# MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three and Nine Month Periods Ended September 30, 2016

The following management discussion and analysis ("MD&A") is as of October 26, 2016 and relates to the financial condition and results of operations of Alacer Gold Corp. and its subsidiaries ("Alacer", the "Group" or the "Corporation") as of September 30, 2016. The MD&A supplements and complements the Corporation's unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2016 (the "consolidated financial statements") and related notes. Other relevant documents to be read with this MD&A include the Corporation's audited annual consolidated financial statements, the MD&A, and the Annual Information Form ("AIF"), all for the year ended December 31, 2015. Comparison herein is provided to the three and nine-month periods ended September 30, 2015. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from Management's expectations. Readers are encouraged to read the Cautionary Statements included with this MD&A and to consult the Corporation's audited annual consolidated financial statements for 2015 and related notes, which are available on the Corporation's website at *www.alacergold.com,* on SEDAR at *www.sedar.com*, and on the ASX at www.asx.com.au. The September 30, 2016 consolidated financial statements and MD&A are presented in U.S. Dollars ("USD") and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. References to non-IFRS measures are made throughout this MD&A. For further information and detailed reconciliations, see the "Non-IFRS Measures" section of this MD&A. This discussion addresses matters the Corporation considers important for an understanding of our financial condition and results of operations as of and for the three and nine-month periods ended September 30, 2016, as well as our outlook for the remainder of 2016.

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## Overview

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

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

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

- Çöpler Oxide Production Optimization – Expansion of the existing heap leach pad to 58 million tonnes continues to advance. All required land use permits for the Heap Leach Pad Phase 4 ("HLP4") expansion have been received. The Corporation continues to evaluate opportunities to extend oxide production beyond the current reserves, including a new heap leach pad site to the west of the Çöpler Mine.

- Çöpler Sulfide Project – The Sulfide Project is under construction with first gold production projected in the third quarter 2018. The Project is expected to deliver long-term growth with robust financial returns and adds over 20 years of production at Çöpler. The Sulfide Project will bring Çöpler's remaining life-of-mine ("LoM") gold production to 4 million ounces at All-in Sustaining Costs[1] averaging $645 per ounce[2].

- The Corporation continues to pursue opportunities to further expand its current operating base and to become a sustainable multi-mine producer with a focus on Turkey. The systematic and focused exploration efforts in the Çöpler District, as well as in other regions of Turkey, are progressing. Çakmaktepe Southeast, Çakmaktepe East, Çakmaktepe North and Bayramdere are the main focus in the Çöpler District, and have the potential to add oxide production within the next two years. In the region, the Gediktepe Project (formerly known as the Dursunbey Project) has advanced with a maiden resource and reserve released in third quarter 2016[3].

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

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[1] Total Cash Costs per ounce and All-in Sustaining Costs per ounce are non-IFRS performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the "Non-IFRS Measures" section of this MD&A

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

[3] Alacer has exercised its clawback option for the Gediktepe Project and upon completion of the clawback, ownership will be 50%/50%. Detailed information can be found in the press release entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth," dated September 13, 2016, available on the Corporation's website at *www.alacergold.com*, on *www.sedar.com*, and on *www.asx.com.au*.

# Highlights

## Strategic

- The Sulfide Project is advancing within budget with site work activities continuing to ramp up. Foundations for critical path areas are well advanced and structural steel has started to arrive on site for construction. All major equipment purchase orders are complete.
- On June 24, 2016, the Corporation announced it had forward sold 160,000 ounces of gold under a hedge program to further de-risk the Sulfide Project. As of the date of this MD&A, the program has increased to 185,393 ounces at an average gold price of $1,280.
- On July 21, 2016, the Corporation released its third set of drilling results for the Çakmaktepe North (formerly Yakuplu North) prospect in the Çöpler District in a press release entitled "Alacer Gold Announces Further Exploration Results for The Çöpler District."
- On September 13, 2016, the Corporation released the Prefeasibility Study ("PFS") results for the Gediktepe (formerly Dursunbey) Project in western Turkey in a press release entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth."

## Operational

- Gold production for the quarter of 23,202 ounces and attributable gold production[1] of 18,562 ounces was lower than scheduled due to restricted access to oxide ore in the Marble Pit arising from pit wall instability and a delay in a planned program to re-leach historical areas of the heap leach pad.
- Production in Q4 2016 is expected to increase with access to the planned oxide ore in the Marble Pit achieved in late Q3 and mining now ramped up. Additionally, the planned program to re-leach historical areas of the heap leach pad commenced in Q3.
- Q3 Total Cash Costs[2] per ounce (C2) were $853 and All-in Sustaining Costs[2] per ounce were $1,180. The cost metrics are expected to improve in Q4 as production increases.
- Expansion of the existing heap leach pad to 58 million tonnes continued to advance in Q3 with the stacking of oxide ore on newly commissioned areas of the heap leach pad.
- Sulfide stockpiles at the end of the third quarter were 6.7 million tonnes at an average grade of 3.39 g/t gold or approximately 730,000 contained gold ounces.

## Financial

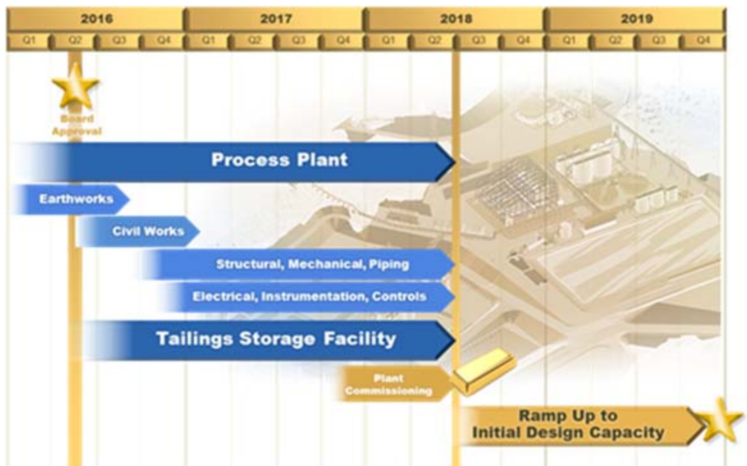
- The Corporation ended the third quarter with cash of $253.9 million.
- An undrawn finance facility of $350 million is in place.
- Working capital was $298.1 million at September 30, 2016.
- Cash flow from operating activities year-to-date total $1.9 million.
- Attributable net profit[1] for Q3 2016 was $0.1 million or $0.00 per share.

[1] Attributable gold production and net profit are reduced by the 20% non-controlling interest at the Çöpler Gold Mine.

[2] Total Cash Costs per ounce and All-in Sustaining Costs per ounce are non-IFRS performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the "*Non-IFRS Measures*" section of this MD&A.

**Çöpler Sulfide Expansion Project Update**

On May 12, 2016, the Board of Directors approved the Çöpler Sulfide Expansion Project ("the Project") to proceed into full construction. The Project will deliver long-term growth with robust financial returns and will add over 20 years of production at Çöpler. The Project will bring Çöpler's remaining LoM gold production to 4 million ounces at All-in Sustaining Costs averaging $645 per ounce. The Environmental Impact Assessment and all required land use permits for construction have been approved[1].




As of September 30, 2016, construction contractors had mobilized to site and commenced site works. Foundations for critical path areas are well advanced and structural steel has started to arrive on site. Procurement activities are progressing with all major equipment purchase orders complete. Fabrication of the autoclaves is progressing as scheduled and they are on target for transport to site in Q1 2017.

The project has incurred costs of $114 million as of the end of Q3 2016 and remains on budget to the capital cost estimate of $743.7 million. Commitments of approximately $315 million have been placed to date.


