



**Management's Discussion and Analysis of
Financial Condition and Results of Operations**

**For the Year Ended December 31, 2016
(As of March 23, 2017)**

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THIS MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") IS INTENDED TO HELP THE READER UNDERSTAND ALDRIDGE MINERALS INC. ("ALDRIDGE", "WE", "OUR" OR THE "COMPANY"), OUR OPERATIONS, FINANCIAL PERFORMANCE AND PRESENT AND FUTURE BUSINESS ENVIRONMENT. THIS MD&A IS PREPARED AS OF MARCH 23, 2017, AND SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS AND THE RELATED NOTES FOR THE YEAR ENDED DECEMBER 31, 2016 (THE "FINANCIAL STATEMENTS"), WHICH ARE PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS"). THE COMPANY'S COMMON SHARES ARE LISTED ON THE TSX VENTURE EXCHANGE (TSX-V: AGM). CONTINUOUS DISCLOSURE MATERIALS, INCLUDING THE COMPANY'S ANNUAL INFORMATION FORM, ARE AVAILABLE ON SEDAR AT WWW.SEDAR.COM AND ON THE COMPANY'S WEBSITE AT WWW.ALDRIDGEMINERALS.CA.

For the purposes of preparing our MD&A, we consider the materiality of information. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity. Information is considered material if: (i) it would significantly alter the total mix of information available to investors; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares.

*Under IFRS, an entity's functional currency should reflect the underlying transactions, events, and conditions relevant to the entity. Under IAS 21, an entity's functional currency should reflect the underlying transactions, events, and conditions relevant to the entity. On January 1, 2016, the functional currency of the Company, Aldridge Mineral Inc., changed from the Canadian Dollar ("CAD") to the United States Dollar ("USD"). The change is based on management's evaluation, taking into consideration the currency that most strongly influences primary operating and capital decisions in addition to the currency in which funding requirements are met. This change in accounting treatment is applied prospectively. The assets and liabilities of the Company were translated from CAD to USD at the exchange rate in effect on the date of change in functional currency. The functional currencies remained the same for the Company's entities domiciled in Turkey (USD) and in the Netherlands (EUR). The functional currency of the new subsidiary in Cayman Islands, which was incorporated in February 2016, is USD. **Unless otherwise noted, all dollar amounts in this MD&A are expressed in USD.***

This MD&A contains forward-looking information that is based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. Forward-looking information speaks only as of the date it is provided, is not a guarantee of future performance and involves risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out in this MD&A under "Cautionary Statement Regarding Forward-Looking Information". Actual outcomes and results may differ materially from those expressed in forward-looking information and readers should not place undue reliance on such statements.

HIGHLIGHTS, OUTLOOK AND SELECTED FINANCIAL INFORMATION

Aldridge Minerals Inc. (“Aldridge” or the “Company”) is a development stage mining company focused on its wholly-owned Yenipazar Project, which is a polymetallic volcanogenic massive sulphide (“VMS”) body that hosts a gold-silver-copper-lead-zinc mineral deposit in central Turkey. The Company completed the “National Instrument 43-101 Technical Report on the Yenipazar Optimization Study, Yozgat Province, Turkey” (the “Optimization Study” or “OS”) in April 2014. The Company’s wholly-owned subsidiary, Aldridge Minerals Madencilik Sti. Ltd. (“Aldridge Turkey”) presently holds the key permits required to develop the Yenipazar Project. The Company continues to advance the land acquisition process, engineering, and financing activities.

HIGHLIGHTS

Land Acquisition – In June 2016, the Company increased its initial offer price for land from Turkish Lira (“TRY”) 5.1 per square metre (m^2) to approximately TRY 9.1 per m^2 with a payment of TRY 5.1 per m^2 payable on title transfer and a deferred payment of \$1.35 per m^2 (or TRY 4.0 at TRY/USD 2.96 in June 2016 (the “Offer Price”). The deferred payment is due prior to beginning construction on site with additional fees of TRY 0.2/ m^2 on August 31, 2017 if the deferred payment has not been made by that date; TRY 0.2/ m^2 on August 31, 2018 if the deferred payment has not been made by that date; and 24 months after the title transfer date a 5% extension charge will be added to the balance owing which becomes payable 36 months after the title transfer date. The Offer Price resulted in significant acceptance by existing land owners, which increased the Company’s land ownership as indicated in the following table:

	At December 31, 2016			At February 28, 2017 ⁽¹⁾		
	Land	Land	% of	Land	Land	% of
	Parcels	Area (m^2)	Project	Parcels	Area (m^2)	Project
Treasury land – ‘Right to use per mining license	84	1,210,907	12.8%	84	1,210,907	12.8%
Private land – wholly-owned	364	5,968,659	62.9%	421	6,707,797	70.6%
Wholly-owned Private & Treasury	448	7,179,566	75.6%	505	7,918,704	83.4%
Private land – partially-owned	79	853,269	9.0%	66	734,231	7.7%
Land Title Owned & Right to Use	527	8,032,835	84.6%	571	8,652,935	91.1%
Remaining to purchase – partially-owned (same number of parcels as above)		401,094	4.2%		349,188	3.7%
Remaining to purchase – wholly-owned	74	1,013,382	10.7%	30	445,188	4.7%
Pasture land-application in progress	2	48,338	0.5%	2	48,338	0.5%
Outstanding Required Land	76	1,462,814	15.4%	32	842,714	8.9%
Yenipazar Project Area	603	9,495,649	100.0%	603	9,495,649	100.0%

⁽¹⁾ March 2017 voluntary purchases were 30,246 m^2 and pricing decisions were issued by the court for 188,915 m^2 .

The Company is committed to paying former land owners, who previously sold their land to the Company at the initial offer price of TRY 5.1 per m^2 , the same deferred payments and additional fees at the same deferred dates. As a result of the aggregate cost of deferred payments and

TRY/USD exchange savings, the total cost of the land acquisition process (“LAP”) is estimated to increase from the Optimization Study estimated cost by approximately \$9,200,000.

At hearings held on March 2nd and 15th, 2017, the Court reached final land pricing decisions on 15 land parcels representing 188,915 square metres. Following the future reclassification of these parcels to Treasury land, Aldridge will have acquired title to or have right to access approximately 93.4% of the Yenipazar project area. The Court determined a price of TRY 6.19 per square meter for irrigated land and TRY 3.05 per square meter for non-irrigated land, for an average of approximately TRY 4.92 per square meter for this group of parcels. The Company believes that this decision sets a pricing precedent for upcoming hearings related to the remaining 575,165 square metres of land, which minimizes the risk that aggregate land cost would exceed the Company’s most recent estimate. Furthermore, the decision supports the Company’s expectation that the land acquisition will be completed in 2017, subject to available funds.

The State regulations require the Company to fund the purchase of 15 land parcels within 15 days of the decision, which will result in the payments being completed in March 2017. The Court is expected to notify the Land Office to classify the land as Treasury land in conjunction with the land title transfer process. Aldridge will then have full access rights in accordance with Turkish mining law. Court dates related to the remaining privately owned land of approximately 90,000 m² (1%) will be scheduled later in 2017. The government office is expected, in 2017, to approve the conversion of pasture land of 48,338 m² (0.5%) to treasury land, which makes it accessible to the Company for mining.

Prior to the March 2, 2017 court cases, the Company took action to ensure more timely access to strategically located land parcels, and other parcels remaining to be acquired. As a result, the Company obtained commitments from landowners to provide access to approximately 408,000 m² representing about 51% of the remaining private land to be acquired, and 4.3% of the total project area. In exchange for granting access to the land for any activity, including construction, the Company agreed to make a ‘top-up’ payment to the landowners to compensate for any difference in value in the event the expropriation price is less than the TRY 9.1/m², and to pay the landowners’ legal expenses.

Engineering and Development Schedule - The Company continued to develop alternative basic engineering schedules that would facilitate construction following the closing of project financing. A Technical, Environment, Health, Safety & Sustainability (TEHSS) Committee was established in Q2 to create a small team of management, directors and consultants to provide governance and oversight support for the project execution plan (PEP) and future operations. The TEHSS Committee’s mandate is to establish, review and monitor the technical, environmental, health, safety, and sustainability policies, programs and activities of Aldridge on behalf of the Board to ensure that Aldridge is achieving its stated policy objectives and is in compliance with all applicable laws and industry best practices.

Financing - Debt Facility Refinancing – On September 16, 2016, the Company entered into a definitive loan facility agreement (the “BKT Loan”) with Banka Kombetare Tregtare sh.a. (“BKT”) pursuant to which BKT has agreed to make available to the Company a two-year secured credit facility in the amount of up to \$40,000,000 including interest to be capitalized.

The BKT Loan bears interest at an annual rate equal to 12 month LIBOR plus 6%, but not less than 9% per annum. BKT is the oldest and largest commercial bank in Albania and is a wholly-owned subsidiary of Çalık Holding A.Ş., a leading conglomerate in Turkey with interests in a variety of industries, including textiles, construction, energy, financial services, mining and telecommunications.

During the year, the total amount of BKT Loan received by the Company was \$33,600,000 (\$30,000,000 upon closing and \$3,600,000 on December 6, 2016) less financing costs of \$1,357,824 (net proceeds of \$32,242,176). \$23,212,696 of the initial advance was used by the Company to fully repay amounts owing by the Company pursuant to a debt facility dated August 29, 2014 (the “Orion Loan”). The financing costs will be amortized over the term of the BKT Loan using the straight-line method. As at December 31, 2016, the carrying value of BKT Loan was \$33,209,792.

Financing – Orion Loan Extension - On August 29, 2016, the Company announced that the maturity date of the Orion Loan, which was a \$35,000,000 secured loan facility, was extended from August 29, 2016 to September 26, 2016. The extension allowed the Company the additional time required to negotiate and close the BKT Loan. As consideration for granting the Orion Loan extension, the Company agreed to pay interest at the rate of 15% per annum on borrowings which remained outstanding during the Orion Loan extension period. In addition, Aldridge granted to Orion a right of first refusal (the “ROFR”) in respect of future silver stream transactions undertaken by Aldridge in relation to silver produced from the Yenipazar mine. Under the terms of the ROFR, Orion will have a period of 15 days in which to accept the terms of any proposed silver stream transaction by the Company.

