



ALACER GOLD

## Alacer Gold Corp.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2020 and 2019



# Alacer Gold Corp.

## Condensed Consolidated Interim Statements of Profit and Comprehensive Profit (unaudited)

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

|   | Note | For the three months ended |                  | For the six months ended |                  |
|---|------|----------------------------|------------------|--------------------------|------------------|
|   |      | June 30,                   |                  | June 30,                 |                  |
|   |      | 2020                       | 2019             | 2020                     | 2019             |
| <b>Revenues</b>   |      | \$ 131,324                 | \$ 96,220        | \$ 273,591               | \$ 169,740       |
| Production costs  |      | 48,600                     | 39,853           | 101,119                  | 68,629           |
| Depreciation, depletion and amortization                                    |      | 22,387                     | 13,610           | 50,077                   | 23,942           |
| <b>Cost of sales</b>  |      | <u>70,987</u>              | <u>53,463</u>    | <u>151,196</u>           | <u>92,571</u>    |
| <b>Gross profit</b>   |      | 60,337                     | 42,757           | 122,395                  | 77,169           |
| Exploration and evaluation  |      | 3,600                      | 1,456            | 5,257                    | 2,308            |
| General and administrative  |      | 4,897                      | 2,039            | 9,126                    | 6,236            |
| Share-based employee compensation costs                                     |      | 12,125                     | 3,185            | 10,226                   | 7,526            |
| Foreign exchange loss   |      | 9,314                      | 2,430            | 24,293                   | 11,436           |
| Other loss  | 4    | 209                        | 18,603           | 1,598                    | 19,137           |
| <b>Other operating costs</b>  |      | <u>30,145</u>              | <u>27,713</u>    | <u>50,500</u>            | <u>46,643</u>    |
| <b>Operating profit</b>   |      | 30,192                     | 15,044           | 71,895                   | 30,526           |
| Finance costs - net   | 5    | 5,485                      | 3,522            | 11,355                   | 4,263            |
| Share of loss (income) on investments accounted for using the equity method |      | 664                        | (2,031)          | 1,275                    | (3,224)          |
| <b>Profit before income tax</b>   |      | 24,043                     | 13,553           | 59,265                   | 29,487           |
| Income tax expense (benefit)  | 6    | 8,612                      | 2,419            | (18,561)                 | 11,914           |
| <b>Total net profit and comprehensive profit</b>                            |      | <u>\$ 15,431</u>           | <u>\$ 11,134</u> | <u>77,826</u>            | <u>17,573</u>    |
| Net profit and comprehensive profit attributable to:                        |      |                            |                  |                          |                  |
| Owners of the Company   | 7    | \$ 8,354                   | \$ 4,833         | \$ 56,975                | \$ 8,170         |
| Non-controlling interest  |      | 7,077                      | 6,301            | 20,851                   | 9,403            |
| <b>Total net profit and comprehensive profit</b>                            |      | <u>\$ 15,431</u>           | <u>\$ 11,134</u> | <u>\$ 77,826</u>         | <u>\$ 17,573</u> |
| Total net profit per share of owners of the Company - Basic                 | 7    | \$ 0.03                    | \$ 0.02          | \$ 0.19                  | \$ 0.03          |
| Total net profit per share of owners of the Company - Diluted               | 7    | \$ 0.03                    | \$ 0.02          | \$ 0.19                  | \$ 0.03          |

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

# Alacer Gold Corp.

## Condensed Consolidated Interim Statements of Cash Flows (unaudited)

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

|  | Note | For the three months ended<br>June 30, |                  | For the six months ended<br>June 30, |                  |
|--|------|--|------------------|--------------------------------------|------------------|
|  |      | 2020                                   | 2019             | 2020                                 | 2019             |
| <b>Cash provided by (used in):</b>                                     |      |  |                  |                                      |                  |
| <b>Operating activities</b>  |      |  |                  |                                      |                  |
| Total net profit and comprehensive profit                              |      | \$ 15,431                              | \$ 11,134        | \$ 77,826                            | \$ 17,573        |
| Non-cash items:  |      |  |                  |                                      |                  |
| Depreciation, depletion and amortization                               |      | 22,387                                 | 13,588           | 50,077                               | 23,942           |
| Non-cash related to hedging activities                                 | 18   | (538)                                  | 1,507            | 981                                  | 2,426            |
| Unrealized foreign exchange impacts                                    |      | 9,819                                  | 3,939            | 25,148                               | 13,255           |
| Share-based employee compensation costs                                |      | 12,015                                 | 3,184            | 1,007                                | 7,525            |
| Finance costs on leases  | 19   | 2,004                                  | 1,972            | 4,023                                | 3,291            |
| Other non-cash expenses (income) and items not affecting cash          |      | 1,364                                  | (1,770)          | 7,015                                | (4,497)          |
| Income tax expense   |      | 8,602                                  | 1,308            | (19,683)                             | 10,803           |
| Impairment on Gediktepe  | 4    | -                                      | 16,913           | -                                    | 16,913           |
| Net change in non-cash working capital                                 | 8    | 13,936                                 | (25,354)         | 2,026                                | (31,394)         |
| <b>Net cash provided by operating activities</b>                       |      | <u>85,020</u>                          | <u>26,421</u>    | <u>148,420</u>                       | <u>59,837</u>    |
| <b>Investing activities</b>  |      |  |                  |                                      |                  |
| Mineral properties, plant and equipment, except right-of-use assets    |      | (21,609)                               | 6,953            | (30,537)                             | 5,162            |
| Sulfide ore stockpile  |      | -                                      | (1,564)          | -                                    | (2,764)          |
| Equity investments   |      | 717                                    | (101)            | 717                                  | (919)            |
| Contract advances and payables   |      | 5,813                                  | (2,385)          | 1,701                                | 104              |
| <b>Net cash (used in) provided by investing activities</b>             |      | <u>(15,079)</u>                        | <u>2,903</u>     | <u>(28,119)</u>                      | <u>1,583</u>     |
| <b>Financing activities</b>  |      |  |                  |                                      |                  |
| Borrowings, principal and interest                                     |      | (20,409)                               | (19,836)         | (41,506)                             | (37,342)         |
| Borrowings, restricted cash  | 11   | (43)                                   | (276)            | (2,108)                              | (45,737)         |
| Finance lease principal and interest payments                          | 19   | (2,596)                                | (2,347)          | (5,184)                              | (4,680)          |
| Non-controlling interest distribution                                  |      | (5,463)                                | -                | (25,463)                             | -                |
| <b>Net cash (used in) financing activities</b>                         |      | <u>(28,511)</u>                        | <u>(22,459)</u>  | <u>(74,261)</u>                      | <u>(87,759)</u>  |
| Increase (decrease) in cash and cash equivalents                       |      | 41,430                                 | 6,865            | 46,040                               | (26,339)         |
| Cash and cash equivalents - beginning balance                          |      | 199,368                                | 71,605           | 194,770                              | 104,798          |
| Effect of exchange rates on changes in cash held in foreign currencies |      | (30)                                   | 279              | (42)                                 | 290              |
| <b>Cash and cash equivalents – ending balance</b>                      |      | <u>\$ 240,768</u>                      | <u>\$ 78,749</u> | <u>\$ 240,768</u>                    | <u>\$ 78,749</u> |
| <b>Non-cash investing and financing activities</b>                     |      |  |                  |                                      |                  |
| IFRS 16 - right-of-use assets  |      | \$ -                                   | \$ 1,201         | \$ (1,971)                           | \$ (102,251)     |
| <b>Supplemental cash flow information</b>                              |      |  |                  |                                      |                  |
| Interest paid  |      | \$ (2,909)                             | \$ (6,656)       | \$ (6,506)                           | \$ (11,452)      |
| Income taxes paid  |      | \$ (11)                                | \$ (1,111)       | \$ (1,122)                           | \$ (1,111)       |

