

Driving development, minimizing impacts

**Alacer Gold
Sustainability Report, 2016**



ALACER GOLD

Contents

3	Foreword	21	Chapter 3: Creating lasting benefits for local communities
4	About Alacer and this report	21	3.1 Community relations
6	Snapshot of sustainability at Çöpler Mine in 2016	24	3.2 Supply chain management
9	Chapter 1: Our governance of sustainability	25	3.3 Closure planning
9	1.1 Board-led oversight	25	3.4 Human rights
11	1.2 Corporate sustainability policies	26	3.5 Resettlement
12	1.3 Payments to governments	28	Chapter 4: Responsible stewardship of the environment
13	1.4 Stakeholder engagement	28	4.1 Environmental incidents
13	1.5 Grievance management	30	4.2 Energy and emissions
14	Chapter 2: Human Capital: Prioritizing safety and local leadership	31	4.3 Water management
14	2.1 Safety: Our top priority	32	4.4 Waste management
17	2.2 Local employment	34	4.5 Biodiversity management
18	2.3 Training	34	4.6 Air quality
20	2.4 Industrial relations		
20	2.5 Diversity		

Glossary

CDI: Collateralized Debt Instrument

Çöpler Mine refers to both the existing Çöpler Operations and the new Çöpler Sulfide Expansion Project

Çöpler Operations: Our existing oxide processing operations at Çöpler

CSEP: Çöpler Sulfide Expansion Project

HDPE: High Density Polyethylene

ICMC: International Cyanide Management Code

IFC: International Finance Corporation

LTIFR: Lost Time Injury Frequency Rate

Mukhtar: An elected official from the local community

RAP: Resettlement Action Plan

TRIFR: Total Recordable Injury Frequency Rate

TSF: Tailings Storage Facility

Foreword

A focus on sustainability

Alacer's partnership with host communities, and our deep commitment to environmental, health and safety performance, are fundamentals that underpin the operational success and growth of our company.

Our vision is to become a multi-mine producer with a focus on Turkey. Expanding our world-class Çöpler gold mine in a remote area of eastern Turkey comes with a wide set of sustainability challenges – from upgrading local skills to minimizing impacts on natural resources and biodiversity. We see sustainability issues as both risks to be managed and opportunities to be seized. For example, by funding developments like the İliç Business and Training Center and the new Anagold Secondary School we are simultaneously stimulating regional economic development and improving the pool of local talent from which we draw our workforce.

Identifying and investing in these opportunities for shared value is a crucial ingredient in Alacer's success to date and our plans for future growth.

Ensuring the safety and health of our workforce

The safety of our workforce is Alacer's top priority. While it is encouraging to note a 5% reduction in the Total Recordable Injury Frequency Rate (TRIFR) in 2016, and a 47% reduction since 2014, we are determined to ramp up all aspects of safety management with the construction of the Çöpler Sulfide Expansion Project (CSEP) now underway.

Other sustainability achievements at our Çöpler Mine highlighted in this report include an 11% reduction in fresh water off-take year-over-year, completion of our first greenhouse gas emissions assessment and procurement of over 10% of operational purchasing from local communities (excluding the CSEP and other projects).

These are all encouraging trends, but there is still much to do. Perhaps most importantly 2016 has marked a shift in many of our sustainability governance processes. We initiated our largest ever community consultation process and began to up the ante on both safety and environmental processes to ensure our future sustainability performance matches the world-class standards we demand for all parts of our mine. This first stand-alone sustainability report is part of that journey.

Key challenges next year will be to ensure that the construction of the CSEP remains sustainable and Lost Time Injury (LTI) free, the creation of a new community investment vehicle at Çöpler Mine and the ongoing challenges of increasing all our positive environmental and social impacts.

As Alacer continues to grow, sustainable development, transparent reporting and continued partnership with our stakeholders remain at the heart of what we do.

Rodney P. Antal, President and Chief Executive Officer



Rodney P. Antal

About Alacer and this report

Alacer Gold (Alacer) is a leading intermediate gold mining company, with an 80% interest in the world-class Çöpler Gold Mine in Turkey operated by Anagold Madencilik Sanayi ve Ticaret A.S. (“Anagold”), and the remaining 20% owned by Lidya Madencilik Sanayi ve Ticaret A.S. (“Lidya Mining”). The Corporation’s primary focus is to leverage its cornerstone Çöpler Mine and strong balance sheet to maximize portfolio value, maximize free cash flow, minimize project risk, and thereby maximising 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. These include:

- **Çöpler Oxide Production Optimization (Çöpler Operations)** – Expansion of the existing heap leach pad to 58 million tonnes is advancing and the Corporation continues to evaluate opportunities to extend oxide production beyond the current reserves, including a new heap leach pad site to the west of the Çöpler Mine.
- **Çöpler Sulfide Expansion Project (the CSEP)** – The CSEP is under construction with first gold production projected in the third quarter 2018. The CSEP is expected to deliver long-term growth with robust financial returns and add 20 years of production at Çöpler Mine. The CSEP will bring Çöpler Mine’s remaining life-of-mine gold production to 4 million ounces at All-in Sustaining Costs averaging \$645 per ounce^{1,2}.
- **New mines** – The Corporation continues to pursue opportunities to further expand its current operating base and to become a sustainable multi-mine producer with a focus on Turkey. The systematic and focused exploration efforts in the Çöpler District, as well as in other regions of Turkey, are progressing. A maiden Mineral Resource estimate was released for Çakmaktepe and Bayramdere³, and the Çöpler District remains the focus with the potential to add oxide production and utilize the existing Çöpler Mine infrastructure in 2018. In the region, work has commenced on a Definitive Feasibility Study for the Gediktepe Project⁴ and is expected to be complete in June 2018.

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 CHESS Depository Interests (CDIs) trade.

1. All-in Sustaining Costs per ounce is a non-IFRS performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation to IFRS, please see the “Non-IFRS Measures” section of the most current MD&A.

2. Detailed information regarding the CSEP, 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 “Çöpler Mine Technical Report,” available on www.sedar.com and on www.asx.com.au.

3. Detailed information regarding the Çöpler District Mineral Resource can be found in the press release entitled “Alacer Gold Announces Additional Exploration Results for Çakmaktepe and an Initial Mineral Resource in the Çöpler District,” dated December 19, 2016, available on www.sedar.com and on www.asx.com.au.

4. Additional information on the Gediktepe Project can be found in the press release entitled “Alacer Gold Announces a New Reserve for its Gediktepe Project Providing Future Growth,” dated September 13, 2016, available on www.sedar.com and on www.asx.com.au.

About this report

This is Alacer's first stand-alone Sustainability Report. It aims to highlight the key sustainability challenges facing our business, how we manage them and some of our 2016 achievements in this field. This is also the first year in which we have reported to achieve an 'In Accordance – Core' rating with the internationally-recognized Global Reporting Initiative (GRI) Standards.

The data in this report covers the Çöpler Mine in Turkey and relates to the reporting period January 01 2016 - December 31 2016.

Sustainability is of growing importance to our local communities and all stakeholders, whether they are local Mukhtars⁵, global shareholders or our employees. We want to use the reporting process as a mechanism for monitoring and improving our sustainability performance both now and as we grow in the years to come. We welcome feedback on any aspect of this report. Details of how to respond can be found at the back of this report.

Operations map



5. Elected leaders of local villages in the Erzincan Province.

Snapshot of sustainability at Çöpler Mine in 2016

▲ **42 hours**
of training/employee in 2016; including at least 16 hours of safety training

▲ **57%**
of our workforce drawn from local communities, including 100% of unskilled and semi-skilled workers. Less than 1% of Çöpler Operations team are expatriates

▼ **5%**
reduction in total recordable injury frequency rate, 47% reduction over two years. Zero fatalities

Best practice for health and safety
OHSAS 18001
and certification for environmental management
ISO 14001
achieved

Community investment doubles to over
\$1.7m
New Anagold Secondary School and facilities for İliç State Hospital



▲ **Over \$11m**

of goods and services were procured from local communities closest to the mine in 2016. To date more than 10% of operational purchasing (excluding the CSEP) is from local communities. 6.1% of all procurement to date is from local communities

▼ **11.9%**

reduction in fresh water off-take in 2016 and a 21% reduction over two years

First formal greenhouse gas emissions assessment completed ahead of the CSEP coming online – showing

79,295 tCO₂
for 2016

Construction of new Tailings Storage Facility begins following detailed environmental assessments, with

Biodiversity Action Plan
in place to protect flora and fauna

▲ **Over \$18million**

paid in taxes, royalties and fees to local district and Turkey in 2016. All payments to government publicly available via our Extractive Sector Transparency Measures Report

Our mining process

Open pit mining

Ore is extracted from 3 open pits on site



Crushing

Ore is crushed to optimal size for processing



Agglomeration

Cement is added to crushed ore to bind small particles and ensure the pH of the heap



Heap leach

Agglomerated ore is placed on a lined heap. Sodium cyanide solution is applied to the heap to separate the gold from the ore



Processing

Leachate from the heap is processed using carbon in column screens, elution, electrowinning and retorting, and then melted into doré



Carbon and chemical regeneration

Carbon is regenerated through acid washing and reactivated in a kiln. Copper is also separated from ore in the heap leach process and removed from the leachate using a sulfidization-acidification process, the process also regenerates the cyanide for reuse

Doré

A combined gold & silver doré for sale. In 2016 we produced 119 036 oz of gold

Chapter 1: Our governance of sustainability

“Managing important issues like the safety of our workers, partnerships with local communities and stewardship of the environment are fundamental to Alacer’s success and are therefore governed with the same level of Board oversight and management scrutiny as financial factors.”

Ed Dowling, Chair of Environmental, Health, Safety & Sustainability (EHS&S) Committee

Sustainability considerations are integrated into Alacer’s core governance, policies and processes to ensure we identify and manage the risks and opportunities that environmental and social factors present to our business. We also engage openly and effectively with all our stakeholders to ensure their insights are considered within our management process.

1.1 Board-led oversight

Our sustainability governance starts at the top and it is our Board that holds ultimate responsibility for our performance on sustainability. For example, every Board meeting includes a standing item related to environment, health & safety and sustainability issues.