STRATEGY AND OUTLOOK

The Company’s short term focus is on completing the land acquisition process, and evaluating strategic options and project financing alternatives for the construction of the Yenipazar Project with the assistance of our financial advisor. As a result, the Company’s plans include the following:

Land Acquisition – The LAP is expected to be completed as follows:

- **State-led Compulsory Land Sale/Purchase:** The State-led LAP will continue through the court process, whereby the court is expected to make decisions on pricing of specific parcels. Court decisions regarding the prices for approximately 704,000 m², or 7.4% of the project land required, are expected in March/April 2017, with payments to be made by the Company shortly thereafter (as noted in the Highlights section above). Court dates related to the remaining privately-owned land of approximately 90,000 m² (1%) will be scheduled later in 2017. The land acquired through the court will be classified as Treasury land upon payment by Aldridge and the Company will be granted full access rights in accordance with the key permits received to date and Turkish mining law.

There are inherent procedural risks outside of the Company’s control, such as the court proceedings and absent land owners (see “Risk Factors”) which may result in some land parcel compulsory purchases being delayed further.

- Voluntary Land Purchases: The Company has ceased efforts to acquire additional land parcels through voluntary purchase/sale agreements.

Financing – In February 2017, the Company engaged a syndicate of agents to market, on a best efforts basis, a private placement. The interim financing activities are expected to continue until the Company obtains funding commitments from existing or prospective investors and closes a financing transaction. The Company believes that its cash and cash equivalents at December 31, 2016 are sufficient for projected activities and spending through mid-Q2 2017, which supports the Company’s objective to close a financing transaction prior to May 2017. If the financing is completed, the proceeds of the financing will be used to complete the land acquisition process, fund working capital requirements until a subsequent financing or strategic transaction may be completed and for further project development, subject to the total amount actually raised.

The Company has engaged a financial advisor to assist it in evaluating strategic options and project financing alternatives, which may include senior and subordinated debt, equity, metal streams, off-take agreements and strategic investments. The Company’s ability to close any financing transaction within the expected time period, or at all, will be affected by general market conditions.

Engineering and Project Development - The Company plans to advance the project in the following areas:

- Update Project Economic Analysis - During 2017, the Company plans to continue the ongoing analysis of the project economics affected by changes and developments since the Optimization Study was filed on SEDAR in May 2014.
- EPC Development Plan and TEHSS Committee – The Company plans to advance the Project in 2017 by positioning itself to advance engineering design and develop its construction readiness in anticipation of obtaining project financing. The extent of the engineering and development will be affected by the availability of funds and the anticipated time required to obtain full project financing. The recently established TEHSS Committee’s mandate is to provide governance and oversight support for the project development plan and future operations. Activities in 2017 include the ongoing review of risk exposure and risk management, and developing and implementing strategies to enhance performance with respect to technical, environmental, health, safety and sustainability matters. 2017 project development and economic update analysis may consider and include the review and analysis of prospective execution strategies, contracts and negotiations of certain basic engineering packages and letters of intent related to the supply of long lead-time process equipment and other services. Aldridge will continue to refine its basic engineering schedule and Project Execution Plan to ensure the focus is on critical path items while considering the variability of the timing of financing.

MARKET OVERVIEW

The Company’s interim and project financing efforts are affected by the time required to complete the LAP and the capital markets for junior mining companies. Fluctuations in spot and

forecast commodity prices and the availability of funding for junior mining companies may result in the Company requiring more time to obtain full project financing.

The market prices of gold, silver, copper, lead and zinc are primary elements for evaluating the potential economic returns of the Company’s Yenipazar Project. During 2016 commodity prices fluctuated as indicated in the chart below:

January 1 to December 31, 2016						Spot 14-Mar-17	Optimization Study 23-May-14
Price Range							
		Low	High	Close	Average		
Gold	\$/oz.	1,077	1,366	1,146	1,251	1,205	1,250
Silver	\$/oz.	13.58	20.71	16.24	17.14	17.00	20.00
Copper	\$/lb.	2.16	2.97	2.42	2.43	2.87	3.00
Lead	\$/lb.	0.80	1.23	0.99	0.94	1.11	0.94
Zinc	\$/lb.	0.73	1.45	1.28	1.05	1.35	0.90

Source: www.kitco.com; <https://www.lme.com/>

The Company believes Turkey is a mining-friendly jurisdiction based on the key reforms to its mining regulations in 2010 and its investment incentive programs. The Company has successfully worked within the Turkish regulatory environment for more than ten years. Those efforts resulted in the Company obtaining the investment incentive certificates (IIC’s) for the Yenipazar Project in July 2015 and the “Public Benefit” letter (the approval of the State-led LAP) in June 2015. The Company will continue to work diligently with the various regulators and community stakeholders to facilitate the timely execution of its LAP and other project development activities.

On July 15, 2016, there was an attempted coup in Turkey. The Turkish Government declared a state of emergency to take measures to address the situation. As reported in the general media, various government sectors terminated the employment of or detained numerous people. Although there have been changes to some of the government staff that routinely interacts with the Company’s staff, there appears to have been no significant impact on the Company’s current or future operations. The current political environment in Turkey, following the failed coup attempt, may have an adverse effect on the assessment of potential country risk as it relates to raising interim and project financing for a development project in Turkey.

Fluctuations in foreign exchange rates may impact the cost of the Company’s operations and estimated capital and operating expenditures for the Yenipazar Project. Operating expenses in each of the Company’s entities in Canada (CAD), Turkey (TRY), The Netherlands (EUR) and the Cayman Islands (KYD) are predominately incurred in the local currencies, with the exception of certain consulting or engineering contracts denominated in USD. The majority of the Yenipazar Project’s estimated capital expenditures are expected to be in USD, with up to approximately 25% to be denominated in TRY (including the portion of the land cost incurred in TRY). Depending on competitive bids, some capital expenditures may be denominated in EUR. The following chart provides representative exchange rates compared to rates used in the Optimization Study:

January 1 to December 31, 2016 Exchange Rates						Spot	Optimization Study
From	To	High	Low	Average	Close	14-Mar-17	24-May-14
USD	TRY	3.532	2.790	3.022	3.513	3.744	2.100
USD	EUR	0.962	0.866	0.904	0.950	0.940	0.890
USD	CAD	1.460	1.253	1.325	1.344	1.346	1.090

Source – USD/TRY: <http://www.tcmb.gov.tr>; USD/CAD: <http://www.bankofcanada.ca/rates/exchange/>

Continued strength in the USD relative to the TRY reduced the USD equivalent costs in Turkey throughout 2016. The annualized inflation rate in Turkey was approximately 8.5% in 2016. Currently, the Company has not experienced any material adverse effects resulting from changing domestic input prices that have influenced its operations.

The Company monitors foreign exchange exposure closely and has taken steps to manage its foreign exchange risks in accordance with its foreign exchange risk management policy (see “Financial Instruments and Other Instruments”).

Consumer Price Index (CPI) Inflation rates may affect estimates of future costs. The table following sets forth actual and estimated rates for the periods indicated:

CPI Inflation Rates				3 Year Cumulative Total
Country	2014	2015	2016	
USA	1.60%	0.10%	2.10%	3.83%
Canada	1.50%	1.60%	1.50%	4.67%
Turkey	8.17%	8.81%	8.53%	27.7%

Sources: USA <http://www.bls.gov/cpi> CPI-U average
<http://www.usinflationcalculator.com/inflation>
Canada www.bankofcanada.ca/rates/price-indexes/cpi/
Turkey <http://www.turkstat.gov.tr>

Selected Financial Information

The following table provides selected consolidated financial information in USD for the previous three fiscal years.

	YEAR ENDED AND AS AT DECEMBER 31, 2016	YEAR ENDED AND AS AT DECEMBER 31, 2015	YEAR ENDED AND AS AT DECEMBER 31, 2014
Loss before income tax and discontinued operations	\$ (4,418,102)	\$ (5,279,998)	\$ (3,191,177)
Net loss	(4,418,102)	(5,279,998)	(3,191,177)
Net loss per share	(0.04)	(0.05)	(0.04)
Cash and cash equivalents	4,289,055	8,520,566	14,331,409
Working capital ⁽ⁱ⁾	4,132,470	(10,005,830)	14,103,639
Total assets	51,138,630	30,814,033	25,829,329
Total non-current liabilities ⁽ⁱⁱ⁾	42,577,599	126,974	8,445,579

⁽ⁱ⁾ Working capital equals current assets less current liabilities, and is a non-GAAP measure used by management.

⁽ⁱⁱ⁾ Total non-current liabilities exclude deferred revenue and environmental rehabilitation provision.

The Company's expenditures on its mineral properties for the periods indicated in the following table were:

	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014
Yenipazar Project, Turkey	\$ (3,153,770)	\$ (5,066,014)	\$ (5,335,548)
Total Exploration & Evaluation	\$ (3,153,770)	\$ (5,066,014)	\$ (5,335,548)

BACKGROUND

Aldridge is a publicly-traded mining company in the business of identifying and developing mineral properties in Turkey. Aldridge has been working in Turkey since 2004. The Company has a strong relationship with ANT Holding Anonim Şti. ("ANT"), a strategic partner based in Istanbul, Turkey, which owns approximately 30% of Aldridge. The Yenipazar deposit in central Turkey includes recoverable quantities of gold, silver, copper, lead and zinc. Aldridge believes Turkey is an excellent mining jurisdiction for a number of reasons including:

- Modern mining law and commercial code;
- Well-developed infrastructure, with on-going government investment;
- Strategic location;
- Very mature and extremely competitive construction industry;
- Well-developed contract mining business;
- Europe's largest gold producer; and

- Competitive tax and royalty structures, including IICs received which will reduce the Company's corporate income tax rates from 20% to a range of 2% to 4% until the IIC tax savings benefit is earned (approximately the first seven years of operations).

Aldridge incorporated, in 2005, a 100% owned Turkish subsidiary, Aldridge Turkey to obtain, develop and operate mining properties in Turkey. This includes the Yenipazar Property, in which the Company owns a 100% working interest. The Company announced the receipt of the Yenipazar Project Environmental Impact Assessment ("EIA") Permit on March 6, 2014. The Company also periodically reviews other prospective properties and exploration licences in Turkey to identify future exploration targets.