[1] Detailed information, including the material assumptions on which the forward-looking financial information is based, can be found in the Updated Technical Report dated June 9, 2016, available on the Corporation's website at *www.alacergold.com*, on *www.sedar.com*, and on *www.asx.com.au*.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

# Results of Operations

| Çöpler Gold Mine: [1] | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
|---|---|---|---|---|
| Gold ounces produced | 23,202 | 53,728 | 85,175 | 158,434 |
| Gold ounces sold | 21,155 | 53,728 | 83,168 | 158,524 |
| **Attributable: (80% ownership)** | | | | |
| Gold ounces produced | 18,562 | 42,982 | 68,140 | 126,747 |
| Gold ounces sold | 16,924 | 42,982 | 66,534 | 126,819 |
| Oxide ore mined - tonnes | 894,074 | 1,388,213 | 3,103,369 | 4,931,433 |
| Oxide ore mined - grade (g/t) | 0.96 | 0.80 | 0.93 | 1.33 |
| Oxide ore mined - ounces | 27,536 | 35,879 | 92,382 | 210,542 |
| Oxide ore treated - tonnes | 794,234 | 1,418,882 | 3,146,281 | 4,922,184 |
| Oxide ore treated - head grade (g/t) | 0.91 | 0.84 | 0.91 | 1.35 |
| Sulfide ore mined - tonnes[2] | 234,298 | 358,526 | 1,580,224 | 1,297,712 |
| Sulfide ore mined - grade (g/t)[2] | 2.31 | 2.88 | 2.51 | 2.86 |
| Sulfide ore stockpiled - ounces[2] | 17,367 | 33,166 | 127,509 | 119,282 |
| Waste tonnes mined | 7,370,861 | 6,528,983 | 21,915,904 | 16,962,464 |
| Cash Operating Costs/ounce sold (C1)[3] | $ 810 | $ 499 | $ 720 | $ 434 |
| Total Cash Costs/ounce sold (C2)[3] | $ 853 | $ 517 | $ 742 | $ 449 |
| All-in Sustaining Costs/ounce sold[3] | $ 1,180 | $ 672 | $ 965 | $ 653 |
| All-in Costs/ounce sold[3] | $ 3,351 | $ 917 | $ 2,201 | $ 836 |
| Average realized gold price | $ 1,324 | $ 1,121 | $ 1,245 | $ 1,175 |

1 Çöpler Gold Mine production data represents 100% for all periods presented, except for attributable production and sales.
2 Sulfide ore is being stockpiled and reported as a non-current asset (Total of 6.7 million tonnes at 3.39 g/t gold).
3 Cash Operating Costs per ounce (C1), Total Cash Costs per ounce (C2), All-in Sustaining Costs per ounce and All-in Costs per ounce are non-IFRS financial performance measures with no standardized definitions under IFRS. For further information and detailed reconciliations, see the "*Non-IFRS Measures*" section of this MD&A.

**Third Quarter 2016 vs. Third Quarter 2015**

Gold production of 23,202 ounces in Q3 2016 declined by 57% as compared to Q3 2015. While Q3 2016 oxide ore grade was 20% higher than Q3 2015 oxide ore grade, oxide ore tonnes mined were 36% less than Q3 2015. Oxide ore tonnes mined were lower than scheduled due to the longer time taken to remove the previously disclosed pit wall instability in the Marble Pit. The work to mitigate the instability to access the planned oxide ore is complete and the ore is now being mined and stacked on the heap leach pad. The lower than expected year-to-date production has driven a 65% increase in Total Cash Costs per ounce (C2) from Q3 2015 to Q3 2016.

As mining of oxide ore in the Marble Pit ramps up, gold production is expected to increase in the fourth quarter of 2016 with full year production results expected to be at the low end of guidance. However, due to the nature of heap leach pad kinetics, the timing of some production may move from this year into early 2017. Additionally, mobilization and preparatory work for the planned program to re-leach historical areas of the heap leach pad commenced in Q3. Geophysics were used to identify areas within the pad that are under-leached, and initial drilling did confirm the presence of cyanide-soluble gold.

Waste tonnes mined were 13% higher in Q3 2016 as compared to Q3 2015 due to the Marble Pit layback and the planned Manganese Pit pushback. While these activities resulted in an increase in waste material mined, it has resulted in access to the planned oxide ore in the Marble Pit and will provide access to oxide ore in the Manganese Pit in 2017.

Total Cash Costs per ounce (C2) in Q3 2016 of $853 were 65% higher than Q3 2015. The increase reflects the impact of fewer ounces produced due to lower oxide ore tonnes treated and higher waste tonnes mined. C2 costs are expected to decrease in Q4 as production increases.

All-in Sustaining Costs per ounce in Q3 2016 of $1,180 were 76% higher than Q3 2015, primarily due to higher Total Cash Costs per ounce (C2) noted above, partly offset by lower sustaining capital expenditures.

All-in Costs per ounce in Q3 2016 of $3,351 were 265% higher than Q3 2015. The increase reflects the higher All-in Sustaining Costs noted above, coupled with higher growth capital spending on the Sulfide Project.

**Year-to-Date 2016 vs. Year-to-Date 2015**

Gold production of 85,175 ounces YTD 2016 declined by 46% as compared to YTD 2015. This decrease is due to oxide ore tonnes mined decreasing 37% and oxide ore grade declining 30% as compared to YTD 2015. Oxide ore tonnes mined were lower than scheduled due to previously disclosed pit wall instability in the Marble Pit. The work to mitigate the instability to access the planned oxide ore is complete and the ore is now being mined and stacked on the heap leach pad. The lower year-to-date production has driven a 65% increase in Total Cash Costs per ounce (C2) from YTD 2015 to YTD 2016.

As mining of oxide ore in the Marble Pit ramps up, gold production is expected to increase in the fourth quarter of 2016 with full year production results expected to be at the low end of guidance. However, due to the nature of heap leach pad kinetics, the timing of some production may move from this year into early 2017. Additionally, mobilization and preparatory work for a planned program to re-leach historical areas of the heap leach pad commenced in Q3. Geophysics were used to identify areas within the pad that are under-leached and initial drilling did confirm the presence of cyanide-soluble gold.

Waste tonnes mined were 29% higher YTD 2016 as compared to YTD 2015 due to the Marble Pit layback and Manganese Pit pushback. While these activities resulted in an increase in waste material mined, it has resulted in access to the planned oxide ore tonnes in the Marble Pit and will allow access to oxide ore in the Manganese Pit in 2017.

Total Cash Costs per ounce (C2) YTD 2016 of $742 were 65% higher than YTD 2015. The increase reflects the impact of fewer ounces produced due to a decline in oxide ore grade and oxide ore tonnes treated, as well as higher waste tonnes mined. Year-to-date C2 costs are expected to decrease as production increases in Q4 2016.

All-in Sustaining Costs per ounce YTD 2016 of $965 were 48% higher than YTD 2015 due to the increase in Total Cash Costs per ounce (C2) noted above, partly offset by lower sustaining capital expenditures ($34 per ounce YTD 2016 versus $119 per ounce YTD 2015).

