



**Daniel Desjardins**, President,  
Kumtor Gold Company

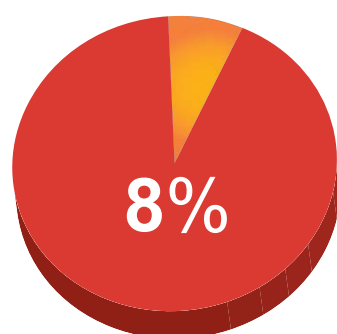
## CEO Commentary

2016 was a very eventful year for all of us. Our Mill set a Throughput record of 6.3 tonnes beating the old record by ½ a million tonnes. Our Mine Department kept to plan and is hiring 90 new operators to enable us to do even more work. Our Maintenance team moved into our MEGA shop and now is working at even higher standards. Kumtor's production forecast is expected to be in the range of 455,000 ounces to 505,000 ounces with 30% of the production expected to be in the fourth quarter.

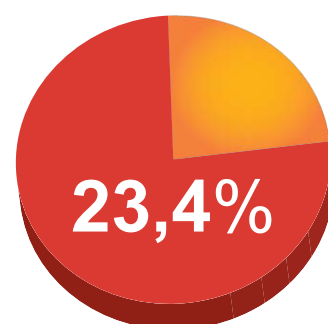
We are rolling out our WORK SAFE – HOME SAFE program, focusing on Safety Leadership for all. Our target is zero harm and we must stay true to this goal.

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

According to preliminary reports of the KR National Statistics Committee,



Kumtor's share in  
KR GDP in 2016



Kumtor's share in the  
aggregate industrial output



## Outlook for 2017

Kumtor's gold production forecast is expected to be in the range of 455,000 ounces to 505,000 ounces with 30% of the gold production expected to be in the fourth quarter.

At Kumtor, 2017 total capital expenditures, excluding capitalized stripping, are forecast to be \$96 million<sup>2</sup>. Spending on sustaining capital<sup>3</sup> of \$68 million relates primarily to major overhauls and replacements of the heavy duty mine equipment (\$58 million), major overhauls and replacements of mill equipment (\$3 million) and other items (\$7 million).

Growth capital<sup>3</sup> investment at Kumtor for 2017 is forecast at \$28 million and includes the relocation of certain infrastructure at Kumtor related to the life-of-mine expansion plan amounting to \$9 million, tailings dam construction (\$11 million), purchase of new mining equipment (\$4 million), dewatering projects (\$2 million) and other items (\$2 million). The cash component of capitalized stripping costs related to the development of the open pit is expected to be \$172 million of the \$234 million total capitalized stripping in 2017.

# RESULTS

Kumtor's **2016** Basic Operating Results



**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 December 31, 2016, has produced approximately 10.937 million ounces or 340.181 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.

Additional information on Centerra and the full text of the news release on the fourth quarter 2016 year-end results are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the corporate websites at [www.centerragold.com](http://www.centerragold.com) and [www.kumtor.kg](http://www.kumtor.kg).

Basic Operating and Financial Results

At the Kumtor mine gold production in 2016 was 550,960 ounces or 17,136.78 kg. Gold sales in 2016 were 546,342 ounces<sup>1</sup> or 16,993.15 kg with a revenue totaling \$686.4 million<sup>2</sup>. The table below displays Kumtor’s basic operating and financial results:

17,136 kg  
of gold  
produced in 2016

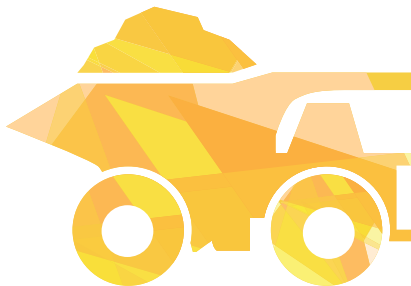


	Three Months ended December 31			Year ended December 31		
	2016	2015	% Change	2016	2015	% Change
Revenue from gold sales to Kyrgyzaltyn - \$ millions	231.3	144.5	60%	686.4	604.5	14%
Operating costs (on a sales basis) <sup>4</sup>	44.6	46.9	(5%)	171.8	151.1	14%
Cost of sales – total	103.1	112.1	(8%)	350.4	367.9	(5%)
Cost of sales - \$/oz sold <sup>3</sup>	537	852	(37%)	641	707	(9%)
Tonnes mined - 000s	35,542	45,418	(22%)	144,399	169,527	(15%)
Tonnes ore mined – 000s	223	3,941	(94%)	8,911	6,583	35%
Tonnes milled - 000s	1,581	1,504	5%	6,303	5,729	10%
Average mill head grade - g/t	4.71	3.42	38%	3.44	3.57	(4)%
Recovery - %	83.5%	79.9%	5%	79.2%	78.8%	1%
Gold produced – ounces	200,762	130,610	54%	550,960	520,694	6%
Gold produced – kg	6,244.40	4,062.43	54%	17,136.78	16,195.41	6%
Gold sold – ounces	191,842	131,549	46%	546,342	520,517	5%
Gold sold – kg	5,966.96	4,091.63	46%	16,993.15	16,189.90	5%
Average realized gold price - \$/oz <sup>3</sup>	1,206	1,098	10%	1,256	1,161	8%
Capital expenditures (sustaining) <sup>3</sup>	11.5	11.8	(3%)	61.0	50.5	21%
Capital expenditures (growth) <sup>3</sup>	1.4	2.5	(44%)	14.8	14.2	4%
Capital expenditures (stripping) <sup>3</sup>	58.3	12.1	382%	136.7	210.6	(35%)
Adjusted operating costs - \$/oz sold <sup>3</sup>	253	392	(36%)	342	326	5%
All-in sustaining costs – \$/oz sold <sup>3</sup>	538	553	(3%)	640	731	(12%)
All-in costs – \$/oz sold <sup>3</sup>	545	572	(5%)	667	758	(12%)
All-in costs (including taxes) – \$/oz sold <sup>3</sup>	715	725	(1%)	843	921	(9%)

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– Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs – including revenue-based taxes (in \$ millions and per ounce sold), Cost of sales 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 February 23, 2017.

4– Operating costs (on a sales basis) is comprised of mine operating costs such as mining, processing, site support 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.

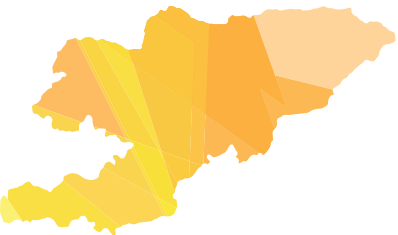


Payments within the Kyrgyz Republic

Contributions made within the Kyrgyz Republic in 2016 (including taxes, refining, domestic suppliers, infrastructure, charities, etc.) have exceeded **\$238.450 million**.

In all, contributions made within the Kyrgyz Republic between 1994 and 2016 have exceeded **\$3.2 billion**.

payments within the Kyrgyz Republic  
**\$3,2 billion**



USD millions	2016	1994 – 2016
Taxes, customs & other mandatory payments	86.949	984.575
Social Insurance Fund	17.906	167.796
Issyk-Kul Development Fund	6.160	56.205
Licenses & permits	0.458	3.514
Pollution tax and payments to the Environment Protection Agency	0.310	4.989
Payments to Kyrgyzaltyn	0.472	12.819
Refinery	3.825	50.901
Revenue from the sale of Centerra shares	-	86.000
Dividends	7.097	93.315
<b>Purchases in the Kyrgyz Republic:</b>		
supplies & services	37.052	727.259
foods	4.049	65.223
<b>Kyrgyz-infrastructure-related payments:</b>		
electricity	12.962	166.601
roads outside the mine site	1.596	42.745
Tamga-Kumtor power-transmission line	-	41.612
KGC employees' net wage	59.244	629.199
Sanatoria treatment	-	0.744
Education, scholarships & training	0.664	5.817
Sponsorships & sustainable development projects	0.706	28.123
Government contributions	-	31.000
Payments to communities	-	4.400
<b>Total</b>	<b>238.450</b>	<b>3,202.84</b>

Kumtor’s Contributions in Taxes and Mandatory Payments for the Twelve Months of 2016

As of December 31, 2016	USD thousands
Gross Proceeds Tax	80,083.32
Issyk-Kul Development Fund	6,160.26
Pollution tax	310
Employee Income tax	4,104.37
Social Insurance Fund	17,906.10
Customs	383.44
Tax on nonresident companies	665.04
Other taxes and mandatory payments	1,043.11
<b>Total</b>	<b>110,783.49</b>
US\$ official exchange rate to the Kyrgyz Soms as of Dec 31, 2016	69.2301
<b>Equivalent of payments effected in thousand Kyrgyz Soms</b>	<b>7,633,766.55</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.

contributions to the national budget  
**> \$110,7 millions**