In June 2011, the Company engaged Jacobs Minerals Canada Inc. to lead a feasibility study (the "Feasibility Study") on its Yenipazar Project. Significant components of the Feasibility Study were completed by experienced consultants including P&E Mining, SGS UK, SRK (UK and Turkey) and Golder Associates. The Feasibility Study results and filing of the NI 43-101 technical report were announced on May 17, 2013.

In April 2014, the Company announced the results of its Optimization Study, which utilized revisions to key design and operating parameters undertaken since the release of the Feasibility Study in May 2013. Aldridge reduced the pre-production project capital costs to \$230,000,000, or approximately 40% lower than the original Feasibility Study estimate of \$382,000,000. Plant throughput remains unchanged at 2.5 million tonnes of ore per annum over a 12-year mine life.

OVERVIEW OF PROJECTS AND INVESTMENTS

The Company's key property and primary focus is the Yenipazar Property in Turkey. The Company held Class A performance shares in Uranium Resources Inc. (formerly Anatolia Energy Ltd) that expired on February 10, 2016.

YENIPAZAR PROJECT - TURKEY

The Yenipazar Property is approximately 100 square kilometres in area and is located at the geographic centre of Turkey. It is approximately 290 kilometres east-southeast of Ankara, the capital city, and is easily accessible via public roads and has good access to rail transportation and electrical power supply.

The Yenipazar deposit is a polymetallic VMS body that hosts a gold-silver-copper-lead-zinc mineral deposit within the Yenipazar Property. It has a currently determined strike length of at least 1,700 metres averaging 200 metres in width, with zones of approximately 20 metres in thickness at depths between 30 and 190 metres. Much of the ore body is sitting at a depth of approximately 50 to 120 metres. The Yenipazar Project includes approximately 9.4 square kilometres of land within the project fence line, of which 8.2 square kilometres was originally privately owned. The majority of the remaining 1.2 square kilometres (or 13% of the required land) is government-owned treasury or pasture land (to be reclassified as treasury land) which the Company will be authorized to use for mining pursuant to the Yenipazar Operating Licence.

The Company's expenditures on the Yenipazar Project (excluding land) decreased by \$1,912,244 in the year ended December 31, 2016 to \$3,153,770 as compared to the year ended December 31, 2015. The decrease was mainly driven by reductions in staff, engineering consulting fees and drilling costs. The total cost of mineral property under development at December 31, 2016 was \$14,587,294. In addition, land costs to date were \$30,522,951, which includes capitalized interest of \$3,900,410 and accruals for deferred land payments of \$9,209,603, or \$1.35/m².

PROPERTY OWNERSHIP STRUCTURE

In December 2004, the Company entered into an agreement (the "Option Agreement") with Alacer Gold Corp. ("Alacer"), to acquire an interest in the Yenipazar Property. By June 2013 the Company had fulfilled its last remaining obligation to earn a 100% interest in the Yenipazar Property by delivering to Alacer a feasibility study for the Yenipazar Project ("Feasibility Study"). Once the Yenipazar Project is in production, the terms of the Option Agreement provide for the payment to Alacer of a 6% Net Profit Interest ("NPI") until such time as operational revenues from the Yenipazar Project reach the amount of \$165 million, and a 10% NPI thereafter.

Through the Company's wholly-owned subsidiary, Aldridge Minerals Madencilik Limited Sirketi, the Company has an Operating Licence with respect to the Yenipazar Property, which was renewed in May 2014 for a period of five years. The related mining permits for each payable mineral will also expire at the same time. In accordance with the normal process in Turkey, the Company will request extensions to the Operating Licence and Operating Permits prior to 2019. The Company announced in March 2014 that it had received the EIA Permit for the Yenipazar Project. In addition, Aldridge received the GSM Permit in Q2 2014 (local operating permit issued by the Governor), allowing the Company to conduct commercial activities in the Yenipazar region surrounding the Yenipazar Property; and the "Public Benefit" letter in June 2015 (the approval of the State-led LAP) and IICs, which demonstrates the Government of Turkey's full support for the project. With these key permits and documentation in place, the Company will proceed in due course with the application for routine construction and other ancillary permits.

While the Company advances the Project towards development and production, the Company operates under a temporary shutdown permit, renewed annually. The temporary shutdown permit is renewed annually and expired in December 2016. The Company's revised renewal application was submitted on February 22, 2017 for approval.

This regulation is intended to promote development of permitted properties, by requesting holders of permits to demonstrate they are developing the properties. The temporary shutdown permits were issued in prior years within two months of the application. The previous annual operating reports on which the permit approval was based included such activities resulting in completion of the Feasibility Study Optimization Study, and land acquisition. Although the Company expects the temporary shutdown permit to be issued in the near future, in the event that it is not approved, the Company would be required to conduct qualifying development activities on the site within three years and/or pay a fine of approximately \$17,000 while it maintains all its rights under the Company's operating licences.

DEVELOPMENT ACTIVITIES

The Optimization Study results announced in April 2014 updated the Feasibility Study. The OS reflected changes to key design and operating parameters, which include the use of contract mining, that enabled Aldridge to establish lower project capital expenditures (“CAPEX”) with only a moderate increase in operating costs. Plant throughput remained unchanged at 2.5 million tonnes of ore per annum over a 12-year mine life. There were no material changes to mineral reserves or mineral resources. The Optimization Study contains a financial model incorporating changes to the capital and operating costs and revised base case metal prices compared to the Feasibility Study.

During 2017, the Company plans to continue the ongoing analysis of the project economics affected by cost changes and developments since the OS was filed on SEDAR in May 2014. The planned analysis will consider the potential net economic impact affected by a number of items or changes since May 2014, which are described below:

- Land Acquisition Process (from September 2014 to present)
 - Voluntary land acquisitions began in October 2014 with an offer price of TRY 5.1/m².
 - In June 2016, the Company revised its voluntary price offer strategy in order to shorten the land acquisition timeline. As a result, the initial offer of TRY 5.1/m² was increased to TRY 9.1/m² Offer Price. When the higher Offer Price is combined with savings related to the TRY/USD exchange rate on amounts paid, the total capital expenditures increased by approximately \$9,200,000 from the OS estimated cost.
 - Refer to the Land Acquisition section below for additional details.

- Off-take agreements with Orion for gold production and lead concentrate (September 2014)
 - In connection with the September 2014 Financing with Orion, the Company entered into lead concentrate and gold off-take agreements with an affiliate of Orion.
 - The Company will sell a minimum of 50% of the gold produced over the first ten years of mine life to Orion, subject to certain minimum delivery requirements.
 - Under terms of the lead concentrates off-take agreement, the Company will sell a minimum of 5,000 dry metric tonnes of lead concentrate per annum over the first ten years of mine life to Orion, corresponding to approximately 20% of the total lead concentrate volume, subject to minimum total deliveries of 50,000 dry metric tonnes of lead concentrate.
 - The payment price for both the lead concentrate and the gold will be determined in the context of the market at the time of delivery, subject to certain quotational periods and, as a result, there will be a slight discount to the prices assumed in the OS financial model.

- Value Engineering and Construction Planning (November, 2014 to April, 2015)
 - The Company engaged Tenova Mining and Minerals to apply subject matter expertise in crushing, grinding, floatation, gravity recovery, tailings design and capital and operating costs, with the objective of reducing overall project risks.
 - The Company engaged GAP Insaat, a wholly-owned subsidiary of Calik Holding A.S., to provide a construction planning and strategy review, including considering capital expenditures based on their experience and the conditions in Turkey.
 - Elements of the Optimization Study cost estimates were reviewed resulting in non-material changes to the estimate.
 - In order to reduce operating risk, a ball mill, in addition to the sag mill that was proposed in the Optimization Study, was introduced. This addition provides added processing flexibility without changing planned throughput or recoveries.
 - The jaw crusher was replaced with sizers in order to achieve more flexibility in comminution without changing costs significantly.
 - Increases to non-land contingency costs were updated based on applying a contingency percentage to the increased costs.

- Turkey Government Royalty Rate Change (February 2015)
 - New mining legislation was approved by the Turkish National Assembly and subsequently received Presidential approval in February 2015. The approved legislation will impact the royalty regime and mining licence regime. The Company's analysis of the impact of this legislation on the Yenipazar Project is subject to confirmation when the detailed regulations accompanying the new legislation are issued.
 - The new legislation results in royalty rates increasing based on a sliding scale of commodity selling prices, whereby the rate increases when the commodity price increases to the next price threshold. Preliminary analysis suggests that updated forecast prices for gold and lead would lead to higher royalty rates and costs.
 - Companies producing dore or concentrates qualify for a 50% reduction in the gross royalty rates.
 - Net royalty rates and the commodity price thresholds applicable to Aldridge are listed in the table below:

Royalty Rate Gross	Royalty Rate Net	Gold \$/oz	Silver \$/oz	Copper \$/lb	Lead \$/lb	Zinc \$/lb
2%	1%	0	0	0	0	0
4%	2%	800.01	10.01	2.27	0.45	0.45
6%	3%	1,250.01	20.01	3.40	0.91	1.13
8%	4%	1,500.01	25.01	3.63	1.02	1.36
10%	5%	1,750.01	30.01	3.86	1.13	1.59
14%	7%	2,000.01	35.01	4.08	1.36	1.81

- Investment Incentive Certificate (“IIC”) Approval (July 2015)
 - The Company was approved for and received both a Strategic Investment Incentive Certificate (“Strategic IIC”) and a Large-scale Investment Incentive Certificate (“Large-scale IIC”) from the Turkish Ministry of Economy for the development of the Company’s Yenipazar Project in central Turkey.
 - The Strategic IIC and Regional IIC provide a corporate income tax benefit equal to 50% and 40%, respectively, of the qualifying capital expenditures of the Yenipazar Project. The tax benefit is received by applying a reduced income tax rate on annual earnings until the cumulative tax savings equals the calculated tax benefit.
 - Using the Company’s Base Case economic assumptions as described in the Optimization Study, Aldridge estimates that it will benefit from this low 4% corporate income tax rate into Year 7 of the 12-Year mine life, upon which the tax rate is expected to revert to 20% for the remainder of the mine life.
 - The IIC benefit is based on applying the benefit rate (either 50% or 40%) to specific component costs when acquired and as a result the actual tax benefit may be higher than estimated if actual costs exceed the costs estimated in the OS.
 - Obtaining the Strategic IIC approval increased the incentive contribution rate from 40% to 50% on the majority of qualifying capital expenditures. The life-of-mine tax savings benefit estimate was revised to approximately \$76,000,000 from the \$62,000,000 OS estimate, which represents an increased benefit of \$14,000,000.