All-in Costs per ounce YTD 2016 of $2,201 were 163% higher than YTD 2015. The higher cost per ounce reflects higher growth capital spend due to the ramp up in construction of the Sulfide Project ($1,095 per ounce YTD 2016 versus $162 per ounce YTD 2015) and higher All-in Sustaining Costs noted above.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

## Investments in Mineral Properties and Equipment

A summary of the investments in capital for Q3 2016 and YTD 2016 is presented below:

| Capital Investments (in '000) | Q3 2016 | | YTD 2016 | |
|---|---|---|---|---|
| | 100% | Attributable[1] | 100% | Attributable[1] |
| **Sustaining and general capital** | | | | |
| Heap Leach Pad Phase 4 expansion | $ 81 | $ 65 | $ 1,137 | $ 910 |
| General plant and other assets | 950 | 760 | 1,716 | 1,373 |
| Sustaining capital - Total | $ 1,031 | $ 825 | $ 2,853 | $ 2,283 |
| **Growth capital** | | | | |
| Sulfide Project Costs | $ 42,178 | $ 33,743 | $ 91,043 | $ 72,835 |
| Other growth | 488 | 417 | 4,154 | 3,676 |
| Growth capital - Total | $ 42,666 | $ 34,160 | $ 95,197 | 76,511 |
| **Total capital expenditures** | **$ 43,697** | **$ 34,985** | **$ 98,050** | **$ 78,794** |
| **Long-term asset - Çöpler Sulfide Stockpiles** | **$ 4,535** | **$ 3,628** | **$ 19,945** | **$ 15,956** |

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

*Sustaining capital expenditures* are generally defined as those that support the ongoing operation to sustain production and future earnings and are mostly considered non-discretionary. Sustaining capital expenditures for YTD 2016 totaled $2.9 million, including $1.1 million for the HLP4 expansion. Expansion of the existing heap leach pad to 58 million tonnes continued to advance in Q3 with the stacking of oxide ore on newly commissioned areas of the heap leach pad. Costs for the heap leach expansion were minimized as a new community development agreement was finalized with Sabirli Village. Deferral of HLP4 expansion activities will not impact Çöpler's production profile and the cost to complete the HLP4 expansion of approximately $12 million will continue into 2017.

*Growth capital expenditures* are generally defined as those that grow production and/or increase future earnings and are considered discretionary. Expenditures incurred on the Sulfide Project of $91.0 million for YTD 2016 included advancement of the detailed engineering phase, the execution of key contracts, contractor site mobilization, and site works. Expenditures are forecast to total $180 million for 2016 as project construction advances. Other growth capital expenditures of $4.2 million for YTD 2016 were primarily related to capitalized waste material for construction activities.

*Long-term asset - Çöpler Sulfide Stockpiles* reflects sulfide ore mined and stockpiled. YTD 2016, 1.6 million tonnes of sulfide ore at an average grade of 2.51 g/t were added to the sulfide stockpiles. Costs related to the mining and stockpiling of sulfide ore totaled $19.9 million. The high-grade, medium-grade and low-grade sulfide stockpiles at September 30, 2016 totaled 6.7 million tonnes at an average grade of 3.39 g/t gold (or approximately 730,000 contained ounces) and carried a total cost of $65.8 million (or approximately $9.80/tonne or approximately $90/ounce).

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

## Exploration and Evaluation

The Corporation holds a significant portfolio of highly prospective under-explored land holdings across Turkey. The Corporation continues to explore for opportunities to become a sustainable multi-mine producer with a focus on Turkey.

The Corporation is taking a disciplined and systematic approach to the exploration program with efforts focused in two parts. Firstly, exploration continues for satellite oxide deposits in the Çöpler District at Çakmaktepe and Bayramdere that can add near-term value by leveraging Çöpler's existing infrastructure, including the excess capacity arising from the HLP4 expansion. Secondly, exploration continues regionally with several targets identified and the results of the Gediktepe discovery, in western Turkey, announced in a press release entitled "Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth" dated September 13, 2016, available on the Corporation's website at *www.alacergold.com*, on *www.sedar.com*, and on *www.asx.com.au*. As a result of the positive Gediktepe PFS, the Project has moved into a detailed study phase where basic engineering and more technical studies will be completed. Permitting work and some site preparation will be undertaken concurrently with the detailed studies. The results from the Çöpler District and the Gediktepe Project are encouraging and have increased the confidence that these prospects will add to the Corporation's near-term and mid-term organic growth pipeline.

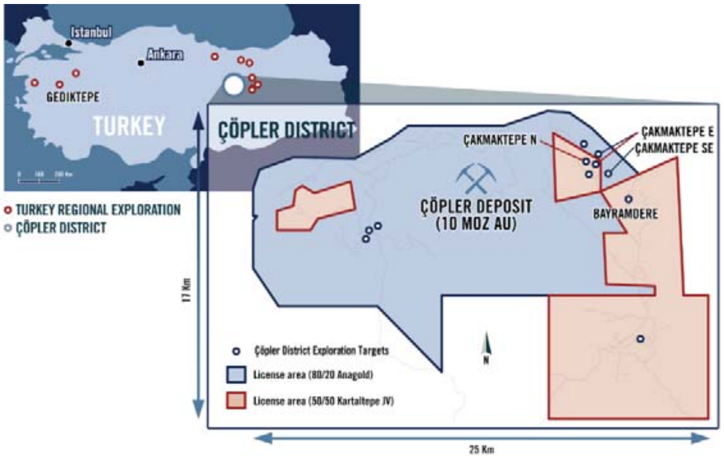
Overall exploration activities for YTD 2016 as well as activities planned for the remainder of 2016 are discussed below.

| YTD 2016 Exploration spending (in '000)[1] | Alacer Contribution (%) | Exploration 100% | Exploration Attributable |
|---|---|---|---|
| Çöpler District 80/20 | 80% | $ 1,545 | $ 1,236 |
| Çöpler District 50/50 | 50% | 11,669 | 5,835 |
| Turkey Regional - Gediktepe[2] | 20% | 7,598 | 1,520 |
| Turkey Regional and other | Varied | 1,816 | 512 |
| Total | | $ 22,628 | $ 9,103 |

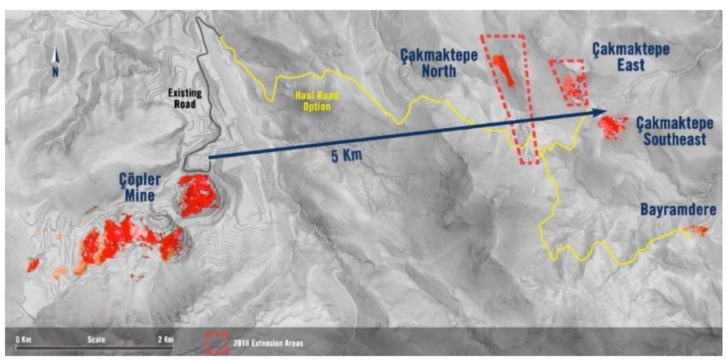
[1] Exploration attributable to joint venture spending is accounted for as other costs under the share of loss on investments accounted for using the equity method of accounting.

[2] Alacer has exercised its clawback option for the Gediktepe Project and upon completion of the clawback, ownership will be 50%/50%. As of September 30, 2016, the clawback cost is estimated to be $8.2 million.

**Çöpler District Exploration Program**




The recent Çöpler District exploration updates announced on December 9, 2015, March 31, 2016, and July 21, 2016 discussed the progress achieved to date[1]. Mineralization has been identified in several prospects that can potentially be mined as a series of satellite open pits within 5 km to 7 km of the existing Çöpler Mine facilities. The prospects of particular focus are Çakmaktepe Southeast, Çakmaktepe East, Çakmaktepe North and Bayramdere and have the potential to add to our oxide production within the next two years. Based on the results to date, the Çakmaktepe prospects will continue to advance in 2016 with the intention of releasing a maiden Mineral Resource later this year.




