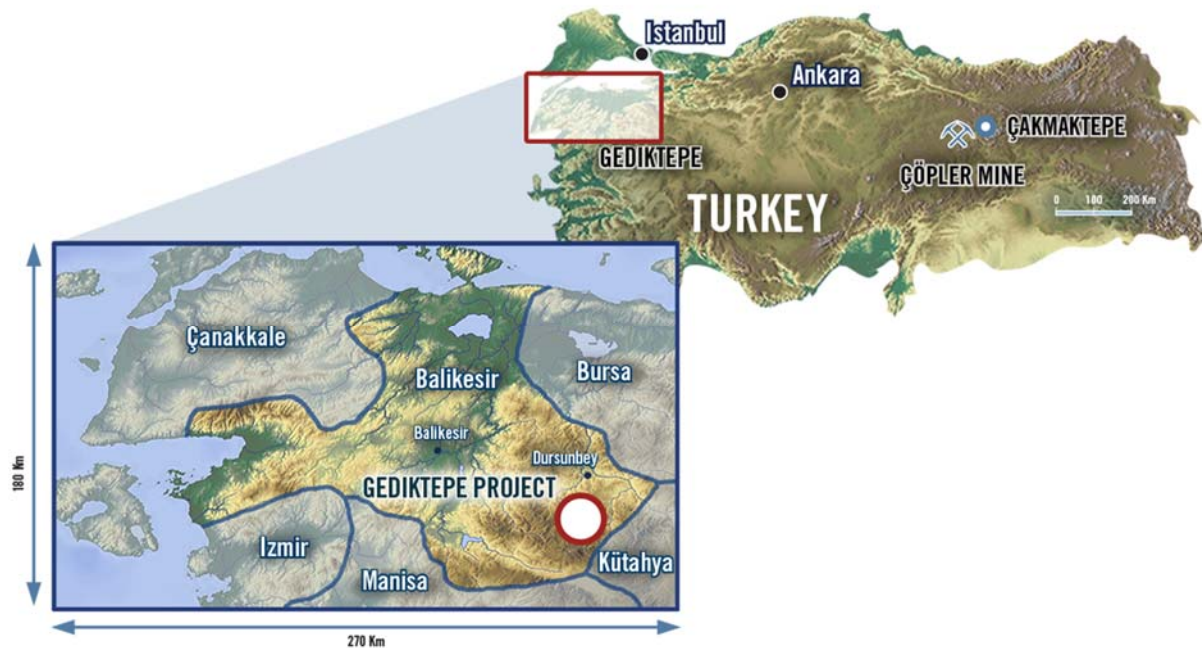
The **Bayramdere** prospect is on the 50% Alacer-owned (Kartaltepe) tenement area and is an oxide gold and copper prospect. Mineralization at Bayramdere occurs within three overlapping, iron rich gossan horizons formed along the contacts of limestone and ophiolite units. Unlike Çakmaktepe East and Çakmaktepe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

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



## Gediktepe Update

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



Gediktepe is a polymetallic orebody that contains economic values for gold, silver, copper and zinc. The sulfide deposit is overlain with oxide ore containing gold and silver which is amenable to heap leaching. Gediktepe will be an open pit mine and the oxide ore will be processed first, providing cash flow for the development and subsequent processing of the more prevalent sulfide ore. The sulfide ore contains gold, silver, copper and zinc and will be processed through a multi-stage flotation circuit producing two marketable concentrates<sup>1</sup>.

### Overall Project Economics:

- Total payable metals of 400,000 ounces of gold, 8 million ounces of silver, 315 million pounds of copper and 780 million pounds of zinc
- LoM production over 12 years of 1.8 million ounces on a Gold Equivalent Ounce (“AuEq”)<sup>2</sup> basis
- Pre-production capital expenditure of \$120 million
- An additional \$126 million in project capital required for the sulfide ore flotation plant and related infrastructure
- Project after-tax net present value at 5% (“NPV”) is \$475 million
- Project after-tax, unlevered internal rate of return (“IRR”) of 47%

<sup>1</sup> Detailed information, including the material assumptions on which the production targets and forward-looking financial information on which the Gediktepe Project are based, can be found in the press release entitled “Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth,” dated September 13, 2016, available on the Corporation’s website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au)

<sup>2</sup> Gold Equivalent Ounce (AuEq) is a non-IFRS measure with no standardized definition under IFRS which converts non-gold production into gold equivalent ounces.

- Project payback achieved in 2.5 years from start of production
- After-tax free cash flow of \$745 million generated over the LoM
- LoM average costs on a AuEq basis:
  - Total Cash Costs (C2) of \$613 per ounce AuEq
  - All-in Sustaining Costs of \$625 per ounce AuEq
  - All-in Costs of \$759 per ounce AuEq

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

## Financial Highlights

A summary of the Corporation's consolidated financial results for the fourth quarter of 2016 and 2015 and for the years ended 2016, 2015, and 2014 are presented below.

Consolidated Financial Summary (in '000, except for per share)	Q4 2016	Q4 2015	2016	2015	2014
Gold sales	\$ 38,419	\$ 51,050	\$ 141,994	\$ 237,264	\$ 291,597
Less:					
Production costs	23,471	27,592	85,207	98,720	120,587
Depreciation, depletion and amortization	11,072	13,083	38,644	49,218	54,026
Mining gross profit	\$ 3,876	\$ 10,375	\$ 18,143	\$ 89,326	\$ 116,984
Less:					
Other costs (gain)	(12,723)	1,756	7,256	18,128	18,236
Exploration and evaluation	3,972	1,780	13,311	6,632	3,493
Income tax (benefit) expense	19,718	(6,622)	(18,084)	(1,063)	1,806
<b>Total net profit (loss) and comprehensive profit (loss)</b>	\$ (7,091)	\$ 13,461	\$ 15,660	\$ 65,629	\$ 93,449
<b>Amounts attributable to owners of the Corporation:</b>					
Total net profit (loss)	\$ (8,157)	\$ 10,004	\$ 6,206	\$ 46,631	\$ 65,609
Total net profit (loss) per share - basic	\$ (0.03)	\$ 0.03	\$ 0.02	\$ 0.16	\$ 0.23
Total net profit (loss) per share - diluted	\$ (0.03)	\$ 0.03	\$ 0.02	\$ 0.16	\$ 0.22
<b>Cash Flows</b>					
Operating cash flows	\$ 9,232	\$ 27,134	\$ 36,888	\$ 107,864	\$ 142,689
Investing cash flows	(62,331)	(30,128)	(192,468)	(85,523)	(56,023)
Financing cash flows	15,973	(4,983)	12,628	(6,621)	(28,043)
Subtotal - Cash flows	(37,126)	(7,977)	(142,952)	15,720	58,623
Effect of exchange rate changes on cash	\$ (2,190)	\$ (115)	\$ (3,242)	\$ (1,590)	\$ (1,657)
Change in cash	\$ (39,316)	\$ (8,092)	\$ (146,194)	\$ 14,130	\$ 56,966
Ending cash and cash equivalents	\$ 214,551	\$ 360,745	\$ 214,551	\$ 360,745	\$ 346,615
			<b>As of</b>		
			<b>31-Dec-16</b>	<b>31-Dec-15</b>	<b>31-Dec-14</b>
<b>Financial Position</b>					
Working capital			\$ 269,452	\$ 403,871	\$ 379,747
Total assets			\$ 865,389	\$ 815,618	\$ 759,494
Non-current liabilities			\$ 31,619	\$ 25,193	\$ 24,494
Total liabilities			\$ 67,278	\$ 51,367	\$ 63,857
Total equity			\$ 798,111	\$ 764,251	\$ 695,637