- Financial Variables - Commodity Prices, Foreign Exchange Rates, Inflation and Cost Escalation (OS to present)
 - The financial performance of the Yenipazar Project will be affected by general market conditions and financial variables, as well as changes to specific components of its capital costs and operating costs and revenues.
 - Capital expenditures associated with the Yenipazar Project may be affected by the following factors:
 - Capital expenditures and operating expenses incurred in Turkey and denominated in TRY are expected to have increased in TRY due to inflation since the May 2014 OS.
 - The OS converted the TRY cost estimates to USD, which may be affected by a weaker TRY/USD exchange rate.
 - Although project specific costs may be directly affected by the movement in general inflation (i.e. CPI), they will also be influenced by mining industry and Turkey construction industry supply and demand pricing dynamics. More detailed analysis is planned in 2017 to determine the potential impact on the project.

- Pre-production Capital Expenditures (CAPEX)
 - The CAPEX for the Yenipazar Project may change from the present estimate of \$239,200,000 (i.e. the OS estimate of \$230,000,000 plus \$9,200,000 related to the land price increase) due to the net impact of the value engineering analysis; the potential cost escalation and/or savings related to foreign exchange fluctuations, inflation and mining/construction specific market price changes; and

planned basic and detailed engineering. Further analysis of capital expenditures and operating costs are planned to be completed in 2017.

The Company's Yenipazar Project economic analysis according to its Optimization Study is summarized in the table below. Future project costs may change based on the factors discussed above and more detailed analysis as the project is developed. However, the Company believes the resulting project economics will continue to be robust.

Economic Highlights	Optimization Study (OS)	
	23-May-14	
Capital Expenditures (Pre-production)		\$ 230 million
Sustaining Capital		\$ 17 million
Operating Expenditures per tonne of ore		\$ 29.65
Revised Base Case Metal Prices		
	Gold	- \$/oz. 1,250.00
	Silver	- \$/oz. 20.00
	Copper	- \$/ lb. 3.00
	Lead	- \$/ lb. 0.94
	Zinc	- \$/ lb. 0.90
IRR (after-tax):		32.2%
NPV7 (after-tax):		\$ 330 million
Payback (after-tax):		2.4 years

The Company's processing plant is expected to produce at 40% of design capacity in the first month of operations, and steadily increase production by 10% each month until 100% of the design capacity is achieved in month seven of operations. Working capital cash requirements during the first year of operations is not included in the pre-production capital expenditures. The estimated working capital funding required is expected to vary based on operating factors such as: mine planning; recoveries; commodity prices; payment terms with customers (off-takers); and other operating cost fluctuations. Consequently, the Company is estimating it will require between \$30,000,000 and \$40,000,000 of working capital during the first 7-12 months of operations in addition to the pre-production capital expenditures.

Land Acquisition

The Yenipazar Project involves approximately 9.496 square kilometres of required land, including approximately 1.259 square kilometres of treasury and pasture land (approximately 13%) and 8.237 square kilometres of privately owned land (approximately 87%). The private land is divided into 517 land parcels originally owned by many of the people living in the nearby communities of Eglence and Göğdecili. As all of the required land is farmland, the land acquisition does not involve any relocation or resettlement of people. Pursuant to the mining regulations, Aldridge has the legal right to access the State's Treasury land within the approved fence line. By February 2017, the Company had ownership and access to over 91% of the required land. In addition, approximately 7.4% of the land is expected to be acquired within two

months by the State through the court stage of State-led LAP. The remaining land of approximately 1.5% is expected to be acquired and/or accessible later in the year.

The Company has strived towards a fair, orderly and timely process to comply with the Equator Principles III typically required by international banks and project finance organizations, as well as to maintain the Company's social licence to operate in the region.

Key milestones associated with the LAP in 2016 and to date in 2017 include the following:

- January 2016 - The Governor's office moved to the legal stage of the State-led LAP and began opening over 120 court cases to have the court independently determine the prices to acquire the private land not yet purchased by Aldridge.
- March to May 2016 - The court-appointed pricing commission (land pricing experts) visited the project site to assess the valuation of land parcels associated with specific court cases, as indicated in the 'Aldridge's Highlights and Achievements' section of this MD&A. Since the State land acquisition is compulsory, the court's price decision results in the land being purchased by the State and classified as Treasury land. Aldridge is required to fund the State's purchase of the land at the court determined price, subject to any appeals. Pursuant to the mining regulations, Aldridge is awarded access to the Treasury land, for a nominal annual fee, for the life of the mine.
- June 2016 - The Turkish Ministry of Energy and Natural Resources approved the 'Public Benefit' to be derived from the Yenipazar Project, which provides certainty that the Company will have access to all required land within the project fence line through the State-led land acquisition process.
- June 2016 - The Company revised its offer price strategy in order to shorten the acquisition timeline, and address the risk of the potential impact of the State-led compulsory LAP court process on the Company's social licence to operate. As a result, the initial offer of TRY 5.1 per m² was increased to the following amounts payable as indicated below:

1)	Land title transfer	TRY 5.1/m ²
2)	Deferred Payment, earlier of start of construction and 24 months from title transfer date	\$1.35 (or TRY 4/m ² at USD/TRY 2.96)
3)	Interim fee payable August 31, 2017 if deferred payment delayed due to later start of construction date	TRY 0.2/m ²
4)	Interim fee payable August 31, 2018 if deferred payment delayed due to later start of construction date	TRY 0.2/m ²
5)	5% extension fee will be added to the Deferred Payment, to confirm extension from 24 months to 36 months after the earlier of title transfer date and the start of construction date	\$0.675/m ²

- The Company agreed to continue to pay additional fees for trees or vines on the land and land transfer taxes included in the initial offer, plus the sellers' legal fees of

approximately TRY 0.9/m². The revised offer price resulted in significant acceptance by existing land owners.

- During the year ending December 31, 2016, approximately \$9,446,761 was spent for acquiring land through voluntary sales. As at December 31, 2016 approximately 84.6% of the total project area had been acquired for a cost of \$30,522,951, which includes capitalized interest of \$3,900,410 and an accrual for deferred payments of \$9,209,603 (based on \$1.35/m² land acquired, excluding treasury land).
- Voluntary purchases continued in January 2017 increasing land ownership and treasury land access to over 91%.
- At hearings held on March 2nd and 15th, 2017, the Court reached a final land pricing decision on 15 land parcels representing 188,915 square metres. The Court determined a price of TRY 6.19 per square metre for irrigated land and TRY3.05 per square meter for non-irrigated land, for an average of approximately TRY4.92 per square meter for this group of parcels.
- Prior to the March 2, 2017 court cases, the Company took action to ensure more timely access to strategically located land parcels, and other parcels remaining to be acquired. As a result, the Company obtained commitments from landowners to provide access to approximately 408,000 m² representing about 51% of the remaining private land to be acquired, and 4.3% of the total project area. In exchange for granting access to the land, the Company agreed to make a deferred 'top-up' payment to the landowners to compensate for any difference in value in the event the expropriation price is less than TRY 9.1/m², and to pay the landowners' legal expenses. The deferred top-up payment is due at the same time as the Deferred Payment included in the June 2016 Offer Price. In addition, the Company also agreed to make the same additional payments included in the June 2016 offer, which were contingent upon when the Deferred Payment is made (i.e. August 31, 2017 TRY 0.2/m²; August 31, 2018 TRY 0.2/m² and the extension fee of TRY 0.675/m²).

Acquisition of most of the remaining required land is expected to be achieved primarily through the State-led compulsory LAP court process, with 0.5% resulting from a separate process to reclassify pasture land to treasury land. Once the court determines the price for each parcel of land, the court will then request Aldridge to fund the State's purchase of the land. The land acquired through the court will be classified as treasury land to which Aldridge is granted full access rights in accordance with the key permits received to date and Turkish mining law.

The Company is committed to award former land owners, who previously sold their land to the Company at the initial offer price of TRY 5.1/m², the deferred payment of \$1.35/m² at the same deferred date and the additional payments contingent upon when the Deferred Payment is made.

The Company remains committed to enhancing the economic and social conditions of the local communities in all phases of the mine development, including during construction and operations, as well as after mine closure. The Company will work closely with the communities to maximize local hiring and to establish joint social and commercial projects.

Resource Development

The Company is developing geo-technical and geo-metallurgical programs which include plans for a small infill drilling program that would support the mine plan in the first three years of operations, along with investigating the licence area immediately adjacent to the existing ore body. The geo-technical and geo-metallurgical programs will be subject to available funding in late 2017 and 2018, while infill drilling activity is expected to be scheduled during the construction period.

EXPLORATION AND OPERATING LICENCES IN TURKEY

As at December 31, 2016, and the date of this report, the Company holds one operational licence for the Yenipazar Property and no other exploration licences. Prior to 2015, the Company held a number of exploration licences in different regions in Turkey, which were evaluated and either abandoned or sold.

In July 2011, the Company agreed to assign 6 exploration licences prospective for nickel and chromite to Kenz Mining Inc. (“Kenz”) pursuant to an assignment agreement that required Kenz to pay the Company certain amounts at fixed intervals. By continuing exploration, Kenz committed to spending \$1 million on exploration and evaluation over a period ending in June 2017. Reports received to date from Kenz indicate spending of approximately \$1,420,000 through December 31, 2016. Upon completion of this exploration phase in June 2017, Kenz may advance the licences to the operation period upon payment to Aldridge of \$250,000. Negotiations have been initiated to allow Kenz additional time for evaluation, which may result in a deferral of all or a portion of the June 2017 fee,

Periodically the Turkish government holds auctions for exploration licences and the Company’s exploration team evaluates the available licences for potential acquisition.

FINANCING ACTIVITIES

Interim Financing – In February 2017, the Company engaged a syndicate of agents to market, on a best efforts basis, a private placement. The interim financing activities are expected to continue until the Company obtains funding commitments from existing or prospective investors and closes a financing transaction. The Company believes its cash and cash equivalents at December 31, 2016 are sufficient for projected activities and spending through mid-Q2 2017, which supports the Company’s objective to close a financing transaction prior to May 2017. If the financing is completed, the proceeds of the financing will be used to complete the land acquisition process, fund working capital requirements until a subsequent financing or strategic transaction may be completed and for further project development, subject to the total amount actually raised.