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

# Alacer Gold Corp.

## Condensed Consolidated Interim Statements of Financial Position (unaudited)

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

|   | Note | As of<br>June 30,<br>2020 | As of<br>December 31,<br>2019 |
|---|------|---------------------------|-------------------------------|
| <b>Assets</b>                                     |      |                           |                               |
| Current assets                                    |      |                           |                               |
| Cash and cash equivalents                         | 10   | \$ 240,768                | \$ 194,770                    |
| Receivables and other assets                      | 12   | 23,218                    | 19,388                        |
| Inventories                                       | 13   | 118,278                   | 125,436                       |
|   |      | <u>382,264</u>            | <u>339,594</u>                |
| Mineral properties, plant and equipment, net      | 14   | 1,009,324                 | 1,025,771                     |
| Investments accounted for using the equity method |      | 4,810                     | 6,802                         |
| Deferred income tax asset                         | 6    | 117,070                   | 117,252                       |
| Restricted cash                                   | 11   | 32,943                    | 30,834                        |
| Other long-term assets                            | 15   | 50,278                    | 56,054                        |
| <b>Total assets</b>                               |      | <u>\$ 1,596,689</u>       | <u>\$ 1,576,307</u>           |
| <b>Liabilities</b>                                |      |                           |                               |
| Current liabilities                               |      |                           |                               |
| Trade and other payables                          | 16   | \$ 64,160                 | \$ 66,065                     |
| Borrowings, short-term                            | 17   | 68,155                    | 68,150                        |
| Lease liability, short-term                       | 19   | 2,664                     | 1,919                         |
| Current income tax liabilities                    |      | 2,290                     | 1,096                         |
|   |      | <u>137,269</u>            | <u>137,230</u>                |
| Borrowings, long-term                             | 17   | 170,430                   | 204,515                       |
| Lease liability, long-term                        | 19   | 101,259                   | 101,194                       |
| Asset retirement obligation                       | 20   | 25,982                    | 25,467                        |
| Other long-term liabilities                       | 21   | 16,286                    | 15,818                        |
| <b>Total liabilities</b>                          |      | <u>451,226</u>            | <u>484,224</u>                |
| <b>Equity</b>                                     |      |                           |                               |
| Share capital                                     | 22   | \$ 1,479,291              | \$ 1,479,052                  |
| Reserves  |      | 22,046                    | 21,268                        |
| Deficit   |      | (581,524)                 | (638,499)                     |
| Equity attributable to owners of the company      |      | <u>919,813</u>            | <u>861,821</u>                |
| Non-controlling interest in subsidiary            |      | 225,650                   | 230,262                       |
| <b>Total equity</b>                               |      | <u>1,145,463</u>          | <u>1,092,083</u>              |
| <b>Total liabilities and equity</b>               |      | <u>\$ 1,596,689</u>       | <u>\$ 1,576,307</u>           |

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

# Alacer Gold Corp.

## Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

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

|  | Attributable to owners of the Company |                  |                     |                   | Non-controlling interest | Total Equity        |
|--|---------------------------------------|------------------|---------------------|-------------------|--------------------------|---------------------|
|  | Share capital                         | Reserves         | Deficit             | Total             |                          |                     |
| <b>Balance at December 31, 2018</b>                | \$ 1,477,586                          | \$ 17,513        | \$ (748,839)        | \$ 746,260        | \$ 188,844               | \$ 935,104          |
| Profit for the period                              | -                                     | -                | 8,170               | 8,170             | 9,403                    | 17,573              |
| Non-controlling interest distribution              | -                                     | -                | -                   | -                 | -                        | -                   |
| Transactions with owners of the company:           |                                       |                  |                     |                   |                          |                     |
| Share plans - exercises                            | 1,466                                 | (2,409)          | -                   | (943)             | -                        | (943)               |
| Amortization of share-based awards                 | -                                     | 1,320            | -                   | 1,320             | -                        | 1,320               |
| Share-based awards capitalized for Sulfide Project | -                                     | 8,470            | -                   | 8,470             | -                        | 8,470               |
| Total transactions with owners of the company      | 1,466                                 | 7,381            | -                   | 8,847             | -                        | 8,847               |
| <b>Balance at June 30, 2019</b>                    | <u>\$ 1,479,052</u>                   | <u>\$ 24,894</u> | <u>\$ (740,669)</u> | <u>\$ 763,277</u> | <u>\$ 198,247</u>        | <u>\$ 961,524</u>   |
| <b>Balance at December 31, 2019</b>                | \$ 1,479,052                          | \$ 21,268        | \$ (638,499)        | \$ 861,821        | \$ 230,262               | \$ 1,092,083        |
| Profit for the period                              | -                                     | -                | 56,975              | 56,975            | 20,851                   | 77,826              |
| Non-controlling interest distribution              | -                                     | -                | -                   | -                 | (25,463)                 | (25,463)            |
| Transactions with owners of the company:           |                                       |                  |                     |                   |                          |                     |
| Share plans - exercises                            | 239                                   | (395)            | -                   | (156)             | -                        | (156)               |
| Amortization of share-based awards                 | -                                     | 1,173            | -                   | 1,173             | -                        | 1,173               |
| Total transactions with owners of the company      | 239                                   | 778              | -                   | 1,017             | -                        | 1,017               |
| <b>Balance at June 30, 2020</b>                    | <u>\$ 1,479,291</u>                   | <u>\$ 22,046</u> | <u>\$ (581,524)</u> | <u>\$ 919,813</u> | <u>\$ 225,650</u>        | <u>\$ 1,145,463</u> |

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

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Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2020 and 2019 (unaudited)  
(expressed in thousands of U.S. dollars, unless otherwise stated)

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## 1. General information

Alacer Gold Corp. is an intermediate gold producer, with an 80% interest in the Çöpler Gold Mine (“Çöpler”) 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”). Çöpler 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 Gold Corp. is incorporated under the laws of the Yukon Territory, Canada. The address of its registered office is 3081 Third Avenue, Whitehorse, Yukon, Y1A 4Z7. Corporate administrative services are provided by Alacer Management Corp., a wholly owned subsidiary of Alacer Gold Corp.

These unaudited condensed consolidated interim financial statements (the “financial statements”) as of and for the three and six months ended June 30, 2020 and 2019 are comprised of Alacer Gold Corp., its subsidiaries, and its investments in joint ventures accounted for using the equity method, and together are hereafter referred to as either “Alacer” or the “Company”.

## 2. Basis of presentation

These financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company’s audited annual consolidated financial statements and related notes for the year ended December 31, 2019 (“the 2019 financial statements”). These financial statements do not contain all the disclosures required by International Financial Reporting Standards (“IFRS”) and accordingly, should be read in conjunction with the 2019 financial statements.

The financial statements have been prepared under the historical cost convention, except for financial instruments, as explained in Note 5J of the 2019 financial statements.

The preparation of these financial statements in conformity with IFRS requires Management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expense. Interim results are not necessarily indicative of the results expected for the financial year. Actual annual results may differ from interim estimates. The significant judgments made by Management applied in the preparation of these financial statements are consistent with those applied and disclosed in the 2019 financial statements.

These financial statements were authorized for issue by Alacer’s Board of Directors (“BOD”) on August 14, 2020.

## 3. Presentation of financial statements

The presentation of certain line items in the financial statements has been changed from the Company’s financial statements for the period ended June 30, 2019. Where applicable, prior year period amounts have been reclassified to present current year period amounts on a comparable basis with those amounts from

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Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2020 and 2019 (unaudited)

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

the 2019 financial statements. All reclassifications considered necessary for a fair presentation have been included in these financial statements.

The following table outlines the changes in the presentation of the Condensed Consolidated Interim Statements of Cash Flows (the "Statements of Cash Flows") for the three and six months ended June 30, 2019:

|   | As previously<br>reported<br>For the three<br>months ended<br>June 30,<br>2019           | Amount of<br>adjustment         | As currently<br>reported<br>For the three<br>months ended<br>June 30,<br>2019           |
|---|--|---------------------------------|---|
| <b>Operating activities</b>   |  |                                 |   |
| Other non-cash expenses (income) and items not affecting cash       | \$ 867   | \$ (2,637)                      | \$ (1,770)  |
| Impairment on Gediktepe   | -  | 16,913                          | 16,913  |
| Net change in non-cash working capital                              | (11,078)   | (14,276)                        | (25,354)  |
| <b>Total operating activities</b>                                   | <u>\$ (10,211)</u>   | <u>\$ -</u>                     | <u>\$ (10,211)</u>  |
| <b>Investing activities</b>   |  |                                 |   |
| Mineral properties, plant and equipment, except right-of-use assets | \$ 10,821  | \$ (3,868)                      | \$ 6,953  |
| <b>Total investing activities</b>                                   | <u>\$ 10,821</u>   | <u>\$ (3,868)</u>               | <u>\$ 6,953</u>   |
| <b>Financing activities</b>   |  |                                 |   |
| Borrowings, principal and interest                                  | \$ (23,704)  | \$ 3,868                        | \$ (19,836)   |
| <b>Total financing activities</b>                                   | <u>\$ (23,704)</u>   | <u>\$ 3,868</u>                 | <u>\$ (19,836)</u>  |
|   | <u>\$ (23,094)</u>   | <u>\$ -</u>                     | <u>\$ (23,094)</u>  |
|   | <b>As previously<br/>reported<br/>For the six<br/>months ended<br/>June 30,<br/>2019</b> | <b>Amount of<br/>adjustment</b> | <b>As currently<br/>reported<br/>For the six<br/>months ended<br/>June 30,<br/>2019</b> |
| <b>Operating activities</b>   |  |                                 |   |
| Other non-cash expenses (income) and items not affecting cash       | \$ (5,413)   | \$ 916                          | \$ (4,497)  |
| Impairment on Gediktepe   | -  | 16,913                          | 16,913  |
| Net change in non-cash working capital                              | (13,565)   | (17,829)                        | (31,394)  |
| <b>Total operating activities</b>                                   | <u>\$ (18,978)</u>   | <u>\$ -</u>                     | <u>\$ (18,978)</u>  |
| <b>Investing activities</b>   |  |                                 |   |
| Mineral properties, plant and equipment, except right-of-use assets | \$ 13,826  | \$ (8,664)                      | \$ 5,162  |
| <b>Total investing activities</b>                                   | <u>\$ 13,826</u>   | <u>\$ (8,664)</u>               | <u>\$ 5,162</u>   |
| <b>Financing activities</b>   |  |                                 |   |
| Borrowings, principal and interest                                  | \$ (46,005)  | \$ 8,663                        | \$ (37,342)   |
| Finance facility costs  | (1)  | 1                               | -   |
| <b>Total financing activities</b>                                   | <u>\$ (46,006)</u>   | <u>\$ 8,664</u>                 | <u>\$ (37,342)</u>  |
|   | <u>\$ (51,158)</u>   | <u>\$ -</u>                     | <u>\$ (51,158)</u>  |

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Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2020 and 2019 (unaudited)

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

## 4. Other loss

The following table summarizes activity for the periods ended:

|   | For the three months ended |                  | For the six months ended |                  |
|---|----------------------------|------------------|--------------------------|------------------|
|   | June 30,<br>2020           | June 30,<br>2019 | June 30,<br>2020         | June 30,<br>2019 |
| Unrealized (gain) loss on financial instruments (Note 18) | \$ (538)                   | \$ 1,507         | \$ 981                   | \$ 2,426         |
| Realized loss on financial instruments (Note 18)          | 736                        | 182              | 1,207                    | 213              |
| Impairment on Gediktepe                                   | -                          | 16,913           |                          | 16,913           |
| Other   | 11                         | 1                | (590)                    | (415)            |
| <b>Total other loss</b>                                   | <u>\$ 209</u>              | <u>\$ 18,603</u> | <u>\$ 1,598</u>          | <u>\$ 19,137</u> |

## 5. Finance costs - net

The following table summarizes the activity for the periods ended:

|  | For the three months ended |                  | For the six months ended |                   |
|--|----------------------------|------------------|--------------------------|-------------------|
|  | June 30,<br>2020           | June 30,<br>2019 | June 30,<br>2020         | June 30,<br>2019  |
| <b>Finance (income)</b>  |                            |                  |                          |                   |
| Interest (income) from financial assets held for cash management | \$ (287)                   | \$ (814)         | \$ (1,002)               | \$ (1,634)        |
| <b>Total finance (income)</b>                                    | <u>\$ (287)</u>            | <u>\$ (814)</u>  | <u>\$ (1,002)</u>        | <u>\$ (1,634)</u> |
| <b>Finance costs</b>   |                            |                  |                          |                   |
| Borrowing costs  | 3,511                      | 5,990            | 7,819                    | 10,787            |
| Amortization of the discount on ARO liabilities                  | 257                        | 241              | 515                      | 483               |
| Amortization of the discount on lease liabilities                | 2,004                      | 1,972            | 4,023                    | 3,291             |
| <b>Total finance costs</b>                                       | <u>\$ 5,772</u>            | <u>\$ 8,203</u>  | <u>\$ 12,357</u>         | <u>\$ 14,561</u>  |
| Less: amount capitalized   | \$ -                       | \$ (3,867)       | \$ -                     | \$ (8,664)        |
| <b>Finance costs - expensed</b>                                  | <u>\$ 5,772</u>            | <u>\$ 4,336</u>  | <u>\$ 12,357</u>         | <u>\$ 5,897</u>   |
| <b>Net finance costs</b>   | <u>\$ 5,485</u>            | <u>\$ 3,522</u>  | <u>\$ 11,355</u>         | <u>\$ 4,263</u>   |

Finance income is earned on the Company's cash and money market funds, including restricted cash balances, which are deposited at banks and financial institutions. Borrowing costs are related to the finance facility described in Note 17. All borrowing costs incurred on or after June 1, 2019 are recognized in the Condensed Consolidated Interim Statements of Profit and Comprehensive Profit (the "Statements of Profit"). Capitalized interest relates to borrowing costs incurred before June 1, 2019, which was the period before the Company's declaration of commercial production of the sulfide plant. Finance costs related to lease and asset retirement obligation liabilities both represent amortization of the discount expense calculated using the effective interest method.

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Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2020 and 2019 (unaudited)

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

## 6. Income tax expense (benefit)

a) **Income tax expense (benefit)** - The following table summarizes activity for the periods ended:

|                                       | For the three months ended |                  | For the six months ended |                  |
|---------------------------------------|----------------------------|------------------|--------------------------|------------------|
|                                       | June 30,<br>2020           | June 30,<br>2019 | June 30,<br>2020         | June 30,<br>2019 |
| <b>Income tax expense:</b>            |                            |                  |                          |                  |
| Current income tax expense            | \$ 2,071                   | \$ 478           | \$ 5,651                 | \$ 2,010         |
| Deferred income tax expense (benefit) | 6,541                      | 1,941            | (24,212)                 | 9,904            |
| <b>Income tax expense</b>             | <u>\$ 8,612</u>            | <u>\$ 2,419</u>  | <u>\$ (18,561)</u>       | <u>\$ 11,914</u> |

The Company generates incentive tax credits for qualifying expenditures at Çöpler in accordance with the current incentive certificate. Application of these tax credits reduces income tax expense in the current period and offsets current and future cash tax payments. Reviews of eligible spend for tax credits by local tax authorities occur periodically and can result in adjustments to the recognition of incentive tax credits in the future.

A detailed review was undertaken in Q1 2020 of expenditure related to the Sulfide Project for the years 2014 to 2019. The review concluded that some additional costs related to the finance facility (including interest cost and foreign exchange loss) that were utilized for the construction of the sulfide plant qualified as eligible spend for incentive tax credits in accordance with the current incentive certificate. The review also considered whether the additional incentive tax credits would be realized based upon forecast future taxable income of the relevant legal entity. The review indicated that Alacer's realization of the additional incentive tax credits is considered highly probable. As a result of this review, the Company recognized a \$48 million income tax benefit in Q1 2020 for additional incentive tax credits in the Statements of Profit and an equal amount of additional deferred tax assets in the Condensed Consolidated Interim Statements of Financial Position (the "Statements of Financial Position").

## b) Significant components of deferred tax assets and liabilities

|                                    | Consolidated statements of<br>financial position on |                   |
|------------------------------------|---|-------------------|
|                                    | June 30,<br>2020                                    | December<br>2019  |
| <b>Deferred income tax assets:</b> |   |                   |
| Incentive tax credits recognized   | \$ 210,151  | \$ 196,172        |
| Deferred income tax (liabilities)  | (93,081)  | (78,920)          |
| <b>Deferred income tax asset</b>   | <u>\$ 117,070</u>                                   | <u>\$ 117,252</u> |

Deferred income tax assets are recognized for incentive tax credits to the extent that the realization of the related tax benefit through future taxable profits is probable. The deferred tax liability is comprised of temporary differences. As of June 30, 2020 and December 31, 2019, the deferred tax liability was primarily impacted by the revaluation of non-monetary assets due to foreign exchange. Alacer applies the liability method to recognize deferred income tax expense on temporary differences between the tax basis of assets and their carrying amounts in the financial statements.