Key to the Board’s oversight is the Environmental, Health, Safety & Sustainability (EHS&S) sub-Committee of the Board. This consists of at least three Board members: Ed Dowling (chair) Thomas Bates and Alan Krusi, all of whom are independent Directors. Other members of the Board may also attend on an ad hoc basis. The EHS&S Committee reviews and monitors the compliance, awareness and implementation of our policies on the environment, health & safety, community relations, land access and resettlement. It also makes recommendations to the Board in these areas. The EHS&S Committee meets formally twice a year, with further meetings and communications also held throughout the year to discuss progress, important developments or ad hoc items.

The Board’s Compensation and Audit Committees also take certain sustainability indicators into consideration. For example, a portion of the compensation packages

for our executive management and several relevant managers and contractors are tied to the achievement of company-wide safety targets.

The Board holds ultimate responsibility for our risk management process that governs how risks are identified and managed. Dedicated risk management planning is undertaken by our Executive Management, reporting to the Audit Committee and Board of Directors.

Figure 1: Organogram of sustainability governance.



Our definition of sustainability

Alacer's mission is to develop world-class operations and activities in partnership with its host communities. Sustainability is critical to our ability to do this, and Alacer has adopted the 1987 Bruntland Commission definition of sustainability as, *"Development that meets the needs of the present without compromising that of future generations to meet their own needs."*

For Alacer sustainability is about doing good business. We believe that by doing the right thing in areas like water and waste management, community development and diversity we not only maintain our license to operate but also build the long-term success of our business.

For example, the sustainable development policy framework that we use to govern our community relations produces business benefits that include:

- Competitive cost basis of local employees;
- Lower health costs;
- Cost savings due to environmentally sensitive production methods;
- Lower management costs;
- Lower closure and reclamation costs;
- Higher value for corporate goodwill;
- Best-practice support of regulation development;
- The ability to attract a broad range of responsible investors;
- Enhanced reputation among employees, peers and in the marketplace.

Sustainability continues to be an evolving initiative at Alacer Gold and we recognize that the context within which we operate is constantly changing, especially as our company grows.

This report, our first stand-alone Sustainability Report, is part of a forward-looking strategy to ensure our sustainability monitoring, implementation and reporting continues to grow and improve over time.



1.2 Corporate sustainability policies

The core principles and key requirements that guide our efforts on sustainability are laid out in a set of policies and codes of practice that commit Alacer to the highest standards of environmental and social practices. These include our Code of Business Conduct and Ethics, Health & Safety Policy, Environment Policy, Community Relations Policy, Land Access and Resettlement Policy, Diversity Policy, Foreign Corrupt Practices Act Policy, Insider Trading Policy and Whistleblower Policy. All are available to view on [our website](#).

For example, our Code of Business Conduct and Ethics aims to entrench the principle of business integrity throughout our operations and thereby ensure that employees, contractors and suppliers are clear on the behavior expected of them. As with all sustainability policies, the Code is taught as part of staff induction training and failure to comply can lead to disciplinary action and potential termination of employment.

All our sustainability related policies are drafted to not only comply with host country legislation, but also to go further where we can and to comply with international best practice such as the IFC Performance Standards. At our Çöpler Mine our management systems follow OHSAS 18001 standards and are certified against the ISO 14001 international best practice framework on safety and environmental management. All policies are available in Turkish and widely distributed on site.

We also ensure that the onward distribution of our product is responsible and it is part of our contract with the buyers of our gold – the Istanbul Gold Refinery (IGR) - that they have an effective responsible gold policy in place.

As explained in the adjoining text, bribery in all forms is strictly prohibited. Our company does not get involved in the political process and does not make political contributions. All donations are reviewed by our Compliance Committee to ensure compliance with our standards and applicable laws.

This Sustainability Report provides further details of all these policies and how they have been monitored and managed.

Alacer's zero tolerance for all forms of bribery

Strict adherence to our company's Anti-Bribery Policy is universally applicable to all individuals and companies involved with our business. The policy is designed to comply with local law in Turkey as well as the applicable laws of Canada, Australia and the United States - including the Foreign Corrupt Practices Act. Our policy is applicable to all directors, employees, contractors, agents or other parties connected with our company, and includes termination of employment for any party accepting a bribe or facilitation payment.

Our definition of bribery includes, *“Any offer, payment, promise to pay, or authorization of the payment of anything of value to any foreign or domestic governmental official, political party or candidate thereof, any officials of a public international organization, or any intermediary while knowing or believing that any portion of such payment will be offered, given, or promised to such person for the purpose of inducing such person to do any act or make any decision in his official capacity, or use his influence with any governmental, instrumentality or official thereof, to effect or influence any act or decision of such government, official or instrumentality in order to assist such company or person in obtaining or retaining business for or with, or directing business to, any company or person or to secure any improper advantage.”*

All our contracts with suppliers also include an anti-bribery provision as well as a provision related to complying with our policies.

Managerial responsibility for implementing our bribery and corruption policy rests with Michael J Sparks, Chief Legal Officer & Secretary and all relevant payments are subject to a thorough formal review by Alacer's compliance committee. Any fraud or bribery issues are reported to the Board-level Audit committee.

A good illustration of our internal monitoring system to detect corruption is donations to local community development or local government projects. All potential donations are subject to formal review by the compliance committee and payments that are not clearly in the interests of both the business and the local community as a whole are rejected.

1.3 Payments to governments

Alacer strives to be a good corporate citizen and to work in genuine partnership with our host country. Thus, we recognize the importance of paying our fair share of taxes and royalties, and reporting these in a transparent and accountable manner. The payments we make often represent a significant contribution to the ability of authorities to foster local economic development.

Payment levels are determined by the national, provincial or regional authority concerned. As shown in Figure 2 we paid a total of \$18.2m to host country authorities in 2016. Further breakdowns of this amount are provided in our Extractive Sector Transparency Measures Report, available on our website, which is fully and independently audited. As part of the Turkish Government's broad initiative to encourage foreign direct investment Alacer also benefits from incentives under the incentive certificate regime which includes corporate tax credits arising from significant qualifying capital investments.

Figure 2: Payments to government, 2016

Payee	Taxes (i)	Royalties (ii)	Fees (iii)	Production entitlements (iv)	Bonuses (v)	Dividends (vi)	Infrastructure improvement payments (vii)
Turkish state government	5,130,000	1,660,000	800,000	–	–	–	–
Turkish Provincial and municipal authorities	–	1,760,000	7,770,000	–	–	–	1,090,000
Total	5,130,000	3,420,000	8,570,000	–	–	–	1,090,000

(i) This category may include taxes paid by Alacer on its income, profits or production. Taxes reported include primarily corporate income taxes. Consumption taxes and personal income taxes are excluded.

(ii) 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, 2016, there were no royalties paid in kind to a payee.

(iii) This category may include rental fees, entry fees and regulatory charges as well as fees or other consideration for 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.

(iv) 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, 2016, there were no production entitlement payments to a payee.

(v) Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category. For the year ended December 31, 2016, there were no reportable bonus payments to a payee.

(vi) 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, 2016, there were no reportable dividend payments to a payee.

(vii) These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of Alacer. Infrastructure improvement payments consisted of improvements to and maintenance of village roads building village roads and bridges, a water treatment facility and other community development initiatives.

1.4 Stakeholder engagement

Alacer recognizes that its stakeholders are a foundation of its business and we have established a wide-ranging Stakeholder Engagement Plan (SEP) at Çöpler to ensure stakeholder input is an integral part of our governance of sustainability. Our stakeholders include:

- Employees;
- Communities affected by our operations;
- Shareholders;
- Lenders;
- Insurers;
- Vendors and contractors;
- Central and local governments;
- Citizens supported by the taxes;
- Industry regulators; and
- Customers and consumers.

Formal discussions with local stakeholders including local communities and district authorities, commence at all sites at the initial exploration stage, and as part of the ESIA (Environment and Social Impact Assessment) process. This process consults with all groups to understand each other.

If a site moves to an operational stage, as is the case with our Çöpler Mine, then our Director of External Affairs is responsible for ongoing regular meetings with local parties. We hold regular consultation meetings with all project-affected communities.

At Çöpler Mine in 2016, we held over 798 stakeholder consultations throughout the year. This included other important stakeholders beyond local communities including local authorities, contractors, government, trade union officials and NGOs. As detailed in this report, the three priority sustainability issues identified by Alacer's internal management are human capital, community relations and environmental management. These three priorities were reflected by a consultation with local stakeholders.

1.5 Grievance management

Our Grievance Mechanism is also an important part of both our interactions with local stakeholders and our governance of sustainability.

The Grievance Mechanism is designed to be fair and accessible, in line with both national regulation and the relevant IFC Performance Standard. It is a very valuable two-way channel of communication with local communities. We commit to responding to all grievances within seven days and aim to have investigated and resolved all grievances within 30 days. Access points are widely distributed across five local community destinations with a sixth access point for contractors.

As shown in Figure 3 below a total of 23 grievances were raised in 2016. Nearly 40% of grievances raised in 2016 concerned issues of procurement – many of which related to the actions of contractors (for example in relation to debts of contractors to local companies or shopkeepers) rather than Alacer itself. In these instances, we have responded by working with the relevant parties to reaffirm with contractors our sustainability policies and their contractual obligations and to ensure they are enforced.

As at December 2016, 73% of all grievances registered in 2016 had been successfully resolved to the satisfaction of the party making the complaint. As of August 2017, three grievances remain on going and are expected to be resolved by the end of August 2017.

Figure 3: Grievances reported and resolved

Community	Grievances 2016		Grievances 2015	
	Raised	Resolved	Raised	Resolved
Çöpler	2	1	6	6
Iliç	6	6	3	3
Other Iliç villages	1	1	2	1
Contractors	6	6	0	0
Sabirli	3	3	2	2
Yakuplu	5	3	5	4
Total	23	20 (83%)*	18	18 (100%)*

* As of August 2017

Chapter 2:

Human capital: prioritizing safety and local leadership

47%

reduction in TRIFR* over two years

42

hours of training per employee in 2016

57%

of workforce is drawn from local communities, including 100% of unskilled and semi-skilled workers

* Total Recordable Injury Frequency Rate

2.1 Safety & Health: Our top priority

From exploration to extraction our workforce is the backbone of our success. Therefore it is Alacer's top priority to ensure we provide an environment where everyone goes home safely at the end of each shift.

