

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	Alacer Gold Corp.					
Reporting Year	From	1/1/2018	To:	12/31/2018	Date submitted	5/14/2019
Reporting Entity ESTMA Identification Number	E882840		☒ Original Submission ☐ Amended Report			
Other Subsidiaries Included (optional field)	N/A					
Not Consolidated						
Not Substituted						
Attestation Through Independent Audit						
<i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.</i>						
<i>The auditor expressed an unmodified opinion, dated 2019-04-30, on the ESTMA Report for the entity(ies) and period listed above.</i>						
<i>The independent auditor's report can be found at the end of Report.</i>						
Full Name of Director or Officer of Reporting Entity	Mark Murchison			Date	4/30/2019	
Position Title	Chief Financial Officer					

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year	From:	1/1/2018	To:	12/31/2018	
Reporting Entity Name		Alacer Gold Corp.		Currency of the Report	USD
Reporting Entity ESTMA Identification Number		E882840			
Subsidiary Reporting Entities (if necessary)					

Payments by Payee

[illegible]

Additional Notes:

All amounts paid were in Turkish Lira ("TL"). TL is converted to US Dollars ("USD") based on the exchange rate on the date of the transaction. The average USD to TL rate for 2018 was 1:4.81.

Reporting Year	From:	1/1/2018	To:	12/31/2018	
Reporting Entity Name		Alacer Gold Corp.		Currency of the Report	USD
Reporting Entity ESTMA Identification Number		E882840			
Subsidiary Reporting Entities (if necessary)					

Payments by Project									
---------------------	--	--	--	--	--	--	--	--	--

[illegible]

Additional Notes³: All amounts paid were in Turkish Lira ("TL"). TL is converted to US Dollars ("USD") based on the exchange rate on the date of the transaction. The average USD to TL rate for 2018 was 1:4.81.

Introduction

Alacer Gold Corp. (“Alacer” or the “Company”) is a leading intermediate gold producer, with an 80% interest in the Çöpler Gold Mine in Turkey operated by Anagold Madencilik Sanayi ve Ticaret A.S. (“Anagold”), and the remaining 20% owned by Lidya Madencilik Sanayi ve Ticaret A.S. (“Lidya Mining”). Additionally, Alacer has exploration projects owned 50% by Alacer and 50% owned by Lidya Mining. Refer to the December 31, 2018 AIF for the detailed legal entity organization structure.

The Company 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.

Basis of Preparation

The consolidated report has been prepared in accordance with the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“The Act”) and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications (the “ESTMA Report” or “Report”). The following is a summary of key judgments and policies for the Alacer ESTMA Report:

Payee

For purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state.
- b) A body that is established by two or more governments.
- c) Any trust, board, commission, company or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state, provincial, local, or municipal levels. Payees may include non-governmental entities if the benefit bestowed would have otherwise been provided by the government. Payees also include any government-owned entities that exercise or perform a power, duty or function of government. This includes universities, school boards and certain not-for-profit organizations funded by a payee when these exercise a power, duty or function of the government.

Aboriginal and indigenous groups and organizations may also be regarded as a government payee under the Act. Currently, the Company does not make payment to such groups.

Payments made to government entities through third-party ‘agents’ are included. The individual department, agency or other body of the payee that ultimately received the payment is disclosed, where practical, in the notes section of this Report.

Activities within the scope of the ESTMA Report

Payments made by Alacer to payees relating to the commercial development of minerals (“commercial development”) are disclosed in this Report. Initial processing activities which are integrated with extraction operations are included in commercial development. The Report excludes payments that are not related to Alacer’s commercial development activities, as defined by the Act and the NRCAN Guidance.

Project

Payments are reported at the project level. A “project” means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. However, if multiple such agreements are substantially interconnected, Alacer has aggregated such interconnected agreements into a single “Project” for reporting purposes, as permitted under the NRCAN Technical Reporting Specifications.

Payment Categories

The information is reported under the following payment categories.

Taxes

This category includes income, profit, and production tax payments directly associated with the commercial development of mineral properties. Consumption taxes and personal income taxes are excluded.

Royalties

These are payments for the rights to extract resources, typically at a set percentage of revenue less any deductions that may be taken. Royalties paid in kind are also reported under this category. For the year ended December 31, 2018, there were no royalties paid in kind to a payee.

Fees

This category may include rental fees, entry fees and regulatory charges as well as fees or other consideration for extraction licenses, permits or concessions. Amounts paid in ordinary course commercial transactions in exchange for services provided by a payee are excluded unless required for the operating license.

Production entitlements

A payee’s share of mineral production under a production sharing agreement or similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2018, there were no production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category. For the year ended December 31, 2018, there were no reportable bonus payments to a payee.



EXTRACTIVE SECTOR TRANSPARENCY MEASURES ACT REPORT
For the year ended December 31, 2018
(All amounts expressed in U.S. Dollars, unless otherwise stated)

Dividends

This payment category consists of dividend payments other than dividends paid to a payee as an ordinary shareholder of Alacer. For the year ended December 31, 2018, there were no reportable dividend payments to a payee.

Infrastructure improvement payments

These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of Alacer. Infrastructure improvement payments consist of spend on community development initiatives in the local communities around the mine site.

Cash and in-kind payments

Payments are reported on a cash basis, meaning they are reported in the period in which they are paid. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for each payment has been disclosed in the notes section of this Report.

All information is reported in US dollars ("USD") to be consistent with the currency presented in Alacer's consolidated financial statements. Payments to the "same payee" that meet or exceed \$75,000 USD (\$100,000 Canadian Dollar equivalent) in one payment category are disclosed. Payments are rounded to the nearest \$10,000 USD.

Payments made in situations of joint operating / joint ventures

Where Alacer has itself made a reportable payment to a payee, regardless of whether Alacer is the operator, the full amount paid has been disclosed; this is the case even where Alacer as the operator has been proportionally reimbursed by its non-operating partners through a partner billing process.

Lidya Mining, our joint venture partner, is not a reporting entity under the ACT. Therefore, payments made by Lidya on behalf of Alacer legal entities, meeting the above definitions, have been included at 100% in the consolidated ESTMA Report.



Independent auditor's report

To the Audit Committee of
Alacer Gold Corp.

Our opinion

In our opinion, the accompanying Extractive Sector Transparency Measures Act (ESTMA) – Annual Report of Alacer Gold Corp. (the Entity) for the year ended December 31 2018 is prepared, in all material respects, in accordance with the basis of accounting described in the notes.

What we have audited

The Entity's consolidated financial information comprises the ESTMA Report for the year ended December 31 2018 and the notes to the consolidated financial information, which include a summary of significant accounting policies and other explanatory information (the ESTMA Report).

Basis for opinion

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

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the ESTMA Report in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw attention to the notes to the ESTMA Report, which describe the basis of accounting. The ESTMA Report is prepared to assist the Entity in complying with the reporting requirements of the ESTMA. As a result, the ESTMA Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the ESTMA Report

Management is responsible for the preparation of the ESTMA Report in accordance with the reporting requirements of ESTMA, and for such internal control as management determines is necessary to enable the preparation of an ESTMA Report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the ESTMA Report

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

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

- Identify and assess the risks of material misstatement of the ESTMA Report whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain sufficient appropriate audit evidence regarding the ESTMA Report of the entity or business activities within the Entity to express an opinion on the ESTMA Report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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



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

The engagement partner on the audit resulting in this independent auditor's report is Mariano E. Ortego.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 30, 2019