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

## 7. Profit per share

Basic profit per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted profit per share is calculated using the “if-converted method” in assessing the dilution impact of convertible instruments until maturity. The if-converted method assumes that all convertible instruments until maturity have been converted in determining fully diluted profit per share if they are in-the-money, except where such conversion would be anti-dilutive.

The following table summarizes activity for the periods ended:

|   | For the three months ended |                  | For the six months ended |                  |
|---|----------------------------|------------------|--------------------------|------------------|
|   | June 30,<br>2020           | June 30,<br>2019 | June 30,<br>2020         | June 30,<br>2019 |
| Net profit and comprehensive profit attributable to owners of the Company | \$ 8,354                   | \$ 4,833         | \$ 56,975                | \$ 8,170         |
| Weighted average number of shares outstanding – basic                     | 294,811,505                | 294,649,373      | 294,798,833              | 294,629,266      |
| Weighted average number of shares outstanding – diluted                   | 298,428,518                | 300,353,643      | 298,415,846              | 300,333,536      |
| Total net profit per share of owners of the Company – basic               | \$ 0.03                    | \$ 0.02          | \$ 0.19                  | \$ 0.03          |
| Total net profit per share of owners of the Company – diluted             | \$ 0.03                    | \$ 0.02          | \$ 0.19                  | \$ 0.03          |

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## 8. Net change in non-cash working capital

The following table summarizes activity, excluding cash and cash equivalents transactions, in the net change in non-cash working capital amount in the Operating section of the Statement of Cash Flows for the periods ended:

|   | For the three months ended |                    | For the six months ended |                    |
|---|----------------------------|--------------------|--------------------------|--------------------|
|   | June 30,<br>2020           | June 30,<br>2019   | June 30,<br>2020         | June 30,<br>2019   |
| <b>Changes in non-cash working capital accounts:</b>          |                            |                    |                          |                    |
| Trade and other payables                                      | \$ 13,660                  | \$ 10,488          | \$ (1,905)               | \$ 17,613          |
| Receivables and other assets                                  | 2,531                      | (23,184)           | (3,830)                  | (27,629)           |
| Inventories   | 3,276                      | (14,350)           | 7,158                    | (23,720)           |
| Current income tax liabilities                                | (61)                       | -                  | 1,194                    | -                  |
| <b>Subtotal of non-cash working capital accounts</b>          | <b>\$ 19,406</b>           | <b>\$ (27,046)</b> | <b>\$ 2,617</b>          | <b>\$ (33,736)</b> |
| <b>Adjustments for amounts:</b>                               |                            |                    |                          |                    |
| <b>Included on separate line within Operating Activities:</b> |                            |                    |                          |                    |
| Non-cash change related to short-term hedging activity        | 65                         | (883)              | (1,188)                  | (1,422)            |
| DD&A in short-term inventory                                  | (59)                       | 1,884              | (2,119)                  | 573                |
| Change in short-term share based comp. liability              | (4,364)                    | (751)              | 887                      | (1,929)            |
| Unrealized foreign exchange impacts                           | (348)                      | (1,161)            | (778)                    | (2,025)            |
| Change in tax liability accruals                              | (2,060)                    | 634                | (4,529)                  | (898)              |
| <b>Included within Investing Activities:</b>                  |                            |                    |                          |                    |
| Trade and other payables related to capitalized projects      | 168                        | (5,547)            | (1,701)                  | (7,781)            |
| Receivables and other assets related to capitalized projects  | (1,781)                    | 2,384              | 2,331                    | (104)              |
| Inventory related to sulfide stockpile                        | -                          | 3,225              | -                        | 13,882             |
| Write-off of deferred rent related to IFRS 16 implementation  | -                          | -                  | -                        | 139                |
| <b>Included within Financing Activities:</b>                  |                            |                    |                          |                    |
| Interest paid shown as financing activity                     | 2,909                      | 1,907              | 6,506                    | 1,907              |
| <b>Net change in non-cash working capital</b>                 | <b>\$ 13,936</b>           | <b>\$ (25,354)</b> | <b>\$ 2,026</b>          | <b>\$ (31,394)</b> |

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## 9. Financial instruments

### *Carrying Values of Financial Instruments*

The table below shows those assets and liabilities that the Company has identified as financial assets and financial liabilities to be measured at fair value through the Statements of Profit or amortized costs under IFRS 9 *Financial Instruments*. The Company currently has no financial assets and financial liabilities to be measured at fair value through the Statements of Comprehensive Profit.

|   | Note   | As of<br>June 30,<br>2020 | As of<br>December 31,<br>2019 |
|---|--------|---------------------------|-------------------------------|
| <b>Financial assets</b>   |        |                           |                               |
| Financial assets at amortized cost  |        |                           |                               |
| Receivables and other assets  | 12     | \$ 23,218                 | \$ 19,388                     |
| Financial assets at fair value through profit and loss (FVTPL)                    |        |                           |                               |
| Cash and cash equivalents   | 10     | \$ 240,768                | \$ 194,770                    |
| Restricted cash   | 11     | \$ 32,943                 | \$ 30,834                     |
| <b>Financial liabilities</b>  |        |                           |                               |
| Financial liabilities at amortized cost   |        |                           |                               |
| Trade and other payables, excluding swap contract obligations                     | 16     | \$ 61,202                 | \$ 64,296                     |
| Borrowings, short-term  | 17     | \$ 68,155                 | \$ 68,150                     |
| Borrowings, long-term   | 17     | \$ 170,430                | \$ 204,515                    |
| Financial liabilities at fair value through profit and loss (FVTPL)               |        |                           |                               |
| Current interest rate swap contract obligations                                   | 16, 18 | \$ 2,958                  | \$ 1,769                      |
| Other long-term liabilities - share based compensation                            | 21     | \$ 13,185                 | \$ 12,463                     |
| Other long-term liabilities - non-current interest rate swap contract obligations | 18, 21 | \$ 668                    | \$ 876                        |

### *Fair Value of Financial Instruments*

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

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

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The hierarchy of financial instruments measured at fair value in the Statements of Financial Position is as follows:

| June 30, 2020  |                   |                   |             |                   |
|--|-------------------|-------------------|-------------|-------------------|
| Fair Value Hierarchy                                   | Level 1           | Level 2           | Level 3     | Total             |
| Cash and cash equivalents                              | \$ 240,768        | \$ -              | \$ -        | \$ 240,768        |
| Restricted cash  | 32,943            | -                 | -           | 32,943            |
| Interest rate swap contracts - current                 | -                 | (2,958)           | -           | (2,958)           |
| Interest rate swap contracts - non-current             | -                 | (668)             | -           | (668)             |
| Other long-term liabilities - share based compensation | (13,185)          | -                 | -           | (13,185)          |
|  | <u>\$ 260,526</u> | <u>\$ (3,626)</u> | <u>\$ -</u> | <u>\$ 256,900</u> |

| December 31, 2019  |                   |                   |             |                   |
|--|-------------------|-------------------|-------------|-------------------|
| Fair Value Hierarchy   | Level 1           | Level 2           | Level 3     | Total             |
| Cash and cash equivalents                                    | \$ 194,770        | \$ -              | \$ -        | \$ 194,770        |
| Restricted cash  | 30,834            | -                 | -           | 30,834            |
| Interest rate swap and forward sales contracts - current     | -                 | (1,769)           | -           | (1,769)           |
| Interest rate swap and forward sales contracts - non-current | -                 | (876)             | -           | (876)             |
| Other long-term liabilities - share based compensation       | (12,463)          | -                 | -           | (12,463)          |
|  | <u>\$ 213,141</u> | <u>\$ (2,645)</u> | <u>\$ -</u> | <u>\$ 210,496</u> |

The Company has some financial instruments which are not measured at fair value in the Statement of Financial Position. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following financial instrument related to the finance facility described in Note 17 at June 30, 2020:

| Liabilities | Fair Value | Carrying Value |
|-------------|------------|----------------|
| Borrowings  | 254,489    | 238,585        |

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## 10. Cash and cash equivalents

|                              | June 30,<br>2020  | December 31,<br>2019 |
|------------------------------|-------------------|----------------------|
| Cash at banks and on hand    | \$ 138,782        | \$ 171,004           |
| Money market funds and other | 101,986           | 23,766               |
|                              | <u>\$ 240,768</u> | <u>\$ 194,770</u>    |

Cash and money market funds are deposited at banks and financial institutions and earn variable interest based on market rates. They do not include restricted cash, which is shown in Note 11. The carrying values of cash and cash equivalents and money market funds approximate their fair values as the balances earn interest at current market rates.