Our safety policies are underpinned by a rigorous set of safety systems and procedures, a culture of openness and transparency on safety issues and a philosophy of individual responsibility. At Çöpler Mine our safety management system is guided by the OHSAS 18001 international standard.

Employees receive extensive safety training covering areas such as the use of personal protective equipment (PPE), risk identification and mitigation. We provide additional special training where needed and for emergency response teams. Our training programs are aligned with industry best practice and satisfy all local host country legislative requirements.

"We are determined to ensure our employees go home safely at the end of each shift. Simply put, our goal is zero harm."

Ahmet Ozan Uyanik, Operations HSR Manager



Building a safety and risk culture

In the remote area of central eastern Turkey where Çöpler Mine operates, general safety awareness and risk perception is still developing. Like in many places, one of the biggest challenges we face is to develop robust safety standards on the Çöpler mine site and improve the safety awareness and understanding of our locally-based workforce.







For this reason one of the most critical parts of our safety program is communication. We are committed to maintaining a steady and transparent flow of safety-related information throughout the company. Incidents and hazards identified are reported throughout the group in daily flash reports – which are readily available in both English and Turkish – as well as emailed to management and department heads. We are also developing flash cards with pictograms for those workers whose literacy levels are low. This information is complemented by daily safety briefings with all shift supervisors covering areas such as our six safety essentials (see Figure 4), our critical controls and general health issues. During

these briefings any incidents that occurred or hazards identified the previous day are discussed, and best practice responses are put into action. We also hold weekly toolbox meetings which focus on a rotating set of health and safety issues.

As part of our determination to embed a wide safety culture, every month Çöpler Mine holds health and safety committee meetings, with heads of departments, shift supervisors, representatives of the labor union and representatives from our onsite contractors. These meetings provide a forum to discuss any health and safety issues that emerged during the previous month, to review performance at a department level and to set goals and tasks for the month ahead.

To incentivize world class health & safety standards at Çöpler Mine in 2017, we have significantly upgraded our safety targets to incorporate more leading indicators including reducing the total recordable injury frequency rate and increasing the remedial actions taken in response to Serious Potential Incidents (SPIs).

Figure 4: Our six safety essentials

	Always take care	Be observant, take your time and think safety first. Nothing we do is so important that we cannot take time to do it safely.
	Follow the rules	Safety procedures are designed to stop you from getting hurt. Ignoring them is unacceptable. If a procedure is unclear or unworkable then you must inform your supervisor.
	Do a risk assessment	Before starting work, a risk assessment identifying potential hazards must be in place. If you're unsure ask your supervisor. Risk assessments associated with routine tasks should be re-examined regularly.
	Intervene	Anyone has the right to intervene and stop work. If you believe your safety is being compromised, you have the right to stop work with management support and without repercussion.
	Manage any change	If there is a change or deviation to the planned activity, you must stop the job and re-evaluate the risk assessment and precautions taken.
	Wear Personal Protective Equipment	You must ensure that when you undertake any work, you wear the full PPE as identified in the risk assessment for the specific task.

Safety performance

As shown in Figure 5, 2016 saw a second consecutive year of reduction in our TRIFR. The TRIFR reduced by 5% in 2016, following a 44% reduction in 2015. This comes despite an increase in the total number of hours worked. Reporting of serious potential incidents increased – reflecting our focus on building a preventative risk culture.

After building a record of over one thousand Lost Time Injury (LTI) free days throughout previous years we were very disappointed to have two LTIs in 2016 and have responded to both incidents accordingly.

Looking forward, the real test of our safety culture and procedures is likely to be in the second half of 2017, when construction for the CSEP peaks. During this time Çöpler Mine will peak at approximately 2,500 additional workers on site and additional heavy machinery and risk, which will significantly change our safety risk profile. The robustness of our safety and risk awareness culture and procedures will be tested again when the CSEP becomes operational. We continue to work daily to prepare for this expansion, building a safety risk and hazard awareness culture into all elements of Çöpler Mine's operations and investing in further training for all employees and onsite contractors.

Total Recordable Injury Frequency Rate:



Figure 5: Safety performance

	2016	2015	2014
Total hours worked	3,919,500	2,963,177	2,538,764
Lost time injuries	2	0	0
Lost time injury frequency rate	0.51	0	0
Medical treatment injury	6	3	11
Minor injury	30	30	43
Restricted work injury	5	6	6
Total injuries	43	39	60
Total Recordable Injury Frequency Rate	12.50	13.16	23.63
Serious potential incidents	14	10	10
Serious Potential Injury Frequency Rate (SPIFR)	4.85	3.94	3.37

2.2 Local employment

Recruiting Turkish nationals and in particular, workers from as close to mine sites as possible is a central part of Alacer’s recruitment and retention strategy. At Çöpler Mine this has led to a human resources priority of recruiting Turkish nationals and in particular, workers from local villages. As shown in Figure 6, our policy at Çöpler Mine is to first recruit from the local communities directly affected by the mine, followed by the local district and Erzincan Province, then nationally and finally from outside of Turkey.

There are several strategic benefits to our business from prioritizing local employment in this way. Most critically it helps create a sense of collaboration and shared benefits with the local community that underpins our social license to operate. At the same time it helps us keep our overall cost base competitive.

For the Çöpler Operations we have set ourselves the following targets for employment from our host communities and of Turkish Nationals:

- **90%** of unskilled workers should be from the local communities directly affected by the mining operations;
- **80%** of semi-skilled worker should come from settlements either directly affected by the mine or adjacent to it, and;
- **80%** of the skilled workers should be Turkish citizens.

Figure 6: Local prioritization for our human resources



Our performance

Aproximately 35% of our total workforce, and 57% of Çöpler Operations employees were drawn from local communities in 2016. As set out in Figure 7 we meet or exceed all our local and national employment KPIs, drawing 100% of our unskilled and semi-skilled workers from immediately impacted communities, and 93% of our skilled workers are Turkish. We also encourage all contractors to prioritize employment from local communities.

We have high employee retention rates, and turnover of our unskilled and semi-skilled workers is very low. However, the turnover rate for skilled workers is higher due to the location of the Çöpler Mine in an isolated part of Eastern Turkey – an area perceived to be less desirable by many people from the urban centers of Western Turkey. This is a world-wide phenomena for mining companies as operations are often remote from urban areas. To help counter this we are investing in new facilities (such as sport clubs and improved quarters) both on site and in the community to help make the area more attractive to top talent.

Figure 7: Percentage of workforce drawn from local area at Çöpler Operations* (including contractors, excluding CSEP)

	2016			2015		
	Local	Nat	Expat	Local	Nat	Expat
Unskilled	87%	13%	0%	82%	18%	0%
Semi-skilled	33%	67%	0%	40%	61%	0%
Skilled	23%	75%	2%	21%	77%	2%
Subtotal	347	645	5	315	518	5
Total*	35%	64%	1%	38%	61%	1%

*Excluding CSEP, including contractors CIFTAY

2.3 Training

Erzincan Province, where Çöpler Mine is located has relatively lower levels of education than the national average and part of our commitment to employing a high proportion of local residents includes an ongoing investment in skills development. Our long-term ambition is to increase the proportion of skilled (or white collar) workers drawn from Çöpler Mine's local region.

As illustrated in Figure 8, we provided over 19,500 hours of training to our employees, an average of 42 hours of training per employee. Each worker also receives a minimum of 16 hours training in safety policies and procedures. Training is undertaken at all levels of the company from laborers to management and includes both technical skills such as welding, electrical and instrumentation and soft skills such as time and people management.

In 2016 we entered an agreement with Festo Didactic to establish a landmark training center in İliç center (see box out) near Çöpler Mine. The İliç Worker and Business Training Center provides training to employees, contractors and the wider community, with a focus on upskilling local residents. It is staffed by two fulltime experts from Festo Didactic and helps locals to gain the skills and international level qualifications needed to work in more skilled positions on our mine. This helps prepare the local workforce for when our CSEP becomes operational, as this will require a greater level of skills and technical expertise.

Ahead of the commissioning of the CSEP scheduled for quarter three 2018 we have already begun the work of job identification and skills mapping to identify those existing skilled workers at our existing operations who can be transferred to more technical roles at the CSEP. We initially expect to recruit only one third of new staff for the CSEP from the national and global market. These are required to ensure the experience and expertise required to run the more complex operations are fulfilled. The remainder will be sought from talented existing employees at Çöpler Operations and newly skilled people from the training center. Our plan is that over time, local workers will fill an increasing proportion of the roles at the CSEP.

Investing in the future: İliç Worker and Business Training Center

During 2016, to help develop the skills of the local community, and thereby bolster our opportunities for local recruitment, we opened a Business and Training Centre in central İliç.

The center is permanently staffed by two course leaders from the German industrial training organization Festo Didactic, and it provides a combination of theory and practical training on mechanical and electrical skills. Courses last 14 months and are available to locals who have successfully graduated high school and who pass an entrance exam.

At the end of the training, graduates leave with an internationally recognized sigma 6 level qualification, and good prospects to take up further development towards skilled work on the mine, or elsewhere. During the course of their study students also receive a small income (equivalent to the national minimum wage), to enable them to focus fully on the successful completion of their qualification. During 2017, we aim to train 80 people at the center.



