Centerra Gold Inc.
Management's Discussion and Analysis ("MD&A")
For the period ended September 30, 2013

The following discussion has been prepared as of October 30, 2013, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. ("Centerra" or the "Company") for the three and nine months ended September 30, 2013 in comparison with the corresponding periods ended September 30, 2012. This discussion should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes thereto for the three and nine months ended September 30, 2013. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the two years ended December 31, 2012, the related MD&A, the Annual Information Form for the year ended December 31, 2012 (the "2012 Annual Information Form") and the condensed consolidated interim financial statements issued for the quarter ended September 30, 2013. The condensed interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board and the Company's accounting policies as described in note 3 of its annual consolidated financial statements for the year ending December 31, 2012 and give effect of the adoption of new accounting standards effective January 1, 2013 as described in note 2 to the Company's September 30, 2013 condensed interim financial statements. All dollar amounts are expressed in United States (U.S.) dollars, except as otherwise indicated. In addition, this discussion contains forward-looking information regarding Centerra's business and operations. See "Caution Regarding Forward-Looking Information" in this discussion and "Risk Factors" in the Company's 2012 Annual Information Form. The Company's 2012 Annual Report and 2012 Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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Overview

Centerra is a gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. Centerra is a leading North American-based gold producer and is the largest Western-based gold producer in Central Asia.

The Company's significant subsidiaries and jointly-controlled entities include its wholly-owned subsidiaries, Kumtor Gold Company in the Kyrgyz Republic, Boroo Gold LLC and Centerra Gold Mongolia LLC (owner of the Gatsuurt property and Altan Tsagaan Ovoo ("ATO") property) in Mongolia and Öksüt Madencilik A.S. in Turkey, and its forty percent interest in the Dvoinoy joint venture in Russia.

Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is headquartered in Toronto, Ontario, Canada.

Recent Developments Affecting Operations

Kumtor operations

- Since the beginning of 2013, there have been several developments with respect to actions taken by the Kyrgyz Republic Parliament and the Kyrgyz Republic Government that may impact upon Kumtor and the agreements that govern the Kumtor Project. A non-binding memorandum of understanding was signed on September 9, 2013 with the Kyrgyz Republic Government and Kyrgyzaltyn JSC (the "MOU") in connection with a potential restructuring transaction under which (among other things) Kyrgyzaltyn would exchange its 32.7% equity interest in Centerra and $100 million payable to Centerra by way of adjustments to future joint venture distributions otherwise due to Kyrgyzaltyn for a 50% interest in a joint venture company that would own the Kumtor Project. On October 23, 2013, the Kyrgyz Parliament ("Parliament") passed a decree with respect to the MOU, in which Parliament rejected the MOU and instructed the Government to (among other things) continue negotiations with Centerra with a view to improving the Kyrgyz Republic's position and increasing its interest in the joint venture project to no less than 67%. The Company expects to continue its discussions with the Government regarding a potential restructuring transaction to resolve all outstanding concerns relating to the Kumtor Project. However, the Company continues to maintain that any agreement to resolve matters must be fair to all of Centerra's shareholders. Any definitive agreement for a potential restructuring remains subject to Centerra Special Committee and Board approval, as well as compliance with all applicable legal and regulatory requirements and approvals, including a formal independent valuation and minority shareholder approval. See "Other Corporate Developments - Kyrgyz Republic" for further details on these developments.
- As previously disclosed, during an inspection in June 2013, an increased number of cracks were observed in the ring gear of the Kumtor ball mill as compared to the previous inspection

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in April 2013. As a result the ring gear was rotated during a scheduled shutdown in August 2013, and is currently operating at 100% capacity. The Company continues to closely monitor the performance of the rotated ring gear. In the event that the ball mill cannot continue to operate with the existing rotated ring gear, a spare ring gear is available on site, although it would be expected to operate at 95-97% of the capacity of the existing rotated ring gear. A replacement ring gear has been ordered and is expected to arrive in the third quarter of 2014.

- During the third quarter of 2013, Kumtor received final regulatory approval for a revised 2013 annual waste rock dump management plan that among other things allows for the placement of waste rock in the Sarytor Valley, the Davidov Valley and Lysi Valley. Kumtor is currently working in accordance with the revised plan. Movement of the Davidov Valley Waste-rock Dump (also referred to as the "Central Valley Waste Dump") was forecasted in the 2012 Kumtor Technical Report. The Company continues to make progress in relocating and reconstructing certain infrastructure at Kumtor which was, or is currently still, in the path of the Central Valley Waste Dump.
- Movement rates of ice and waste in the high movement area at Kumtor were as expected during the third quarter. The mining fleet focused on stripping waste, thereby establishing access to the east portion of the Kumtor pit (cut-back 15), which is expected to provide high-grade ore throughout the fourth quarter of 2013. During the third quarter of 2013, Kumtor commenced processing ore obtained primarily from the newly accessed cut-back 15 that has a higher grade than the remaining stockpiles that had been mined during the fourth quarter of 2012.
- Kumtor commissioned the last of the ten CAT 789s during the third quarter of 2013. The addition of the new haul trucks is expected to enable Kumtor to commence the longer hauls required by the development plan.
- The Company has conducted its annual impairment review of the Kumtor assets, including goodwill, at September 1, 2013 and determined that no impairment existed at that date.