The **Çakmaktepe North** prospect is a relatively new discovery and is located on the 50% Alacer-owned (Kartaltepe) tenement area. As announced on July 21, 2016, Çakmaktepe North is the largest of the four defined gold prospects within the Çöpler District. The drilling conducted in the first half of 2016 included infill drilling and continues to expand on the initial 2015 discovery. The Çakmaktepe area contains a network of structures allowing gold mineralization to occur within multiple lithologies. The mineralization style is similar to the Çöpler Deposit and is expected to be processed through the existing crushing and agglomeration circuit and stacked on the existing heap leach pad facility at the Çöpler Mine. The mineralized system is currently open in all directions, providing the potential for additional mineralization.

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

Initial design work for the proposed haul road to the Çöpler Mine infrastructure has been completed and the permitting process is under way.

The current understanding is there are multiple controls on mineralization with strong epithermal textures and associated structural overprints. Similar to the other Çakmaktepe prospects, there is gossan hosted mineralization occurring along ophiolite and limestone contacts, but significantly, the main body of mineralization appears to be associated with a subvertical shear zone referred to as the 'Main Shear'. This domain is over 40m wide and has a potentially mineralized strike length of over 1,000m. Work to date has identified high-grade gold over a strike length of 700m.

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

The **Çakmaktepe East** prospect is on the 50% Alacer-owned (Kartaltepe) tenement area and is a gold-copper prospect with mineralization occuring near surface in stacked iron rich gossans and associated oxidized host rocks. As with the Çakmaktepe Southeast prospect, the majority of mineralization occurs along the contacts of diorite, ophiolite and limestone lithologies with the highest grades in proximity to diorite contacts. The majority of mineralization is within 50m of surface and the prospect currently has a 350m strike extent and is 150m wide across-strike. The mineralized gossans have very good spatial and grade continuity; however, preliminary metallurgical test work indicates slightly lower leach recoveries than Çöpler oxide ores. Further metallurgical test work using more characteristic ore domains will confirm ore recovery characteristics.

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

The Bayramdere and the Çakmaktepe prospects are geologically connected, as they are adjacent to and on the southwestern side of a major northwest striking regional structure that appears to control the distribution of most mineralization on the eastern side of the Çöpler District tenements. A major component of the 2016 drilling program is focused on further testing of the geologic model to potentially extend the model and discover new mineralization, and to complete the work necessary to report NI 43-101 and JORC compliant Mineral Resources on the Çakmaktepe and Bayramdere prospects.

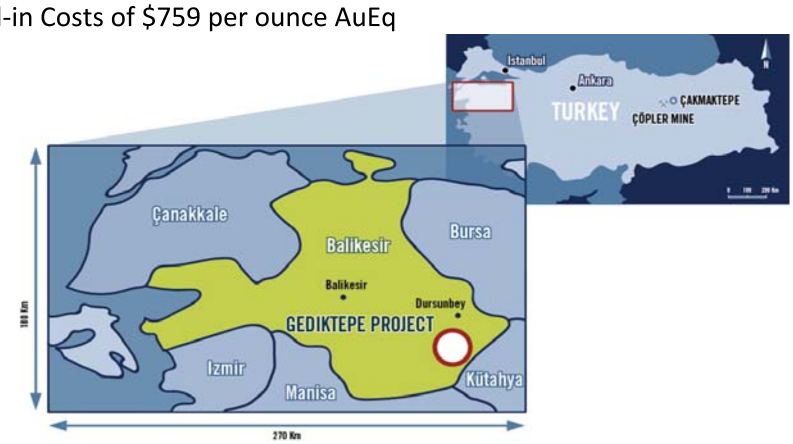
**Gediktepe Update**

The Gediktepe Project is located in Balıkesir Province, about 370 km west of Ankara and 190 km to the south of Istanbul. Gediktepe will be owned on a 50%/50% basis with our joint venture partner, Lidya Mining, upon completion of the clawback right exercised by Alacer. The estimated clawback cost is $8.2 million at September 30, 2016 which is expected to be paid in 2017. Lidya Mining is the operator of Gediktepe.

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

Overall Project Economics:

- Total payable metals of 400,000 ounces of gold, 8 million ounces of silver, 315 million pounds of copper and 780 million pounds of zinc
- LoM production over 12 years of 1.8 million ounces on a Gold Equivalent Ounce ("AuEq")[2] basis
- Pre-production capital expenditure of $120 million
- An additional $126 million in project capital required for the sulfide ore flotation plant and related infrastructure
- Project after-tax net present value at 5% ("NPV") is $475 million
- Project after-tax, unlevered internal rate of return ("IRR") of 47%
- Project payback achieved in 2.5 years from start of production
- After-tax free cash flow of $745 million generated over the LoM
- LoM average costs on a AuEq basis:
  - Total Cash Costs of $613 per ounce AuEq
  - All-in Sustaining Costs of $625 per ounce AuEq
  - All-in Costs of $759 per ounce AuEq




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

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

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

## Financial Highlights

A summary of the Corporation's consolidated financial results for Q3 2016 and YTD 2016 as compared to the same periods of 2015 are presented below.

| Consolidated Financial Summary (in '000, except for per share) | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
|---|---|---|---|---|
| Gold sales | $ 28,005 | $ 60,260 | $ 103,575 | $ 186,214 |
| Less: | | | | |
| Production costs | 18,045 | 27,756 | 61,736 | 71,128 |
| Depreciation, depletion and amortization | 7,026 | 11,587 | 27,572 | 36,135 |
| Mining gross profit | $ 2,934 | $ 20,917 | $ 14,267 | $ 78,951 |
| Less: | | | | |
| Other costs | 6,588 | 2,633 | 19,979 | 16,372 |
| Exploration and evaluation | 3,803 | 2,003 | 9,339 | 4,852 |
| Income tax (benefit) expense | (10,093) | 5,135 | (37,802) | 5,559 |
| **Total net profit and comprehensive profit** | $ 2,636 | $ 11,146 | $ 22,751 | $ 52,168 |
| **Amounts attributable to owners of the Corporation:** | | | | |
| Total net profit | **$ 77** | **$ 7,356** | **$ 14,363** | **$ 36,628** |
| Total net profit per share - basic | $ 0.00 | $ 0.03 | $ 0.05 | $ 0.13 |
| Total net profit per share – diluted | $ 0.00 | $ 0.03 | $ 0.05 | $ 0.13 |
| **Cash Flows** | | | | |
| Operating cash flows | $ 1,868 | $ 32,746 | $ 27,656 | $ 80,730 |
| Investing cash flows | (57,262) | (19,174) | (130,137) | (55,395) |
| Financing cash flows | (1,713) | (734) | (3,345) | (1,638) |
| Subtotal - Cash flows | (57,107) | 12,838 | (105,826) | 23,697 |
| Effect of exchange rate changes on cash | $ (421) | $ (586) | $ (1,052) | $ (1,475) |
| Change in cash | $ (57,528) | $ 12,252 | $ (106,878) | $ 22,222 |
| Ending cash and cash equivalents | $ 253,867 | $ 368,837 | $ 253,867 | $ 368,837 |

| | As of | |
|---|---|---|
| | **30-Sep-16** | **31-Dec-15** |
| **Financial Position** | | |
| Working capital | $ 298,087 | $ 403,871 |
| Total assets | $ 853,949 | $ 815,618 |
| Non-current liabilities | $ 31,421 | $ 25,193 |
| Total liabilities | $ 65,488 | $ 51,367 |
| Total equity | $ 788,461 | $ 764,251 |

### Third Quarter 2016 vs. Third Quarter 2015

Attributable Net Profit for Q3 2016 was $7.3 million lower than Q3 2015, reflecting a $18.0 million decrease in mining gross profit offset by a $15.2 million benefit in net income tax. The Income Tax Benefit of $10.1 million in Q3 2016 was driven by the recognition of incentive tax credits.