Figure 8: Hours of training received by Alacer staff

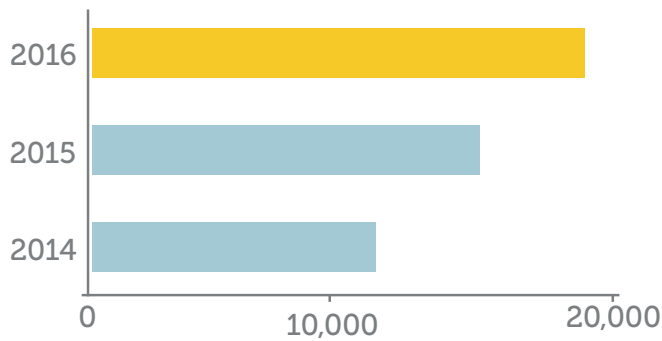
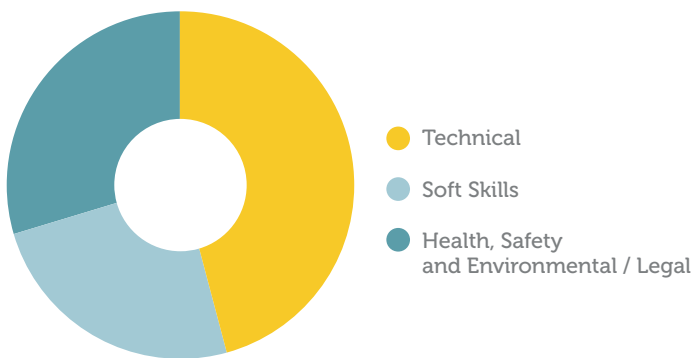


Figure 9: Type of training received in 2016



Mehmet İl - a project chemist on a mission to keep learning and help his community

Mehmet İl grew up and still lives in İliç center near our Çöpler Mine. He has worked at the Çöpler Mine or operations for ten years, almost since the very beginning, and he is now one of our Senior Project Chemists. He explains *“I came to Çöpler straight from the University of Firat, where I had studied chemistry. My dream was to work in a chemistry lab, and if the mine wasn’t here, it would have meant I needed to move away from my region, so I am happy to be here.”*

He continues, *“When I started there were just three people working in the lab, now there are 54, and 51 of them are local people. I enjoy working with people from my region and I like to see them getting work and being happy. Before there was not much work, but now people – particularly our youngsters are more hopeful for the future.”*

He adds, *“Anagold can help us to get more skills and knowledge and to improve our futures. I’ve had lots of training on many things from lab automation, safety and compliance as well as personal skills to help me manage people better. There are now 14 people in the labs working in skilled jobs – this is good for the local community.”*

Mehmet hopes he can be an example to inspire people from the local communities, he explains, *“In my spare time I hold meetings in our communities to talk to people about the importance of being healthy and of Çöpler’s life-saving safety rules and to help them better understand why they are important. I also visit the local schools to try and inspire local children to stay in school and go to University, I want them to know they can get a skilled jobs at the mine or anywhere if they want. For example my team we are local and we set a goal to become ISO 17025 accredited, it was very hard work but we did it and I am very proud of us getting an international standard.*

I want us as locals to be more ambitious – at the moment some people think they can leave school, do their military service and then get an unskilled job on the mine and they will be happy. But the mine will not be here forever. “



2.4 Industrial relations

Freedom of association is encouraged throughout our Corporation and we do not have any restrictions or prescriptions regarding union representation at our mine sites. At Çöpler Mine we believe transparent communications are critical to good relations with the workforce and we invite trade union and worker representatives to attend our regular HSE committee meetings.

All unskilled and semi-skilled workers at Çöpler Mine are members of the union, and we have enjoyed positive collaborative industrial relations since our operations began.

2.5 Diversity

We are an equal opportunity employer and our diversity policy prohibits discrimination on the basis of gender, religion or sexual orientation.

Women make up about 7% of our total workforce at Çöpler Operations and women have pay parity with men in similar positions. However, we also recognize that women tend to be under represented in our unskilled workers at Çöpler Mine, which is a specific challenge in our host region because local culture tends to discourage women from working.

To help address this we encourage women to participate in training through our new training center. We have also invested in a number of women focused community initiatives such as a copper handcraft project in Çöpler village, where women are taught to make and decorate copper plates (a traditional product of the Erzincan region) with the ambition to help them sell their products nationally and internationally.

Figure 10: Gender diversity 2016

Women	Local	Nat	Expat	Total	%
Unskilled	6	0	0	6	1.39%
Semi-Skilled	1	0	0	1	0.23%
Skilled	5	17	0	22	5.11%
Total*	12	17	0	29	7%

*Excludes CSEP, and subcontractors

Chapter 3: Creating lasting benefits for local communities

\$1.7m

community investment
in 2016, more than double
2015 levels.

\$8.5m

invested in community
projects since 2010 including
investments such as Anagold
Secondary School and vital
equipment for İliç state
hospital.

Over \$11m

of goods and services
procured from local
communities in 2016

3.1 Community relations

Strong community relations, and building a sense of a shared partnership with the communities in which we operate, is central to the success of our company. At Çöpler Mine, our team engages frequently with local elders such as Mukhtars, political leaders, head of unions and many other local stakeholders.

Our two clear goals for community relations are: 1) to maximize the number of beneficiaries from the project-affected settlements and 2) to foster long-term economic growth that is not dependent on the mine.

Our community relations work at Çöpler Mine is underpinned by a diverse set of community and social policies and plans including a Stakeholder Engagement Plan (SEP), Community Health Safety Security Plan (CHSSP), Cultural Heritage Management plan (CHMP) and social risk assessments. These policies and plans have been designed to comply with international best practice such as the IFC Performance Standards – often well exceeding the requirements of Turkish law.

To manage our spending on community development we have set out in our Donations Policy four priorities for investment at local level.

These are:

- **Education** – To strengthen academic opportunities in our areas of operation.
- **Health** – To improve access to healthcare services in our areas of operation.
- **Community development** – To create long-term economic development in our areas of operation that will remain viable after the closure of the mine.
- **Culture and sport** – To protect and promote the existing culture and heritage of our areas of operation.

All requests for community investment and donations are assessed by our External Affairs Department and analysed against our SECAR (standard evaluation criteria for assistance requests), other relevant policies and budget. The request is then presented to the Mine General Manager or higher for approval from a business perspective. Finally, it goes to the compliance committee for sign-off to check it meets the terms of the Foreign Corrupt Practices Act among other compliance issues. We continue to monitor this process at a senior level and to keep it open to potential improvements.

Our performance

Our stakeholder engagement continued to reach all parts of the community in 2016 and included over 798 meetings with a variety of stakeholders.

As shown in Figure 11, our investment in community development reached \$1.7m in 2016. This was almost double the investment in the previous year. Some of the projects supported in 2016 included:

- **Education** - Establishment of the İliç Business and Training Center, including provision of scholarships for 76 students.
- **Health** – Awareness raising projects to raise the profile and prevent the spread of gynecological diseases. Provision of X-ray facilities for the local hospital. Tooth brushing campaign in local schools.
- **Community development** – Establishment of a seed processing facility in collaboration with the İliç Chamber of Agriculture
- **Culture and sport** – Sponsorship of İliç and Erzincan sports clubs, financial contributions to local schools to assist with the costs of cultural festivals.

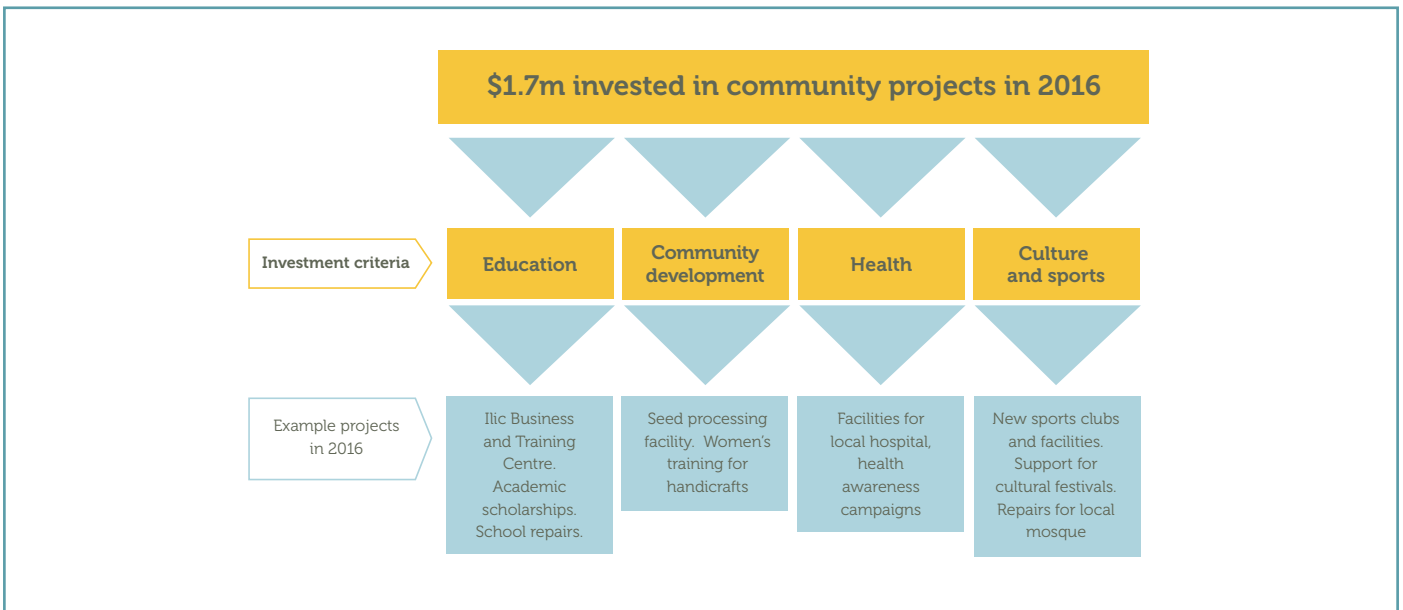
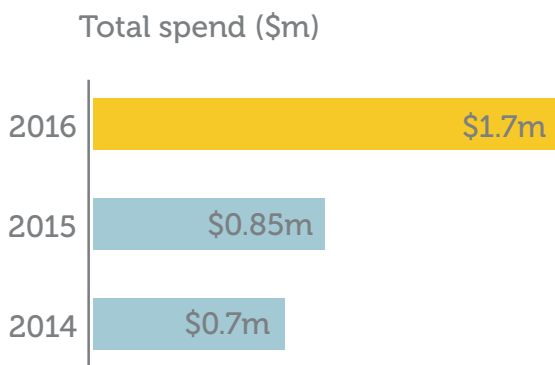
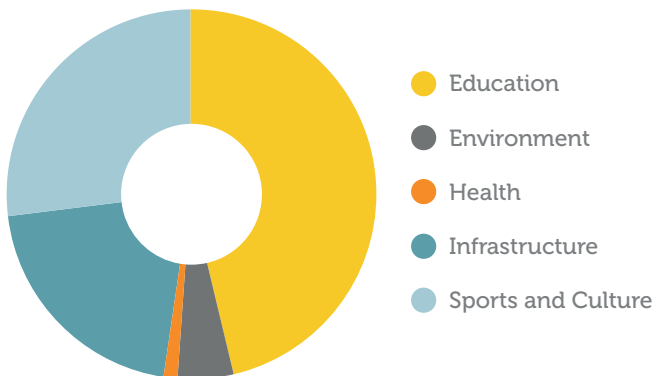


Figure 11: Community development spend



Since operations began in 2010 we have contributed more than \$8.5 million to community projects. A breakdown of community relations spend by project type since 2010 is included in Figure 12. Standout projects include a \$2.9 million investment for the construction and establishment of a new secondary school in İliç center, \$100,000 for a project to improve access to potable water for the people of the nearby Sabirli village, \$40,000 for an X-ray unit for İliç hospital, \$10,000 for a copper handcraft training program for the women of Çöpler and Sabirli villages, significant investments in local infrastructure such as the maintenance and repair of local streets and the relocation of the Çöpler village detailed later in this chapter.