## 11. Restricted cash

|                 | June 30,<br>2020 | December 31,<br>2019 |
|-----------------|------------------|----------------------|
| Restricted cash | <u>\$ 32,943</u> | <u>\$ 30,834</u>     |

Restricted cash is deposited at banks and financial institutions and represents both a debt service reserve account and a reclamation reserve account required as part of the finance facility described in Note 17. The restricted cash is expected to be in place over the duration of the term of the finance facility. Restricted cash is not available for use within one year. The carrying value of restricted cash approximates its fair value as the balance earns interest at current market rates.

## 12. Receivables and other assets

|                                     | June 30,<br>2020 | December 31,<br>2019 |
|-------------------------------------|------------------|----------------------|
| Consumption taxes recoverable (VAT) | 14,544           | 13,475               |
| Non-trade receivables               | 3,361            | 2,635                |
| Prepaid expenses and advances       | 5,223            | 2,769                |
| Other current assets                | 90               | 509                  |
|                                     | <u>\$ 23,218</u> | <u>\$ 19,388</u>     |

The Company's receivable balances consist predominately of value-added tax (VAT) recoverable claims with government entities in the country of Turkey. VAT is usually recovered in 90 to 120 days and can be netted with payroll withholding taxes and other taxes payable in the same tax jurisdiction. There is no allowance for doubtful accounts or a recorded allowance for credit losses for VAT recoverable claims or non-trade receivables. Prepaid expenses and advances primarily include annual insurance premiums paid in advance. Receivables and other assets are recognized initially at the amount of consideration that is unconditional. The

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Company holds the receivables and other assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. The carrying value of receivables and other assets approximates their fair values due to the short-term nature of their duration.

## 13. Inventories

|                        | <b>June 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|------------------------|--------------------------|------------------------------|
| Work-in-process        | \$ 47,404                | \$ 59,935                    |
| Finished goods         | 7,134                    | 4,941                        |
| Oxide ore stockpiles   | 151                      | 576                          |
| Sulfide ore stockpiles | 19,609                   | 19,209                       |
| Supplies and reagents  | 43,980                   | 40,775                       |
|                        | <u>\$ 118,278</u>        | <u>\$ 125,436</u>            |

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

The Company's sulfide ore stockpiles are classified as short-term if expected to be consumed in the next twelve months. Otherwise, sulfide ore stockpiles are classified as long-term and listed under Other long-term assets in Note 15.

Supplies and reagents are materials, spare parts and consumables used when processing ore from both the oxide and sulfide plants to produce doré.

Finished goods inventory includes doré produced from both oxide and sulfide work-in-process inventory and gold bullion.

Through June 30, 2020, a provision for obsolescence for supplies and reagents of approximately \$1.1 million (\$0.2 million through June 30, 2019) was recognized and presented as part of Production costs in the Statements of Profit.

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## 14. Mineral properties, plant and equipment, net

|                                     | Mineral properties <sup>1</sup> | Mining plant and equipment | Construction-in-progress <sup>2</sup> | Right-of-use lease assets | Non-producing properties <sup>2</sup> | Total        |
|-------------------------------------|---------------------------------|----------------------------|---------------------------------------|---------------------------|---------------------------------------|--------------|
| <b>Balance at December 31, 2018</b> | \$ 58,807                       | \$ 36,016                  | \$ 707,556                            | \$ -                      | \$ 149,902                            | \$ 952,281   |
| Additions                           | -                               | -                          | 43,671                                | 105,189                   | -                                     | 148,860      |
| Transfers                           | 35,110                          | 851,357                    | (736,565)                             | -                         | (149,902)                             | -            |
| Disposals                           | -                               | (36)                       | -                                     | -                         | -                                     | (36)         |
| Rehabilitation provision            | 626                             | -                          | -                                     | -                         | -                                     | 626          |
| Depreciation, depletion             | (17,317)                        | (50,931)                   | -                                     | (7,712)                   | -                                     | (75,960)     |
| <b>Balance at December 31, 2019</b> | \$ 77,226                       | \$ 836,406                 | \$ 14,662                             | \$ 97,477                 | \$ -                                  | \$ 1,025,771 |
| Additions                           | -                               | -                          | 28,205                                | 1,971                     | -                                     | 30,176       |
| Transfers                           | 7,877                           | 5,267                      | (13,144)                              | -                         | -                                     | -            |
| Disposals / Refunds                 | -                               | -                          | -                                     | -                         | -                                     | -            |
| Rehabilitation provision            | -                               | -                          | -                                     | -                         | -                                     | -            |
| Depreciation, depletion             | (6,386)                         | (35,616)                   | -                                     | (4,621)                   | -                                     | (46,623)     |
| <b>Balance at June 30, 2020</b>     | \$ 78,717                       | \$ 806,057                 | \$ 29,723                             | \$ 94,827                 | \$ -                                  | \$ 1,009,324 |

<sup>1</sup>Mineral properties represent assets subject to depreciation including production stage properties, capitalized prefeasibility costs related to the Sulfide Project, capitalized mine development costs related to current production, capitalized pre-production stripping, intangible assets, and closure assets related to asset retirement obligations.

<sup>2</sup>CIP and Non-producing properties are not subject to depreciation. Prior to June 1, 2019, CIP and non-producing properties primarily included amounts capitalized related to the Sulfide Project. CIP primarily included Sulfide Project costs incurred following construction approval while non-producing properties included Sulfide Project costs incurred prior to construction approval but for which there was a high degree of confidence of future economic benefits. As of May 31, 2019, the Company declared commercial production of the sulfide plant and accordingly reclassified Sulfide Project costs from CIP and Non-producing properties to Mining plant and equipment and Mineral properties.

Through May 31 2019, gold sales proceeds (63,514 gold ounces were sold and \$82.3 million cash proceeds received) from the sulfide plant and operating costs related to those gold sales and approximately \$8.6 million in interest and finance costs on loan borrowings were included in CIP within the Mineral Properties, Plant and Equipment asset in the Statements of Financial Position since they were incurred before the declaration of commercial production of the sulfide plant.

## 15. Other long-term assets

|                                  | June 30, 2020    | December 31, 2019 |
|----------------------------------|------------------|-------------------|
| Long-term sulfide ore stockpiles | 49,250           | 55,368            |
| Long-term advances and deposits  | 1,028            | 686               |
|                                  | <u>\$ 50,278</u> | <u>\$ 56,054</u>  |

Long-term sulfide ore stockpiles represent sulfide ore that has been extracted from the mine and is not expected to be further processed within the next twelve months. The Company's current sulfide ore stockpile inventories that are expected to be consumed in the next twelve months are classified as current assets (Note 13). Long-term advances and deposits include deposits for operating licenses.

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## 16. Trade and other payables

|   | June 30,<br>2020 | December 31,<br>2019 |
|---|------------------|----------------------|
| Trade payables                                    | \$ 23,098        | \$ 28,840            |
| Accruals  | 20,821           | 26,562               |
| Interest rate swap contracts obligation (Note 18) | 2,958            | 1,769                |
| Withholding taxes                                 | 493              | 534                  |
| Royalties payable                                 | 16,790           | 8,360                |
|   | <u>\$ 64,160</u> | <u>\$ 66,065</u>     |

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

The Company has entered into a discretionary hedging arrangement via an interest rate swap contract to fix the LIBOR interest rate exposure on approximately 46% of the outstanding loan balance through the duration of the interest rate hedge program. The short-term liability related to the interest rate swap contracts is shown above and is more fully discussed in Note 18.

Trade and other payables are measured at amortized cost, except for interest rate swap contracts which are measured at fair value. Due to the short-term nature of trade and other payables, excluding interest rate swap contracts, their carrying amount is considered to be the same as their fair value.

