

Operating

# RESULTS

of the 3<sup>rd</sup> Quarter of 2016



**5,164 kg of gold produced**



**5,127 kg of gold sold**



Centerra Gold Inc. (Centerra) and Kumtor Gold Company (KGC) have summed up their operating results in the third quarter of 2016. In the nine months of 2016, the Kumtor mine produced 350,198 ounces<sup>1</sup> or 10,892.38 kg of gold. The Company has contributed more than 5 billion soms in taxes and mandatory payments.

| Unaudited (\$ millions, except as noted)                 | III Months Ended September 30 |         |          | IX Months Ended September 30 |          |          |
|--|-------------------------------|---------|----------|------------------------------|----------|----------|
|  | 2016                          | 2015    | % Change | 2016                         | 2015     | % Change |
| Revenue from gold sales to Kyrgyzaltyn - \$ millions     | 220.2                         | 113.5   | 94%      | 455.0                        | 460.1    | (1%)     |
| Operating costs (on a sales basis) <sup>4</sup>          | 46.7                          | 33.5    | 39%      | 126.9                        | 104.3    | 22%      |
| Tonnes mined - 000s                                      | 34,838                        | 41,944  | (17%)    | 108,856                      | 124,109  | (12%)    |
| Tonnes ore mined - 000s                                  | 3,970                         | 1,136   | 249%     | 8,687                        | 2,642    | 229%     |
| Tonnes milled - 000s                                     | 1,571                         | 1,496   | 5%       | 4,722                        | 4,225    | 12%      |
| Average mill head grade - g/t                            | 4.11                          | 2.83    | 45%      | 3.01                         | 3.63     | (17%)    |
| Recovery - %   | 81.4%                         | 75.7%   | 8%       | 77.0%                        | 78.4%    | (2%)     |
| Gold produced - ounces                                   | 166,030                       | 103,701 | 60%      | 350,198                      | 390,084  | (10%)    |
| Gold produced - kg                                       | 5,164.11                      | 3,225.5 | 60%      | 10,892.38                    | 12,133   | (10%)    |
| Gold sold - ounces                                       | 164,847                       | 100,994 | 63%      | 354,500                      | 388,968  | (9%)     |
| Gold sold - kg   | 5,127.32                      | 3,141.3 | 63%      | 11,026.19                    | 12,098.3 | (9%)     |
| Average realized gold price - \$/oz <sup>3</sup>         | 1,336                         | 1,124   | 19%      | 1,284                        | 1,183    | 9%       |
| Capital expenditures (sustaining) <sup>3</sup>           | 13.0                          | 14.4    | (10%)    | 49.6                         | 38.6     | 28%      |
| Capital expenditures (growth) <sup>3</sup>               | 3.2                           | 1.4     | 129%     | 13.3                         | 11.8     | 13%      |
| Capital expenditures (stripping) <sup>3</sup>            | 38.7                          | 64.9    | (40%)    | 78.4                         | 198.4    | (60%)    |
| Adjusted operating costs - \$/oz sold <sup>3</sup>       | 303                           | 369     | (18%)    | 390                          | 304      | 28%      |
| All-in sustaining costs - \$/oz sold <sup>3</sup>        | 555                           | 1,000   | (45%)    | 695                          | 791      | (12%)    |
| All-in costs - \$/oz sold <sup>3</sup>                   | 574                           | 1,014   | (43%)    | 732                          | 821      | (12%)    |
| All-in costs (including taxes) - \$/oz sold <sup>3</sup> | 761                           | 1,171   | (35%)    | 912                          | 987      | (8%)     |

<sup>1-</sup> One Troy ounce equals to 31.10348 grammes.

<sup>2-</sup> Unless specified otherwise, all dollar figures in this news release are in US dollars.

<sup>3-</sup> Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs - including revenue-based taxes (in \$ millions and per ounce sold), as well as average realized gold price per ounce sold, cost of sales per ounce sold and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under "Non-GAAP Measures" in Centerra's news release dated November 7, 2016.

<sup>4-</sup> Operating costs (on a sales basis) is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes reclamation costs and depreciation, depletion and amortization.

The Doré bars produced by the Kumtor mine are purchased by Kyrgyzaltyn JSC for processing at the Kara-Balta refinery pursuant to a Gold and Silver Sales Agreement signed by KGC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Kyrgyzaltyn JSC enjoys the exclusive right to sell refined gold and silver both in and outside the Kyrgyz Republic.



## Production costs and capital expenditures

Capital expenditures in the third quarter of 2016 were \$54.9 million which includes:

- \$13 million of sustaining capital<sup>3</sup>;
- \$3.2 million invested in growth capital<sup>3</sup>; and
- \$38.7 million for capitalized stripping (\$28.2 million cash)

capital  
expenditures  
**\$54.9**  
million



## Payments to the Kyrgyz National Budget and Mandatory Contributions

contributions  
to the budget  
> 5 billion  
soms



|  | USD thousands       |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | Q1 2016             | Q2 2016             | Q3 2016             |
| Gross Proceeds Tax   | 15,076.88           | 13,967.338          | 20,954.16           |
| Issyk-Kul Development Fund                                     | 1,159.76            | 1,074.41            | 1,611.86            |
| Pollution tax  | 310.00              | -                   | -                   |
| Employee Income tax  | 1,125.93            | 1,151               | 939.77              |
| Social Insurance Fund  | 5,056.86            | 4,594.30            | 4,245.85            |
| Customs  | 188.74              | 138.758             | 74.63               |
| Tax on nonresident companies                                   | 173.33              | 190.28              | 772.82              |
| Other taxes and mandatory payments                             | 63.92               | 348.862             | 105.20              |
| <b>Total</b>   | <b>23,155.42</b>    | <b>21,464.95</b>    | <b>28,704.28</b>    |
| US\$ official exchange rate to the Kyrgyz Soms                 | 70.0158             | 67.4860             | 68.6538             |
| <b>Equivalent of payments effected in thousand Kyrgyz Soms</b> | <b>1,621,245.46</b> | <b>1,448,583.41</b> | <b>1,970,657.85</b> |

**Note:** Under the Agreement on New Terms dated as of April 24, 2009, the revenue-based tax and contributions to the Issyk-Kul Region Development Fund are estimated based on actual cash revenues from sales during the period under review.

## Outlook for 2016

At Kumtor, 2016 total capital expenditures, excluding capitalized stripping, are forecast to be \$85 million, which is \$12 million lower than the previous guidance. The Company decreased its forecast for sustaining capital<sup>3</sup> from \$75 million in the previous guidance to \$68 million due to further cancellations or deferral of major overhauls and replacements of certain heavy duty mine equipment (\$7 million).



**The Kumtor open pit mine**, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since May 1997 and, as of September 30, 2016, has produced approximately **10.70 million ounces** or **333.9 tonnes of gold**.

**Kumtor Gold Company** is the operator of the Kumtor project responsible for the entire production cycle.



**Centerra Gold Inc.** is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in North America, Asia and other markets worldwide. Centerra is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is headquartered in Toronto, Ontario, Canada.

The Kyrgyz Republic, via Kyrgyzaltyn JSC, is Centerra's largest shareholder owning **77,401,766 shares**. As of November 17, 2016, Kyrgyzstan's interests were estimated at **\$ 395 million**.