**Fourth Quarter 2016 vs. Fourth Quarter 2015**

Attributable net loss for Q4 2016 was \$18.2 million lower than Q4 2015 profit, reflecting a \$6.5 million decrease in mining gross profit and a \$26.3 million increase in net income tax expense. The Income tax expense of \$19.7 million in Q4 2016 reflects the weakening Lira and the corresponding impact to the deferred tax balances.

Gold sales of \$38.4 million were 25% lower than Q4 2015, reflecting a 30% decrease in ounces sold, partly offset by an average realized price of \$1,191 per ounce which was 8% higher than in 2015. Total cost of sales in Q4 2016 decreased 15% as compared to Q4 2015, mainly driven by 27% lower production resulting in a 15% reduction in production costs and 15% lower DD&A. Mining gross profit of \$3.9 million in Q4 2016 decreased 63% compared to Q4 2015 of \$10.4 million due primarily to lower gold sales.

Cash and cash equivalents decreased \$39.3 million during Q4 2016 as compared to a decrease of \$8.1 million in Q4 2015. This was driven primarily by \$62.3 million of investing activities related to the Sulfide Project. Operating cash flows in Q4 2016 were \$17.9 million lower than Q4 2015, reflecting the decrease in gold sales. Financing inflows of \$16.0 million during Q4 2016 includes \$16.3 million capital contribution from Lidya Mining for funding of the Sulfide Project, compared to the \$5.0 million outflow in Q4 2015.

**Full Year 2016 vs. Full Year 2015**

Attributable Net Profit of \$6.2 million was \$40.4 million lower than in 2015, reflecting a \$71.2 million decrease in mining gross profit, offset by a \$17.0 million benefit in net income tax. The Income Tax Benefit of \$18.1 million for in 2016 was driven by the recognition of incentive tax credits.

Gold sales of \$142.0 million were 40% lower than in 2015, reflecting a 44% decrease in ounces sold, partly offset by an average realized price of \$1,230 per ounce which was 6% higher than in 2015. Total cost of sales for 2016 decreased 16% as compared to YTD 2015, mainly driven by 42% lower production resulting in a 14% reduction in production costs and 21% lower DD&A. Mining gross profit of \$18.1 million in 2016 was lower than the \$89.3 million in 2015 primarily due to lower gold sales.

Cash and cash equivalents decreased \$146.2 million in 2016 as compared to an increase of \$14.1 million in 2015. While operating cash flows were \$36.9 million in 2016, they were offset by \$192.5 million of investing activities related primarily to the Sulfide Project. Operating cash flows in 2016 were \$71.0 million lower than in 2015, reflecting the decrease in mining gross profit. Financing inflows of \$12.6 million in 2016 relates to capital contributions of \$16.3 million from Lidya Mining for funding of the Sulfide Project, offset by finance facility costs of \$3.6 million, compared to the \$6.6 million outflow in 2015 related to finance facility costs. Dividend payments were suspended in 2015 and 2016 due to the capital funding requirements for the Sulfide Project.

In 2016, total assets increased by \$49.8 million, total liabilities increased by \$15.9 million, and total equity increased by \$33.9 million. The increase in total assets is due to higher property, plant and equipment, capitalized costs for the sulfide stockpile, and an increase in deferred tax asset. The increase in total liabilities represents higher trade payables for the Sulfide Project. The increase in equity primarily represents the net profit for 2016 and capital contribution from Lidya Mining for funding of the Sulfide Project.

### Full Year 2015 vs. Full Year 2014

Gold sales of \$237.3 million were 19% lower than 2014, reflecting a 9% decrease in the average realized gold price. Ounces sold in 2015 of 204,776 were 11% lower than in 2014 of 229,954. Total cost of sales in 2015 decreased 15% as compared to 2014, mainly driven by lower production costs and lower DD&A. Production costs in 2015 were lower than in 2014 due to lower ounces sold and lower mining costs. DD&A costs for 2015 were lower than 2014 due to lower production levels.

Cash and cash equivalents increased \$14.1 million for 2015 as compared to an increase of \$57.0 million for 2014. While operating cash flows were \$107.9 million in 2015, they were offset by \$85.5 million of investing activities related primarily to the Sulfide Project, the HLP4 expansion and sulfide stockpiles. Operating cash flows for 2015 were \$34.8 million lower than 2014 reflecting the decrease in mining gross profit and the increase in investing activities. Financing outflows during 2015 totaled \$6.6 million for finance facility costs, which was \$21.4 million lower than the outflow in 2014 for dividend payments. Dividend payments were suspended in 2015 due to the capital funding requirements for the Sulfide Project.

For 2015, total assets increased by \$56.1 million, total liabilities decreased by \$12.5 million, and total equity increased by \$68.6 million. The increase in total assets is due to higher cash, inventory balances, and capitalized costs for the Sulfide Project, including the sulfide stockpile. The decrease in total liabilities is primarily due to lower trade and other payables. The increase in total equity primarily represents the net profit for 2015.

### Gold Sales

Details of gold sales for Q4 2016 and full year 2016 as compared to the same periods of 2015 are presented below:

	Q4 2016	Q4 2015	2016	2015
Gold ounces sold <sup>1</sup>	32,263	46,252	115,431	204,776
Gold sales (\$000)	\$ 38,419	\$ 51,050	\$ 141,994	\$ 237,264
Averaged realized price	\$ 1,191	\$ 1,104	\$ 1,230	\$ 1,159
Average London PM Fix	\$ 1,219	\$ 1,106	\$ 1,250	\$ 1,160

<sup>1</sup> Includes 100% of Çöpler.