Boroo operations

- The Boroo Stability Agreement expired on July 7, 2013 and the Company has been paying taxes in accordance with current Mongolian laws and regulations subsequent to that date.
- Mining activities were completed in September 2012. The mill processed stockpiled ore during the first nine months of 2013.
- Active leaching of the heap leach continued for the first nine months of 2013. The Company expects that crushing and stacking activities at the heap leach operation will be completed by November 2013 and that the heap leach operation will continue to be actively leached through to the end of 2014 when the operation will transition to a drain down/closure status.

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Gatsuurt project

- Centerra understands that, in May 2013, the Mongolian Government proposed to Parliament that seven deposits, including Gatsuurt, be added to the list of "mineral deposits of strategic importance". Such a designation, which is subject to the approval of Parliament, would have the effect of excluding the Gatsuurt deposit from the application of the Water and Forest Law which would otherwise prohibit exploration and mining activities at the Gatsuurt deposit. Centerra expects that Parliament and/or any relevant committees of Parliament will consider this matter further in the fourth quarter of 2013 during the fall sitting of Parliament. If Parliament ultimately approves this designation, it would allow the Government of Mongolia to acquire up to a 34% interest in Gatsuurt. The terms of any such participation would be subject to negotiations with the Government. See "Other Corporate Developments – Mongolia".

Impact of Falling Gold Price

In light of recent changes in gold prices, the Company has conducted reviews of its operating costs and capital expenditures and implemented measures to reduce spending on certain operating costs, exploration activities, capital and corporate costs. The Company believes that, on an annualized basis, it can continue to generate cash at the lower gold prices, which reached $1,192 per ounce on June 28, 2013, the lowest price for the first nine months of 2013. Centerra is forecasting all-in cash costs[1], including all operating cash costs[1], capital and taxes, to be between $1,115 and $1,220 per ounce for the year.

In Mongolia, we understand that the Mongolian Government has added a number of deposits, including Gatsuurt, to the list of mineral deposits of strategic importance which, if approved by Parliament, would exclude Gatsuurt from the application of the Water and Forest Law. In light of this development and along with the recent decline in the gold price, the Company is updating the Gatsuurt deposit mine plan and is studying its capital and operating costs. Although the Company has determined that no impairment currently exists, the results of these studies could impact the Company's future assessment of the recoverability of the Gatsuurt and Boroo net assets which are approximately $126 million at September 30, 2013.

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

Consolidated Financial and Operating Highlights

	Three Months Ended September 30			Nine Months Ended September 30		
Financial Summary ($ millions, except as noted)	2013	2012 Restated (4)	% Change	2013	2012 Restated (4)	% Change
Revenue	**$ 155.0**	$ 68.8	125%	**$ 475.5**	$ 292.3	63%
Cost of sales	**111.7**	53.9	107%	**287.5**	215.4	33%
Abnormal mining costs	**-**	11.4	100%	**-**	15.9	100%
Mine standby costs	**-**	-	0%	**-**	4.6	100%
Regional office administration	**6.1**	5.3	16%	**17.6**	15.4	14%
Earnings (loss) from mine operations	**37.2**	(1.8)	2159%	**170.4**	41.0	316%
Revenue-based taxes	**16.4**	6.2	166%	**50.7**	30.2	68%
Other operating expenses	**2.3**	5.2	(56%)	**6.4**	29.5	(78%)
Exploration and business development	**7.4**	9.5	(22%)	**20.8**	27.0	(23%)
Corporate administration	**8.6**	7.8	10%	**22.5**	18.3	23%
Earnings (loss) from operations	**2.6**	(30.4)	109%	**70.0**	(64.0)	209%
Other (income) and expenses	**(1.1)**	(0.1)	901%	**3.1**	(0.1)	100%
Finance costs	**1.2**	1.1	18%	**3.7**	2.7	38%
Earnings (loss) before income taxes	**2.4**	(31.3)	108%	**63.2**	(66.6)	195%
Income tax expense	**4.2**	2.3	80%	**12.1**	6.4	88%
Net earnings (loss)	**$ (1.8)**	$ (33.7)	95%	**$ 51.1**	$ (73.0)	170%
Earnings (loss) per common share - $ basic	**$ (0.01)**	$ (0.14)	93%	**$ 0.22**	$ (0.31)	171%
Earnings (loss) per common share - $ diluted	**$ (0.01)**	$ (0.14)	93%	**$ 0.21**	$ (0.31)	168%
Weighted average common shares outstanding - basic (thousands)	**236,385**	236,376	0%	**236,380**	236,367	0%
Weighted average common shares outstanding - diluted (thousands)	**236,385**	236,376	0%	**236,847**	236,367	0%
Cash provided by (used in) operations	**(8.5)**	(25.4)	67%	**124.4**	(35.7)	448%
Capital expenditures (1)	**80.6**	97.5	(17%)	**289.9**	377.7	(23%)
Operating Summary						
Gold produced – ounces	**113,840**	42,723	166%	**328,486**	167,760	96%
Gold sold – ounces	**115,941**	41,251	181%	**327,864**	175,172	87%
Average realized gold price - $/oz(3)	**1,337**	1,667	(20%)	**1,450**	1,669	(13%)
Average gold spot price - $/oz (2)	**1,326**	1,652	(20%)	**1,456**	1,652	(12%)
Cost of sales - $/oz sold (3)	**963**	1,307	(26%)	**877**	1,230	(29%)
Operating cash costs - $/oz produced(3)	**699**	1,093	(36%)	**582**	835	(30%)
All-in cash costs (pre-tax) - $/oz produced(3)	**1,426**	3,604	(60%)	**1,440**	3,246	(56%)
All-in cash costs (including taxes) - $/oz produced(3)	**1,604**	3,791	(58%)	**1,633**	3,457	(53%)

