



## **Operating Results of the Second Quarter of 2019**

*Centerra Gold Inc. (Centerra) and Kumtor Gold Company (KGC) have summed up their operating results in the second quarter of 2019. For the first six months of 2019, KGC produced 301,373 ounces<sup>1</sup> or 9,373.76 kg of gold and contributed more than 4.22 billion soms in taxes and mandatory payments.*

### **Gold Production and Sales**

Kumtor produced 151,065 ounces of gold in the second quarter of 2019 compared to 83,802 ounces of gold in the same period of 2018. The increase in the current quarter is primarily due to processing ore with higher grades from cut-back 18 and 19 stockpiles and higher recoveries, compared to lower grade stockpiled ore from cut-back 17 and Sarytor processed in the second quarter of 2018. During the second quarter of 2019, Kumtor's average mill head grade was 3.48 g/t with a recovery of 82.3% compared to 2.27 g/t and a recovery of 70.3% for the same period in 2018.

Gold sales in the second quarter of 2019 were 153,307 ounces, or 4,768.38 kilograms. Total revenues from gold sales in the second quarter of 2019 were \$197.7 million<sup>2</sup>.

*The Dore 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 within and outside the Kyrgyz Republic.*

### **Mining Costs, including capitalized stripping:**

Mining costs, including capitalized stripping, was \$52.4 million in the second quarter of 2019, which was \$0.8 million lower than the comparative quarter in 2018. Lower costs in the second quarter of 2019 includes lower diesel costs (\$1.9 million), which was due to lower mine production and lower consumption rates resulting from decreased haulage distance and weather delays.

**Milling costs** amounted to \$18.1 million in the second quarter of 2019 compared to \$16.6 million in the comparative quarter of 2018. The increase is mainly due to higher carbon fines processing costs compared to the same period of 2018 (when carbon fines processing was not fully operational), higher grinding media costs due to the processing of a harder ore type and higher cyanide costs mainly due to higher prices and consumption rates. This was partially offset by lower liner costs due to the timing of mill liner replacements.

### **Site Support Costs:**

Site support costs in the second quarter of 2019 was \$12.0 million compared to \$12.8 million in 2018. The decrease is attributable primarily due to lower contractors' service costs (\$0.6 million) resulted from fewer contractors, and lower costs for camp supplies.

### **Other Cost movements:**

DD&A associated with sales increased to \$43.6 million in the second quarter of 2019 from \$31.0 million in the comparative period, mainly due to higher ounces sold and higher amortization of capitalized stripping resulting from the release of ore from cut-back 19.

### **All-in Sustaining Costs:**

All-in sustaining costs on a by-product basis per ounce sold<sup>4</sup>, which excludes revenue-based tax, was \$562 in the second quarter of 2019 compared to \$1,071 in the same period of 2018. The



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decrease was mainly due to higher ounces sold and lower capitalized stripping. The decrease in capitalized stripping resulted from accessing ore at cut-back 19 West in June 2019, (earlier than we accessed ore in 2018) at which time capitalization of deferred stripping costs ceased, with subsequent stripping costs accounted for in inventory.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold<sup>4</sup> was \$744 in the second quarter of 2019 compared to \$1,254 in the same period of 2018. The decrease was mainly due to lower all-in sustaining costs<sup>4</sup> (explained above), partially offset by higher revenue-based taxes resulted from increased sales revenue achieved in the second quarter of 2019.

**Operating Results of the Kumtor Project<sup>5</sup>**

(\$ millions, except as noted) <sup>3</sup>	Three months ended June 30,			Six months ended June 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Financial Highlights:</b>						
Revenue - \$ millions	<b>197.7</b>	117.3	69%	<b>392.6</b>	270.3	45%
Cost of sales (cash)	<b>57.2</b>	44.4	29%	<b>108.4</b>	87.0	25%
Cost of sales (non-cash)	<b>43.6</b>	31.4	39%	<b>84.6</b>	67.1	26%
Cost of sales (total)	<b>100.8</b>	75.8	33%	<b>193.0</b>	154.1	25%
Cost of sales - \$/oz sold <sup>4</sup>	<b>658</b>	837	(21%)	<b>636</b>	742	(14%)
Cash provided by operations	<b>92.7</b>	52.9	75%	<b>212.7</b>	95.9	122%
Cash provided by operations before changes in working capital <sup>4</sup>	<b>105.9</b>	52.0	104%	<b>215.7</b>	136.6	58%
<b>Operating Highlights:</b>						
Tonnes mined - 000s	<b>39,949</b>	43,493	(8%)	<b>89,143</b>	90,807	(2%)
Tonnes ore mined – 000s	<b>2,630</b>	957	175%	<b>4,507</b>	2,361	91%
Average mining grade - g/t	<b>1.45</b>	1.72	(15%)	<b>1.74</b>	1.90	(8%)
Tonnes milled - 000s	<b>1,575</b>	1,571	0%	<b>3,151</b>	3,239	(3%)
Average mill head grade - g/t	<b>3.48</b>	2.27	53%	<b>3.60</b>	2.43	48%
Mill Recovery - %	<b>82.3%</b>	70.3%	17%	<b>82.1%</b>	71.4%	15%
Mining costs - total (\$/t mined material)	<b>1.32</b>	1.23	7%	<b>1.16</b>	1.15	1%
Milling costs (\$/t milled material)	<b>11.51</b>	10.55	9%	<b>11.22</b>	9.89	13.4%
Gold produced – ounces	<b>151,065</b>	83,802	80%	<b>301,373</b>	184,023	64%
Gold produced – kilograms	<b>4,698.65</b>	2,606.54	80%	<b>9,373.76</b>	5,723.76	64%
Gold sold – ounces	<b>153,307</b>	90,620	69%	<b>303,574</b>	207,539	46%
Gold sold – kilograms	<b>4,768.38</b>	2,818.60	69%	<b>9,442.21</b>	6,455.19	46%
Average realized gold price <sup>4</sup> - \$/oz sold	<b>\$ 1,289</b>	\$ 1,294	(0%)	<b>\$ 1,293</b>	\$ 1,302	(1%)
Capital Expenditures (sustaining) <sup>4</sup> - cash	<b>11.3</b>	9.9	14%	<b>20.3</b>	21.2	(4%)
Capital Expenditures (growth) <sup>4</sup> - cash	<b>4.5</b>	5.9	(24%)	<b>6.5</b>	9.4	(31%)
Capital Expenditures (stripping) - cash	<b>12.1</b>	36.6	(67%)	<b>29.4</b>	65.3	(55%)
Capital Expenditures (stripping) - non-cash	<b>3.5</b>	11.2	(69%)	<b>9.0</b>	21.0	(57%)
Capital expenditures (total)	<b>31.4</b>	63.6	(51%)	<b>65.2</b>	116.9	(44%)