## 17. Borrowings

The Company has a finance facility with a syndicate of lenders (BNP Paribas (Suisse) SA, ING Bank NV, Societe Generale Corporate & Investment Banking and UniCredit S.P.A.). The finance facility has interest rates of LIBOR, which is floating, plus a fixed interest rate margin in the range of 3.50% - 3.70% depending on the tranche. Additionally, it has no mandatory hedging or cash sweep requirements, no pre-payment penalties, and final repayment is scheduled in Q4 2023. While no mandatory hedging is required, discretionary hedging to fix the LIBOR rate was implemented in 2018 as discussed in Note 18. Restricted cash accounts must be maintained over the term of the finance facility and are shown in Note 11.

The financing fees incurred to establish and finalize the financing facility (including syndicate bank fees, legal and accounting fees, investment and registration fees, and other agency fees) were accounted for as a discount to the loan principal and are amortized over the life of the loan.

Interest and finance costs on loan borrowings of \$12.4 million recognized through June 30, 2020 were included in the Statements of Profit since they were incurred after the declaration of commercial production of the

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sulfide plant. Interest and finance costs on loan borrowings of approximately \$8.6 million recognized through May 31, 2019 were capitalized in CIP, since they were incurred before the declaration of commercial production of the sulfide plant. As of June 30, 2020, the Company is in compliance with all aspects of the finance facility.

The following table is a summary of the carrying amounts of the Company's borrowings that are recognized in the Statements of Financial Position. The amounts include the remaining principal balances of the finance facility due to the syndicate of lenders as well as the unamortized balance of discounted finance facility costs as of the periods presented below:

|   | June 30,<br>2020  | December 31,<br>2019 |
|---|-------------------|----------------------|
| Short-term portion of the Finance Facility              | \$ 70,000         | \$ 70,000            |
| Short-term portion of Discounted Finance Facility Costs | (1,845)           | (1,850)              |
| Long-term portion of the Finance Facility               | 175,000           | 210,000              |
| Long-term portion of Discounted Finance Facility Costs  | (4,570)           | (5,485)              |
|   | <u>\$ 238,585</u> | <u>\$ 272,665</u>    |

The first repayment of principal for the finance facility occurred in March 2019 with final principal repayment on or before December 21, 2023. The principal repayment is \$17.5 million paid quarterly.

The borrowing is measured at amortized cost using a nominal value method, net of finance facility costs, at each reporting date on the Statements of Financial Position. The nominal value method is used to measure the Company's carrying value of borrowings per IFRS 9 *Financial Instruments* as a floating interest rate exists on the borrowing facility.

The table below analyzes the Company's borrowings into relevant maturity groupings based on the remaining period at the Statements of Financial Position date to the contractual maturity date. The amounts shown in the table below are the contractual undiscounted cash flows which include payments for both principal and interest for borrowings.

| Borrowings (\$ 000's)         | Less than 6<br>months | 6 months to 1<br>year | 1 year to 2<br>years | 2 years to 5<br>years | More than<br>five years | Total contractual<br>cash flows | Carrying<br>amount |
|-------------------------------|-----------------------|-----------------------|----------------------|-----------------------|-------------------------|---------------------------------|--------------------|
| Total contractual obligations | <u>\$ 39,523</u>      | <u>\$ 38,844</u>      | <u>\$ 75,681</u>     | <u>\$ 108,623</u>     | <u>\$ -</u>             | <u>\$ 262,671</u>               | <u>\$ 238,585</u>  |

The difference between the total contractual undiscounted cash flows and the carrying amount of the borrowing liability measured at amortized cost using a nominal value method are the expected interest payments between the respective Statements of Financial Position reporting date and the borrowing maturity date. Expected future interest payments have been projected based on assumptions as of June 30, 2020 around the LIBOR forward rates. Thus, future actual interest payments may differ from those estimated in these financial statements based on that factor.

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## 18. Financial Instruments

### *Interest Rate Swap Contracts*

As indicated in Note 17, the Company has a finance facility with a syndicate of lenders. While no mandatory hedging is required, the Company has chosen to hedge to fix the LIBOR interest rate exposure via interest rate swap contracts on approximately 46% of the outstanding loan balance through the duration of the interest rate hedge program which completes at the end of 2021.

In accordance with IFRS 9 *Financial Instruments*, the Company records the fair value of interest rate swap contracts at the end of the reporting period as an asset (in the money) or liability (out of the money). The fair value is calculated as the difference between a market-based price and the contracted price.

The fair and carrying value of the interest rate swap contract asset or liability is derived by the difference between the variable LIBOR interest forward rates as compared to a fixed interest rate of 2.86% on the hedged amounts for settlement between the respective Statements of Financial Position reporting date and the interest rate swap contract settlement date. Unrealized gains/losses on the interest rate swap contracts have been projected based on assumptions as of June 30, 2020 around the LIBOR forward rates. Thus, future gains/losses may differ from those estimated in these financial statements.

The following table is a summary of the carrying amounts of the Company's interest rate swap contracts that are recognized in the Statements of Financial Position at:

|  | June 30,<br>2020 | December 31,<br>2019 |
|--|------------------|----------------------|
| Interest rate swap contracts - Short-term    | 2,958            | 1,769                |
| <b>Trade and other payables (Note 16)</b>    | <u>\$ 2,958</u>  | <u>\$ 1,769</u>      |
| Interest rate swap contracts - Long-term     | 668              | 876                  |
| <b>Other long-term liabilities (Note 21)</b> | <u>\$ 668</u>    | <u>\$ 876</u>        |
| <b>Net liability</b>                         | <u>\$ 3,626</u>  | <u>\$ 2,645</u>      |

The change or unrealized losses in the 2020 carrying amount of the Company's financial instruments, \$1.0 million loss for the six months ended June 30, 2020, relates to the Company's interest rate swap contracts.

Realized gains/losses on interest rate swap contracts are settled in cash during the settlement period.

Both realized and unrealized gains/losses are recorded in Other loss in the Statements of Profit and are shown in Note 4.

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The following table is a summary of the interest rate swap program:

| Quarter Ending  | Hedged amount of debt (million \$) | Hedged Rate | Forward Curve | (Loss) Gain (million \$) |
|---|------------------------------------|-------------|---------------|--------------------------|
| Q3 2020   | 150                                | 2.86%       | 0.28%         | (1.0)                    |
| Q4 2020   | 125                                | 2.86%       | 0.26%         | (0.8)                    |
| Q1 2021   | 100                                | 2.86%       | 0.29%         | (0.6)                    |
| Q2 2021   | 75                                 | 2.86%       | 0.23%         | (0.5)                    |
| Q3 2021   | 50                                 | 2.86%       | 0.23%         | (0.3)                    |
| Q4 2021   | 50                                 | 2.86%       | 0.24%         | (0.3)                    |
| Weighted average rates of unsettled interest rate swap contracts  |                                    | 2.86%       | 0.26%         |                          |
| Total unrealized (loss) on unsettled interest rate swap contracts |                                    |             |               | (3.6)                    |
| Q3 2018   | 350                                | 2.86%       | 2.33%         | (0.5)                    |
| Q4 2018   | 350                                | 2.86%       | 2.37%         | (0.4)                    |
| Q1 2019   | 350                                | 2.86%       | 2.82%         | (0.0)                    |
| Q2 2019   | 275                                | 2.86%       | 2.61%         | (0.2)                    |
| Q3 2019   | 250                                | 2.86%       | 2.34%         | (0.3)                    |
| Q4 2019   | 225                                | 2.86%       | 2.16%         | (0.4)                    |
| Q1 2020   | 200                                | 2.86%       | 1.93%         | (0.5)                    |
| Q2 2020   | 175                                | 2.86%       | 1.20%         | (0.7)                    |
| Weighted average rates of settled interest rate swap contracts    |                                    | 2.86%       | 2.30%         |                          |
| Total realized (loss) on unsettled interest rate swap contracts   |                                    |             |               | (3.1)                    |
| <b>Program total for interest rate swap contracts</b>             |                                    | n/a         | n/a           | (6.7)                    |

## 19. Lease liabilities

|                                     | June 30, 2020     | December 31, 2019 |
|-------------------------------------|-------------------|-------------------|
| <b>Balance, beginning of period</b> | \$ 103,113        | \$ 105,009        |
| Arising during the period           | 1,971             | 319               |
| Lease payments                      | (5,184)           | (9,447)           |
| Amortization of discount            | 4,023             | 7,232             |
| <b>Balance, end of period</b>       | <u>\$ 103,923</u> | <u>\$ 103,113</u> |

The table below analyzes the Company's lease liabilities into relevant contractual maturity date groupings based on the remaining period at the Statements of Financial Position date to the contractual maturity date of the lease. The amounts shown in the table below are the contractual undiscounted cash flows related to lease liabilities.

| Lease liabilities (\$ 000's)  | Less than 6 months | 6 months to 1 year | 1 year to 2 years | 2 years to 5 years | More than five years | Total contractual cash flows | Carrying amount   |
|-------------------------------|--------------------|--------------------|-------------------|--------------------|----------------------|------------------------------|-------------------|
| Total contractual obligations | <u>\$ 4,349</u>    | <u>\$ 6,159</u>    | <u>\$ 10,536</u>  | <u>\$ 29,563</u>   | <u>\$ 145,590</u>    | <u>\$ 196,197</u>            | <u>\$ 103,923</u> |

The difference between the total contractual undiscounted cash flows related to lease payments to vendors and lessors and the carrying amount of the lease liability is the amortization of the discount related to the lease liability.