For Q4 2016, Alacer's average realized gold price of \$1,191 per ounce was \$28 below the quarterly average London PM Fix of \$1,219 per ounce. The increase in average realized gold price during Q4 2016 and in the full year 2016 as compared to Q4 2015 and full year 2015 is consistent with price volatilities as discussed below under "Business Conditions and Trends."

The Corporation has entered into a forward sales hedge program to secure the gold price on gold production from the current heap leach operation during the construction of the Sulfide Project. Under the program, the Corporation forward sold 195,783 ounces at an average gold price of \$1,282 with

settlement dates between July 2016 and September 2018. As of the date of this MD&A, remaining forward gold sales total 142,009 for settlement during the period from January 2017 to September 2018.

Forward Sales Hedge Position	Ounces	Average Fixed Price
Quarter Ending		
Q1 2017	19,009	1,282
Q2 2017	15,655	1,282
Q3 2017	26,836	1,282
Q4 2017	31,309	1,282
Q1 2018	27,955	1,282
Q2 2018	13,418	1,282
Q3 2018	7,827	1,282
Subtotal (Unsettled Forward Sales)	142,009	\$ 1,282
Settled Forward Sales (2016) <sup>1</sup>	53,774	1,282
Total	195,783	\$ 1,282

<sup>1</sup> Forward gold sales are settled in cash during the settlement period. Realized and unrealized gains (losses) are recorded as other costs in the Consolidated Statement of Profit (Loss) and Comprehensive Profit (Loss).

## Other Costs

Details of other costs, excluding exploration and evaluation for Q4 2016 and YTD 2016 as compared to the same periods of 2015, are presented below:

(In \$000's)	Q4 2016	Q4 2015	2016	2015
General and administrative	\$ 6,009	\$ 2,664	\$ 14,154	\$ 11,139
Share-based employee compensation costs (gain)	(1,475)	(56)	4,583	3,943
Foreign exchange (gain) loss	7,186	(902)	9,848	3,353
Other (gain) loss	(24,443)	50	(21,329)	(307)
Total corporate and other costs	\$ (12,723)	\$ 1,756	\$ 7,256	\$ 18,128

*General and administrative* costs in 2016 were higher than in 2015 due primarily to organizational changes and investments in community development programs.

*Share-based employee compensation costs* represent long-term incentives that are tied to the price of the Corporation's shares. Incentive grants are generally expensed over a 3-year vesting period. The unvested units are subject to mark-to-market adjustments based on the share price at the end of the period and assumptions related to performance measures. The increased gain in Q4 2016 as compared to Q4 2015 gain relate to a lower share price. The full year 2016 costs as compared to full year 2015 costs are higher due to additional equity grants.

*Foreign exchange (gain) loss* results from movements in the USD to TRY exchange rate as applied to Turkish operations. The loss of \$9.8 million for 2016 reflects the impact the TRY devaluation had on assets denominated in TRY.



*Other gain* of \$21.3 million for 2016 includes an unrealized gold price hedge gain of \$15.9 million and a realized gain of \$1.4 million related to the forward gold sales, and a gain of \$4.4 million related to the settlement of an Australian tax matter. The unrealized hedge gain relates to the forward gold sales to secure gold price during the construction of the Sulfide Project. The forward gold sales will settle over the period from July 2016 to September 2018.

### Income Tax (Benefit) Expense

Details of income tax (benefit) expense for Q4 2016 and full year 2016 as compared to the same periods of 2015 are presented below:

(In \$000's)	Q4 2016	Q4 2015	2016	2015
Income tax (benefit) expense	\$ 19,718	\$ (6,622)	\$ (18,084)	\$ (1,063)

Income tax loss for Q4 2016 primarily reflects the negative impact of the TRY devaluation in the quarter on non-monetary balance sheet accounts. The devaluation results in a non-cash temporary deferred tax expense (\$14.8 million) and income tax payable on unrealized gains related to USD denominated cash held in Turkish entities (\$5.3 million). The full year 2016 tax benefit results primarily from the recognition of incentive tax credits related to qualifying expenditures at the Çöpler Gold Mine under the third incentive certificate. Application of these tax credits reduces accounting income tax expense in the current period and offsets current and future cash tax payments.

### Summary of Quarterly Results

The following table summarizes the Corporation's total revenues, attributable net profit, and attributable net profit per share for each of the preceding eight quarterly periods ended December 31, 2016.

(in '000, except for per share)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Total revenues	\$ 38,419	\$ 28,005	\$ 37,881	\$ 37,689	\$ 51,050	\$ 60,260	\$ 64,138	\$ 61,816
Amounts attributable to owners of the Corporation:								
Net Profit (Loss)	\$ (8,157)	\$ 77	\$ 12,189	\$ 2,097	\$ 10,004	\$ 7,356	\$ 14,084	\$ 15,188
Per share profit (loss):								
- basic	\$ (0.03)	\$ 0.00	\$ 0.04	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.05
- diluted	\$ (0.03)	\$ 0.00	\$ 0.04	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.05

Generally, the Corporation does not experience significant effects of seasonality with regard to revenues or expenses. Market fluctuations in the gold price have affected revenues and profit over the last eight quarters.

## Liquidity and Capital Resources

The Corporation manages its liquidity and capital resources to provide sufficient cash and cash equivalents to meet short and long-term operating and development plans, credit facility obligations, and other contractual obligations when due. Historically, the Corporation has used cash flow from operations and existing bank credit facilities as primary sources of liquidity. For potential funding of large transactions, such as acquisitions, mine development and expansion, and debt financing transactions, Alacer may look to the private and public capital markets as a source of financing. Currently, capital resources at December 31, 2016, are sufficient to fund planned operations, forecasted exploration and capital expenditures, and reclamation and remediation obligations in 2017. Additionally, the Corporation is confident that it has the ability to complete the Sulfide Project funding based on current cash on hand, projected operating cash flows, and the undrawn \$350 million finance facility with a syndicate of lenders (BNP Paribas (Suisse) SA, ING Bank A.S., Societe Generale Corporate & Investment Banking and UniCredit Bank Austria AG). The facility agreement has no mandatory hedging, has an 8-year term, and has interest rates of LIBOR plus 3.5% to 3.95%. While no mandatory hedging is required, discretionary hedging to secure gold price during the Sulfide Project construction period has been implemented as discussed above. Advances under the facility are subject to customary conditions precedent, including execution of security documentation and a minimum of \$220 million capital spend at Çöpler. As of December 31, 2016, the Corporation has sufficient liquidity to meet this minimum spend requirement.