(1) Includes capitalized stripping of $56.4 million in the third quarter of 2013 ($67.3 million in the third quarter of 2012) and $207.9 million in the nine months ended September 30, 2013 ($202.4 million in the nine months ended September 30, 2012).
(2) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate).
(3) Non-GAAP measure, see discussion under "Non-GAAP Measures".
(4) Restated to reflect the impact of new accounting standards adopted effective January 1, 2013 (see "Changes in Accounting Policies").

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Results of Operations

Third Quarter 2013 versus Third Quarter 2012

For the third quarter of 2013, the Company recorded a net loss of $1.8 million, compared to a net loss of $33.7 million in the comparative quarter of 2012. The change year over year reflects 166% higher ounces sold in 2013 due to higher production at both operations, partially offset by 20% lower average realized gold price[1] in the third quarter of 2013. The comparative quarter of 2012 was affected by a seven week shutdown of the mill at Kumtor due to the delayed release of ore from the Kumtor pit and the depletion of stockpiled ore for processing. This delay in the release of ore was caused by the acceleration of ice and waste in the high movement area in the southeast section of the pit which accelerated the mining of waste to unload these zones and resulted in the delayed release of ore. As a result, a charge for abnormal mining costs of $11.4 million associated with the unplanned removal of ice and waste from the high movement area at Kumtor was incurred in the third quarter of 2012. In the third quarter of 2013, production at Boroo benefited from the resumption of heap leach operations which re-started in October 2012 after the receipt of operating permits.

Production:
Gold production for the third quarter of 2013 totaled 113,840 ounces compared to 42,723 ounces in the comparative quarter. The increase in ounces poured in the third quarter of 2013 was mainly due to the increased production at Kumtor as compared to the same quarter of 2012 which was impacted by a seven week shutdown of the mill, and from heap leach production at Boroo which resumed operation in October 2012.

Environment and Safety:
Environment
Centerra had six level II environmental incidents during the third quarter of 2013, all at its Kumtor operation. Five of the six incidents at Kumtor involved vehicle damage that led to small uncontained spills of fluids, primarily diesel fuel, and the sixth incident was related to defective lime tote bags. The resulting minor ground contamination was appropriately managed and remediated.

Safety
Centerra had six recordable injuries at its operations during the third quarter of 2013, including one fatality at the Boroo operation involving a single vehicle rollover on July 3, 2013. A recordable injury is defined as any incident resulting in lost time, medical aid or a fatality.

Revenue:
Revenue for the third quarter of 2013, increased to $155 million from $68.8 million in the comparative quarter of 2012, primarily as a result of higher sales volumes (115,941 ounces in the third quarter of 2013 compared to 41,251 ounces in the third quarter of 2012) that was partially offset by a decrease in the average realized gold price[1] at $1,337 per ounce compared to $1,667 per

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[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

ounce in the same quarter of 2012. The higher sales volumes reflect the increase in production at both operations.

Cost of sales:
Cost of sales was $111.7 million in the third quarter of 2013, compared to $53.9 million in the comparative period of 2012, mainly as a result of higher sales volumes. Operating costs[1] in the third quarter of 2013 were higher than the comparative quarter reflecting higher production levels at Kumtor. The third quarter of 2012 was impacted by a seven week shutdown of the Kumtor mill and significant mining of ice and waste as noted above, higher operating costs for the expanded mining fleet at Kumtor, higher labour costs, resulting from inflationary increases provided for in the collective bargaining agreements which were finalized in December 2012, and the addition of costs at Boroo from the resumption of heap leach operations.

Depreciation, depletion and amortization associated with production increased to $44.9 million in the third quarter of 2013 from $12.5 million in the comparative quarter of 2012 primarily due to the higher ounces sold which resulted in higher depreciation for assets depreciated using the units of production method. The basis for depreciation has increased due to the expanded mobile fleet at Kumtor and higher deferred stripping costs at Kumtor.

Abnormal mining costs:
There were no abnormal mining costs recorded in the third quarter of 2013. Abnormal mining costs totaled $11.4 million in the comparative third quarter of 2012, representing the cost of removing the ice and waste from the high movement unload zone, in response to the accelerated movements of ice and waste above the SB zone which had become a safety concern. A decision was announced in March 2012 to abandon the then existing mine plan in order to remediate the accelerated movements.

Other operating expenses:
Other operating expenses for the third quarter of 2013 totaled $2.3 million compared to $5.2 million in the comparative quarter of 2012. In the third quarter of 2013 the Company spent $2.2 million on corporate social responsibility ("CSR") programs in the Kyrgyz Republic and in Mongolia, compared to $0.1 million spent on CSR programs in the comparative quarter of 2012, mainly in the Kyrgyz Republic. The Company also incurred $5.0 million in the third quarter of 2012 for the care and maintenance of the underground development project at Kumtor while the operation conducted a detailed study on the potential for expanding the limits of the ultimate pit.