BKT Loan - On September 16, 2016, the Company entered into the BKT Loan, which made available to the Company a secured credit facility in the amount of up to \$40,000,000 including interest to be capitalized. (Refer to section ‘Highlights: Financing – Debt Facility Refinancing’).

Additional details of the BKT Loan are as follows:

- The Company will pay a loan administration fee of 1% on all disbursements made under the BKT Loan.
- The Company is entitled to prepay outstanding advances under the BKT Loan, in whole or in part, prior to the maturity date without penalty or premium.
- The Company's obligation in relation to the BKT Loan is guaranteed by Aldridge Turkey.
- BKT will have a first priority security interest in certain material assets of the Company and its Turkish subsidiary, Aldridge Turkey. Such security will be released following full repayment of the BKT Loan plus all accrued interest.

Orion Loan Extended and Repaid – On August 29, 2016, the Company extended the maturity date on its bridge loan facility with Orion Mine Finance from August 29 to September 26, 2016. The extension allowed Aldridge additional time to complete negotiation of the BKT Loan. As consideration for granting the loan extension to September 26, 2016, the Company agreed to pay interest at the rate of the greater of LIBOR and 1% per annum plus a margin of 14% per annum (or 5% more than the original loan) on borrowings which remain outstanding under the Orion Loan during the extension period. In addition, Aldridge granted to Orion a right of first refusal in respect of future silver stream transactions undertaken by Aldridge in relation to silver produced from the Yenipazar mine. Under the terms of the ROFR, Orion will have a period of 15 days in which to accept the terms of any proposed silver stream transaction by the Company. If Orion elects to accept such terms, the Company and Orion will have a period of 30 days in which to seek to negotiate a definitive silver purchase agreement. If the parties are unable to reach agreement on the terms of a definitive agreement, Aldridge will have a period of 60 days in which to reach agreement with a third party with respect to a silver stream transaction so long as the terms of such agreement are no more favourable to such third party as those offered by the Company to Orion.

On September 16, 2016, the Company, with the initial advance received under the BKT Loan, fully repaid the amounts owing to Orion pursuant to the terms of the 2014 Financing's bridge loan facility. The amount of repayment to Orion of principal and interest was \$22,543,050.

2014 Financing – On September 25, 2014, the Company completed a \$45,000,000 financing with Orion Mine Finance and existing shareholders, which included a \$10,000,000 private placement, a \$35,000,000 bridge loan facility and gold and lead offtake agreements ("2014 Financing"). As a result, at a purchase price of \$0.45 per common share, Orion purchased 11,660,611 common shares or approximately 10.9% of the Company. Subject to certain conditions, Orion will have the right to participate in future securities offerings by the Company in order to maintain its ownership share in the Company. Orion was also granted the right to nominate one individual for election to the Board of Directors of the Company as long as Orion owns at least 10% of the outstanding common shares, subject to certain adjustments.

The Company's two largest shareholders at the time, ANT and APMS Investment Fund Ltd. ("APMS"), participated in the Private Placement to maintain their 30.1% and 17.4% ownership positions, respectively. APMS subsequently sold their 17.4% ownership interest to Universal Venture Fund in 2016.

Highlights of the bridge loan facility include:

- Principal amount of \$35,000,000.
- Maturity date of August 29, 2016.
- Interest of 9% per annum plus the greater of 3 months USD LIBOR and 1%. Interest will accrue over the term of the Loan and will be capitalized monthly.
- The Loan was not subject to any structuring or arrangement fees.

The Company and Orion also entered into definitive Offtakes under the terms of the Private Placement and the Loan agreement. Under the Offtakes, the Company agreed to sell and Orion has agreed to purchase on a take-or-pay basis certain lead concentrate and gold expected to be produced at the Company's Yenipazar Project. The Company will sell 50% of the gold produced over the first ten years of the mine plan at the Yenipazar Project, subject to certain minimum delivery requirements. The Company will also sell 5,000 dry metric tonnes of lead concentrate per annum to Orion over the first ten years of the mine plan at the Yenipazar Project, corresponding to approximately 20% of the total lead concentrate volume, subject to minimum total deliveries of 50,000 dry metric tonnes of lead concentrate. The payment price for both the lead concentrate and the gold will be determined in the context of the market at the time of delivery, subject to certain quotational periods. The Offtakes will assist Aldridge in demonstrating bankable revenue streams to prospective project lenders.

Strategic Investor – ANT - In 2012, Aldridge attracted a strategic investor, ANT to enhance the Company's ability to develop the Yenipazar Project. ANT acquired a 30% interest in the Company by investing CAD\$11,200,000. ANT has since maintained its proportion of ownership, through participation in financings that closed in February 2013 and September 2014.

RESULTS OF OPERATIONS

For the year ended December 31, 2016 and December 31, 2015:

	YEAR ENDED AND AS AT DECEMBER 31, 2016	YEAR ENDED AND AS AT DECEMBER 31, 2015
EXPENSES		
General and administrative	\$ 4,266,657	\$ 3,802,894
	(4,266,657)	(3,802,894)
OTHER EXPENSES	(151,445)	(1,477,104)
Net loss for the period	\$ (4,418,102)	\$ (5,279,998)

During the year ended December 31, 2016 the Company incurred net losses from continuing operations of \$4,418,102 as compared to net losses of \$5,279,998 during the comparable period in the prior year. The increase in general administrative expenses is primarily due to the increase in professional fees as a result of increase in legal costs for the re-financing in 2016. Other income in the twelve months ended December 31, 2015 was due primarily to foreign exchange gains related to differences in the USD reporting currency vs. the CAD functional currency of the Canadian legal entity. On January 1, 2016, the functional currency for the Canadian legal entity changed to USD and thereby eliminated most of the translation variances.

MINERAL PROPERTY UNDER DEVELOPMENT

The Company's primary focus in 2016 and 2015 was to advance the Yenipazar Project in Turkey. Consequently, its capitalized expenditures on mineral property under development were as follows:

	THREE MONTHS ENDED DECEMBER 31 2016	THREE MONTHS ENDED DECEMBER 31 2015 ⁽¹⁾	YEAR ENDED DECEMBER 31 2016	YEAR ENDED DECEMBER 31 2015 ⁽¹⁾
Yenipazar Property				
Depreciation	\$ 19,532	\$ 23,918	\$ 79,519	\$ 95,934
Drilling	-	16,884	-	280,751
Drilling site access fees	-	-	-	4,026
Engineering consulting	92,909	134,297	330,687	1,045,339
Environmental consulting	8,000	4,000	16,000	16,000
Land acquisition plan and development	45,592	141,116	302,479	529,509
Licence fees	-	-	17,106	4,454
Permitting	205,324	13,722	223,596	42,287
Employee costs	211,344	379,889	997,421	1,728,559
Community relations	15,235	15,906	49,742	109,254
Travel	11,865	10,915	75,292	71,928
Vehicles and equipment maintenance	10,988	19,614	36,743	77,746
Interest capitalization	185,810	200,533	972,972	879,535
Camp costs	12,761	16,564	48,817	142,444
Other	769	4,337	3,396	38,248
Total exploration and evaluation expenditures	820,129	981,695	3,153,770	5,066,014

⁽¹⁾ 2015 mineral property expenses categories are reclassified for comparative purpose.

During the year ended December 31, 2016 the expenditures on mineral property under development relating to the Yenipazar Project decreased by \$1,912,244 to \$3,153,770 compared to last year. The decreased expenses mainly relate to the employee costs as a result of fewer employees in 2016, restricted community relations expenses, value engineering activities and drilling that occurred in Q2 2015, but were not required this year.

General and Administrative Expenses

The following table summarizes the Company's general and administrative ("G&A") and other expenses:

	Three Months Ended December 31, 2016 (\$)	Three Months Ended December 31, 2015 (\$)	Quarter Over Quarter Change (\$)	Year Ended December 31, 2016 (\$)	Year Ended December 31, 2015 (\$)	Year Over Year Change (\$)
Amortization	30,382	23,963	6,419	121,145	78,154	42,991
Directors' fees and expenses	51,322	43,681	7,641	176,998	195,301	(18,303)
Office and sundry	157,315	117,605	39,710	497,072	524,074	(27,002)
Professional fees	173,841	236,489	(62,648)	1,424,301	796,779	627,522
Salaries and benefits	454,043	142,552	311,491	1,682,682	1,581,204	101,478
Shareholder information	12,767	24,791	(12,024)	93,683	190,339	(96,656)
Stock-based compensation	14,146	39,714	(25,568)	100,844	199,651	(98,807)
Transfer and filing	4,693	6,371	(1,678)	26,992	29,852	(2,860)
Travel and promotion	55,979	50,048	5,931	142,940	207,540	(64,600)
General and administrative	954,488	685,214	269,274	4,266,657	3,802,894	463,763

Additional comments on individual expense item changes follow:

- Office and sundry expenses decreased by \$27,002 during the twelve months ended December 31, 2016 as compared to the prior year, mainly due to reduction in office expenses and the strengthening of USD against CAD and TRY.
- Professional fees increased by \$627,522 during the twelve months ended December 31, 2016 as compared to the corresponding period in the prior year due to additional legal fees incurred during complete and full repayment of Orion and project financing activities.
- Salaries and benefits increased by \$311,491 and \$101,478 during the three and twelve months ended December 31, 2016 as compared to the same periods in the prior year, mainly due to staff bonus accrual accounted later in 2016 and hiring of finance director in Turkey.
- Shareholder information costs decreased by \$12,024 and \$96,656 during the three and twelve months ended December 31, 2016 when compared to the three and twelve months ended December 31, 2015 primarily due to a reduction in investor relations consulting activities.
- Stock-based compensation decreased by \$98,807 for the year ended December 31, 2016 as compared to the prior year mainly because of the timing of stock option awards.
- Travel and promotion decreased by \$64,600 for the year ended December 31, 2016 as compared to the prior year mainly due to intentional reduction in staff travels activities during year.

The Company recognizes that the uncertain capital markets may require the Company to manage its spending to facilitate a potentially longer project financing process. As a result, the Company may take further actions to manage expenses in Turkey and Canada, including reducing and re-assigning staff and reducing professional fees and other expenses as necessary.

SUMMARY OF QUARTERLY RESULTS

The following tables summarize information derived from the Company's financial statements for each of the eight most recently completed quarters. Net losses are mainly driven by the Company's expenditures on exploration and evaluation activities at Yenipazar.