With respect to longer-term funding requirements, the Corporation is confident that future cash flows generated from operations and other sources of liquidity will be available. Under present conditions, the Corporation has sufficient access to capital and debt markets. There is a risk that the cost of obtaining capital resources from capital and debt markets may increase in the future as lenders and institutional investors may increase interest rates, impose tighter lending standards, or refuse to provide any new funding. Notwithstanding present market conditions, changes in the Corporation's business, unforeseen opportunities or events, and other external factors may also adversely affect liquidity and the availability of additional capital resources. Due to these factors, Alacer cannot be certain that funding, if needed, will be available to the extent required, or on acceptable terms. If Alacer is unable to access funding when needed on acceptable terms, the Corporation may not be able to fully implement future business plans, take advantage of business opportunities, respond to competitive pressures, or refinance future debt obligations as they come due, any of which could have a material adverse effect on the Corporation's operational and financial results. However, the Corporation may elect to reduce its planned expenditures concurrent with prevailing conditions. The Corporation has financial flexibility to adjust its spending levels to provide sufficient liquidity to meet its current and future operational goals and financial obligations.

### Working Capital

Working capital, current assets less current liabilities, decreased \$134.4 million during 2016 to \$269.5 million primarily due to expenditures on the Sulfide Project. Current assets are available at varying times within twelve months following the balance sheet date. Cash and cash equivalents are readily available to settle obligations related to current and future expenditures. The ability to distribute cash to the Corporation may be subject to jurisdictional regulations or joint venture provisions. These provisions are not expected to adversely affect the Corporation's ability to meet its commitments when due.



**Contractual Obligations**

The Corporation's contractual obligations as of December 31, 2016 include purchase obligations for current Çöpler Mine operations and capital expenditure commitments on the Sulfide Project:

(\$ 000's)	Less than one year	Between one and five years	More than five years	Total
Purchase obligations for operations	\$ 699	\$ 260	\$ -	\$ 959
Capital expenditure commitments	<u>87,008</u>	<u>-</u>	<u>22,000</u>	<u>109,008</u>
Total contractual obligations	\$ 87,707	\$ 260	\$ 22,000	\$ 109,967

**Off-Balance Sheet Arrangements**

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

**Business Conditions and Trends**

The Corporation's results of operations, financial condition, financial performance, and cash flows are affected by various business conditions and trends. The variability of gold prices, fluctuating currency rates, and increases and decreases in costs of materials and consumables associated with the Corporation's mining activities are the primary economic factors that have impacted financial results during 2016.

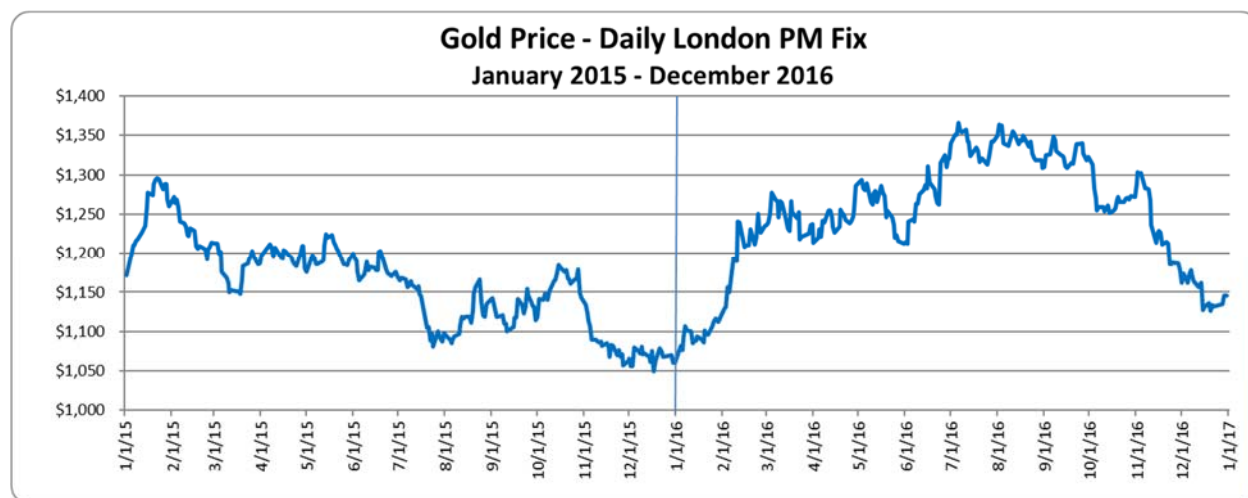
**Gold Price**

The price of gold is the most significant external factor affecting profitability and cash flow of the Corporation. The price of gold is subject to volatile price movements over short periods and is affected by numerous macroeconomic and industry factors that are beyond the Corporation's control. Major influences on the gold price include currency exchange rate fluctuations, the relative strength of the USD, the supply of and demand for gold and other macroeconomic factors such as interest rate levels, and inflation expectations. Declines in gold prices have adversely affected—and in the future may adversely affect—the Corporation's operating results, cash flows, financial condition, access to capital markets, the economic viability of reserves, and the ability to reinvest capital in order to maintain or grow the current asset base. A significant and prolonged deterioration in gold prices may negatively affect future cash flow such that the Corporation may curtail or determine it may not be economical to continue with existing or planned exploration or capital development and expansion activities for existing operations.

The Corporation has entered into a forward sales hedge program to secure the gold price on gold production from the current heap leach operation during the construction of the Sulfide Project. Under the program the Corporation has forward sold 195,783 ounces at an average gold price of \$1,282 with settlement dates between July 2016 and September 2018. As of the date of this MD&A, remaining forward gold sales total 142,009 for settlement during the period January 2017 to September 2018.

During 2016, the gold price experienced volatility, with the closing London PM Fix price ranging from \$1,077 in January to \$1,366 per ounce in July. The price of gold closed at \$1,146 per ounce on December 31, 2016, and the average 2016 market price of \$1,250 per ounce represents a \$90 per ounce increase over the \$1,160 per ounce average market price for 2015.

The chart below shows the daily London PM Fix gold price from January 1, 2015 through December 31, 2016.