Exploration and business development:
Exploration and business development expenditures in the third quarter of 2013 totaled $7.4 million compared to $9.5 million spent in the comparative quarter of 2012, representing mainly exploration spending. Exploration expenditures in the third quarter of 2013 reflect on-going drilling programs at the Öksüt project in Turkey and the ATO Project in Mongolia and reduced spending on drilling at Kumtor.

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

Corporate administration:
Corporate administration costs in the third quarter of 2013 were $8.6 million compared to $7.8 million in the same quarter of 2012, reflecting increased activity on the Company's projects and an increase in share-based compensation costs resulting from a higher share price in the third quarter of 2013. Share-based compensation expense was $1.9 million in the third quarter of 2013 compared to $1.3 million in the third quarter of 2012.

Taxes:
Centerra reported $16.4 million in the third quarter of 2013 for revenue-based tax expense at Kumtor compared to $6.2 million in the same period of 2012, and $4.2 million in the third quarter of 2013 for income tax expense at Boroo compared to $2.3 million in the same period of 2012.

The increase in revenue-based tax expense reflects the higher volumes sold in the third quarter of 2013 at Kumtor resulting in increased revenue. The increase of $1.9 million in Boroo's income tax expense resulted from the higher earnings achieved in the third quarter of 2013.

Revenue-based tax is governed by the Restated Investment Agreement signed with the Kyrgyz Government on June 6, 2009. The agreement assessed tax on Kumtor at a rate of 13% of gross revenue, plus a monthly contribution of 1% of gross revenue payable to the Issyk-Kul Oblast Development Fund. Income tax expense at Boroo is calculated at an income tax rate of 25% on taxable income over 3 billion Mongolian Tugriks (MNT) (approximately $1.8 million at the September 30, 2013 exchange rate) and a rate of 10% on taxable income up to that amount. Following the termination of the Boroo Stability Agreement in July 2013, Boroo's corporate income tax rate was unchanged, however the royalty paid to the government increased from 5% to a rate varying between 5% and 10% based on the price of gold to a maximum of 10% for gold prices at or above $1,300 an ounce.

Losses incurred by Centerra's entities in the North American segment have not been tax effected and as a result no deferred tax asset has been recognized.

First Nine Months of 2013 versus First Nine Months of 2012

For the first nine months of 2013, the Company recorded net earnings of $51.1 million, compared to a net loss of $73.0 million in the comparative period of 2012. The increased earnings in the first nine months of 2013 reflect 87% higher ounces sold due to higher production at both operations, resulting from both higher availability of ore at Kumtor and the processing of higher grade ore at both operations. The comparative period of 2012 was negatively affected by a seven week mill shutdown and a 10-day labour strike at Kumtor, and lower output at Boroo prior to the commencement of heap leach operations in October 2012.

In the first nine months of 2012, the Company was impacted by the acceleration in the movement of ice and waste material at Kumtor which required a change in the 2012 mine plan, delayed the access to ore in the SB zone and resulted in a seven week shutdown of the Kumtor mill as a result of depleted stockpiled materials. The accelerated movement resulted in the unplanned removal of the ice and waste material in the high movement area, which resulted in an abnormal mining charge of $15.9 million in the first nine months of 2012.

Production:
Gold production for the first nine months of 2013 totaled 328,486 ounces compared to 167,760 ounces in the comparative period. The increase in ounces poured was mainly due to the increased production levels at Kumtor, the processing of higher grade ore at both Kumtor and Boroo and the effect of the resumption of heap leach operations at Boroo in October 2012. During the first nine months of 2012, Kumtor processed fewer tonnes due to a seven week shutdown of its mill and a 10-day labour dispute, while Kumtor incurred a 2-day disruption to its operations in the first nine months of 2013 as a result of an illegal protest which blocked the road leading to the mine, thereby disrupting the delivery of supplies and the interruption of power supplied to the mine.

Environment and Safety:
Environment
Centerra had eight level II environmental incidents during the first nine months of 2013, seven at its Kumtor operation and one at its Boroo operation. Six of the seven incidents at Kumtor involved vehicle damage that led to small uncontained spills of fluids, primarily diesel fuel, while the seventh incident was related to defective lime tote bags. The incident at Boroo represented a minor, non-reportable excursion of heap leach solution from its heap leach pad. In all cases, the Company undertook immediate and effective remedial action.

Safety
Centerra had eight recordable injuries in the first nine months of 2013. Four injuries were recorded at Kumtor, two at the Öksüt project in Turkey, one at the ATO property in Mongolia and one fatality at the Boroo operation, when a light duty vehicle was involved in a single vehicle rollover at the tailings facility on July 3, 2013.

Revenue:
Revenue for the first nine months of 2013, increased to $475.5 million from $292.3 million in the comparative period of 2012, primarily as a result of higher sales volumes (327,864 ounces in the first nine months of 2013 compared to 175,172 ounces in the first nine months of 2012), partially offset by a 13% decrease in the average realized gold price[1] to $1,450 per ounce compared to $1,669 per ounce in the same period of 2012. The higher sales volumes in the first nine months of 2013 reflect the increase in production at both operations during that time.

Cost of sales:
Cost of sales was $287.5 million in the first nine months of 2013, compared to $215.4 million in the comparative period of 2012. The increase was mainly due to higher sales volumes. Operating costs[1] in the first nine months of 2013 were higher, reflecting higher production levels as compared to the comparative period of 2012. The 2012 period was impacted by a seven week shutdown and significant mining of ice and waste, higher labour costs resulting from wage increases provided for in the collective bargaining agreements which were finalized in the fourth quarter of 2012, and the

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[1] Non-GAAP measure, see discussion under “Non-GAAP Measures”.