Figure 12: Breakdown of community investment by theme



X-ray vision brings business benefits

The district of İliç where Çöpler is located is a remote area of eastern Turkey, where access to basic health care is limited. When serious illness or injury occurs the local population have had no choice but to go to Erzincan the provincial center, more than 150 km away and a two-hour journey on winding roads through mountains and valleys.

When a new hospital was built in the district, Alacer decided to assist by contributing \$40,000 for the purchase of an X-ray unit for the hospital.

This has helped to bring improved access to healthcare for the local community and also created benefits for speed of treatment. In the event of an accident on site we would be able to more quickly get the injured party evaluated. More over, all our workers are required to undergo regular health check ups – including X-rays.

Previously this required workers to make the long journey to Erzincan. Now, they are able to receive their medical examinations a few kilometers from site and quickly return to site and work.



Improving academic opportunities for local students

Between 2013 and 2014 Alacer funded the development of Anagold Secondary School, a major new school for pupils aged 10-14 located in İliç center close to our operations. Since the opening in 2015, it has proved a major success, achieving strong pass rates and bringing up educational attainment in the area.

The impressive new building provides schooling for 302 local secondary school students, who had previously attended a school where primary and secondary students shared facilities – leading to cramped conditions and overcrowded classes.

Students at Anagold Secondary school now not only benefit from new facilities such as a library, sports fields and IT facilities, they also benefit from class sizes of around 20 pupils. An enormous improvement for the students who previously had to share classrooms, boosting educational opportunity.

Alongside the school Alacer also funded the creation of accommodation for teachers at the new secondary school. Rising prosperity in the community has pushed market rents up, making it more difficult to recruit teachers. Therefore to help ensure the best teachers possible are employed at the school, we took the decision to fund affordable accommodation for teachers. Like the school, ownership of these facilities was handed over to the relevant authority for management.

In the future Alacer will continue to track the achievement outcomes of students at the school.

3.2 Supply chain management

- Over \$11m of goods and services procured from local communities⁶ in 2016.
- For the Çöpler Mine to date, 6.1% of purchases have been made from locally-based business.
- Over \$217m of goods and services procured from within Turkey - over 84% of total procurement spend.

Mining operations require a wide range of goods and services such as heavy-duty equipment, Personal Protective Equipment (PPE), fuel and drilling equipment. Alacer sees procurement as an important opportunity to foster partnership with our host country and communities and has an explicit policy to prioritize procurement from local suppliers where it meets our criteria. In this way we leverage the economic benefits of our operations.

Our policy is to procure from local suppliers if the right level of expertise exists and where it does not we work to provide support to infant local businesses to build capacity. At Çöpler Operations we have a target for at least 6% of procurement spend to come from businesses based in the towns and villages closest to the mine or the wider local district.

Our commitment to developing local capacity includes providing training and support for local company managers in areas such as tendering, contract administration, general financial issues, communication, worker relations and vocational requirements. An important part of this capacity building is encouraging local companies to look beyond Alacer as a market for their goods and services, hence building the foundations for viable local economic development long after the life span of our mine.

All suppliers must respect our sustainability related policies, and follow a set of minimum standards of responsible business conduct comparable to what we expect of ourselves. For example, we require that all contracts have provisions on anti-bribery and other sustainability policies. This is helping raise sustainability standards in the İliç district, Erzincan province and wider Turkey.



6 Çöpler, İliç Sabırlı, Yakuplu, Kemalije,, Bağıştaş Ortatepe

Our performance

At Çöpler Mine over \$11m of goods and services were procured from local communities closest to the mine in 2016, this represents around 4.4% of total spend and over 10% of the mine operation's purchases if CSEP and other projects are excluded. To date, local procurement for Çöpler Mine has averaged a total of 6.1%.

To help drive up local spend in the coming years we are continuing to work to map local suppliers and their capacities, and to expand their skills and capabilities to deliver the goods and services we need.

In 2016 more than \$217.5m of goods and services were procured from within Turkey, this represents over 84.6% of our total procurement spend.

We also had several positive initiatives with local businesses throughout 2016 to help sustainability standards and long-term prospects. For example, we worked with a Turkish mining contractor to help them expand their business to other mining sites in Turkey and beyond including integrating Alacer's safety procedures and road safety awareness into their own practices at all of their workplaces.

3.3 Closure planning

As with all community and social plans and policies, Çöpler Mine's closure plan is underpinned by an ambition to leave a positive lasting legacy for the local community and to restore and rehabilitate the local environment, leaving behind minimal environmental impact.

Our plans exceed Turkish legislative requirements for the Reclamation of Mined Land, and are in line with the relevant IFC guidelines and requirements of the Equator Principles. Each year a proportion of revenue is set aside and ring-fenced to ensure the costs of rehabilitation and restoration are met.

We have developed specific closure plans for Çöpler Operation's oxide operation and the CSEP, including the heap leach and the Tailings Storage Facility (TSF) inline with the highest industry standards. Each closure plan includes robust measures to ensure all health and safety requirements are met and actions to ensure a healthy ecosystem with as much of the original biodiversity as possible restored.

3.4 Human rights

Our group-wide human rights policy integrates a set of human right best-practice requirements including zero-tolerance for exploitative, forced or compulsory labor or child labor. Our corporate target for human rights and security is for zero non-compliances with the IFC Performance Standards – a target that was achieved in 2016.

We have a proud history of respecting human rights and have never been subject to any allegations of human rights abuses or breaches. We pro-actively promote best practice human rights standards through our affected communities and through out our supply chain.

We ensure that all our security forces have had appropriate training in human rights with reference to the UN Voluntary Principles on Security and Human Rights. We have formal disciplinary procedures in place should any personnel be subject to credible allegations of human rights abuse.



3.5 Resettlement

The development or expansion of a mine sometimes involves the need to relocate people away from their homes and pastures. Resettling communities is one of the most sensitive challenges faced by mining companies.

Alacer's resettlement policy is to minimize the need for involuntary resettlement as much as possible. Where resettlement is required, in line with national legislation and IFC Performance Standards, the resettled community is the focus of the process and ensures their standard living is either restored or improved.

Thus far, during the life of our Çöpler Mine, the only resettlement necessary has been the relocation of the Çöpler village in 2010 (see box out). The resettlement of Çöpler involved lengthy and wide-reaching consultation with the local community and the results were incorporated into the Resettlement Action Plan (RAP), alongside a socio-economic baseline study, human rights assessment, an environmental management plan and a biodiversity assessment.

We do not foresee the need for any further resettlements in 2017.



Resettled Çöpler village

Resettling Çöpler village

To date Alacer has needed to resettle one village to accommodate operations – the village of Çöpler where the main pit is now located, and after which our mine is named. While the physical act of resettling Çöpler village took place through 2010 and 2011, the resettlement process began in 2008.

We undertook a thorough consultation process in line with IFC guidelines and Turkish legal requirements. The consultation involved all Çöpler residents, national and regional governments, the Çöpler external affairs department and mine management and led to the creation of the RAP.

In 2010 when construction of the new Çöpler village began, the old village consisted of forty-five houses (approximately 70m² in size on average) and was home to 231 people, who relied on animal husbandry for income.

Çöpler village was relocated to a picturesque site overlooking the source of the Euphrates and three kilometers away from the site of the old village. It has ready access to power from the nearby hydroelectricity station. The newly located Çöpler village consists of 33 duplex houses, with a floor space of 137m² nearly double the space of previous houses. Many Çöpler residents have subsequently decided to turn their duplexes into two houses. Alongside new houses, as part of the RAP we also built a primary school and children's playground, a mosque, an office for the Mukhtar and retail space for businesses. The village is now home to a supermarket, a hairdresser and women's handcraft cooperative.

Many Çöpler residents are now employed on the mine either as direct employees or are contractors. However following resettlement many local women complain of boredom, as they no longer work in the fields or with animals. To help combat this, we are working on a number of women's empowerment projects through our community relations budget – such as a project to make and sell traditional copper handcrafts.



Old Çöpler village

Chapter 4: Responsible stewardship of the environment

First formal baseline greenhouse gas emissions assessment completed, ahead of Sulfide Expansion Project coming online, showing approximately

79,295 tCO₂

emitted in 2016

Work on a Tailings Storage Facility has begun following detailed environmental assessments

Biodiversity Action Plan

in place to protect flora and fauna.

It is Alacer's moral obligation, and in the company's best interests, not to leave behind any long-term environmental liabilities at our mine sites. From minimizing our waste, water and energy use, to protecting the biodiversity that enables our mines and host communities to thrive – our aim is to put in place world-class environmental management standards both on site and in the community.