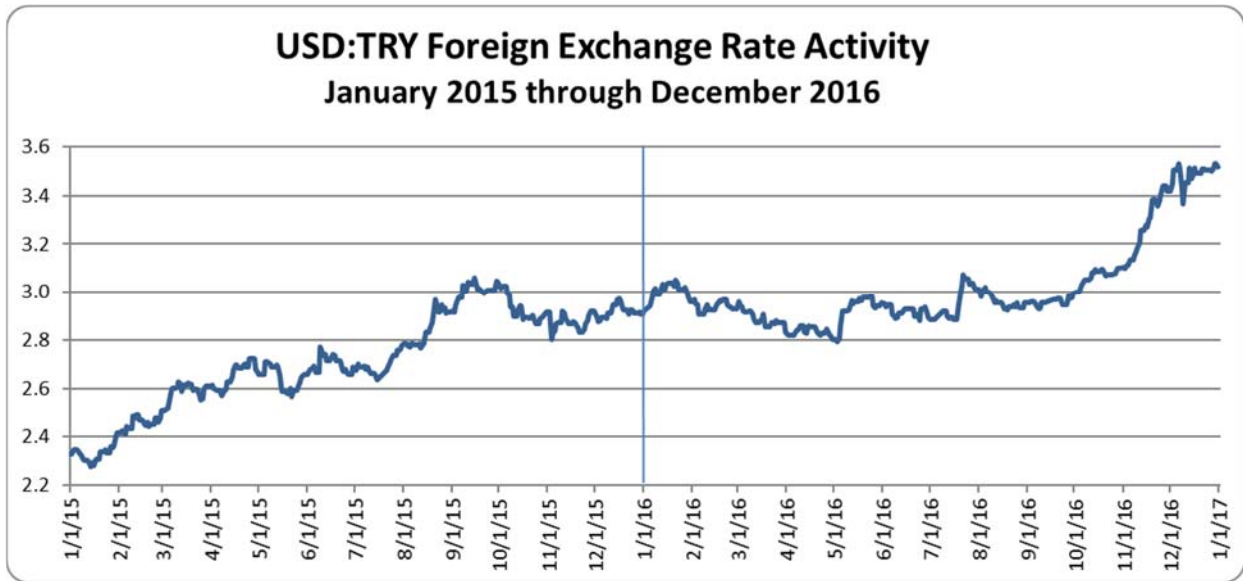
### Currency Rates

Fluctuations in currency rates, particularly the relative strength of the USD, affect the Corporation's results of operations and cash flows. The USD is the Corporation's functional currency.

The Corporation's earnings and cash flow may also be affected by fluctuations in the exchange rate between the USD and the TRY. Such fluctuations may give rise to foreign currency exposure, which may affect future financial results. The Corporation has not entered into any foreign currency forward contracts or other similar financial instruments to manage foreign currency risk. Period-end TRY currency rates, as well as average TRY currency rates for the respective periods, relative to the USD are presented in the table that follows.

	End of Period Rates as of					Average Currency Rates			
	31-Dec 2016	30-Sept 2016	31-Dec 2015	30-Sept 2015	31-Dec 2014	Q4 2016	Q4 2015	Year 2016	Year 2015
USD:TRY	3.52	3.00	2.91	3.04	2.32	3.29	2.91	3.02	2.71

The chart below shows the movement in the USD:TRY foreign exchange rate from January 1, 2015 through December 31, 2016.



**Inflation Rates**

Inflation rate in Turkey was 8.53% in December, 2016, with the 18-month average rate being 7.77%. Currently, the Corporation has not experienced any material direct liability resulting from changing domestic input prices. The collective impact of changing prices may result in operating and capital cost variances beyond Management’s control. The Corporation is not currently using derivative products to protect against movements in the cost of commodities, materials or services.



## Transactions with Related Parties

In the second quarter of 2016, the Corporation entered into a new related party agreement for the construction of the sulfide process plant with GAP İNŞAAT YATIRIM VE DIŞ TİCARET A.Ş. ("GAP"), an affiliate of our joint venture partner. The current scope of work under the contract is valued at an estimated \$89 million of which \$20 million has been spent for mobilization and related construction costs.

Additionally, key management compensation is deemed a related party transaction, as outlined in the Management Information Circular and in Note 24 to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2016.

## Critical Accounting Policies, Estimates and Accounting Changes

The Corporation's consolidated financial statements are prepared in accordance with IFRS. The significant accounting policies applied and recent accounting pronouncements are described in Note 3 to the Corporation's consolidated financial statements for the year ended December 31, 2016. There have been no significant changes in the Corporation's accounting policies applied during the year ended December 31, 2016.

The preparation of the Corporation's consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. The critical accounting estimates and judgements applied are described in Note 5 to the Corporation's consolidated financial statements for the year ended December 31, 2016. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may materially differ from the amounts included in the financial statements.

## Financial Instruments and Other Instruments

The Corporation's financial instruments as of December 31, 2016 consist of the forward gold sales hedging program, cash and cash equivalents, receivables, investments in publicly traded securities, and trade and other payables, presented at fair value. The Corporation's financial instruments are denominated primarily in USD. The Corporation recorded an unrealized gain of \$15.9 million on the forward gold sales in 2016. There were no other material gains or losses associated with other financial instruments in 2016.

*Gold Price Risk* is associated primarily with the volatility that will occur in the precious metals commodity market. Such risk is managed by hedging a portion of the Corporation's oxide gold production through forward gold sales agreements. The hedge program objectives are to secure gold price during the construction of the Sulfide Project. As of the date of this MD&A, the remaining hedge program totals 142,009 ounces at an average gold price of \$1,282 for settlement during the period January 2017 to September 2018.

*Credit Risk* is associated primarily with short-term investments and the portion of cash and cash equivalents held by banks. Such credit risk is managed by diversifying holdings among various financial institutions and by purchasing short-term investment grade securities. This may include such instruments as bankers' acceptances, guaranteed investment contracts, corporate commercial paper, and U.S. and

Canadian treasury bills 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 receivables balances consist of claims for recoverable Turkish value-added tax ("VAT"). As of December 31, 2016, Turkish VAT receivable totaled \$6.5 million. Management monitors its exposure to credit risk on a continual basis.

*Interest Rate Risk* is generally associated with variable rate financial instruments and available market interest rates at the time financial instruments are acquired. The Corporation holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Short-term investments are purchased at market interest rates and result in fixed yields to maturity. Other financial assets and liabilities in the form of receivables, payables, and provisions are non-interest bearing. 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 held in banks, which focuses on preservation of capital and liquidity. The Corporation currently does not engage in any derivative transactions to manage interest rate risk.

*Foreign Currency Risk* is generally associated with financial instruments and transactions denominated in non-USD currencies. The Corporation is exposed to financial gain or loss as a result of foreign exchange movements against the USD. The Corporation does not presently engage in hedging or speculative activities to manage foreign currency risk. The Corporation holds USD and TRY in sufficient amounts to meet its estimated expenditure requirements for these currencies. The Corporation held approximately \$16.8 million denominated in TRY as of December 31, 2016. Therefore, the Corporation remains exposed to future currency fluctuations in the USD:TRY foreign exchange rate.