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addition of heap leach costs at Boroo from the resumption of heap leach operations in October of 2012.

Depreciation, depletion and amortization associated with production increased to $120.4 million in the first nine months of 2013 from $46.2 million in the comparative period of 2012 as a result of the higher amount of ounces sold. The basis for depreciation has increased due to the expanded mobile fleet at Kumtor and higher deferred stripping costs at Kumtor.

Abnormal mining costs:
There were no abnormal mining costs recorded in the first nine months of 2013. Abnormal mining costs totaled $15.9 million in the comparative first nine months of 2012, representing the cost of removing the ice and waste from the high movement unload zone in response to the accelerated movements of ice and waste above the SB Zone, which had become a safety concern. A decision was announced in March 2012 to abandon the then existing mine plan in order to remedy the effect of these accelerated movements.

Other operating expenses:
Other operating expenses for the first nine months of 2013 totaled $6.4 million compared to $29.5 million in the comparative period of 2012. The 2013 amount includes the final costs of $1.4 million to complete the closure of the Kumtor underground project and $4.7 million spent on CSR programs in the Kyrgyz Republic and in Mongolia. The comparative period of 2012 includes a charge of $21 million representing a contribution made by Kumtor into a national micro-credit financing program, $5.0 million for the care and maintenance of the underground development project at Kumtor, $1.1 million for the maternity hospital project in Ulaanbaatar in Mongolia and $2.2 million incurred on other CSR programs, mainly in the Kyrgyz Republic.

Other expenses:
Other expenses for the first nine months of 2013 were $3.1 million compared to income of $0.1 million in the comparative period of 2012. The first nine months of 2013 included a charge of $2.2 million for the write-off of infrastructure assets at Kumtor which could not be relocated as a result of the accelerated movement in the Central Valley Waste Dump.

Exploration and business development:
Exploration and business development expenditures in the first nine months of 2013 totaled $20.8 million, representing mainly exploration spending (first nine months of 2012 totaled $27 million, including $26.4 million of exploration costs). Exploration expenditures in the first nine months of 2013 reflect reduced drilling programs at Kumtor and increased drilling at the Öksüt project in Turkey.

Corporate administration:
Corporate administration costs in the first nine months of 2013 were $22.5 million compared to $18.3 million in the same period of 2012, reflecting increased activity on the Company’s projects and a higher charge for share-based compensation in the current period. Share-based compensation expense was $2.1 million in the first nine months of 2013 compared to a credit of $4.1 million in the same period of 2012, reflecting the movement in the Company’s share price.

Taxes:

Centerra reported $50.7 million in the nine-month period ended September 30, 2013 for revenue-based tax expense at Kumtor compared to $30.2 million in the same period of 2012, and $12.1 million in the nine-month period ended September 30, 2013 for income tax expense at Boroo compared to $6.4 million in the same period of 2012.

The increase in revenue-based tax expense reflects the higher volumes sold in 2013 at Kumtor. The increase of $5.7 million in Boroo's income tax expense is a result of the higher volumes and higher earnings achieved in the nine-month period ended September 30, 2013.

Losses incurred by Centerra's entities in the North American segment in the first nine months of both 2013 and 2012 have not been tax effected and as a result no deferred tax asset has been recognized.

Unit Operating Costs:

i) Cost of sales per ounce sold[1]:

Cost of sales per ounce sold in the third quarter of 2013 decreased to $963 per ounce sold compared to $1,307 per ounce sold in the third quarter of 2012 mainly as a result of increased gold production in the third quarter of 2013 at both operations, including the restarted heap leach operation at Boroo, partially offset by higher labour costs at both sites.

In the first nine months of 2013, cost of sales per ounce sold decreased to $877 per ounce sold compared to $1,230 per ounce sold in the first nine months of 2012 mainly due to the increase in gold production in the first nine months of 2013. Kumtor's cost of sales per ounce sold in the first nine months of 2012 was affected by processing lower grade ore stockpiles, a seven week mill shutdown and a 10-day labour dispute work stoppage.

ii) Operating cash costs per ounce produced[1]:

Operating cash cost per ounce produced in the third quarter of 2013 decreased to $699 compared to $1,093 per ounce in the comparative period of 2012. The decrease in 2013 reflects the impact of higher production levels at Kumtor, higher grades processed at both operations and the resumption of lower cost heap leach operations at Boroo, partially offset by higher labour costs in the third quarter of 2013.

In the first nine months of 2013, operating cash cost per ounce produced decreased to $582 compared to $835 per ounce produced in the comparative period of 2012 reflecting the impact of higher production levels partially offset by higher operating costs.