# Alacer Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements  
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(expressed in thousands of U.S. dollars, unless otherwise stated)

## 20. Asset retirement obligation (“ARO”)

|                                     | June 30,<br>2020 | December 31,<br>2019 |
|-------------------------------------|------------------|----------------------|
| <b>Balance, beginning of period</b> | \$ 25,467        | \$ 23,877            |
| Change in estimates - closure costs | -                | 626                  |
| Accreting and unwinding of discount | 515              | 964                  |
| <b>Balance, end of period</b>       | <u>\$ 25,982</u> | <u>\$ 25,467</u>     |

## 21. Other long-term liabilities

|                              | June 30,<br>2020 | December 31,<br>2019 |
|------------------------------|------------------|----------------------|
| Interest rate swap contracts | \$ 668           | \$ 876               |
| Share-based compensation     | 13,185           | 12,463               |
| Long-term employee benefits  | 2,433            | 2,479                |
|                              | <u>\$ 16,286</u> | <u>\$ 15,818</u>     |

The Company has entered into a discretionary hedging arrangement to fix the LIBOR interest rate exposure on approximately 46% of the outstanding loan balance through the duration of the interest rate hedge program. The long-term liability related to the interest rate swap contracts is shown above and is more fully discussed in Note 18.

Share-based compensation costs represent long-term incentives that are tied to the price of the Company’s shares. Incentive grants are generally expensed over a three-year vesting period. The unvested units are subject to mark-to-market adjustments based on the share price at the end of the reporting period and assumptions related to business performance metrics. Long-term employee benefits primarily represent employee vacation accruals.

## 22. Share capital and share-based payments

### a) Share capital

The Company has an unlimited number of common shares, without nominal or par value, authorized for issuance and an unlimited number of preferred shares, without nominal or par value, issuable in series. As of June 30, 2020, there have been no transactions involving preferred shares.

# Alacer Gold Corp.

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The following table summarizes activity for common shares with exercises of share-based awards originating from restricted share units:

|  | Common Shares       |              |
|--|---------------------|--------------|
|  | Number of<br>Shares | \$           |
| <b>Balance at December 31, 2018</b>          | 293,840,088         | \$ 1,477,586 |
| Shares issued:                               |                     |              |
| On exercise of share-based awards (Note 22b) | 843,002             | 1,466        |
| <b>Balance at December 31, 2019</b>          | 294,683,090         | \$ 1,479,052 |
| Shares issued:                               |                     |              |
| On exercise of share-based awards (Note 22b) | 140,918             | 239          |
| <b>Balance at June 30, 2020</b>              | 294,824,008         | \$ 1,479,291 |

## b) Share-based payments

### i) Restricted share unit (“RSU”) plan

The Company’s outstanding RSUs were granted under the 2017 RSU plan. Each RSU becomes payable in shares as they vest over their lives (typically at three years) and entitles participants to receive one common share of the Company. RSUs are treated as equity instruments. Alternatively, the BOD, at its discretion, may elect to satisfy all or part of a vesting in cash; however, there is no current intention to do so for equity vesting in the normal course.

The following table summarizes activity for the six months ended:

|  | 2020              |                           | 2019              |                           |
|--|-------------------|---------------------------|-------------------|---------------------------|
|  | Number of<br>RSUs | Weighted<br>average price | Number of<br>RSUs | Weighted<br>average price |
| <b>Outstanding - Beginning of year</b> | 3,434,201         | \$ 2.45                   | 2,898,516         | \$ 1.72                   |
| Granted                                | 438,841           | 5.17                      | 4,266,618         | 2.60                      |
| Vested and redeemed                    | (140,918)         | 1.70                      | (843,002)         | 1.74                      |
| Forfeited                              | (115,112)         | 2.22                      | (617,862)         | 1.74                      |
| <b>Outstanding - June 30</b>           | 3,617,012         | \$ 2.81                   | 5,704,270         | \$ 2.37                   |

### ii) Performance share unit (“PSU”) plan

The Company’s outstanding PSUs were granted under the 2017 PSU plan. Each PSU granted entitles the participant, at the end of the applicable performance period (typically three years), to receive a payment in cash for the equivalent value of one Share provided: (i) the participant continues to be employed or engaged by the Company or any of its affiliates, and (ii) all other terms and conditions of the grant have been satisfied, including the business performance metrics associated with each PSU. The grant of a PSU does not entitle the PSU participant to exercise any voting rights, receive any

## Alacer Gold Corp.

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dividends or exercise any other right which attaches to ownership of shares in the Company. PSUs are treated as liability instruments.

The following table summarizes activity for the six months ended:

|  | <u>2020</u>               | <u>2019</u>               |
|--|---------------------------|---------------------------|
|  | <b>Number of<br/>PSUs</b> | <b>Number of<br/>PSUs</b> |
| <b>Outstanding - Beginning of year</b> | 3,951,060                 | 3,435,797                 |
| Granted                                | 686,449                   | 1,397,134                 |
| Vested and redeemed                    | (1,119,404)               | (753,248)                 |
| Forfeited                              | (13,252)                  | (42,356)                  |
| <b>Outstanding - June 30</b>           | <u>3,504,853</u>          | <u>4,037,327</u>          |

*iii)* Deferred share unit ("DSU") plan

The Company's outstanding DSUs were granted under the 2017 DSU plan which is a plan exclusively for directors. DSUs are valued based on the share price and settled in cash upon the director's departure from the Company. DSUs are treated as liability instruments.

The following table summarizes activity for the six months ended:

|  | <u>2020</u>               | <u>2019</u>               |
|--|---------------------------|---------------------------|
|  | <b>Number of<br/>DSUs</b> | <b>Number of<br/>DSUs</b> |
| <b>Outstanding - Beginning of year</b> | 1,054,237                 | 878,578                   |
| Granted                                | 146,333                   | 168,955                   |
| Vested and redeemed                    | -                         | -                         |
| Forfeited                              | -                         | -                         |
| <b>Outstanding - June 30</b>           | <u>1,200,570</u>          | <u>1,047,533</u>          |

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Notes to the Condensed Consolidated Interim Financial Statements  
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## 23. Segment information

The Company operates one segment directed towards the acquisition, exploration and production of gold in Turkey. The following table shows the segment net profit (loss) for the three and six months ended:

|   | Turkish<br>Business Unit | Corporate and<br>other | Total            |
|---|--------------------------|------------------------|------------------|
| <u>For the three months ended June 30 2020:</u>                               |                          |                        |                  |
| Revenues  | \$ 131,324               | \$ -                   | \$ 131,324       |
| Production costs  | 48,600                   | -                      | 48,600           |
| Depreciation, depletion, amortization   | 21,210                   | 1,177                  | 22,387           |
| Gross profit (loss)   | 61,514                   | (1,177)                | 60,337           |
| Exploration and evaluation  | 3,261                    | 339                    | 3,600            |
| G&A, FX, and other loss   | 9,557                    | 4,863                  | 14,420           |
| Share-based employee compensation   | (42)                     | 12,167                 | 12,125           |
| Finance costs (income) - net  | 5,480                    | 5                      | 5,485            |
| Share of loss (income) on investments accounted for using the equity method   | 664                      | -                      | 664              |
| Income tax expense (benefit)  | 8,601                    | 11                     | 8,612            |
| <b>Total net profit (loss) and comprehensive profit (loss) for the period</b> | <b>\$ 33,993</b>         | <b>\$ (18,562)</b>     | <b>\$ 15,431</b> |
| <u>For the three months ended June 30 2019:</u>                               |                          |                        |                  |
| Revenues  | \$ 96,220                | \$ -                   | \$ 96,220        |
| Production costs  | 39,853                   | -                      | 39,853           |
| Depreciation, depletion, amortization   | 13,065                   | 545                    | 13,610           |
| Gross profit (loss)   | 43,302                   | (545)                  | 42,757           |
| Exploration and evaluation  | 1,388                    | 68                     | 1,456            |
| G&A, FX, and other loss   | 21,518                   | 1,554                  | 23,072           |
| Share-based employee compensation   | (1)                      | 3,186                  | 3,185            |
| Finance cost (income) - net   | 3,643                    | (121)                  | 3,522            |
| Share of (income) loss on investments accounted for using the equity method   | (2,031)                  | -                      | (2,031)          |
| Income tax expense  | 2,408                    | 11                     | 2,419            |
| <b>Total net profit (loss) and comprehensive profit (loss) for the period</b> | <b>\$ 16,377</b>         | <b>\$ (5,243)</b>      | <b>\$ 11,134</b> |