## Non-IFRS Measures

The Corporation has identified certain measures that it believes will assist with understanding the performance of the business. As these measures have no standardized definitions under IFRS, they may not be directly comparable with other companies' non-IFRS performance measures. These non-IFRS measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but Management has included and discussed them in this MD&A as these are considered to be important comparisons and key measures used within the business for assessing performance. These measures include Cash Operating Costs (C1) per ounce, Total Cash Costs (C2) per ounce, All-in Sustaining Costs per ounce, and All-in Costs per ounce and are explained further below.

**Cash Operating Costs (C1), Total Cash Costs (C2), All-in Sustaining Costs, and All-in Costs** are non-IFRS measures. Cash Operating Costs (C1) and Total Cash Costs (C2) are calculated using guidance issued by the Gold Institute. The Gold Institute was a non-profit industry association comprising leading gold producers, refiners, bullion suppliers, and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. All-in Sustaining Costs and All-in Costs are calculated based on guidance from the World Gold Council issued in June 2013.

**Cash Operating Costs (C1)**, as defined in the Gold Institute's guidance, include mining, processing, transport and refinery costs, mine site support costs, movement in production inventories, and by-product credits, where relevant.

**Total Cash Costs (C2)**, as defined in the Gold Institute's guidance, include all of the Cash Operating Costs (C1) noted above, plus royalties and severance taxes.

**All-in Sustaining Costs** are an extension of Total Cash Costs (C2) and incorporates costs related to sustaining production, including sustaining capital expenditures, exploration, and general and administrative costs.

**All-in Costs** include All-in Sustaining Costs plus growth capital costs and regional joint venture exploration expenditures.

**Cash Operating Costs (C1) per ounce, Total Cash Costs (C2) per ounce, All-in Sustaining Costs per ounce, and All-in Costs per ounce** are calculated by dividing the relevant costs, as determined using the cost elements noted above, by gold ounces sold for the periods presented. The data does not have a meaning prescribed by IFRS, and therefore, amounts presented may not be comparable to data presented by gold producers who do not follow the guidance provided by the Gold Institute or the World Gold Council. In particular, non-cash costs such as depreciation and amortization would be included in a measure of total costs of producing gold under IFRS, but are excluded from the non-IFRS measures noted above. Furthermore, while the Gold Institute and World Gold Council have provided definitions for the calculations of these costs, such calculations may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, Alacer believes that these cost measures are useful indicators of performance as they provide an indication of a company's profitability and efficiency, the trends in these costs as the Corporation's operations mature, and a benchmark of performance to allow comparison to other companies.

The following table reconciles these non-IFRS financial measures to the consolidated statements of profit and comprehensive profit for the quarter and full year periods ended December 31, 2016 and 2015.

In \$000s, except for per ounce measures	Q4 2016	Q4 2015	2016	2015
Production costs - IFRS	\$ 23,471	\$ 27,592	\$ 85,207	\$ 98,720
Adjustments: (none)	-	-	-	-
<b>Total Cash Costs</b>	<b>\$ 23,471</b>	<b>\$ 27,592</b>	<b>\$ 85,207</b>	<b>\$ 98,720</b>
Divided by: gold ounces sold	32,263	46,252	115,431	204,776
<b>Total Cash Costs (C2) per ounce</b>	<b>\$ 727</b>	<b>\$ 597</b>	<b>\$ 738</b>	<b>\$ 482</b>
Total Cash Costs – from above	\$ 23,471	\$ 27,592	\$ 85,207	\$ 98,720
Less: Royalties and severance taxes	776	323	2,600	2,681
Cash Operating Costs	\$ 22,695	\$ 27,269	\$ 82,607	\$ 96,039
Divided by: gold ounces sold	32,263	46,252	115,431	204,776
<b>Cash Operating Costs (C1) per ounce</b>	<b>\$ 703</b>	<b>\$ 590</b>	<b>\$ 716</b>	<b>\$ 469</b>
Total Cash Costs – from above	\$ 23,471	\$ 27,592	\$ 85,207	\$ 98,720
Add portions of:				
Exploration	\$ 274	\$ 441	\$ 2,005	\$ 1,954
General and administrative <sup>1</sup>	5,951	2,445	13,829	10,373
Share-based employee compensation costs	(1,475)	(56)	4,583	3,943
Sustaining capital expenditures	2,987	7,364	5,841	26,272
All-in Sustaining Costs	\$ 31,208	\$ 37,786	\$ 111,465	\$ 141,262
Divided by: gold ounces sold	32,263	46,252	115,431	204,776
<b>All-in Sustaining Costs per ounce</b>	<b>\$ 967</b>	<b>\$ 817</b>	<b>\$ 966</b>	<b>\$ 690</b>
Total All-in Sustaining Costs, from above	\$ 31,208	\$ 37,786	\$ 111,465	\$ 141,262
Add: Non-sustaining costs <sup>2</sup>	49,725	14,368	152,530	43,414
Total All-in Costs	\$ 80,933	\$ 52,154	\$ 263,995	\$ 184,676
Divided by: gold ounces sold	32,263	46,252	115,431	204,776
<b>All-in Costs per ounce</b>	<b>\$ 2,509</b>	<b>\$ 1,128</b>	<b>\$ 2,287</b>	<b>\$ 902</b>

<sup>1</sup> Excludes administrative depreciation costs.

<sup>2</sup> Includes growth capital expenditures and attributable regional joint venture exploration expenditures.

## Other

### Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for the design of disclosure controls and procedures ("DC&P") to provide reasonable assurance that all relevant information required to be disclosed by the Corporation is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. Management is also responsible for the design of internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework to design the Corporation's DC&P and ICFR as of December 31, 2016. The Corporation's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Corporation's DC&P and ICFR as of December 31, 2016 and have concluded that these controls and procedures are adequately designed to provide reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation and to provide reasonable assurance that financial information is recorded, processed, summarized, and reported in a timely manner.

Management of the Corporation was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. There has been no change in the Corporation's internal control over financial reporting during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

### Outstanding Share Data

The following common shares and convertible securities were outstanding as of December 31, 2016.

Security	Expiry Date	Weighted Average Exercise Price	Common Shares on Exercise
Common Shares*			292,144,883
Convertible Securities	Various	N / A	2,655,788
			<u>294,800,671</u>

\* Common shares outstanding include 88,418,412 shares represented by CDI as of December 31, 2016, being a unit of beneficial ownership in an Alacer share and traded on the ASX.



## Cautionary Statements

### Forward-Looking Information

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

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

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



factors and assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

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

#### **Additional Information and Risk Factors**

Additional information relating to the Corporation, including risk factors that may adversely affect or prevent Alacer from carrying out all or portions of its business strategy are discussed in the Corporation's AIF and other filings available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on SEDAR at [www.sedar.com](http://www.sedar.com), and on the ASX at [www.asx.com.au](http://www.asx.com.au).