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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iii) All-in cash costs per ounce produced[1]:

	Three Months Ended September 30		Nine Months Ended September 30	
$ millions, except as noted	**2013**	**2012 (3)**	**2013**	**2012 (3)**
Operating cash costs (1)	**$ 79.6**	$ 46.7	**$ 191.2**	$ 140.0
Abnormal mining costs - cash	**-**	8.1	**-**	10.9
Capitalized stripping and ice unload - cash	**40.7**	47.5	**150.7**	147.3
Operating cash costs and capitalized stripping	**120.3**	102.3	**341.9**	298.3
Sustaining capital (cash) (1)	**15.8**	14.2	**47.7**	32.4
Growth capital (cash)(1)	**8.1**	15.9	**33.9**	140.1
Operating cash costs including capital	**144.2**	132.5	**423.5**	470.8
Corporate and other cash costs (2)	**18.1**	21.5	**49.4**	73.8
All-in Cash Costs - pre-tax (1)	**$ 162.3**	$ 154.0	**$ 472.9**	$ 544.5
Revenue-based tax and income tax	**20.3**	8.0	**63.4**	35.4
All-in Cash Costs - including taxes (1)	**$ 182.6**	$ 162.0	**$ 536.3**	$ 580.0
Ounces poured	**113,840**	42,723	**328,486**	167,760
Operating cash cost - $/oz produced (1)	**$ 699**	$ 1,093	**$ 582**	$ 835
All-in Cash Costs (pre-tax) - $/oz produced (1)	**$ 1,426**	$ 3,604	**$ 1,440**	$ 3,246
All-in Cash Costs (including taxes) - $/oz produced (1)	**$ 1,604**	$ 3,791	**$ 1,633**	$ 3,457

Centerra's pre-tax all-in cash costs per ounce produced[1] for the third quarter of 2013 was $1,426, and includes all cash costs directly related to gold production, excluding taxes. This compares to pre-tax all-in cash costs per ounce produced[1] of $3,604 in the third quarter of 2012. The decrease is mainly due to higher gold production in 2013, 21% lower capital spending and lower corporate and other cash costs. Growth capital[1] spending (excluding capitalized stripping) decreased from $15.9 million in the third quarter of 2012 to $8.1 million in the third quarter of 2013 reflecting the expansion of the mining fleet at Kumtor during the comparative period of 2012. Corporate and other costs[2] were down from $21.5 million in the third quarter of 2012 to $18.1 million in the third quarter of 2013, primarily as a result of the lower exploration spending in the third quarter of 2013 and the charge incurred in the third quarter of 2012 due to the underground at Kumtor being placed under care and maintenance.

For the first nine months of 2013, Centerra's pre-tax all-in cash costs per ounce produced[1] were $1,440 compared to $3,246 in the comparable period of 2012. The decrease in the first nine months

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[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

[2] Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.

[3] Operating cash costs and capitalized stripping for 2012 were restated to reflect the impact of the adoption of IFRIC 20 (see "Changes in Accounting Policies").

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of 2013 reflects higher production at both operations and lower spending on capital and corporate and other costs in the 2013 period.

Cash Flow and Capital Resources

Cash Flow:

	Three months ended September 30,			Nine months ended September 30,		
$ millions	**2013**	**2012 (1)**	**% Change**	**2013**	**2012 (1)**	**% Change**
Cash provided by (used in) operating activities	**(8.5)**	(25.4)	(67%)	**124.4**	(35.7)	(448%)
Cash provided by (used in) investing activities :						
- Capital additons (cash)	**(62.8)**	(78.0)	(19%)	**(222.7)**	(320.8)	(31%)
- Short-term investments net redeemed (net purchased)	**(29.8)**	28.2	(206%)	**10.2**	370.7	(97%)
- other investing items	**1.7**	(2.9)	(158%)	**(23.2)**	(10.6)	119%
Cash provided by (used in) investing activities - total	**(90.9)**	(52.7)	72%	**(235.7)**	39.3	(700%)
Cash used in financing activities	**(9.3)**	69.1	(113%)	**(23.8)**	59.3	(140%)
Increase (decrease) in cash	**(108.6)**	(9.0)	1107%	**(135.1)**	62.9	(315%)

(1) Restated to reflect the impact of the new accounting standards adopted January 1, 2013 (see "Changes in Accounting Policies").

Cash from operating activities

Cash used in operations in the third quarter of 2013 totaled $8.5 million compared to $25.4 million used in operations in the same period of 2012, mainly as a result of the increased earnings (before depreciation) in 2013, offset by increases in working capital requirements.

Working capital, which consists of amounts receivable, prepaid expenses, gold inventory, supplies inventory and accounts payable, required increased funding in the third quarter of 2013 by $55.3 million, higher than the comparative quarter where working capital required increased funding of $8.8 million.

For the first nine months of 2013, cash provided from operations totaled $124.4 million compared to $35.7 million used in operations in the same period of 2012, mainly as a result of higher earnings (before depreciation). Working capital levels increased and required additional funding of $61.8 million in the first nine months of 2013 compared to the first nine months of 2012 when $5.9 million was generated by lower working capital levels.

Cash from investing activities

Cash used in investing activities totaled $90.9 million in the third quarter of 2013 compared to $52.7 million in the comparative quarter. Cash used in investing activities in 2013 primarily included the investments in capital projects (including capitalized stripping) of $62.8 million ($78 million in the third quarter of 2012) and the net purchase of short-term investments of $29.8 million (net redemption of $28.2 million in the third quarter of 2012). Investments in capital projects in the third quarter of 2013 represented lower spending on growth projects as compared to the same period in 2012 which included higher spending on the mobile fleet expansion and for work on the underground at Kumtor, partially offset by higher capitalized stripping at Kumtor in the third quarter of 2013. Spending for sustaining capital[1] was higher in the third quarter of 2013 mainly for overhauls of equipment at Kumtor and tailings dam work at Boroo. Cash spent on growth capital[1] in the third quarter of 2013, excluding capitalized stripping, totaled $8.1 million ($15.9 million in the third quarter of 2012), while $15.8 million was invested in sustaining capital[1] ($14.2 million in the third quarter of 2012). Cash spent on capitalized stripping activities in the third quarter of 2013 totaled $40.7 million compared to $34.4 million in the same quarter of 2012.