Gold sales of $28.0 million were 54% lower than Q3 2015, reflecting a 61% decrease in ounces sold partly offset by an average realized price of $1,324 per ounce which was 18% higher than 2015. Total cost of sales in Q3 2016 decreased 36% as compared to Q3 2015, mainly driven by 57% lower production resulting in a 35% reduction in production costs and 39% lower DD&A. Mining gross profit in Q3 2016 of $2.9 million decreased 86% compared to Q3 2015 of $20.9 million due primarily to lower gold sales.

Cash and cash equivalents decreased $57.5 million during Q3 2016 as compared to an increase of $12.3 million in Q3 2015. This was driven primarily by $57.3 million of investing activities related to the Sulfide Project and build of sulfide stockpiles. Operating cash flows in Q3 2016 were $30.9 million lower than Q3 2015, reflecting the decrease in gold sales. Financing outflows of $1.7 million during Q3 2016 and $0.7 million in Q3 2015 are related to finance facility costs.

**Year-to-Date 2016 vs. Year-to-Date 2015**

Attributable Net Profit of $14.4 million was $22.3 million lower than YTD 2015, reflecting a $65 million decrease in mining gross profit offset by a $43.4million benefit in net income tax. The Income Tax Benefit of $37.8 million for YTD 2016 was driven by the recognition of incentive tax credits.

Gold sales of $104 million were 44% lower than YTD 2015, reflecting a 48% decrease in ounces sold partly offset by an average realized price of $1,245 per ounce which was 6% higher than 2015. Total cost of sales for YTD 2016 decreased 17% as compared to YTD 2015, mainly driven by 46% lower production resulting in a 13% reduction in production costs and 24% lower DD&A. Mining gross profit YTD 2016 of $14.3 million was lower than YTD 2015 of $79.0 million primarily due to lower gold sales.

Cash and cash equivalents decreased $106.9 million YTD 2016 as compared to an increase of $22.2 million for YTD 2015. While operating cash flows were $27.7 million YTD 2016, they were offset by $130.1 million of investing activities related primarily to the Sulfide Project and sulfide stockpiles. Operating cash flows YTD 2016 were $53.1 million lower than YTD 2015 reflecting the decrease in mining gross profit. Financing outflows of $3.3 million YTD 2016 and $1.6 million YTD 2015 are related to finance facility costs. Dividend payments were suspended in 2015 and 2016 due to the capital funding requirements for the Sulfide Project.

Through September 30, 2016, total assets increased by $38.3 million, total liabilities increased by $14.1 million, and total equity increased by $24.2 million. The increase in total assets is due to higher property, plant and equipment, capitalized costs for the sulfide stockpile, and an increase in deferred tax asset. The increase in total liabilities represents higher trade payables, and the obligation for forward gold sales contracts. The increase in equity primarily represents the net profit YTD 2016.

## Gold Sales

Details of gold sales for Q3 2016 and YTD 2016 as compared to the same periods of 2015 are presented below:

| | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
|---|---|---|---|---|
| Gold ounces sold[1] | 21,155 | 53,728 | 83,168 | 158,524 |
| Gold sales ($000) | $ 28,005 | $ 60,260 | $ 103,575 | $ 186,214 |
| Averaged realized price | $ 1,324 | $ 1,121 | $ 1,245 | $ 1,175 |
| Average London PM Fix | $ 1,335 | $ 1,124 | $ 1,260 | $ 1,178 |

[1] Includes 100% of Çöpler.

For Q3 2016, Alacer's average realized gold price of $1,324 per ounce was $11 per ounce below the quarterly average London PM Fix of $1,335 per ounce. The increase in average realized gold price during Q3 2016 and YTD 2016 as compared to Q3 2015 and YTD 2015 is consistent with price volatilities as discussed below under "*Business Conditions and Trends.*"

The Corporation has entered into a forward sales hedge program to secure the gold price on gold production from the current heap leach operation during the construction of the Sulfide Project. Under the program the Corporation has forward sold 185,393 ounces at an average gold price of $1,280 with settlement dates between July 2016 and September 2018. As of the date of this MD&A, remaining forward gold sales totaled 162,164 for settlement during the period October 2016 to September 2018.

| Forward Sales Hedge Position | Ounces | Average Fixed Price |
|---|---|---|
| Quarter Ending | | |
| Q4 2016 | 30,546 | $ 1,282 |
| Q1 2017 | 17,618 | 1,280 |
| Q2 2017 | 14,509 | 1,280 |
| Q3 2017 | 24,873 | 1,280 |
| Q4 2017 | 29,018 | 1,280 |
| Q1 2018 | 25,909 | 1,280 |
| Q2 2018 | 12,436 | 1,280 |
| Q3 2018 | 7,255 | 1,280 |
| Subtotal (Unsettled Forward Sales) | 162,164 | $ 1,280 |
| Settled Forward Sales (Q3 2016)[1] | 23,229 | 1,282 |
| Total | 185,393 | $ 1,280 |

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

## Other Costs

Details of other costs, excluding exploration and evaluation for Q3 2016 and YTD 2016 as compared to the same periods of 2015 are presented below:

| (In $000's) | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
|---|---|---|---|---|
| General and administrative | $ 3,450 | $ 2,899 | $ 8,145 | $ 8,475 |
| Share-based employee compensation costs | 1,992 | 732 | 6,058 | 3,999 |
| Foreign exchange (gain) loss | 2,209 | (386) | 2,662 | 4,255 |
| Other (gain) loss | (1,063) | (612) | 3,114 | (357) |
| Total corporate and other costs | 6,588 | 2,633 | 19,979 | 16,372 |

*General and administrative* costs YTD 2016 are in line with YTD 2015.

*Share-based employee compensation costs* represent long-term incentives that are tied to the price of the Corporation's shares. Incentive grants are generally expensed over a 3-year vesting period. The unvested units are subject to mark-to-market adjustments based on the share price at the end of the period and assumptions related to performance measures. The higher Q3 2016 costs as compared to Q3 2015 costs relate to organizational changes and a higher share price. The higher YTD 2016 costs as compared to YTD 2015 costs also include equity grants.

*Foreign exchange (gain) loss* results from movements in the USD to TRY exchange rate as applied to Turkish operations. The loss of $2.7 million for YTD 2016 reflects the devaluation that occurred in Q3 2016. The loss of $4.3 million for YTD 2015 was due to a higher rate of devaluation in 2015.

*Other (gain) loss* for YTD 2016 of $3.1 million includes an unrealized hedge loss of $7.5 million and a realized hedge loss of $1 million related to the forward gold sales, partly offset by a gain of $4.4 million for settlement of an Australian tax matter, and interest income of $1 million. The unrealized hedge loss relates to the forward gold sales to secure gold price during the construction of the Sulfide Project. The forward gold sales will settle over the period from July 2016 through September 2018.