During any project's feasibility stage we conduct environmental impact assessments to understand the environmental risks involved. These assessments and studies inform our mine's environmental management system, which is in line with national regulations and international industry guidelines including the IFC Performance Standards and the Equator Principles. Our Çöpler mine is certified to ISO 14001 standards.

4. 1 Environmental incidents

One of the key ways we track our environmental performance is through environmental incidents. We use a risk matrix to assess our environmental risks, and determine the consequence of a negative environmental incident that may occur. As set out below environmental risks are rated on a one-five scale of consequence.

These are:

- 1 Localized impact within an existing disturbance that does not cause disruption to operations
- 2 Confined and short-term impact area within the mine site. Reportable to external authorities but no penalties are applicable.
- 3 Medium-term impact affecting a localized area not previously impacted. Reportable incident and/or minor breach of license conditions resulting in minor infringement or fine.
- 4 Long term impact over extensive area that may last 12 months or more, partial shutdown of operations.
- 5 Major incident resulting in loss/suspension of operating license.

Our goal at Çöpler Mine is to have zero reportable incidences (scale two or above), and to have zero non-compliances with environmental legislation.

As shown in the chart below we had a total of 35 environmental incidents in 2016, a 20% decrease on 2015. The bulk of the environmental incidents are small and localized spills of hydrocarbons or chemicals such as sodium hydroxide, nitric acid or slaked lime. Only one of the 35 incidents that occurred in 2016 was at reportable level. The reportable incident occurred when a line carrying solution to the heap leach burst, spilling 20 m³ of leach solution onto the pit haul road. The incident was reported to the relevant authorities and appropriate clean up action taken, including:

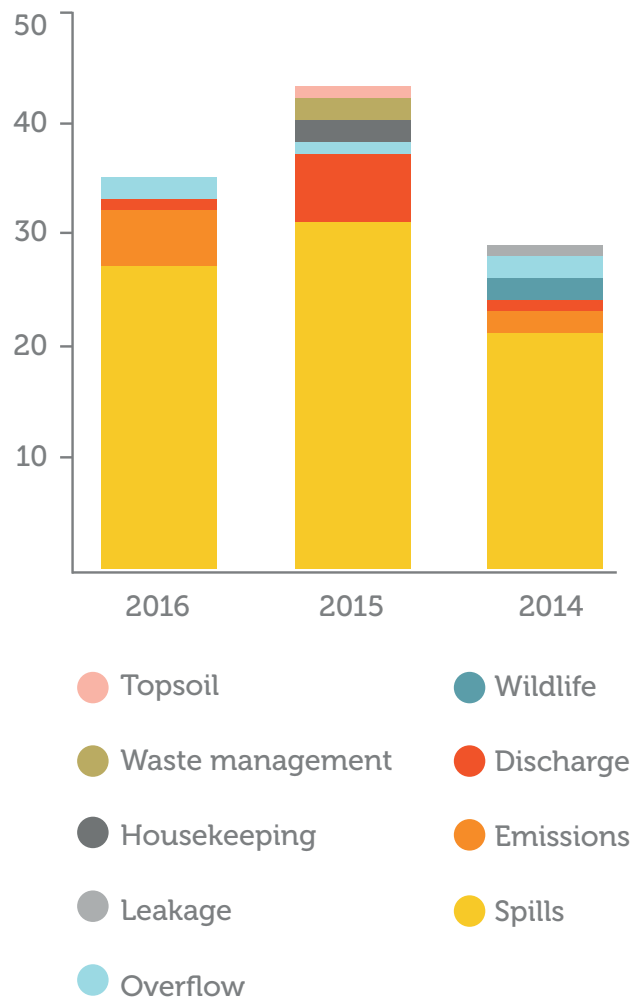
- The creation of berms to contain the spill.
- The contaminated area was scraped with a grader and added to the heap leach.
- Another spill ditch was opened and directed to the heap leach.

There have been no level 5 incidents in our corporate history.

Figure 13: Environmental incidents by level of classification severity

	2016	2015	2014
Level 1	34	42	30
Level 2	1	2	0
Level 3	0	0	0
Level 4	0	0	0
Level 5	0	0	0
Total	35	44	30

Figure 14: Environmental incidents by type



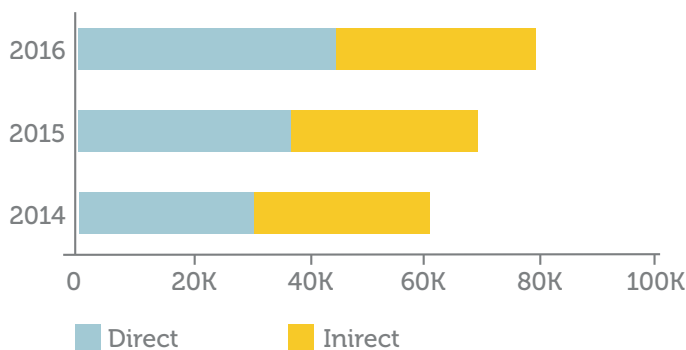
4.2 Energy and emissions

Hydropower is often cited as one of the most environmental and cost-effective options for power generation. It can create significant levels of energy without causing air or water pollution, and it does not leave any toxic waste behind. It is also an inexpensive source of power, and unlike fossil fuel based generation, costs tend to remain generally stable. Almost all of the energy needed to power our Çöpler operation is drawn from the Bağıştaş hydro power station a few kilometers away on the Euphrates River and generates about 3 times the full power requirement of the mine after the CSEP is commissioned. The station is part of the Turkish national grid and our operations are connected to the Bağıştaş station by a direct overhead line.

The capacity of the Bağıştaş station is sufficient to meet all Çöpler Mine’s current and anticipated power needs as well as those of local communities. Thus our greenhouse gas emissions are relatively low at 79,295 tCO₂ for 2016 and emanate mainly from mining activities (haul trucks, excavators, drills etc). This is a 13% increase on 2015, caused by increased production and the commencement of construction for the CSEP. We have diesel generators on site to serve as emergency back-up capacity. They contributed to less than 1% of our total emissions in 2016.

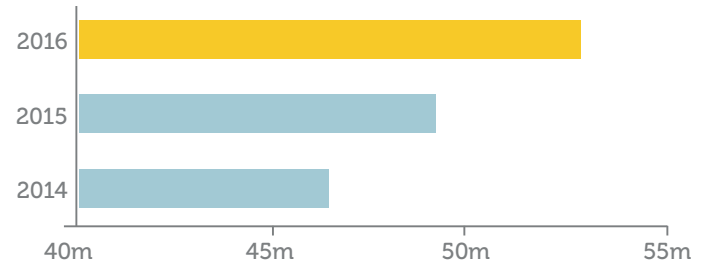
2016 was the first year we worked to formally calculate our greenhouse gas emissions and we plan to use this as a baseline study against which future measurements and targets for emissions and emission reductions will be set.

Figure 15: GHG emissions in 2016



* Process emissions, mining activities and emergency power generation
 ** Electricity usage and electricity-source contributions to the national grid.

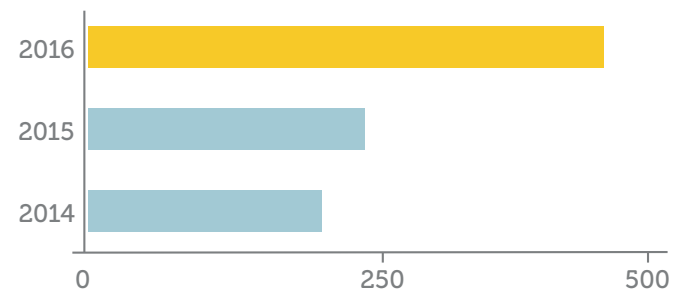
Figure 16: Annual electricity use kWh



In 2016, Çöpler Mine’s energy use was 53.8 GWh, which was a slight increase on 2015, in large part due to the start of construction of the CSEP. The construction of the CSEP is likely to increase power demand in 2017 and we anticipate that once this project is completed in 2018 energy use will increase further with the commissioning of the pressure oxidation plant.

Our energy efficiency in 2016 declined to 443.8kWh/ ounce of gold produced. This increase is due to a decline in production in 2016 and ramp up of the construction of the CSEP. In 2017 we aim to ensure we use energy as efficiently as possible including through the introduction of power saving technology and awareness campaigns for all staff.

Figure 17: Energy efficiency per ounce of gold produced (kWh)



4.3 Water management

Our Çöpler Mine is not located in a water scarce area, but given its location near the source of the historically and culturally important Euphrates River, the way we manage water remains extremely important.

All the water we abstract for our operation is groundwater, and our water use is governed by strict permits for discharge, abstraction and pollution under Turkish national regulations. Turkey’s water regulations are aligned with those of the European Union. Our aim is keep well within those limits.

At Çöpler Mine we regularly monitor the quality and quantity of surface and groundwater both on and off-site, and sound water management practices have been implemented in the design of all parts of the mine. For example, the water used in heap leach processing is part of a closed-loop cycle that recycles as much process water as possible. This helps us to reduce both the amount of water we abstract and the amount of water

we discharge back to the environment. This philosophy has also informed the design of our CSEP, and in particular the new TSF, which will include additional steps to thicken tailings by recovering any excess water for reuse and recycling in the process plant, before tailings are sent for storage.

The most significant source of water that we discharge is treated wastewater from the administration buildings and residential quarters. We aim to discharge water back into the environment at the same or higher quality as water abstracted and within the Turkish and international guidelines.

In 2016, our total abstraction of fresh water fell for the second consecutive year, to 833,054 m³ an 11.9% reduction on 2015 and 21% reduction on 2014. This is well within the limits of our permit. However, our water use efficiency slightly deteriorated in 2016, as a result of mine design restrictions.