In the first nine months of 2013, $235.7 million of cash was used in investing activities representing primarily capital additions of $222.7 million and the purchase of the remaining interest in the Öksüt project in Turkey of $19.7 million (net cash), partially offset by net redemptions of short-term investments of $10.2 million. In the comparative nine months of 2012, $39.3 million was generated by investing activities mainly from the net redemption of short-term investments, partially offset by investments in capital equipment and activities.

Cash from financing activities

Cash used in financing activities in the third quarter of 2013 was $9.3 million representing regular dividend payments. In the same quarter of 2012, $69.1 million was generated from financing activities representing $76 million drawn from the Company's credit facility, partially offset by regular dividend payments.

For the first nine months of 2013, $23.8 million was used in financing activities, including dividend payments of $22.4 million and the payment of interest on borrowings of $1.4 million. In the comparative period of 2012, financing activities generated $59.3 million, representing $76 million of borrowings from the credit facility, partially offset by $15.7 million of dividend payments and $1.2 million of interest payments on borrowings.

Net cash and short-term investments at September 30, 2013 decreased to $236.8 million from $382.1 million at December 31, 2012.

Capital Expenditures (spent and accrued):

	Three months ended September 30,			Nine months ended September 30,		
$ millions	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Capital expenditures (Kumtor)	**77.7**	96.8	(20%)	**281.3**	368.0	(24%)
Capital expenditures (Boroo & Gatsuurt)	**2.9**	0.6	391%	**8.1**	9.4	(14%)
Capital expenditures (Corporate & Others)	**-**	0.1	0%	**0.5**	0.3	48%
Capital expenditures (Consolidated)	**80.6**	97.5	(17%)	**289.9**	377.7	(23%)

Capital expenditures (spent and accrued) in the third quarter of 2013 were $80.6 million as compared to $97.5 million in the same quarter of 2012. Sustaining capital[1] in the third quarter of 2013 was $16 million (including $13.3 million at Kumtor and $2.7 million at Boroo), compared to $14.2 million in

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

2012 (including $13.6 million at Kumtor and $0.5 million at Boroo). Growth capital[1], excluding capitalized stripping, was $8.1 million in the third quarter of 2013, compared to $16.0 million the prior year, spent mainly on the relocation of infrastructure at Kumtor. Capitalized stripping in the third quarter of 2013 totaled $56.4 million, as compared to $67.3 million in the comparative quarter of 2012, spent on stripping activities in cut-backs and in the unload areas at Kumtor.

In the first nine months of 2013, capital expenditures (spent and accrued) were $289.9 million compared to $377.7 million in the comparative period of 2012. Sustaining capital[1] totaled $48.1 million in 2013 and $32.4 million in 2012, while growth capital[2], excluding capitalized stripping, was $33.9 million and $142.9 million in the respective periods of 2013 and 2012. Capitalized stripping totaled $207.9 million in the first nine months of 2013 for work performed at Kumtor mainly in cut-backs 15 and 16 and in the unload areas, and $202.4 million in the comparative period of 2012 for similar work at Kumtor and stripping in Pit 6 at Boroo.

Credit and Liquidity:
On August 8, 2012, the Company drew $76 million on its $150 million revolving credit facility with the European Bank for Reconstruction and Development (EBRD), leaving a balance of $74 million undrawn at September 30, 2013. The drawn amount is due to be repaid on February 8, 2014.

Foreign Exchange:
The Company receives its revenues through the sale of gold in U.S. dollars. The Company has operations in the Kyrgyz Republic and Mongolia, and its corporate head office is in Toronto, Canada. During the third quarter of 2013, the Company's expenditures (including capital) totaled approximately $211 million. About $87 million of this (41%) was in currencies other than the U.S. dollar. The percentage of Centerra's non-U.S. dollar costs, by currency was, on average, as follows: 44% in Kyrgyz soms, 20% in Canadian dollars, 19% in Mongolian tugriks, 13% in Euros, and approximately 4% in Russian Rubles, Australian dollars, Turkish Lira, British pounds, Chinese Yuan, Japanese Yen and Swiss Franc combined. In the third quarter of 2013, the average value of the Japanese Yen, Australian dollar, Mongolian Tugrik, British Pound, Turkish Lira, Russian Roubles, Canadian dollar, Swiss Franc, and Kyrgyz Som decreased in value against the U.S. dollar by 11.4%, 6.2%, 5.3%, 5.1%, 4.6%, 3.6%, 3.2%, 2.1% and 1.9%, respectively. On average, the value of the Euro remained virtually flat compared to its value at December 31, 2012 with a decline of 0.2% against the U.S. dollar. The Chinese Yuan appreciated in value by 1% against the U.S. dollar.

The net impact of these movements in the first nine months of 2013, after taking into account currencies held at the beginning of the year, was to decrease costs by $6.8 million.

Gold Hedging and Off-Balance Sheet Arrangements:
The Company had no gold hedges in place as of September 30, 2013.