### Mineral Resources and Mineral Reserves Estimates

The Mineral Resources and Mineral Reserves estimates for the Çöpler mine have been depleted through December 31, 2016 and include the initial Mineral Resource for the Çöpler District announced December 19, 2016. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Further information is provided in the Updated Technical Report, the Çöpler District Resource Release and the Gediktepe PFS<sup>1</sup> all of which are available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

Alacer Gold - Measured, Indicated, and Inferred Mineral Resource Summary (As of December 31, 2016)										
Deposit	Resource Category Material	Tonnes (x1000)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained Au (oz x 1000)	Contained Ag (oz x 1000)	Contained Cu (lb x 1000)	Contained Zn (lb x 1000)
Çöpler Mine - Oxide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	21,289	1.02	3.49	0.12	-	696	-	-	-
	Indicated - Oxide Stockpile	7	0.84	-	-	-	0	-	-	-
	<b>Measured + Indicated</b>	<b>21,296</b>	<b>1.02</b>	<b>3.49</b>	<b>0.12</b>	-	<b>697</b>	-	-	-
Çöpler Mine - Sulfide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	66,644	2.12	6.00	-	-	4,536	-	-	-
	Indicated - Sulfide Stockpile	7,071	3.38	-	-	-	767	-	-	-
	<b>Measured + Indicated</b>	<b>73,714</b>	<b>2.24</b>	<b>5.42</b>	-	-	<b>5,303</b>	-	-	-
Çöpler Mine - Total	Measured	-	-	-	-	-	-	-	-	-
	Indicated	95,010	1.96	4.99	0.03	-	6,000	-	-	-
	<b>Measured + Indicated</b>	<b>95,010</b>	<b>1.96</b>	<b>4.99</b>	<b>0.03</b>	-	<b>6,000</b>	-	-	-
	<b>Inferred</b>	<b>32,516</b>	<b>1.29</b>	<b>8.79</b>	<b>0.08</b>	-	<b>1,350</b>	-	-	-
Çakmaktepe - Oxide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	2,278	1.76	10.94	-	-	129,000	-	-	-
	<b>Measured + Indicated</b>	<b>2,278</b>	<b>1.76</b>	<b>10.94</b>	-	-	<b>129,000</b>	-	-	-
	Inferred	373	1.89	0.92	-	-	23,000	-	-	-
Bayramdere - Oxide	Measured	-	-	-	-	-	-	-	-	-
	Indicated	145	2.34	20.82	-	-	11,000	-	-	-
	<b>Measured + Indicated</b>	<b>145</b>	<b>2.34</b>	<b>20.82</b>	-	-	<b>11,000</b>	-	-	-
	Inferred	8	2.17	19.95	-	-	1,000	-	-	-
Çöpler District Total	Measured	-	-	-	-	-	-	-	-	-
	Indicated	2,422	1.80	11.53	-	-	140	-	-	-
	<b>Measured + Indicated</b>	<b>2,422</b>	<b>1.80</b>	<b>11.53</b>	-	-	<b>140</b>	-	-	-
	<b>Inferred</b>	<b>381</b>	<b>1.89</b>	<b>1.35</b>	-	-	<b>24</b>	-	-	-
Gediktepe - Oxide	Measured	1,722	2.65	66.50	-	-	146	3,690	-	-
	Indicated	2,110	2.56	71.00	-	-	174	4,817	-	-
	<b>Measured + Indicated</b>	<b>3,832</b>	<b>2.60</b>	<b>69.00</b>	-	-	<b>320</b>	<b>8,497</b>	-	-
	Inferred	213	1.57	63.10	-	-	11	432	-	-
Gediktepe - Sulfide	Measured	12,027	0.78	28.50	1.00	1.89	300	11,030	263,824	501,133
	Indicated	20,180	0.77	30.10	0.85	1.95	502	19,506	378,158	867,540
	<b>Measured + Indicated</b>	<b>32,207</b>	<b>0.77</b>	<b>29.50</b>	<b>0.90</b>	<b>1.93</b>	<b>802</b>	<b>30,536</b>	<b>641,982</b>	<b>1,368,673</b>
	Inferred	1,685	0.81	31.70	0.98	1.80	44	1,719	36,256	66,866
Gediktepe - Total	Measured	13,749	1.01	33.30	0.89	1.67	447	14,710	263,824	501,133
	Indicated	22,290	0.94	33.90	0.79	1.80	675	24,323	378,158	867,540
	<b>Measured + Indicated</b>	<b>36,039</b>	<b>0.97</b>	<b>33.70</b>	<b>0.82</b>	<b>1.75</b>	<b>1,122</b>	<b>39,033</b>	<b>641,982</b>	<b>1,368,673</b>
	<b>Inferred</b>	<b>1,898</b>	<b>0.89</b>	<b>35.30</b>	<b>0.88</b>	<b>1.62</b>	<b>55</b>	<b>2,151</b>	<b>36,256</b>	<b>66,866</b>
Alacer Gold - Total	Measured	13,749	1.01	33.30	0.89	1.67	447	14,710	263,824	501,133
	Indicated	133,475	1.59	9.42	0.15	0.30	6,815	24,323	378,158	867,540
	<b>Measured + Indicated</b>	<b>133,471</b>	<b>1.69</b>	<b>12.86</b>	<b>0.24</b>	<b>0.47</b>	<b>7,262</b>	<b>39,033</b>	<b>641,982</b>	<b>1,368,673</b>
	<b>Inferred</b>	<b>34,795</b>	<b>1.28</b>	<b>10.16</b>	<b>0.13</b>	<b>0.09</b>	<b>1,429</b>	<b>2,151</b>	<b>36,256</b>	<b>66,866</b>

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

<sup>1</sup> Detailed information regarding the Updated Technical Report dated June 9, 2016 entitled "Technical Report on the Çöpler Mine and Çöpler Sulfide Exploration Project," the Çöpler District Resource Release dated December 19, 2016 entitled "Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an Initial Mineral Resource in the Çöpler District," and the Gediktepe PFS dated September 13, 2016 entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth," are all available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).