Quarterly period ended	Total revenues \$	Loss before taxes \$	Loss before taxes per share \$	Net loss \$	Net loss per share \$	Total Assets \$
December 31, 2016	Nil	(1,099,057)	(0.01)	(1,099,057)	(0.01)	51,138,630
September 30, 2016	Nil	(1,630,253)	(0.02)	(1,630,253)	(0.01)	47,170,970
June 30, 2016	Nil	(952,087)	(0.01)	(952,087)	(0.01)	30,711,251
March 31, 2016	Nil	(736,705)	(0.01)	(736,705)	(0.01)	30,711,621
December 31, 2015	Nil	(863,594)	(0.01)	(863,594)	(0.01)	30,814,033
September 30, 2015	Nil	(1,693,221)	(0.02)	(1,693,221)	(0.02)	26,359,752
June 30, 2015	Nil	(1,218,202)	(0.01)	(1,218,202)	(0.01)	24,280,358
March 31, 2015	Nil	(1,504,981)	(0.01)	(1,504,981)	(0.01)	24,827,014

Note: The Company has no history of declaring dividends.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at December 31, 2016 totaled \$4,289,055 (December 31, 2015 - \$8,520,566). At December 31, 2016, the Company had a working capital (current assets less current liabilities) of \$4,132,470 as compared to negative working capital of \$10,005,830 as at December 31, 2015, an increase of \$14,138,300. This significant swing to positive working capital results from the repayment of the Orion Loan in September 2016 with proceeds from the BKT Loan, which matures in September 2018. The cash and cash equivalents at December 31, 2016 are sufficient for projected activities and spending through mid-Q2 2017, which supports the Company's objective to close a financing transaction prior to May 2017.

The following is a detailed discussion on the 2016 re-financing with BKT, operating and investing activities of the Company up to the date of this report.

Financing Activities: For the twelve months ended December 31, 2016 net cash inflows arising from financing activities totaled \$11,699,126 as compared to cash inflows of \$7,500,000 for the twelve months ended December 31, 2015. For the twelve months ended December 31, 2016, cash inflow mainly consisted of \$2,000,000 drawn down under the Orion Loan and \$32,242,176 re-financing with BKT.

On September 16, 2016, the Company entered into a Loan Agreement with BKT pursuant to which BKT has agreed to make available to the Company a secured credit facility (the "Credit Facility") in the amount of up to \$40,000,000 including interest to be capitalized.

The \$40,000,000 borrowings including interest carries an interest rate of 6% per annum plus twelve months USD LIBOR, but not less than 9% per annum, and is capitalized yearly. On closing, \$23,212,696 of the initial advance has been used by the Company to fully repay amounts owing by the Company under the 2014 Financing, including principal, interest and financing expenses. During the year, the total amount of BKT loan received by the Company was \$33,600,000 less financing costs of \$1,357,824 (net proceeds of \$32,242,176). The financing costs will be amortized over the term of the Borrowings using the straight-line method. During the year, the Company recognized interest of \$825,900 relating to BKT Loan.

As at September 23, 2016, all security previously registered to Orion pursuant to the terms of the Orion Loan had been formally released. As a result, the security pledges required by the terms of the BKT Loan were registered by October 14, 2016.

Critical to the timing of project financing is the success of completing the LAP, which exceeded 91% at February 28, 2017. The Company's ability to complete the acquisition of 100% of the land required to develop the Yenipazar Project may affect its ability to raise project financing. The project financing timing may also be affected by other factors, including the capital markets conditions for junior mining companies, fluctuations in commodity prices, and potential changes to the political environment in Turkey. In addition, although the Company expects to refinance the BKT Loan before it matures, there can be no assurance that it will be successfully refinanced and that sufficient financing will be obtained in the future to realize the economic value of the Yenipazar Project.

In the meantime, considering the present mining sector and capital markets environment, prospective spending plans will balance short and long term project development plans with a conservative cash management strategy.

Operating Activities: During 2016, cash used in operating activities mainly comprised of general and administrative expenses. Cash used in operating activities for the twelve months ended December 31, 2016 totaled \$3,732,345 compared to \$2,938,645 for the twelve months ended December 31, 2015. The Company has various commitments relating to rental office space and to IT support services as indicated in 'Note 14 Commitments' of the Financials Statements.

Investing Activities: For the twelve months ended December 31, 2016 cash outflows arising from investing activities totaled \$12,104,821 as compared to cash outflows of \$9,188,418 for the year ended December 31, 2015. The cash outflows consisted mainly of net expenditures on the Yenipazar Project that were capitalized to mineral property under development of \$2,050,246 and net purchases of property and equipment, consisting primarily of land within the Yenipazar Project, of \$9,694,586. A net increase in restricted cash of \$352,658 consisted of \$152,658 blocked for the letter of guarantee for the pasture land conversion fee and \$200,000 held as collateral for the foreign currency hedging facility.

RELATED PARTY TRANSACTIONS

Related party transactions include legal and consulting fees, management fees and compensation paid to key management personnel, and are recorded as either G&A expenses or exploration and evaluation expenditures, depending on their nature. Key management personnel are defined as officers and directors of the Company. Transactions between the Company and its subsidiaries have been eliminated on consolidation and not disclosed.

Amounts owing to key management personnel were \$13,846 as at December 31, 2016 (at December 31, 2015, amount owing to key management personnel was - \$16,337). Transactions with key management personnel were as follows:

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and benefits ⁽¹⁾	\$ 700,209	\$ 717,971
Share based payments	103,780	181,168
Total compensation	\$ 803,989	\$ 899,139
Consulting and management fees ⁽²⁾	584,912	628,635
Total transactions with key management personnel	\$ 1,388,901	\$ 1,527,774

⁽¹⁾ Directors do not have employment or service contracts with the Company, but may be entitled to director fees while officers have employment contracts and earn salaries and benefits for their services. Both directors and officers are also eligible for share-based payments.

⁽²⁾ These amounts represent consulting fees paid or payable to various current and former officers and directors of the Company or to companies controlled by such individuals.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company does not have any off-balance sheet arrangements that are likely to have or are reasonably likely to have a material current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in the Company's Financial Statements.

Payments due by Period

Contractual Obligation	Payments due by Period				Total
	Less than 1 year	1-3 years	4-5 years	After 5 years	
Loan	\$ -	\$ 34,425,900	\$ -	\$ -	\$ 34,425,900
Operating leases	88,164	19,309	-	-	107,473
Purchase obligation	43,515	-	-	-	43,515
Deferred land payment	-	9,209,603	-	-	9,209,603
Total	\$131,679	\$ 43,654,812	\$ -	\$ -	\$ 43,786,491

On July 31, 2016, the Company extended its office lease in Ankara for a period of one year. The commitment for the gross rent, operating costs and realty taxes is estimated to be approximately \$3,676 per month, or \$44,112 per annum.

On July 26, 2012, the Company entered into a lease agreement for smaller office premises in Toronto, Ontario, in conjunction with a sublet agreement for its existing office premises in order to realize cost savings on rental payments. The lease agreement was from September 1, 2012 to March 31, 2018. The commitment for the gross rent, including operating costs and realty taxes is estimated at \$8,846 per month or \$106,152 per annum for the for the balance of the term.

On April 15, 2016, the Company entered into a sub-lease agreement to share its existing head office premises in order to realize cost savings on rental payments. The new sub-lease agreement was effective from May 1, 2016 to February 27, 2018. The sub-lease agreement for the gross rent, including operating costs and realty taxes is estimated at \$3,338 per month plus applicable sales tax.

The Company has certain obligations pursuant to the Option Agreement with Alacer Gold Corp. (“Alacer”). Once the Yenipazar Project is in production, the Company will pay Alacer a 6% Net Profit Interest (“NPI”) until such time as operational revenues reach the amount of \$165 million, and a 10% NPI thereafter.

In December 31, 2016, the Company committed to \$4,834 per month for the next one year for IT support services.

The BKT Loan amount noted above is due September 15, 2018.

The deferred land payments are due on the earlier date of the start of construction and 24 months from the land acquisition dates beginning in July 2016. Furthermore, the Company has an option to extend the payment date by 12 months by paying a 5% surcharge at the end of the extension period. The Company committed additional fees of TRY 0.2/m² on August 31, 2017 if the deferred payment has not been made by that date and a further TRY 0.2/m² on August 31, 2018 if the deferred payment has not been made by that date.

On March 2, 2017, the Company was successful in obtaining written commitment letters from land owners holding approximately 408,000 m². These landowners have committed to providing access to their land to the Company for any purpose, including construction, in exchange for a commitment from Aldridge to compensate the landowners for any difference in the value between the Court price and the Company’s voluntary offer price. The difference is due, along with related legal fees of approximately \$166,000, on the earlier date of the start of construction and 24 months from the land acquisition dates. Subsequent to receipt of commitment letters related to 45,749 m² the Court determined their price, which results a deferred payment for the difference of approximately \$61,000 or \$1.33/m²,

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s financial instruments as of December 31, 2016, consist of cash and cash equivalents, receivables, trade and other payables, financial derivatives and borrowings. The Company’s financial instruments are denominated primarily in USD, CAD, EUR and TRY.

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and cash equivalents,

which are held in financial institutions in Canada, Turkey, The Netherlands, the Cayman Islands and other receivables. The Company has no significant concentration of credit risk arising from operations. The Company's policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits in Canada and Turkey. Management believes the risk of loss to be minimal given the apparent financial strength of the financial institutions with whom the Company transacts.

Other receivables consist of accrued interest and value added taxes receivable from government authorities in Canada and Turkey, respectively. Management believes that the credit risk concentration with respect to other receivables is minimal.

Interest rate risk is generally associated with the Company's cash balances that are invested in fixed interest investment-grade short-term deposit certificates and overnight deposits. During the year ended December 31, 2016, the Company recorded interest income of \$65,300 and interest expense of \$3,163,784 before interest capitalization to mineral property and land. Future net cash flows from interest income on cash and cash equivalents and interest expense on variable rate borrowings will be affected by interest rate fluctuations. The Company closely monitors prevailing interest rates and will take appropriate mitigating actions should interest rate risk become material.

