



Commentary

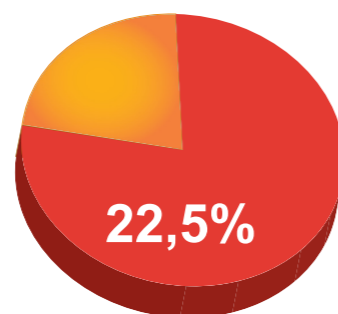
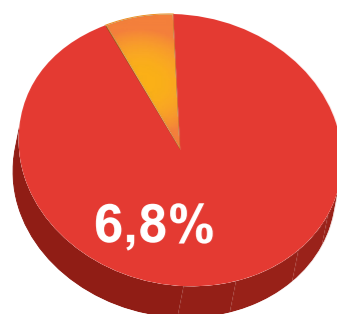
Daniel Desjardins, President of Kumtor Gold Company, stated, «I am pleased to report that we achieved our production guidance for the full year 2015. We beat our gold production guidance for 2015 due to relatively even quarterly gold production as compared to prior years when the majority of the ounces were produced in the fourth quarter.

Gold production for the full year 2016 at the Kumtor mine is forecast to be 480,000 to 530,000 ounces or 14.9-16.5 tonnes. In 2016, the company expects an increase in gold production in the latter half of the year after we have accessed the high-grade SB Zone in the third quarter of 2016».

RESULTS

Kumtor's Impact on the Macroeconomic Performance of the Kyrgyz Republic

According to preliminary reports of the KR National Statistics Committee:



Kumtor's Basic Operating Results in 2015



2016 Outlook

At Kumtor, 2016 total capital expenditures, excluding capitalized stripping, are forecast to be \$110 million. Spending on sustaining capital⁴ of \$84 million relates primarily to major overhauls and replacements of certain heavy duty mine equipment (\$69 million), construction to raise the tailings dam (\$6 million) and other items (\$9 million).

Growth capital⁴ investment at Kumtor for 2016 is forecast at \$26 million and includes the relocation of certain infrastructure at Kumtor relating to the ongoing Kumtor pit expansion (\$17 million), dewatering projects (\$6 million) and other items (\$3 million).

The cash component of capitalized stripping costs related to the development of the open pit is expected to be \$122 million of the \$162 million total capitalized stripping in 2016.



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 in operation since May 1997 and, as of December 31, 2015, has produced approximately 10.42 million ounces or 324.1 tonnes of gold.

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



Centerra Gold Inc. (Centerra) is a gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, North America and other markets worldwide. Centerra is a leading Canadian based gold producer and 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.

Additional information on Centerra and the full text of its news release on the 4th quarter and basic operating results of 2015 are available on SEDAR at www.sedar.com and www.centerragold.com. Information on Kumtor is available at www.kumtor.kg.

Basic Operating and Financial Results

At the Kumtor mine gold production in 2015 was 520,694 ounces¹ or 16,195.4 kg. Gold sales in 2015 were 520,517 ounces or 16,189.9 kg with a revenue totaling \$604.5 million². The table below displays Kumtor's basic operating and financial results:

16,195.4 kg
of gold produced



	3 Months Ended December 31 ³			Year Ended December 31 ³		
	2015	2014	Change	2015	2014	Change
Revenue from gold sales to Kyrgyzaltyn ⁽²⁾	144.5	346.2	(58%)	604.5	694.6	(13%)
Cost of sales – total ⁽⁴⁾	112.1	171.5	(35%)	367.9	444.5	(17%)
Cost of sales - \$/oz sold ⁽⁴⁾	852	594	43%	707	792	(11%)
Tonnes mined - 000s	45,418	42,786	6%	169,527	191,723	(12%)
Tonnes ore mined - 000s	3,941	6,615	(40%)	6,583	8,640	(24%)
Tonnes milled - 000s	1,504	1,502	0%	5,729	5,840	(2%)
Average mill head grade - g/t	3.42	7.40	(54%)	3.57	3.90	(8%)
Recovery - %	79.9	82.2	(3%)	78.8	78.0	1%
Gold produced – ounces ¹	130,610	291,635	(55%)	520,694	567,693	(8%)
Gold produced – kg	4,062.4	9,070.9	(55%)	16,195.4	17,657.2	(8%)
Gold sold - ounces ¹	131,549	288,851	(54%)	520,517	561,154	(7%)
Gold sold – kg	4,091.6	8,984.3	(54%)	16,189.9	17,453.8	(7%)
Average realized gold price ⁴ – \$/oz	1,098	1,198	(8%)	1,161	1,238	(6%)
Adjusted operating costs ⁴ - \$/oz	392	244	61%	326	356	(8%)
All-in sustaining costs ⁴ - \$/oz	553	378	46%	731	779	(6%)
All-in costs ⁴ - \$/oz	572	418	37%	758	851	(11%)
All-in costs including taxes ⁴ - \$/oz	725	585	24%	921	1,024	(10%)
Capital expenditures (sustaining) ⁴ - \$millions	11.8	13.4	(12%)	50.5	48.7	4%
Capital expenditures (growth) ⁴ - \$millions	2.5	11.5	(78%)	14.2	40.1	(65%)
Capital expenditures (stripping) ⁴ - \$ millions	12.1	32.5	(63%)	210.6	261.1	(19%)