Figure 18: Total fresh water offtake (m³)

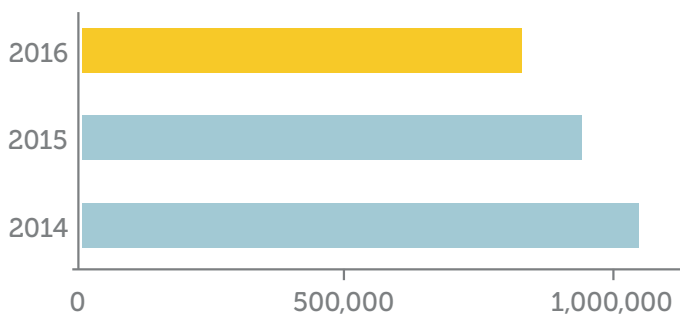
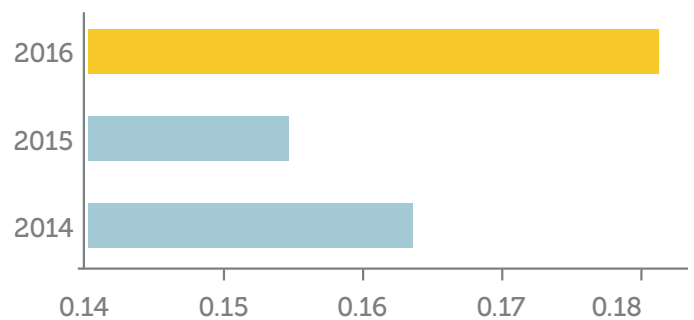


Figure19: Total water use efficiency m3 / tonne mined



4.4 Waste management

Mining generates a large amount of waste – the majority of this in the form of waste rock. Waste materials also include waste oils from vehicles and machinery and domestic wastes from the administration buildings and worker residences.

We have waste management plans in place to ensure all waste generated by our operations is dealt with in a safe and responsible manner.

At Çöpler Mine our most significant waste product by volume is waste rock. Our management of this waste meets of national laws and regulations as well as IFC Performance Standards, with geotechnical engineers responsible for ensuring the structural stability of our heap leach facilities and waste rock dumps. In line with IFC guidelines, the slopes of the heap leach and waste rock dumps are shaped to ensure stability – an important consideration in a relatively active earthquake zone.

Cyanide Management

Our use of cyanide is governed by a Cyanide Management Plan and a Hazardous Substances Management Plan, developed in accordance with requirements of Turkish regulations and the principles of the International Cyanide Management Code (ICMC). The processes stipulated in our Cyanide Management Plan apply throughout our cyanide supply chain including procurement, transport, storage and application. All appropriate workers are trained in safe handling techniques for cyanide and we have emergency response plans in place based on ICMC principles in the event of any accident.

The amount of hazardous waste that has been recycled at Çöpler Mine has increased significantly over the past three years, from approx. 20 tonnes in 2014 to 270 tonnes in 2016. This is highly encouraging as it means less hazardous waste requires disposal.

Figure 20: Waste managed, tonnes

	2016	2015	2014
Waste rock	28,846,108	24,833,830	22,959,312
Hazardous waste	324.1	252.2	158.4
Waste Recycled			
Hazardous	270	158.5	19.5
Recyclable Scraps	388.6	875.6	Not available
Waste to Disposal			
Hazardous	54.1	93.7	138.9
Domestic	Unknown	Unknown	Unknown

Designing our TSF to the highest standards

Tailings are the fine-grained materials left over after gold and other valuable minerals have been removed from the ore we extract. Currently Çöpler Operations use heap leach processing to extract gold from the ore, and have not needed a TSF, as it remains on the heap. Our new CSEP however, which is due to start operations in the third quarter of 2018, will generate tailings. Therefore in 2016 we began the construction of a TSF.

In total 12 potential sites for the TSF were considered and ranked against a number of environmental, social, technical and economic considerations. Ultimately the site in the Sabirli valley adjacent to our operations was selected. The design of the TSF has undergone rigorous checks to ensure the facility meets and exceeds international industry best practice guidelines including those of the IFC and World Bank, the International Committee on Large Dams and the Turkish General Directorate of State Hydraulic Works.

Prior to disposal all tailings will be subject to a cyanide detoxification process, which reduces the cyanide content to 5 parts per million meaning it is classified as Class-II (non-hazardous). However, we take a 'belt and braces' approach to safety, and the liner system designed for the TSF has been developed to fulfill the requirements for Class-I (hazardous) waste. This includes:

- High Density Polyethylene (HDPE) - a high-performance material with proven effectiveness;
- A geo-synthetic clay liner to provide high integrity re-seal potential;
- A layer of low permeability clay;
- Two engineered drainage layers (fine and coarse) to direct any liquor to the under-drain system;
- Tailings are also thickened before storage to remove any excess water.

The TSF is also designed to withstand an earthquake up to a magnitude of 7.5 on the Richter scale. To protect flora and fauna in the Sabirli valley we have also developed a Biodiversity Action Plan that will run alongside the development and operation of the TSF. For example, the plan has put in place monitoring to ensure local wolf packs do not stray into or incur harm from the development.

Once the CSEP is operational approximately 6,293 tonnes of tailings will be pumped at a slurry density of 28% by weight from the tailings thickener to the TSF each day. By the time the mine closes the TSF will cover 129 hectares, be up to 100 meters tall and hold an estimated 45.9 Mt of tailings.

Given the scale of the facility and its position over the Euphrates, we have also taken extra precautions for its treatment at closure. This includes:

- Active management of over-drain seepage throughout the life of the TSF;
- The placement of a layer of waste rock to act as an additional break to prevent tailings water seepage or movement;
- The application of one meter of fine-grained cover material on the surface of the waste rock cover;
- Revegetation of its surface with native grasses and bushes, to help it blend into the environment.



4.5 Biodiversity management

Carefully managing and maintaining the range of biodiversity on and near our site is vital for the on-going health of our local environment and community livelihoods. We take careful note of any flora or fauna on site through biodiversity baseline studies that we conduct before any operation or expansion takes place.

Seeds from all local endemic plants are sent to the Turkish national seed bank for storage and satellite imagery is reviewed to monitor changes in vegetation cover and measure affected areas as a result of mining activities.

Our Çöpler Mine has an aim of zero net negative biodiversity impacts by the time operations close, and our efforts to protect biodiversity are set out in detailed biodiversity plans for our oxide operations and the CSEP. We have a number of camera 'photo-traps' positioned around site to help us continually monitor the fauna on site, and members of our environmental team have been trained in safe handling procedures, should any wildlife need to be relocated away from operations. We are also looking to implement on site biodiversity reporting protocols to help us map and better understand wildlife movement patterns and risk spots on site.

Some examples of fauna found on or near the Çöpler Mine include wolf packs, foxes, lynx and a protected species of wild goat. One biodiversity challenge for the region is hunting as despite government restrictions on hunting (particularly for the wild goat), some members of the local community still hunt. To help combat this, we are looking into running additional community sensitization training on the importance of biodiversity.

Going forward we plan on investigating the use of biodiversity offset projects, in recognition that it is impossible to completely restore and rehabilitate a mine site to its pre-mining standard, and to help us achieve our goal of zero net biodiversity impacts.

4.6 Air quality

Dust is generated across many parts of mining operations, including the movement of large vehicles on haul roads, from waste rock dumps, the crushers in-pit blasting and the heap leach. High levels of dust in the air can cause discomfort for people and livestock – including breathing issues and irritations to the eye.

At Çöpler Mine the issue of dust is further exacerbated by the location of operations in a high desert and an area that receives a relatively low level of annual rainfall of approximately 389mm per year – most of which comes by way of snowfall in winter.

To help us monitor and manage dust we have built a network of monitoring stations and controls points, across the site and at certain points in the local community.

Through these monitoring stations we regularly monitor and record levels of airborne particulate matter and dust fall out and report these to the relevant authorities.

To help minimize the dust levels on site and in the community, we have a number of water trucks working to regularly suppress the dust on heavily used roads. Road wetting trucks can be called to action as needed if dust levels are particularly high in certain areas.

We complied with all local and IFC air quality standards in 2016. To further address the issue of dust on site and throughout our communities we have been investigating the potential of dust suppressing products, and will be trialing an organic product from a Turkish supplier in 2017.



We welcome feedback on this sustainability report and the activities described within. Please direct any queries or feedback to info@alacergold.com



ALACER GOLD

Appendix:

Materiality Assessment methodology and GRI Content Index

This is Alacer's first sustainability report and our most material sustainability issues for 2016 were primarily identified through interviews with members of Alacer's senior management and members of the operational team at our Çöpler Mine. This was supplemented by an analysis of the sustainability priorities raised through our grievance mechanism and brought up in meetings with external stakeholders such as local 'Mukhtars', contractors, suppliers, investors and NGOs.

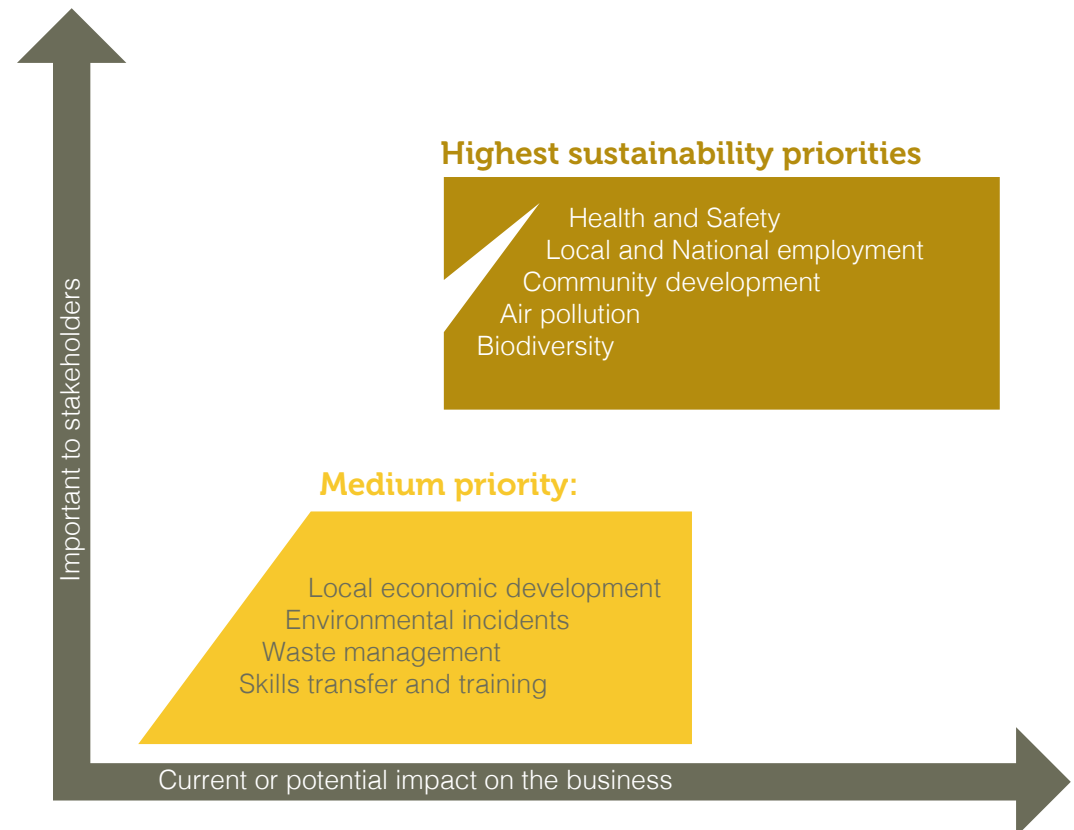
We plan to conduct a full materiality assessment and stakeholder survey as part of our 2017 Sustainability reporting process.