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<b>Unit Costs:</b>						
Adjusted operating costs <sup>4</sup> - \$/oz sold	\$ 407	\$ 555	(27%)	\$ 391	\$ 475	(18%)
Gold - All-in sustaining costs on a by-product basis - \$/oz sold <sup>4</sup>	\$ 562	\$ 1,071	(47%)	\$ 557	\$ 895	(38%)
Gold - All-in sustaining costs on a by-product basis (including taxes) - \$/oz sold <sup>4</sup>	\$ 744	\$ 1,254	(41%)	\$ 739	\$ 1,078	(31%)

1 – One Troy ounce equals to 31.103 48 grammes.

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

3– Numbers may not add up due to rounding

4- Non-GAAP measures and are discussed under “Non-GAAP Measures” in Centerra’s MD&A and news release dated July 30, 2019.

5- Financial data extracted from Centerra’s news release dated July 30, 2019.

**Payments to the Kyrgyz National Budget and Mandatory Contributions**

During the first six months of 2019, contributions to the national budget in taxes, deductions to the Social Fund and other mandatory payments have totaled **4.22 billion soms**.

*As of June 30, 2019.*

Type of payment (US dollars)	Q1	Q2
Gross Proceeds Tax	10,947,177	29,585,268
Contribution to Issyk-Kul Development Fund	2,043,231	2,275,790
Pollution Charge	310,000	-
<b>Total</b>	<b>13,300,408</b>	<b>31,861,057</b>
US\$ official exchange rate to the Kyrgyz Soms at the end of the quarter	69.8496	69.4928
Equivalent of payments effected in t Kyrgyz Soms	<b>929,028,179</b>	<b>2,214,114,061</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.*

*As of June 30, 2019.*

Type of payment (Kyrgyz soms)	Q1	Q2
Personal Income tax	101,803,525	89,661,508
State Social Insurance Contribution	461,734,642	386,137,482
Customs Fees	4,353,000	5,710,000
Tax on nonresident companies	4,368,386	4,931,646
Other taxes and mandatory payments	9,761,878	9,176,628
<b>Total</b>	<b>582,021,431</b>	<b>495,617,263</b>

**Commentary**

Scott Perry, President and Chief Executive Officer of Centerra stated, “We are very pleased to report that our contract workforce at the Kumtor Mine achieved a significant safety milestone during the quarter in attaining one year of lost time incident-free operations. This milestone demonstrates our workforce’s commitment to Centerra’s Work Safe – Home Safe program and our drive to zero harm within the workplace.”

“Kumtor had another strong quarter producing 151,065 ounces of gold which was attributable to milling higher grades and achieving higher recoveries as compared to the comparative period. The northwest pit wall where instability was noted in the first quarter has stabilized and no significant ground movement was identified in the second quarter 2019.”



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“With our second quarter earnings release, Centerra tightened the range and modestly increased its gold production guidance for Kumtor for the year to 550,000 – 575,000 ounces. We have also favourably lowered our expected all-in sustaining costs on a by-product basis (before taxes)<sup>4</sup> at Kumtor to \$635 to \$685 per ounce sold, which reduces the Centerra’s consolidated all-in sustaining costs on a by-product basis (before taxes)<sup>4</sup> to \$713 to \$743 per ounce sold.”

**The Kumtor** open pit mine, located in the Kyrgyz Republic, is one of the largest gold mines in Central Asia operated by a Western-based gold producer. It has been in production since 1997 and has produced over 12.3 million ounces of gold to June 30, 2019.

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

**Centerra Gold Inc.** 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 and is the largest Western-based gold producer in Central Asia. Centerra operates two flagship assets, the Kumtor Mine in the Kyrgyz Republic and the Mount Milligan Mine in British Columbia, Canada and is building its next gold mine, the 100% owned Öksüt Mine in Turkey. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

**The Kyrgyz Republic**, via Kyrgyzaltyn JSC, is Centerra Gold's largest shareholder owning **77,401,766** common shares. As of August 5, 2019, Kyrgyzstan's interests were estimated at **\$ 633 million**.

*Additional information on Centerra Gold Inc. and the full text of the news release on the Second Quarter of 2019 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).*

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