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|   | Turkish<br>Business Unit | Corporate and<br>other | Total            |
|---|--------------------------|------------------------|------------------|
| <u>For the six months ended June 30 2020:</u>                                 |                          |                        |                  |
| Revenues  | \$ 273,591               | \$ -                   | \$ 273,591       |
| Production costs  | 101,119                  | -                      | 101,119          |
| Depreciation, depletion, amortization   | 47,645                   | 2,432                  | 50,077           |
| Gross profit (loss)   | 124,827                  | (2,432)                | 122,395          |
| Exploration and evaluation  | 4,850                    | 407                    | 5,257            |
| G&A, FX, and other loss   | 26,119                   | 8,898                  | 35,017           |
| Share-based employee compensation   | (42)                     | 10,268                 | 10,226           |
| Finance costs (income) - net  | 11,371                   | (16)                   | 11,355           |
| Share of loss (income) on investments accounted for using the equity method   | 1,275                    | -                      | 1,275            |
| Income tax expense (benefit)  | (19,683)                 | 1,122                  | (18,561)         |
| <b>Total net profit (loss) and comprehensive profit (loss) for the period</b> | <b>\$ 100,937</b>        | <b>\$ (23,111)</b>     | <b>\$ 77,826</b> |
| <u>For the six months ended June 30 2019:</u>                                 |                          |                        |                  |
| Revenues  | \$ 169,740               | \$ -                   | \$ 169,740       |
| Production costs  | 68,629                   | -                      | 68,629           |
| Depreciation, depletion, amortization   | 23,092                   | 850                    | 23,942           |
| Gross profit (loss)   | 78,019                   | (850)                  | 77,169           |
| Exploration and evaluation  | 1,962                    | 346                    | 2,308            |
| G&A, FX, and other loss   | 31,557                   | 5,252                  | 36,809           |
| Share-based employee compensation   | (64)                     | 7,590                  | 7,526            |
| Finance cost (income) - net   | 4,480                    | (217)                  | 4,263            |
| Share of (income) loss on investments accounted for using the equity method   | (3,224)                  | -                      | (3,224)          |
| Income tax expense  | 10,792                   | 1,122                  | 11,914           |
| <b>Total net profit (loss) and comprehensive profit (loss) for the period</b> | <b>\$ 32,516</b>         | <b>\$ (14,943)</b>     | <b>\$ 17,573</b> |

The following table shows the segment assets and liabilities as of June 30, 2020 and December 31, 2019:

|                                | Turkish<br>Business Unit | Corporate and<br>other | Total               |
|--------------------------------|--------------------------|------------------------|---------------------|
| <u>As of June 30 2020:</u>     |                          |                        |                     |
| Current assets                 | \$ 367,181               | \$ 15,083              | \$ 382,264          |
| Non-current assets             | 1,186,093                | 28,332                 | 1,214,425           |
| <b>Total assets</b>            | <b>\$ 1,553,274</b>      | <b>\$ 43,415</b>       | <b>\$ 1,596,689</b> |
| Current liabilities            | \$ 124,327               | \$ 12,942              | \$ 137,269          |
| Non-current liabilities        | 298,409                  | 15,548                 | 313,957             |
| <b>Total liabilities</b>       | <b>\$ 422,736</b>        | <b>\$ 28,490</b>       | <b>\$ 451,226</b>   |
| <u>As of December 31 2019:</u> |                          |                        |                     |
| Current assets                 | \$ 316,267               | \$ 23,327              | \$ 339,594          |
| Non-current assets             | 1,205,952                | 30,761                 | 1,236,713           |
| <b>Total assets</b>            | <b>\$ 1,522,219</b>      | <b>\$ 54,088</b>       | <b>\$ 1,576,307</b> |
| Current liabilities            | \$ 123,373               | \$ 13,857              | \$ 137,230          |
| Non-current liabilities        | 332,025                  | 14,969                 | 346,994             |
| <b>Total liabilities</b>       | <b>\$ 455,398</b>        | <b>\$ 28,826</b>       | <b>\$ 484,224</b>   |

# Alacer Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements  
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## 24. Related party transactions

In 2016, Anagold, a subsidiary of the Company, entered into a related party commercial agreement for the construction of the sulfide plant with an affiliate of our joint venture partner, GAP İNŞAAT YATIRIM VE DIŞ TİCARET A.Ş. (“GAP”). The contract close-out was completed in 2019 and the total value of transaction spend through December 31, 2019 was approximately \$157 million. There has been no additional spend through June 30, 2020.

In 2019, Anagold, a subsidiary of the Company, entered into a related party commercial agreement with Kartaltepe, another subsidiary of the Company, to purchase ore from Çakmaktepe for processing at the Çöpler oxide plant. Phase one of the commercial agreement was completed and the total value of transactions through December 31, 2019 was approximately \$24 million. There has been no additional spend through June 30, 2020.

On July 17, 2019, Alacer announced the sale of its 50% non-operating interest in one of the joint ventures, Polimetal, the joint venture that owns the Gediktepe Project, to its joint venture partner, Lidya Mining. The transaction closed on January 3, 2020.

## 25. Subsequent Event – Alacer Gold Corp. and SSR Mining Inc. Merger

On May 11, 2020, the Company announced that it entered into a definitive agreement with SSR Mining to combine in a merger (the “Transaction”). As of August 14, 2020, the Transaction has not closed. Upon Transaction closing, SSR Mining will acquire 100% of the issued and outstanding Alacer shares. Pursuant to the Transaction, Alacer shareholders will receive 0.3246 SSR Mining shares for each Alacer share held (the “Exchange Ratio”). At Transaction closing, SSR Mining and Alacer shareholders collectively will own approximately 57% and 43% of SSR Mining, respectively, on an issued and outstanding share basis.

The Company’s finance facility referenced in footnote 17 contains a “change of control” provision. The syndicate of lenders for the finance facility has provided written acknowledgment that, upon the Transaction closing, (a) no rights to accelerate outstanding loans under the finance facility will be triggered, and (b) the “change of control” contemplated by the Transaction will not give rise to a default under any of the related hedging agreements. Following closing of the Transaction, the finance facility will continue on the same terms (including payment terms and conditions).

Transaction related costs of approximately \$3.6 million through June 30, 2020 have been expensed and are presented as part of General and administrative expense in the Statements of Profit.

**Form 52-109F2**  
**Certification of Interim Filings**  
**Full Certificate**

I, Rodney P. Antal, President and Chief Executive Officer of Alacer Gold Corp., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Alacer Gold Corp. (the “issuer”) for the interim period ended June 30, 2020.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings
  - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
    - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
    - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
  - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2 *N/A*
- 5.3 *N/A*

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2020 and ended on June 30, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 14, 2020

(Signed) "Rodney P. Antal"

Rodney P. Antal

President and Chief Executive Officer

**Form 52-109F2**  
***Certification of Interim Filings***  
***Full Certificate***

I, Mark E. Murchison, Chief Financial Officer of Alacer Gold Corp., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Alacer Gold Corp. (the “issuer”) for the interim period ended June 30, 2020.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings
  - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
    - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
    - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
  - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2 *N/A*
- 5.3 *N/A*

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2020 and ended on June 30, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 14, 2020

(Signed) "Mark E. Murchison"

Mark E. Murchison  
Chief Financial Officer