Alacer Gold - Proven and Probable Mineral Reserve Summary (As of December 31, 2016)										
Deposit	Reserve Category	Tonnes (x1000)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained Au (oz x 1000)	Contained Ag (oz x 1000)	Contained Cu (lb x 1000)	Contained Zn (lb x 1000)
Cöpler Mine - Oxide	Proven	-	-	-	-	-	-	-	-	-
	Probable	14,298	1.11	4.04	0.11	-	512	-	-	-
	Probable - Oxide Stockpile	7	0.84	-	-	-	0	-	-	-
	<b>Proven + Probable</b>	<b>14,305</b>	<b>1.11</b>	<b>4.04</b>	<b>0.11</b>	-	<b>512</b>	-	-	-
Cöpler Mine - Sulfide	Proven	-	-	-	-	-	-	-	-	-
	Probable	32,530	2.63	7.35	-	-	2,754	-	-	-
	Probable - Sulfide Stockpile	7,071	3.38	-	-	-	767	-	-	-
	<b>Proven + Probable</b>	<b>39,601</b>	<b>2.77</b>	<b>6.04</b>	-	-	<b>3,522</b>	-	-	-
<b>Cöpler Mine Total</b>	Proven	-	-	-	-	-	-	-	-	-
	Probable	53,905	2.33	5.51	0.03	-	4,034	-	-	-
	<b>Proven + Probable</b>	<b>53,905</b>	<b>2.33</b>	<b>5.51</b>	<b>0.03</b>	-	<b>4,034</b>	-	-	-
Gediktepe - Oxide	Proven	1,456	2.98	74.70	-	-	139	3,497	-	-
	Probable	1,767	2.93	80.30	-	-	166	4,562	-	-
	<b>Proven + Probable</b>	<b>3,223</b>	<b>2.95</b>	<b>77.70</b>	-	-	<b>306</b>	<b>8,051</b>	-	-
Gediktepe - Sulfide	Proven	10,425	0.84	31.00	1.04	2.05	282	10,390	239,025	471,155
	Probable	11,267	1.00	39.30	0.93	2.63	362	14,236	231,007	653,278
	<b>Proven + Probable</b>	<b>21,692</b>	<b>0.93</b>	<b>35.30</b>	<b>0.99</b>	<b>2.35</b>	<b>649</b>	<b>24,619</b>	<b>473,444</b>	<b>1,123,832</b>
<b>Gediktepe - Total</b>	Proven	11,881	1.11	36.30	0.93	1.82	424	13,866	243,596	476,714
	Probable	13,034	1.26	44.90	0.83	2.32	528	18,815	238,501	666,652
	<b>Proven + Probable</b>	<b>24,915</b>	<b>1.19</b>	<b>40.80</b>	<b>0.88</b>	<b>2.08</b>	<b>953</b>	<b>32,682</b>	<b>483,367</b>	<b>1,142,505</b>
<b>Alacer Gold - Total</b>	Proven	11,881	1.11	36.30	0.93	1.82	424	13,866	243,596	476,714
	Probable	66,939	2.12	13.18	0.19	0.45	4,562	18,815	238,501	666,652
	<b>Proven + Probable</b>	<b>78,820</b>	<b>1.97</b>	<b>16.66</b>	<b>0.30</b>	<b>0.66</b>	<b>4,987</b>	<b>32,682</b>	<b>483,367</b>	<b>1,142,505</b>

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

### Qualified Person Statement

All Mineral Resources and Mineral Reserves referenced in this document are estimated in accordance with NI 43-101 standards and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. While terms associated with various categories of "Mineral Reserve" or "Mineral Resource" are recognized and required by Canadian regulations, they may not have equivalent meanings in other jurisdictions outside Canada, and no comparison should be made or inferred. Actual recoveries of mineral products may differ from those estimated in the Mineral Reserves and Mineral Resources due to inherent uncertainties in acceptable estimating techniques. In particular, Inferred Mineral Resources have a great amount of uncertainty as to their existence, economic and legal feasibility. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. Investors are cautioned not to assume that all or any part of the Mineral Resources that are not Mineral Reserves will ever be converted into Mineral Reserves.

The information in this MD&A that relates to exploration results that were previously issued by Alacer in its Exploration Results Announcement dated March 31, July 21, and December 19, 2016, are available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com) and on [www.asx.com.au](http://www.asx.com.au). The Exploration Results Announcements from March 31 and July 21, 2016 detail information based on information reviewed by Mr. James Francis, who is a Qualified Person pursuant to NI 43-101 and a Competent Person as defined in the JORC Code. The Exploration Results Announcement released on December 19, 2016 details information based on information reviewed by Mr. Sergei Smolonogov, who is also a Qualified Person pursuant to NI 43-101 and a Competent Person as defined in the JORC Code. Alacer confirms that: (a) it is not aware of any new information or data that materially affects the

information in the Exploration Results Announcement and that, to the extent the information is an exploration target, none of the material assumptions or technical parameters underpinning such estimates have materially changed; and (b) the form and content in which information in the Exploration Results Announcement is presented has not materially changed.

The Çöpler resource model was constructed by Loren Ligocki, Alacer's Resource Geology Manager, and verified by external consultant, Gordon Seibel, SME Registered Member, Amec Foster Wheeler's Principal Geologist. The updated Mineral Resource estimates were reviewed by external consultant, Dr. Harry Parker, SME Registered Member, Consulting Mining Geologist and Geostatistician for Amec Foster Wheeler.

The information in this document that relates to the updated Çöpler Mineral Resource estimate is based on, and fairly represents, the information and supporting documentation prepared by Dr. Parker and Mr. Seibel. Dr. Parker and Mr. Seibel are Qualified Persons pursuant to NI 43-101, and have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

The information in this document relating to the Gediktepe Mineral Resource and Mineral Reserve estimate are based on the information and supporting documentation prepared by Mr. John Marek, SME Registered Member, President and Senior Mining Engineer of Independent Mining Consultants, Inc. Mr. Marek has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

The Çöpler Mine Mineral Reserve and scientific and technical information disclosure in this document was estimated and approved by Mr. Stephen K. Statham, PE, SME Registered Member, Alacer's Mining Services Manager, who is a full-time employee of Alacer. The information in this document that relates to Mineral Reserves is based on, and fairly represents, the information and supporting documentation prepared by Mr. Statham. Mr. Statham is a Qualified Person pursuant to NI 43-101, and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

Messrs. Ligocki, Seibel, Parker, Marek, and Statham consent to the inclusion in this document of the matters based on this information in the form and context in which it appears.

### **Basis for Production Targets and Forecast Financial Information**

All forecast financial information in this MD&A has been derived from the production targets. The production targets are underpinned solely by the Probable Reserves, and are based on Alacer's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. The estimated Mineral Reserves and Mineral Resources underpinning the production targets have been prepared by a competent person or persons in accordance with the requirements of the JORC Code. These production targets and statements of forecast financial information are extracted from, or based on, the Updated Technical Report available on the Corporation's website at [www.alacergold.com](http://www.alacergold.com), on [www.sedar.com](http://www.sedar.com), and on [www.asx.com.au](http://www.asx.com.au).