## Income Tax (Benefit) Expense

Details of income tax (benefit) expense for Q3 2016 and YTD 2016 as compared to the same periods of 2015 are presented below:

| (In $000's) | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
|---|---|---|---|---|
| Income tax (benefit) expense | $ (10,093) | $ 5,135 | $ (37,802) | $ 5,559 |

*Income tax benefit* for Q3 2016 and YTD 2016 results primarily from the recognition of incentive tax credits related to qualifying expenditures at the Çöpler Gold Mine under the third incentive certificate. Application of these tax credits reduces accounting income tax expense in the current period and offsets current and future cash tax payments.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

## Summary of Quarterly Results

The following table summarizes the Corporation's total revenues, attributable net profit and attributable net profit per share for each of the preceding eight quarterly periods ended September 30, 2016.

| (in '000, except for per share) | Q3 2016 | Q2 2016 | Q1 2016 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
|---|---|---|---|---|---|---|---|---|
| Total revenues | $ 28,005 | $ 37,881 | $ 37,689 | $ 51,050 | $ 60,260 | $ 64,138 | $ 61,816 | $ 76,509 |
| Amounts attributable to owners of the Corporation: | | | | | | | | |
| Net Profit (Loss) | $ 77 | $ 12,189 | $ 2,097 | $ 10,004 | $ 7,356 | $ 14,084 | $ 15,188 | $ 31,979 |
| Per share profit (loss): | | | | | | | | |
| - basic | $ 0.00 | $ 0.04 | $ 0.01 | $ 0.03 | $ 0.03 | $ 0.05 | $ 0.05 | $ 0.11 |
| - diluted | $ 0.00 | $ 0.04 | $ 0.01 | $ 0.03 | $ 0.03 | $ 0.05 | $ 0.05 | $ 0.11 |

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

## Liquidity and Capital Resources

The Corporation manages its liquidity and capital resources to provide sufficient cash and cash equivalents to meet short and long-term operating and development plans, credit facility obligations, and other contractual obligations when due. Historically, the Corporation has used cash flow from operations and existing bank credit facilities as primary sources of liquidity. For potential funding of large transactions such as acquisitions, mine development and expansion, and debt financing transactions, Alacer may look to the private and public capital markets as a source of financing. Currently, capital resources at September 30, 2016, are sufficient to fund planned operations, forecasted exploration and capital expenditures, and reclamation and remediation obligations in 2016. Additionally, the Corporation is confident that it has the ability to complete the Sulfide Project funding based on current cash on hand, projected operating cash flows and the undrawn $350 million finance facility with a syndicate of lenders (BNP Paribas (Suisse) SA, ING Bank A.S., Societe Generale Corporate & Investment Banking and UniCredit Bank Austria AG). The facility agreement has no mandatory hedging, has an 8-year term and has interest rates of LIBOR plus 3.5% to 3.95%. While no mandatory hedging is required, discretionary hedging to secure gold price during the Sulfide Project construction period has been implemented as discussed above. Advances under the facility are subject to customary conditions precedent including execution of security documentation and a minimum of $220 million capital spend at Çöpler. As of September 30, 2016, the Corporation has sufficient liquidity to meet this minimum spend requirement.

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

### Working Capital

Year-to-date working capital decreased $105.8 million to $298.1 million primarily due to expenditures on the Sulfide Project. Current assets are available at varying times within twelve months following the balance sheet date. Cash and cash equivalents are readily available to settle obligations related to current and future expenditures. The ability to distribute cash to the Corporation may be subject to jurisdictional regulations or joint venture provisions. These provisions are not expected to adversely affect the Corporation's ability to meet its commitments when due.

### Off-Balance Sheet Arrangements

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

## Business Conditions and Trends

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

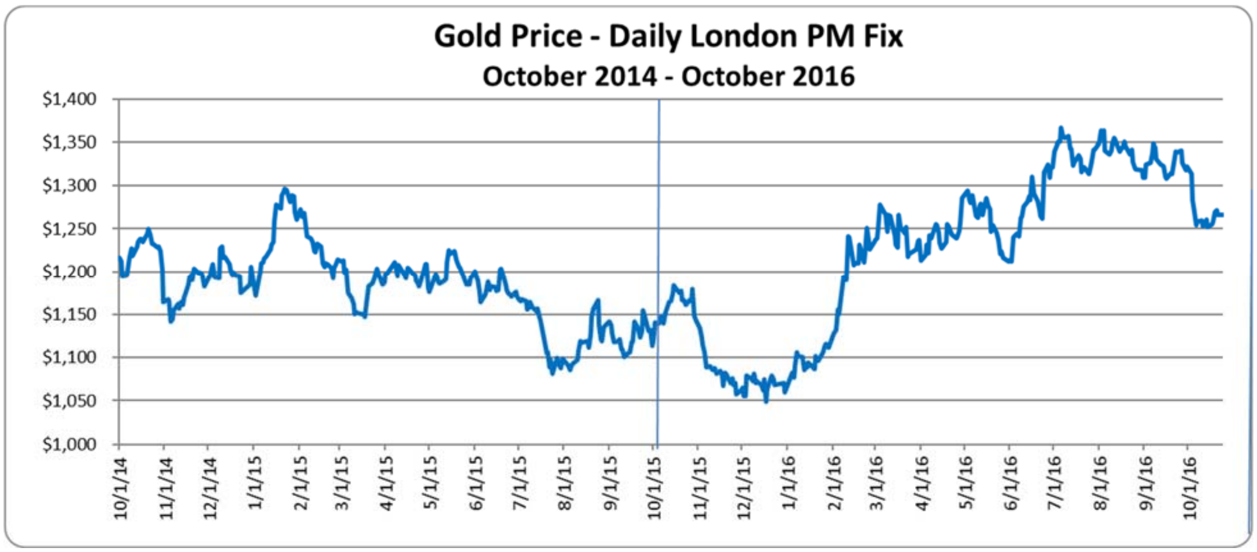
### Gold Price

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

The Corporation has entered into a forward sales hedge program to secure the gold price on gold production from the current heap leach operation during the construction of the Sulfide Project. Under the program the Corporation has forward sold 185,393 ounces at an average gold price of $1,280 with settlement dates between July 2016 and September 2018. As of the date of this MD&A, remaining forward gold sales totaled 162,164 for settlement during the period October 2016 to September 2018.

During Q3 2016, the gold price experienced limited volatility, with the closing London PM Fix price ranging from $1,308 to $1,366 per ounce. The price of gold closed at $1,323 per ounce on September 30, 2016 and the average Q3 2016 market price of $1,335 per ounce represents a $211 per ounce increase over the $1,124 per ounce average market price for Q3 2015.

Subsequent to September 30, 2016, gold price experienced an 4.3% decline with the London PM Fix price of gold closing at $1,266 on October 24, 2016. The chart below shows the movement in the London PM Fix price of gold over the two-year period from October 2014 through October 24, 2016.




**Currency Rates**

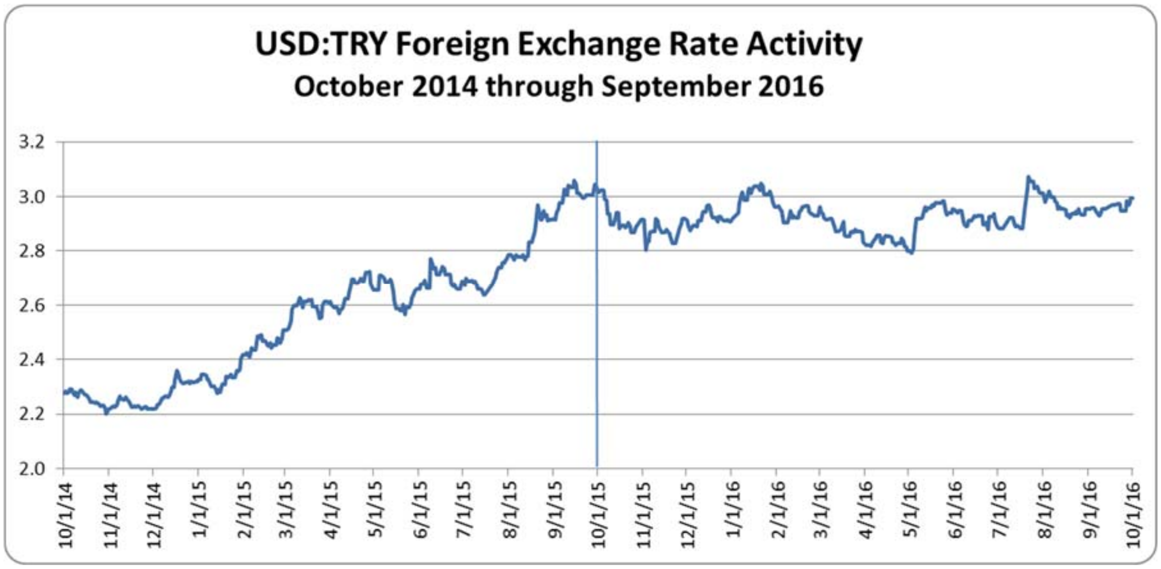
Fluctuations in currency rates, particularly the relative strength of the USD, affect the Corporation's results of operations and cash flows. The USD is the Corporation's functional currency.