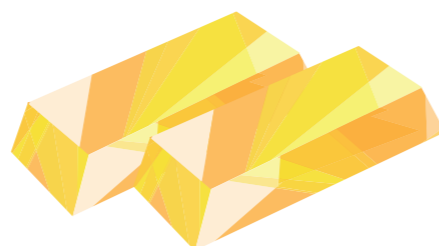
¹⁻ One Troy ounce equals to 31.10348 grammes.

²⁻ Unless specified otherwise, all dollar figures in this news release are in US dollars.

³⁻ Results may not add due to rounding

⁴⁻ Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs – including 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 discussed under "Non-GAAP Measures".

The Doré bars produced by the Kumtor mine are purchased by Kyrgyzaltyn JSC for processing at the Kara-Balta refinery pursuant to a Restated Gold and Silver Sale Agreement signed by Kumtor Operating Company on behalf of Kumtor Gold Company, Kyrgyzaltyn JSC 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.



Payments within the Kyrgyz Republic

Contributions made within the Kyrgyz Republic in 2015 (including taxes, refining, domestic suppliers, infrastructure, charities, etc.) have exceeded **\$256 million**.

In all, contributions made within the Kyrgyz Republic between 1994 and 2015 have exceeded **\$2.964 billion**.

payments within the Kyrgyz Republic
\$256 million



USD millions ³	2015	1994 – 2015
Taxes, customs & other mandatory payments	98.708	898.626
Social Insurance Fund	17.049	149.890
Issyk-Kul Development Fund	7.149	50.045
Licenses & permits	0.269	3.056
Pollution tax and payments to the Environment Protection Agency	0.310	4.679
Payments to Kyrgyzaltyn	0.298	12.347
Refinery	3.310	47.076
Revenue from the sale of Centerra shares	-	86.000
Dividends	9.616	86.218
Purchases in the Kyrgyz Republic:		
supplies & services	42.519	690.207
foods	4.472	61.174
Kyrgyz-infrastructure-related payments:		
electricity	12.633	153.639
roads outside the mine site	1.867	41.149
Tamga-Kumtor power-transmission line	-	41.612
KGC employees' net wage	56.026	569.955
Sanatoria treatment	-	0.744
Education, scholarships & training	0.504	5.153
Sponsorships & sustainable development projects	2.008	27.417
Government contributions	-	31.000
Payments to communities	-	4.400
Total	256.728	2,964.39

Payments to the Kyrgyz National Budget and Mandatory Contributions

During the twelve months of 2015, contributions to the national budget in taxes, deductions to the Social Fund and other mandatory payments exceeded \$123 million, which according to the KR National Bank's exchange rate as at December 31, 2015, amounts to approximately 9.373 billion soms.

As of Dec 31, 2015	USD thousands ³
Gross Proceeds Tax	92,936.47
Issyk-Kul Development Fund	7,148.96
Pollution tax	310.00
Employee Income tax	4,269.06
Social Insurance Fund	17,049.19
Customs	705.59
Tax on nonresident companies	709.17
Other taxes and mandatory payments	363.16
Total	123,491.59
US\$ official exchange rate to the Kyrgyz Soms as of Dec 31, 2015	75.8993
Equivalent of payments effected in thousand Kyrgyz Soms	9,372,925.39

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.

contributions to the national budget
9 billion soms