Foreign currency risk is generally associated with financial instruments and transactions denominated in non-USD currencies. While the Company has borrowings in USD, it funds development and exploration expenditures in Turkey primarily in TRY, CAD and USD. The Company maintains separate bank accounts for these currencies with sufficient funds to support monthly forecasted cash outflows over the following month. The Company will continue to monitor its forecasted cash uses and take the appropriate foreign currency risk mitigation measures.

Net foreign exchange loss is \$162,190 for the year ended December 31, 2016, compared to the loss of \$1,321,373 for the prior year. The 2016 was related primarily to the impact of a holding CAD and TRY while the USD strengthened. The Company has been and will continue to take the necessary steps, including cash flow hedging, to manage any foreign exchange risks with respect to its US-denominated borrowings in accordance with its foreign exchange risk management policy.

SHARE CAPITAL AS AT MARCH 23, 2017

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	107,125,881

The Company has a Stock Option Plan (the "Plan") to promote the interests of the Company to assist the Company in attracting, retaining and motivating its directors, officers, employees and consultants by providing greater incentive to further develop and promote the business and financial success of the Company. The maximum number of shares that may be issuable pursuant to the options granted under the Plan is 10% of the Company's issued share capital, or as at March 23, 2017, 10,712,588 common shares.

As at March 23, 2017 the following stock options were outstanding:

Expiry Date	Exercise Price (CAD)	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life (years)
March 24, 2017	0.61	200,000	200,000	0.00
March 28, 2017	0.64	203,000	203,000	0.01
November 26, 2018	0.20	1,255,000	1,255,000	1.68
April 7, 2019	0.24	1,000,000	750,000	2.04
December 18, 2019	0.20	2,858,438	2,320,938	2.74
March 26, 2020	0.20	750,000	375,000	3.01
June 1, 2020	0.20	200,000	100,000	3.19
December 15, 2020	0.17	500,000	125,000	3.73
September 20, 2021	0.29	807,000	201,750	4.50
	0.23	7,773,438	5,655,688	2.59

As at March 23, 2017 there were no unexercised warrants outstanding, due to the expirations noted in the table below:

Description	Expiry Date	Exercise Price	Warrants Outstanding	Value Assigned on Issue Date
Warrants	September 25, 2016	\$1.00	10,561,611	316,849

CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- a) to safeguard its ability to continue as a going concern;
- b) to continue the development and exploration of its mineral properties; and
- c) to maintain a capital structure which optimizes the cost of capital at an acceptable level of risk.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

The Company considers its capital to be (1) equity, comprising share capital, contributed surplus, accumulated other comprehensive loss and deficit which at December 31, 2016 totaled \$5,244,730 (December 31, 2015 - \$9,534,221), (2) borrowings, which at December 31, 2016 was \$33,171,354 (December 31, 2015- \$18,346,881), and (3) warrants prior to expiring as at September 25, 2016.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its

exploration and development activities. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2016.

On September 16, 2016, the Company entered into a Loan Agreement with BKT pursuant to which BKT has agreed to make available to the Company a secured Credit Facility in the amount of up to \$40,000,000 including interest to be capitalized. The BKT Loan matures September 15, 2018

The Company continues to seek out alternative sources to fund 2017 land acquisition and working capital requirements and to position itself to either complete full project financing or other strategic transaction alternatives. The nature, timing and amount of financing will be affected by progress on land acquisition, and the availability of debt, equity or other forms of financing to junior mining companies such as Aldridge.

As at December 31, 2016, all the Company's shares in wholly-owned Aldridge Turkey and land with a net book value of \$5,247,196 were pledged as collateral for the Company's borrowings.

RISK FACTORS

The Company's principal activity of mineral exploration and development is considered to be very high risk and the mining industry in general is intensely competitive in all its phases. Companies involved in this industry are subject to many and varied types of risks, including but not limited to, environmental, commodity prices, political and economic. The "Risk Factors" include numerous items including the following:

- *Nature of Activities:* The exploration for and development of mineral projects involves significant risks which even a combination of careful evaluation, experience and knowledge may not mitigate. Few properties that are explored are ultimately developed into producing mines. The Company's Yenipazar Project is at the development stage, but it is impossible to provide any assurance that the project and any exploration further planned by the Company will result in a profitable commercial mining operation.
- *Exploration and Development Costs:* Actual exploration, development or other costs and economic returns may differ significantly from those the Company has anticipated and there are no assurances that any future development activities will result in profitable mining operations. The Company has limited operating history and there can be no assurance of its ability to operate its projects profitably.
- *Development, Capital Projects and Operation of Mines:* Mine development and operations involve considerable risks including technical, financial, legal and permitting. Substantial expenditures are usually required to establish mineral reserves and resources estimates, to evaluate metallurgical processes and to construct and commission mining and processing facilities at a particular site. Currently, the Company's future revenue stream depends on production from the Yenipazar Project which does not have any operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules may affect project economics. It is not unusual in the mining industry for new

mining operations to experience unexpected problems during the start-up phase and the ramp-up period following commencement of commercial production, resulting in delays and requiring more capital than anticipated. Actual costs and economic returns could differ materially from the Company's estimates. Risks associated with the operation of mines include: unusual or unexpected geological formations; lower mineral recoveries than estimated; unstable ground conditions that could result in pit wall failures; floods; power outages; shortages, restrictions or interruptions in supply of water or fuel; labour disruptions; social unrest in adjacent areas; equipment failure; fires; explosions; failure of tailings impoundment facilities; and the inability to obtain suitable or adequate machinery, equipment or labour. Any of these risks could have a material adverse effect on the Company's results of operations or financial condition.

- *Commodity Prices:* Changes in the market price for mineral production, which have fluctuated widely in the past, will affect the future profitability of the Company's operations and financial condition. In addition, specific pricing and payment terms included in offtake agreements or sale contracts will affect net revenue generated by production shipped and thereby the profitability of the Company.
- *Financing and Dilution:* The Company's historical capital needs have been met primarily by the issuance of common shares and, beginning in September 2014, by the issuance of debt. Although the Company expects to refinance the BKT Loan before it matures in September 2018, there can be no assurance that it will be successfully refinanced. The Company's planned activities include the completion of land acquisition, advancing the project development, obtaining sufficient financing to allow time to complete either full project financing required to build the project or other strategic transaction to maximize value for shareholders. The Company will require substantial additional funds to further explore and develop its properties. The Company has limited financial resources and no current source of recurring revenue. The junior resource market where the Company raises funds is extremely volatile, companies are subject to high level of competition for the same pool of investment dollars, and there is no guarantee that the Company will be able to raise adequate funds in a timely manner to conduct its business. In addition, investors may consider the country risks associated with a development project in Turkey differently than a similar project in another jurisdiction. The Company will require external financing or may need to enter into a strategic alliance or joint venture to develop its mineral properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.
- *Trading Price:* Market prices of shares of development stage companies are often volatile. Factors such as announcement of mineral discoveries and financial results have a significant effect on the price of the Company's shares. The limited trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares. The Company has no dividend payment policy and does not intend to pay any dividends in the foreseeable future.
- *Title:* Although the Company has taken steps to verify title to its mineral property interests there is no guarantee that the mineral properties will not be subject to title disputes or undetected defects.
- *Land Acquisition:* Although the Company owns the mineral rights to the Yenipazar Project, it must acquire surface rights to approximately 9% of the land within the fence-line, which it

does not already own, in order to proceed with mine development and construction. The successful completion of the LAP is likely a condition precedent to drawdown on project debt financing and may affect the timing of the closing of project financing. Factors such as pricing, unmotivated landowners, prolonged negotiations and procedural and administrative delays in government-assisted land acquisition, including the judicial process, may result in higher costs and an extended LAP. The Company's inability to acquire the remaining 9% of the land required to develop the Yenipazar Project may have a material adverse effect on its ability to raise project financing.

- *Regulatory:* Many of the mineral rights and interests of the Company are subject to government approvals, licences and permits. Such approvals, licences and permits are, as a practical matter, subject to the discretion of applicable governments or governmental officials. The Yenipazar Project operating permit expires in March 2019 and an application to extend it will be made at the appropriate time. The Company also requires a temporary shutdown permit to be renewed each year. The 2017 temporary shutdown permit application was submitted for approval as scheduled in December 2016. Although the Company expects the temporary shutdown permit to be issued in the near future, in the event that it is not approved, the Company would be required to conduct qualifying development activities on the site within three years and/or pay a fine of approximately \$17,000 while it maintains all its rights under the Company's operating licences. The Company received the IICs, which result in a Turkey corporate income tax rate reduction from 20% to a range of 2% to 4% for approximately seven years of operations, pursuant to Turkey's Investment Incentive Program. On March 6, 2014, the Company announced the receipt of the EIA Permit for the Yenipazar Project. Although the receipt of the EIA Permit is a significant milestone and suggests a positive regulatory environment, no assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licences and permits required to operate its businesses in full force and effect or without modification or revocation. Delays or a failure to obtain such permits or failure to comply with the terms of any such permits that have been obtained could have a material adverse impact on the Company. Government owned land within the project area must be classified as treasury land to provide the Company access to it pursuant to its mining license. The project area includes two land parcels totalling 48,338 m², which continue to be classified as pasture land. The approval to convert the pasture land to treasury land is subject to the discretion of applicable governments or governmental officials and delays or a failure to obtain the approval could have an adverse impact on the Company. In Turkey, political protests, alleged corruption and bureaucratic inefficiencies may affect the timeliness of the review and approval processes related to various licences and permits. Consequently, there is a risk that additional time for approvals may result in additional overhead and other costs that may be incurred during the additional time that may be required for approvals.
- *Environmental:* The Company is subject to laws and regulations related to environmental matters, including provisions for reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental legislation and is not aware of any existing environmental problems related to its mineral property interests that may be the cause of material liability to the Company. The Company received its EIA Permit in March 2014 after submitting its EIA Permit application in August 2013. In addition, the Company has periodically engaged experts to assist the

Company in modifying its processes and documentation to facilitate compliance with international standards.