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

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

| | End of Period Rates as of | | | | Average Currency Rates | | | |
|---|---|---|---|---|---|---|---|---|
| | 30-Sept 2016 | 31-Dec 2015 | 30-Sept 2015 | 31-Dec 2014 | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
| USD:TRY | 3.00 | 2.91 | 3.04 | 2.32 | 2.96 | 2.84 | 2.93 | 2.65 |

The chart below shows the movement in the USD:TRY foreign exchange rate from October 1, 2014 through September 30, 2016.




**Inflation Rates**

Inflation rate in Turkey was 7.28% in September, 2016, with the 18-month average rate being 7.80%. Currently, the Corporation has not experienced any material direct liability resulting from changing domestic input prices. The collective impact of changing prices may result in operating and capital cost variances beyond Management's control. The Corporation is not currently using derivative products to protect against movements in the cost of commodities, materials or services.

## Transactions with Related Parties

In the second quarter of 2016, the Corporation entered into a new related party agreement for the construction of the sulfide process plant with an affiliate of our joint venture partner, GAP İNŞAAT YATIRIM VE DIŞ TİCARET A.Ş. ("GAP"). The current scope of work under the contract is valued at an estimated $89 million of which $10 million has been spent for mobilization and related construction costs.

Additionally, key management compensation is deemed a related party transaction and as outlined in the Management Information Circular and in Note 22 to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015.

## Critical Accounting Policies, Estimates and Accounting Changes

The Corporation's unaudited interim consolidated financial statements are prepared in accordance with IFRS, including IAS 34, *Interim Financial Reporting*. The significant accounting policies applied and recent accounting pronouncements are described in Note 3 to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015. There have been no changes from the accounting policies applied in the December 31, 2015 financial statements during the nine-month period ended September 30, 2016, with the exception of Financial Assets. Financial Assets at fair value has been updated to include the forward gold contracts under the hedge program**.**

The preparation of the Corporation's unaudited interim consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may materially differ from the amounts included in the financial statements. A full discussion of these estimates and assumptions is included in Note 5 to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2015, with the exception of fair value estimates related to the forward gold contracts under the hedge program as the program did not exist until Q2 2016. The relevant estimate related to these financial instruments is discussed in Note 11 to the Corporation's interim unaudited quarterly consolidated financial statements for the nine-months ended September 30, 2016.

## Financial Instruments and Other Instruments

The Corporation's financial instruments as of September 30, 2016 consist of the forward gold sales hedging program, cash and cash equivalents, receivables, investments in publicly traded securities, trade and other payables, presented at fair value. The Corporation's financial instruments are denominated primarily in USD. The Corporation recorded an unrealized loss of $7.5 million on the forward gold sales in Q3 2016. There were no other material gains or losses associated with other financial instruments in Q3 2016.

*Gold Price Risk* is associated primarily with the volatility that will occur in the precious metals commodity market. Such risk is managed by hedging a portion of the Corporations oxide gold production through forward gold sales agreements. The hedge program objectives are to secure gold price during the construction of the Sulfide Project. As of the date of this MD&A, the remaining hedge program totals 162,164 ounces at an average gold price of $1,280 for settlement during the period October 2016 to September 2018.

*Credit Risk* is associated primarily with short-term investments and the portion of cash and cash equivalents held by banks. Such credit risk is managed by diversifying holdings among various financial institutions and by purchasing short-term investment grade securities. This may include such instruments as bankers' acceptances, guaranteed investment contracts, corporate commercial paper, and U.S. and Canadian treasury bills in accordance with the Corporation's investment policy. Investment objectives are primarily directed towards preservation of capital and liquidity. The investment policy provides limitations on concentrations of credit risk, credit quality and the duration of investments, as well as minimum rating requirements for cash and cash equivalents held in banks and financial institutions. The majority of the Corporation's receivables balances consist of claims for recoverable Turkish value-added tax ("VAT"). As of September 30, 2016, Turkish VAT receivable totaled $6.9 million. Management monitors its exposure to credit risk on a continual basis.

*Interest Rate Risk* is generally associated with variable rate financial instruments and available market interest rates at the time financial instruments are acquired. The Corporation holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Short-term investments are purchased at market interest rates and result in fixed yields to maturity. Other financial assets and liabilities in the form of receivables, payables and provisions are non-interest bearing. Future net cash flows from interest income on cash and cash equivalents and interest expense on variable rate borrowings will be affected by interest rate fluctuations. The Corporation manages interest rate risk by maintaining an investment policy for short-term investments and cash held in banks which focuses on preservation of capital and liquidity. The Corporation currently does not engage in any derivative transactions to manage interest rate risk.

*Foreign Currency Risk* is generally associated with financial instruments and transactions denominated in non-USD currencies. The Corporation is exposed to financial gain or loss as a result of foreign exchange movements against the USD. The Corporation does not presently engage in hedging or speculative activities to manage foreign currency risk. The Corporation holds USD and TRY in sufficient amounts to meet its estimated expenditure requirements for these currencies. The Corporation held approximately $2.1 million denominated in TRY as of September 30, 2016. Therefore, the Corporation remains exposed to future currency fluctuations in the USD:TRY foreign exchange rate.

## Non-IFRS Measures

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

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

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

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

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

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

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

The following table reconciles these non-IFRS financial measures to the consolidated statements of profit and comprehensive profit for the quarter and year-to-date periods ended September 30, 2016 and 2015.

| In $000s, except for per ounce measures | Q3 2016 | Q3 2015 | YTD 2016 | YTD 2015 |
|---|---|---|---|---|
| Production costs - IFRS | $ 18,045 | $ 27,756 | $ 61,736 | $ 71,128 |
| Adjustments: (none) | - | - | - | - |
| Total Cash Costs | $ 18,045 | $ 27,756 | $ 61,736 | $ 71,128 |
| Divided by: gold ounces sold | 21,155 | 53,728 | 83,168 | 158,524 |
| **Total Cash Costs per ounce (C2)** | **$ 853** | **$ 517** | **$ 742** | **$ 449** |
| | | | | |
| Total Cash Costs – from above | $ 18,045 | $ 27,756 | $ 61,736 | $ 71,128 |
| Less: Royalties and severance taxes | 909 | 943 | 1,824 | 2,358 |
| Cash Operating Costs | $ 17,136 | $ 26,813 | $ 59,912 | $ 68,770 |
| Divided by: gold ounces sold | 21,155 | 53,728 | 83,168 | 158,524 |
| **Cash Operating Costs per ounce (C1)** | **$ 810** | **$ 499** | **$ 720** | **$ 434** |
| | | | | |
| Total Cash Costs – from above | $ 18,045 | $ 27,756 | $ 61,736 | $ 71,128 |
| Add portions of: | | | | |
| Exploration | $ 531 | $ 450 | $ 1,731 | $ 1,513 |
| General and administrative[1] | 3,363 | 2,719 | 7,877 | 7,928 |
| Share-based employee compensation costs | 1,992 | 732 | 6,058 | 3,999 |
| Sustaining capital expenditures | 1,031 | 4,461 | 2,853 | 18,908 |
| All-in Sustaining Costs | $ 24,962 | $ 36,118 | $ 80,255 | $ 103,476 |
| Divided by: gold ounces sold | 21,155 | 53,728 | 83,168 | 158,524 |
| **All-in Sustaining Costs per ounce** | **$ 1,180** | **$ 672** | **$ 965** | **$ 653** |
| | | | | |
| Total All-in Sustaining Costs, from above | $ 24,962 | $ 36,118 | $ 80,255 | $ 103,476 |
| Add: Non-sustaining costs[2] | 45,938 | 13,167 | 102,805 | 29,046 |
| Total All-in Costs | $ 70,900 | $ 49,285 | $ 183,060 | $ 132,522 |
| Divided by: gold ounces sold | 21,155 | 53,728 | 83,168 | 158,524 |
| **All-in Costs per ounce** | **$ 3,351** | **$ 917** | **$ 2,201** | **$ 836** |