Our 2016 process identified the following five issues as our highest sustainability priorities for 2016:

- Health and Safety
- Local and National employment
- Community development
- Air pollution
- Biodiversity

While four further issues were identified as medium priority:

- Local economic development
- Environmental incidents
- Waste management
- Skills transfer and training



GRI STANDARDS CONTENT INDEX 2016

This table sets out how the GRI Reporting Framework has been applied across our 2016 Sustainability Report. Where relevant it also includes references to our Annual Report and website. The GRI Reporting Framework is part of our commitment to sustainability and transparency. Our Sustainability Report has been produced according to the GRI Standards Guidelines and the Mining and Metals Supplement. We are reporting to be 'In Accordance - Core' with the GRI Standards guidelines.

GENERAL STANDARD DISCLOSURES

GRI STANDARDS indicator	General standard disclosures	Status	Location and notes
STRATEGY AND ANALYSIS			
102-14	Statement from most senior decision maker	Fully reported	See 'Foreword' p.3
ORGANIZATIONAL PROFILE			
102-1	Name of the organisation	Fully reported	Alacer Gold Corp.
102-2	Activities, brands, products and services	Fully reported	Gold mining
102-3	Location of HQ	Fully reported	Colorado, USA.
102-4	Location of operations	Fully reported	Turkey
102-5	Nature of ownership and legal form	Fully reported	Alacer is a Canadian corporation incorporated in the Yukon territory. With a primary listing on the TSX, and a secondary listing on the ASX.
102-6	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Fully reported	See 'About Alacer and this report', pp.4-5.

102-7	Scale of the organization	Fully reported	<p>Total capitalization: USD\$ 798m Production quantity: 119,036 ounces Gold sales: USD\$142m</p> <p>Net Profit: USD\$16m For more information see Alacer Consolidated Financial Statements at http://www.alacergold.com/docs/default-source/Regulatory-Filings/alacer-q4-2016-fs-final.pdf?sfvrsn=2</p> <p>See Chapter 2: Human capital prioritizing safety and local leadership, pp.13-19, particularly section 2.2 local employment, p.16.</p>
102-8	Employees		<p>See Chapter 2: Human capital: prioritizing safety and local leadership, pp. 13-19, particularly, section 2.2 Local employment, p. 16, and section 2.5 Diversity, p.19.</p>
102-41	Report the percentage of total employees covered by collective bargaining agreements.		<p>See Chapter 2: Human capital: prioritizing safety and local leadership, pp. 13-19, particularly, section 2.4 Industrial relations, p.19.</p>
102-9	Describe the organization's supply chain.		<p>See Chapter 1: Our governance of sustainability, pp.8-12, particularly section 1.2 Corporate sustainability policies, p.10. Also see Section 3.2 Supply chain management, p.23.</p>
102-10	Report any significant changes during the reporting period regarding the organization's size, structure,		<p>No significant changes to the organization's size, structure,</p>

	ownership, or its supply chain		ownership or supply chain during the reporting period.
102-11	Report whether and how the precautionary approach or principle is addressed by the organization.		We address the precautionary principles by conducting full environmental and social impact assessments (ESIAs) before any projects commence, through our risk assessments on site, which include sustainability risk, and through our Board-level strategic planning.
102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.		See Chapter 1: Our governance of sustainability',pp. 8-12.
102 -13	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues 		Alacer is not a member of any trade or lobbying organizations. See Chapter 1: Our governance of sustainability, pp. 8-12.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
102-45	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		See Annual Report. The Sustainability Report covers all entities included in the consolidated financial statements.
102-46	The process for defining report content		See Chapter 1: Our governance of sustainability',pp. 8-12, and the defining our material issues appendix to this report.
102- 47	List all the material Aspects identified in the process for defining report content.		See Chapter 1: Our governance of sustainability',pp. 8-12, and the

			defining our material issues appendix to this report.
103-1	Aspect boundary - internal		See Chapter 1: Our governance of sustainability', pp.8-12, and the defining our material issues appendix to this report.
103-1	Aspect boundary – external		See Chapter 1: Our governance of sustainability', pp. 8-12, and the defining our material issues appendix to this report.
102-48	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		There are no restatements in this report.
102-49	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		None
STAKEHOLDER ENGAGEMENT			
102-40	Provide a list of stakeholder groups engaged by the organization.		See, Chapter 1: Our governance of sustainability', pp.8-12, particularly, section 1.4 Stakeholder engagement, p.12.
102-42	Report the basis for identification and selection of stakeholders with whom to engage.		See, Chapter 1: Our governance of sustainability', pp.8-12. Particularly, section 1.4 Stakeholder engagement, p.12.
102-43	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		See, Chapter 1: Our governance of sustainability', pp. 8-12. Particularly, section 1.4 Stakeholder engagement, p.12.
102-44	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the		See, Chapter 1: Our governance of sustainability', pp.8-12. Particularly, section 1.4 Stakeholder engagement, p.8. Also see the Defining our material

	stakeholder groups that raised each of the key topics and concerns.		issues appendix to this report.
REPORT PROFILE			
102-50	Reporting period (such as fiscal or calendar year) for information provided.		01 Jan 2016 - 31 Dec 2016
102-51	Date of most recent previous report (if any).		First report
102-52	Reporting cycle		Annual
102-53	Provide the contact point for questions regarding the report or its contents.		info@alacergold.com
102-54	Report the 'in accordance' option the organization has chosen.		'Core'
102-55	Report the GRI Content Index for the chosen option		See tables below.
102-56	Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)		This report has not been externally assured.
102-56	Assurance: Report the organization's policy and current practice with regard to seeking external assurance for the report.		This report has not been externally assured. External assurance is being considered for subsequent report.
GOVERNANCE			
102-18	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		See Chapter 1: Our governance of sustainability, pp. 8-12, particularly section 1.1 Board-led oversight, p.8.
ETHICS AND INTEGRITY			
102-16	Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and		See Chapter 1: Our governance of sustainability, pp. 8-12, particularly

	codes of ethics.		section 1.2 Corporate sustainability policies, p 10.
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SPECIFIC STANDARD DISCLOSURES

This table links the issues identified in our Materiality Assessment exercise with GRI standards aspects and indicators from both the main guidelines and the Mining and Metals Sector Supplement. As requested by the GRI guidelines, this table also identifies where the impact occurs for each material aspect (boundary). 'Internal' boundaries refer to impacts that occur within the fences of our mine concession areas on all our operational sites. 'External' boundaries refer to where impacts affect stakeholders outside the fences in all host countries.

Material Issues identified	GRI Standard Aspect	Boundary (I=Internal, E=External)	Disclosures	Information required
Local economic development	Indirect economic impacts	E*	203-2 Significant indirect impacts	See Chapter 3: Creating lasting benefits for local communities, pp.20-25.
Biodiversity	Biodiversity	I and E	304-4 IUCN Red list species and national conservation list species with habitats in areas affected by operations.	See Chapter 4: Responsible Stewardship of the environment, pp. 26-31, particularly section 4.5 Biodiversity management, p.31. Specifically, Alacer Gold Company has no operations that affect the habitats of IUCN Red list and national conservation list species.
Community development	Indirect economic impacts	E	203-1 Infrastructure investments and services supported	See Chapter 3: Creating lasting benefits for local communities, pp.20-25.
Local and national employment	Market presence	I and E*	202-2 Local management	See Chapter 2: Human capital: prioritizing safety and local leadership, pp. 13-19, particularly section 2.2 Local employment, p. 16.
Safety	Occupational health and safety	I*	403-2 Injury and rates of injury;	See Chapter 2: Human capital: prioritizing safety and local leadership, pp 13-19, particularly section 2.1 Safety our top priority pp.13-16.
Skills transfer and training	Training and education	I and E*	404-2 Programs for upgrading employee	See Chapter 2: Human capital: prioritizing safety and local leadership, pp.13-19. Particularly section 2.3 Training, p.17-19.

			skills and transition assistance programs.	Also see Case study: Investing the future: Ilic Worker and training centre p.18.
Environmental incidents	Environmental Compliance	I and E*	307-1 Non compliance with environmental laws and regulations	See Chapter 4: Responsible stewardship of the environment, pp.26-29. Particularly section 4.1 Environmental incidents p.26. AGC had zero non-compliances with environmental legislation and no fines in 2016.
Air pollution	Emissions	I and E*	305-4 GHG emissions intensity	See Chapter 4: Responsible stewardship of the environment, pp.26-29, particularly section 4.2 Energy and emissions, p.27.
Security forces	Human Rights	I and E*	410 -1 Security personnel trained in human rights policies or procedures.	See Chapter 3: Creating lasting benefits for local communities, p. 20-25, particularly, section 3.4 Human rights, p.24. A human rights training workshop was run in April 2017.
Waste Management	Effluents and Waste	I and E	306 -2 waste by type and disposal and MM-3 total amount of rocks, tailings and overburden.	See Chapter 4: Responsible stewardship of the environment, pp.26-31. Particularly, section 4.4 Waste management, p.29.