- *Insurance:* Mining is a heavy industry activity and requires high standards of safety in construction and operations. The Company expects to continue to evolve its health and safety policies and practices ensure they meet the high standards required for managing the risks of each phase of developing and operating the Yenipazar Project. Sometimes hazards result from conditions or elements beyond the Company's control, which could have a material adverse effect on the Company's business. The Company's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.
- *Personnel:* The Company may experience difficulty in attracting and retaining qualified management to meet the needs of its anticipated growth, and the failure to manage the Company's growth effectively could have a material adverse effect on its business and financial condition. Insofar as certain directors and officers of the Company hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these directors and officers to the Company and to such other mineral resource companies.
- *Country Risk:* The Company's business is subject to the risks normally associated with conducting business in foreign countries. Some of these risks are more prevalent in countries that are less developed or have emerging economies. The Company's continuing exploration properties are in Turkey while its head office is in Toronto, Canada. In Turkey, the Company's assets and operations are subject to various factors including political, economic and other uncertainties. In July 2016, there was an attempted coup that threatened the present Turkish government and in April 2017, a referendum is scheduled regarding proposed changes to Turkey's constitution. The Company is subject to any changes arising from the various factors noted, including, among other things: the risks of war and civil unrest or other risks that may limit or disrupt a project, restrict the movement of funds or product, or result in the deprivation of contract rights or the taking of property by nationalization or appropriation without fair compensation; expropriation; nationalization; renegotiation, nullification, termination or rescission of existing concessions or of licences, permits, approvals and contracts; taxation policies; foreign exchange and repatriation restrictions; changing political conditions; changing fiscal regimes and uncertain regulatory environments; international monetary and market securities fluctuations; and currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.
- *Tax:* Changes in taxation legislation or regulations in the countries in which the Company operates could have a material adverse effect on the Company's business and financial condition.
- *Foreign Exchange:* Fluctuations in foreign exchange rates may impact the estimated Yenipazar Project capital and operating expenditures, as well as corporate expenses. The Company's expenditures are primarily denominated in CAD, USD and TRY. The recent strengthening of the USD may reduce certain operating costs for the Company, but there is no certainty that the Company will be able to realize such cost savings. Currency fluctuations may impact the cost of present and future activities in Turkey, including the estimated pre-production capital expenditures required to build the Yenipazar Project.

- *Aldridge Depends on a Single Mineral Project:* The Yenipazar Project accounts for all of Aldridge's mineral resources and reserves and the current potential for the future generation of revenue. Any adverse development affecting the Yenipazar Project will have a material adverse effect on Aldridge's business, prospects, profitability, financial performance and results of the operations. These developments include, but are not limited to, the inability to obtain financing to develop the Yenipazar Project, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, property, and which could hinder the development and operation of the Yenipazar Project.
- *Significant Shareholders:* As at the date of this MD&A, the Company's three largest shareholders owned a combined 58.43% of the Company's outstanding Common Shares. Their approximate percentage held by shareholder was: ANT - 30.14%; Universal Venture Fund – 17.39%; and Orion Fund JV Limited – 10.9%. In addition, directors and officers hold approximately 3% of the outstanding Common Shares. Consequently, the liquidity of the Common Shares may be affected as only 38.57% of the Common Shares are being freely traded.
- *Global Economic Issues:* Global financial and economic conditions have been characterized by extreme volatility in recent years, including commodity-price fluctuations and the cost of debt and equity securities. Access to public and private debt and equity financing has been negatively impacted during this time. If such conditions persist or worsen, they could negatively impact the ability of the Company to obtain debt or equity financing in the future and, if obtained, on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Changes in global economic conditions may also lead to significant changes in commodity prices. If these conditions and volatility persist or worsen, the Company's business, results of operations and financial condition could be adversely impacted and the value and price of the Company's common shares could be adversely affected.
- *Conflicts of Interest:* Directors of the Company are or may become directors or officers of other mineral resource companies or have significant shareholdings in such other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, its directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.
- *Aldridge Has No History of Mineral Production:* Aldridge currently has no advanced exploration or development projects other than the Yenipazar Project. The Yenipazar Project is a development stage project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. Aldridge has limited experience with projects in a stage and operation status similar to the Yenipazar Project and uncertainties remain with development stage mining operations and Aldridge can provide no assurance that the necessary expertise will be available if and when it seeks to place any of its mineral properties into production, including the Yenipazar Project. Aldridge has limited experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services

of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that Aldridge will have available to it the necessary expertise when and if it places any of its mineral properties into production, including the Yenipazar Project.

- *Aldridge Has a Limited Operating History and No History of Earnings, Positive Cash Flow or Dividend Payments:* An investment in Aldridge common shares should be considered highly speculative due to the nature of the Company's business. Aldridge has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company has not commenced commercial production and it has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that Aldridge will be able to develop any of its properties profitably or that its activities will generate positive cash flow.
- *Aldridge Faces Significant Competition for Attractive Mineral Properties:* Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. Aldridge's ability to acquire properties in the future will depend not only on its ability to develop its present property, but also on its ability to select and acquire properties or prospects for mineral exploration. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Aldridge, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.
- *Community Relations:* The Company's relationship with the communities in which it operates is critical to the successful development, construction and operation of its properties. The Company is committed to operating in a socially responsible manner. The Company's strategy includes developing its Land Acquisition Plan and the Environmental and Social Impact Assessment in accordance with Equator Principles III, and employing a Community Relations Manager. However, there is no guarantee that its projects will be accepted by the communities in which they are located.

QUALIFIED PERSONS

Mr. Dennis Ferrigno, a consultant to the Company, is a Qualified Person as defined in NI 43-101, and has reviewed and verified the technical content in this MD&A.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the

circumstances. The Company's accounting policies and significant estimates and judgments are described in Note 2 Financials Statements.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made include but are not limited to, the following:

- All inputs used in the option pricing models for determining the fair value of share based payment transactions and warrants issued.
- The estimated useful lives and residual value of PE used for calculating the amortization.
- Discount rate and other inputs used to assign a fair value to borrowings, which in turn affect the value of deferred revenues recognized with respect to the offtake agreements associated with such borrowings

Critical accounting judgments

- Management's assumptions in determining the functional currencies of the Company's subsidiaries.
- Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- Management's assessment of impairment indicators for long-lived assets
- Assessment of the recoverability of deferred tax assets.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED

Amendments to accounting standards adopted and not yet adopted are described in Note 2 of the Financial Statements.

Accounting standards and amendments issued and adopted

- (i) IAS 1, as amended is to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. IAS 1 as amended is effective for years beginning on or after January 1, 2016. The implementation of amendments to IAS 1 had no impact to the Company's December 31, 2016 consolidated financial statements.
- (ii) IAS 16 & IAS 38 amends IAS16 Property Plant and Equipment and IAS 38 Intangible Assets to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption that amortization of intangible asset based revenue generated by using the asset is inappropriate. IAS 16 & IAS 38, are effective for years beginning on or after January 1, 2016. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's December 31, 2016 consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

- (i) IFRS 9 - The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, but is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.
- (ii) IFRS 15, issued in May 2014, establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, Construction contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and Standard Interpretations Committee interpretation 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. In September 2015, an amendment to IFRS 15 was issued to defer the effective date to annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this standard. In April 2016, the IASB issued amendments to IFRS 15, clarifying the application of certain of its underlying principles, including the identification of a performance obligation, and the determination of whether a company is a principal or is acting as an agent in the provision of a good or service. The amendments will become effective concurrent with the effective date of IFRS 15 on January 1, 2018. The Company has not yet assessed the impact of revised IFRS 15 and has not yet determined when it will adopt the new standard.
- (iii) In January 2016, the IASB issued IFRS 16, replacing IAS17, “Leases”. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet providing the reader with greater transparency of an entity’s lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption provided. The Company has not evaluated the impact of this standard.
- (iv) In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities,

including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Company is in the process of assessing the impact and the timing of adoption of IAS 7.

- (v) In January 2016, the IASB issued amendments to IAS 12, which clarifies guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Company does not currently measure any of its debt instruments at fair value. Therefore, the implementation of this standard is not expected to have any material impact to the Company's financial statements.
- (vi) In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The Company has not evaluated the impact of adopting these amendments to its consolidated financial statements.

INTERNAL CONTROL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

Management of the Company is responsible for the design, implementation and monitoring of effective internal controls over financial reporting (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of audited consolidated financial statements in accordance with IFRS. Management has established processes which are in place to provide the Company's certifying officers with sufficient knowledge to support management representations to confirm that reasonable diligence has been exercised that (i) the Consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited consolidated financial statements; and (ii) the Consolidated financial statements fairly present in all material respects the financial condition, results of the operations and cash flows of the Company, as of the date of and for the periods presented by the Consolidated financial statements.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying

officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information may include, but is not limited to, information with respect to the future financial and operating performance of the Company, its affiliates and subsidiaries, the estimation of mineral reserves and mineral resources, realization of mineral reserves and resource estimates, costs and timing of development of the Company's projects, costs and timing of future exploration, timing and receipt of approvals, consents and permits under applicable legislation, results of future exploration and drilling and adequacy of financial resources. Forward-looking information is often characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words or statements that certain events or conditions "may" or "will" occur.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward-looking information, including risks associated with investments in publicly listed companies, such as the Company; risks associated with general economic conditions; the risk that funding will not be available in the near term on terms acceptable to the Company or at all, for the ongoing development of the Company's Yenipazar Project and working capital; changes in government regulations, policies or legislation; unforeseen expenses; fluctuations in commodity prices; fluctuation in currency exchange rate; litigation risk; restrictions on the repatriation of earnings by the Company's subsidiaries; conflicts of interest of certain directors of the Company; inability to effect service of process or to enforce judgments within Canada upon and against the directors and officers of the Company and certain experts; the inherent risks and dangers of mining exploration and operations in general; risk of continued negative operating cash flow; the possibility that required permits may not be obtained; environmental risks; uncertainty in the estimation of mineral resources and mineral reserves; risks that the current inferred resource at the Yenipazar Project will not be converted to a sufficient amount of

indicated or measured resources to warrant development; risks that the hydrogeological characteristics at the Yenipazar Project will not permit an adequate extraction rate; general risks associated with the feasibility and development of each of the Company's projects; risks of being unable to sell production in the event of the development of a project; foreign investment risks in Turkey; changes in Turkish laws or regulations; future actions by the Turkish government; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company's property interests; uninsured hazards; disruptions to the Company's supplies or service providers; reliance on key personnel; retention of key employees; absence of dividends; competition; and the other risks and uncertainties set forth in this report.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of their experience and their perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and development activities; the timely receipt of required approvals; the prices of lithium and potash; the ability of the Company to operate in a safe, efficient and effective manner; and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.