

Operating

# RESULTS

of the 2<sup>nd</sup> Quarter of 2017



centerraGOLD

4,311 kg of gold produced



4,206 kg of gold sold

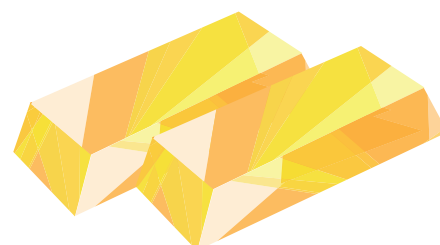


Centerra Gold Inc. (Centerra) and Kumtor Gold Company (KGC) have summed up their operating results in the second quarter of 2017. In the first six months of 2017, KGC produced 266,023 ounces<sup>1</sup> or 8274.25 kg of gold and contributed more than 4.7 billion soms in taxes and mandatory payments.

	Three Months Ended June 30			Six Months Ended June 30		
	2017	2016	% Change	2017	2016	% Change
Revenue from gold sales to Kyrgyzaltyn - \$ millions <sup>2</sup>	168.6	161.6	4%	332.8	234.8	42%
Cost of sales - \$millions	80.3	118	(32%)	152.6	149.5	2%
Cost of sales - \$/oz sold	594	923	(36%)	565	788	(28%)
Tonnes mined - 000s	42,855	34,744	23%	81,857	74,018	11%
Tonnes ore mined - 000s	12	2,891	(100%)	12	4,717	(100%)
Tonnes milled - 000s	1,537	1,609	(4%)	3,072	3,151	(3%)
Average mill head grade - g/t	3.53	2.63	34%	3.53	2.46	44%
Mill Recovery - %	79.3%	71.9%	10%	77.6%	73.3%	6%
Gold produced – ounces <sup>1</sup>	138,623	97,724	42%	266,023	184,168	44%
Gold produced – kg	4311.66	3039.56	42%	8274.25	5728.27	44%
Gold sold – ounces <sup>1</sup>	135,235	127,909	6%	269,917	189,654	42%
Gold sold – kg	4206.28	3978.42	6%	8395.36	5898.90	42%
Average realized gold price <sup>4</sup> – \$/oz sold	1,247	1,264	(1%)	1,233	1,238	0%
Capital expenditures (sustaining) <sup>4</sup> - cash	13.5	13.6	(1%)	28.7	36.6	(22%)
Capital expenditures (growth) <sup>4</sup> - cash	4.9	5.4	(10%)	5.8	10.1	(43%)
Capital expenditures (stripping) <sup>4</sup> - cash	47.4	18.9	151%	94.2	29.3	221%
Operating costs (on a sales basis) <sup>4</sup>	39.3	61.5	(36%)	77.2	80.4	(4%)
Adjusted operating costs <sup>4</sup> - \$/oz sold	329	511	(36%)	315	466	(32%)
Gold - All-in sustaining costs on a by-product basis - \$/oz sold <sup>4</sup>	780	768	2%	771	817	(6%)

- <sup>1</sup>- One Troy ounce equals to 31.103 48 grammes.
- <sup>2</sup>- Unless specified otherwise, all dollar figures in this news release are in US dollars.
- <sup>3</sup>- Numbers may not add up due to rounding
- <sup>4</sup>- Adjusted operating costs, all-in sustaining costs on a by-product basis (including and excluding taxes), cash provided by operations before changes in working capital, as well as average realized gold price per ounce sold and capital

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.



## Operating costs

Operating costs<sup>4</sup> (on a sales basis) \$86.7 million:

- Mining costs, including capitalized stripping \$48.2 million;
- Milling costs \$16.5 million;
- Site support costs \$11.3 million;

## operating costs

**\$86.7 million**



## Payments to the Kyrgyz National Budget and Mandatory Contributions

contributions  
to the budget in  
2<sup>nd</sup> Quarter of 2017  
**2.5 billion  
soms**



As of June 30, 2017	USD
Revenue-based tax	50,209,383
Issyk-Kul Development Fund	3,862,260
Pollution tax	310,000
Employee Income tax	2,418,903
Social Insurance Fund	10,658,357
Customs	288,207
Tax on nonresident companies	321,232
Other taxes and mandatory payments	351,597
<b>Total</b>	<b>68,419,939</b>
<b>US\$ official exchange rate to the Kyrgyz Soms as of June 30, 2017</b>	<b>69.1367</b>
<b>Equivalent of payments effected in Kyrgyz Soms</b>	<b>4,730,328,788.65</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.

## Commentary

Scott Perry, CEO of Centerra Gold stated, "During the second quarter we continued to deploy our Company-wide safety leadership program "Work Safe, Home Safe" to all our sites, but as we reported on in the first quarter report this was over shadowed by a fatality in early April at Kumtor.

With our second quarter earnings release today, the Company increased its gold production guidance for Kumtor for the year to 525,000 – 555,000 ounces. We also lowered our expected all-in sustaining cost<sup>4</sup> guidance at Kumtor to \$751 to \$795 per ounce sold. We are well positioned to achieve our revised gold production and cost guidance for the year, ranking the Company in the bottom quartile on the global gold producers All-In Sustaining Cost curve."



**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 June 30, 2017, has produced approximately **11.203 million ounces** or **348.455 tonnes of gold**.

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



centerra GOLD



**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 a leading Canadian-based gold producer and is one of the largest Western-based gold producers in Central Asia. Centerra's principal operations are the Kumtor Project located in the Kyrgyz Republic and the Mount Milligan Mine located in British Columbia, Canada.

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 August 16, 2017, Kyrgyzstan's interests were estimated at \$ **425 million**.