[1] Excludes administrative depreciation costs.

[2] Includes growth capital expenditures and attributable regional joint venture exploration expenditures.

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

# Other

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

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

The Corporation's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework to design the Corporation's DC&P and ICFR as of September 30, 2016. The Corporation's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Corporation's DC&P and ICFR as of September 30, 2016 and have concluded that these controls and procedures are adequately designed to provide reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation, and to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management of the Corporation was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. There has been no change in the Corporation's internal control over financial reporting during the quarter ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

### Outstanding Share Data

The following common shares and convertible securities were outstanding as of September 30, 2016.

| Security | Expiry Date | Weighted Average Exercise Price | Common Shares on Exercise |
|---|---|---|---|
| Common Shares* | | | 292,042,258 |
| Convertible Securities | Various | N /A | 2,812,173 |
| | | | 294,854,431 |

* Common shares outstanding include 78,995,007 shares represented by CDI as of September 30, 2016, being a unit of beneficial ownership in an Alacer share and traded on the ASX.

## Cautionary Statements

### Forward-Looking Information

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

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

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

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

**Additional Information and Risk Factors**

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

(All amounts expressed in thousands of U.S. Dollars, unless otherwise stated)

## Mineral Resources and Mineral Reserves Estimates

The results of the Mineral Resources in the Updated Technical Report reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Further information is provided in the Updated Technical Report issued on June 9, 2016 and is available on the Corporation's website at *www.alacergold.com*, on *www.sedar.com,* and on *www.asx.com.au*.

| Mineral Resources for the Çöpler Deposit (As of December 31, 2015) (100% Basis) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Gold Cut-off Grade (g/t)** | **Material Type** | **Mineral Resources Category Material** | **Tonnes (x1000)** | **Au (g/t)** | **Ag (g/t)** | **Cu (%)** | **Contained Au Ounces** |
| *Variable* | *Oxide* | Measured | - | - | - | - | - |
| | | Indicated | 24,959 | 1.04 | 3.19 | 0.13 | 836,000 |
| | | Stockpile - Indicated | 148 | 0.87 | - | - | 4,000 |
| | | **Measured + Indicated** | **25,106** | **1.04** | **3.17** | **0.13** | **840,000** |
| | | Inferred | 20,863 | 0.83 | 6.40 | 0.13 | 557,000 |
| *1.0* | *Sulfide* | Measured | - | - | - | - | - |
| | | Indicated | 70,151 | 2.12 | 5.94 | - | 4,771,000 |
| | | Stockpile - Indicated | 5,102 | 3.67 | - | - | 602,000 |
| | | **Measured + Indicated** | **75,253** | **2.22** | **5.53** | **-** | **5,373,000** |
| | | Inferred | 12,739 | 1.99 | 12.00 | - | 814,000 |
| *Variable* | *Stockpiles* | Indicated | 5,250 | 3.59 | - | - | 606,000 |
| ***Variable*** | ***Total*** | Measured | - | - | - | - | - |
| | | Indicated | 100,359 | 1.93 | 4.95 | 0.03 | 6,213,000 |
| | | **Measured + Indicated** | **100,359** | **1.93** | **4.94** | **0.03** | **6,213,000** |
| | | **Inferred** | **33,602** | **1.27** | **8.52** | **0.08** | **1,371,000** |

| Mineral Reserves for the Çöpler Deposit (As of December 31, 2015) (100% Basis) | | | | | | |
|---|---|---|---|---|---|---|
| **Mineral Reserves Category Material** | **Tonnes (x1000)** | **Au (g/t)** | **Ag (g/t)** | **Cu (%)** | **Contained Au Ounces** | **Recoverable Au Ounces** |
| Proven - Oxide In-Situ | - | - | - | - | - | - |
| Probable - Oxide In-Situ | 17,836 | 1.13 | 3.53 | 0.13 | 650,000 | 494,000 |
| Probable - Oxide Stockpile | 148 | 0.87 | - | - | 4,000 | 3,000 |
| **Total - Oxide** | **17,984** | **1.13** | **3.50** | **0.13** | **654,000** | **497,000** |
| Proven - Sulfide In-Situ | - | - | - | - | - | - |
| Probable - Sulfide In-Situ | 34,879 | 2.63 | 7.23 | - | 2,944,000 | 2,829,000 |
| Probable - Sulfide Stockpile | 5,102 | 3.67 | - | - | 602,000 | 579,000 |
| **Total - Sulfide** | **39,982** | **2.76** | **6.30** | **-** | **3,546,000** | **3,408,000** |
| Proven - Oxide + Sulfide + Stockpile | - | - | - | - | - | - |
| Probable - Oxide + Sulfide + Stockpile | 57,965 | 2.25 | 5.44 | 0.04 | 4,200,000 | 3,905,000 |
| **Total - Oxide + Sulfide** | **57,965** | **2.25** | **5.44** | **0.04** | **4,200,000** | **3,905,000** |

**Notes:** Further information on this resource estimate is in the Updated Technical Report, which can be found on the Corporation's website at *www.alacergold.com,* on *www.sedar.com*, and on *www.asx.com.au.*. Mineral Resources are quoted after mining depletion and are inclusive of Mineral Reserves. The Mineral Reserve methodology and cut-off grades are discussed in the Updated Technical Report. Mineral Resources and Mineral Reserves are shown on a 100% basis, of which Alacer owns 80%. The key assumptions, parameters, and methods used to estimate the Mineral Resources and Mineral Reserves are provided in the Updated Technical Report. The Corporation is not aware of any new information or data that materially affects the information included in these tables and that all material assumptions and technical parameters underpinning the estimates in these tables continue to apply and have not materially changed. Rounding differences will occur.

**Qualified Person Statement**

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

The information in this MD&A, which relates to exploration results that was previously issued by Alacer in its Exploration Results Announcement dated July 21, 2016, is available on the Corporation's website at *www.alacergold.com*, on *www.sedar.com* and on *www.asx.com.au*. The Exploration Results Announcement details that the information is based on information reviewed by Mr. James Francis, who is a Qualified Person pursuant to NI 43-101 and a Competent Person as defined in the JORC Code. Alacer confirms that: (a) it is not aware of any new information or data that materially affects the information in the Exploration Results Announcement and that, to the extent the information is an exploration target, none of the material assumptions or technical parameters underpinning such estimates have materially changed; and (b) the form and content in which information in the Exploration Results Announcement is presented has not materially changed.

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

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

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

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

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

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