Centerra does not enter into off-balance sheet arrangements with special purpose entities in the normal course of its business, nor does it have any unconsolidated affiliates.

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[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".
[2] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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Share Capital and Share Options

As of October 30, 2013, Centerra had 236,387,860 common shares issued and outstanding. In addition, at the same date, the Company had 2,614,536 share options outstanding under its share option plan with exercise prices ranging from Cdn$3.96 to Cdn$22.28 per share, and with expiry dates between 2016 and 2021.

Results of Operating Segments

Kumtor Mine

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based gold producer. It has been in production since 1997 and has produced over 8.9 million ounces of gold to September 30, 2013.

Waste-Rock Dump Movement

On May 3, 2013, the Company announced that a large section of Kumtor's principal waste-rock dump, the Central Valley Waste Dump, was experiencing a greater than anticipated rate of movement. Beginning in mid-March, the rate of movement of the waste-rock dump increased beyond the anticipated rate, requiring acceleration to the planned demolition of the administration and workshop buildings and the relocation of certain other infrastructure. Employees in the affected buildings were moved to temporary work locations while new planned facilities are constructed. The movement of the Central Valley Waste Dump and the demolition of buildings and relocation of other affected infrastructure is described in the Kumtor Technical Report (December 20, 2012) and in the life-of-mine plan.

During the third quarter of 2013, Kumtor received final regulatory approval for a revised 2013 annual waste rock dump management plan that among other things allows for the placement of waste rock in the Sarytor Valley, the Davidov Valley and Lysi Valley. Kumtor is currently working in accordance with the revised plan. Movement of the Davidov Valley Waste-rock Dump (also referred to as the "Central Valley Waste Dump") remains within the range of movement forecasted in the 2012 Kumtor Technical Report. The Company continues to make progress in relocating and reconstructing certain infrastructure at Kumtor which was, or is currently, in the path of the Central Valley Waste Dump.

Ring Gear

During an inspection in June 2013, an increased number of cracks were observed in the ring gear of the Kumtor ball mill as compared to the previous inspection in April 2013. The Company has ordered a replacement ring gear which it expects to be delivered in the third quarter of 2014. In the meantime, the Company has taken measures to closely monitor the ring gear and to lessen the stresses applied to it. As a result, the ring gear was rotated during a scheduled shutdown in August 2013 and is currently operating at 100% capacity. The off-side of the ring gear does not appear to have any cracks and is expected to provide good temporary service until such time as the replacement gear arrives. In the event that the ball mill cannot continue to operate with the existing rotated ring gear until the replacement arrives, a spare ring gear is available on site, although it would be expected to operate at 95-97% of the capacity of the existing ring gear.

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Overview of Kumtor Operating Results

	Three months ended September 30			Nine months ended September 30		
Kumtor Operating Results	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Tonnes mined - 000s	**41,741**	35,943	16%	**129,827**	109,425	19%
Tonnes ore mined - 000s	**2,087**	412	407%	**3,095**	491	530%
Average mining grade - g/t (1)	**2.78**	2.25	24%	**2.53**	2.09	21%
Tonnes milled - 000s	**1,312**	581	126%	**4,136**	3,209	29%
Average mill head grade - g/t (1)	**3.04**	1.78	71%	**2.63**	1.66	58%
Recovery - %	**76.4%**	75.1%	2%	**73.6%**	72.6%	1%
Gold produced – ounces	**90,289**	23,786	280%	**252,272**	125,799	101%

	Three months ended September 30			Nine months ended September 30		
Kumtor Cost Performance	**2013**	2012 (4)	**% Change**	**2013**	2012 (4)	**% Change**
Operating cash costs (3) ($ millions, except as noted):						
Mining - including capitalized stripping and abnormal mining costs	**65.6**	55.5	18%	**191.1**	160.6	19%
Mining - excluding capitalized stripping and abnormal mining costs (2)	**24.9**	0.8	3008%	**40.4**	8.7	364%
Milling	**19.4**	13.4	44%	**50.6**	41.5	22%
Site support	**15.0**	13.7	10%	**44.4**	38.3	16%
Bishkek administration	**4.8**	3.9	22%	**13.3**	11.4	17%
Mine stand-by costs	**0.0**	0.0	0%	**0.0**	4.6	100%
Management fees and other	**0.1**	0.0	226%	**0.2**	0.1	93%
Refining fees	**0.5**	0.1	305%	**1.5**	0.6	137%
By-product credits	**(0.6)**	(0.2)	204%	**(1.8)**	(1.0)	81%
Operating cash costs (3)	**64.1**	31.9	101%	**148.6**	104.1	43%
Non-cash DD&A costs	**80.4**	31.2	158%	**92.6**	16.4	465%
Total production costs	**144.5**	63.0	129%	**241.2**	120.5	100%
Unit operating costs						
Mining costs, including capitalized and abnormal mining costs ($/t mined material)	**1.57**	1.54	2%	**1.47**	1.47	0%
Milling costs ($/t milled material)	**14.75**	23.14	(36%)	**12.22**	12.92	(5%)
Operating cash costs ($/t milled material) (3)	**48.86**	54.81	(11%)	**35.92**	32.46	11%
Operating cash costs ($/oz produced) (3)	**709**	1,338	(47%)	**589**	828	(29%)
All-in cash costs (pre-tax) - $/oz produced (3)	**1,395**	4,911	(72%)	**1,478**	3,388	(56%)
All-in cash costs (including taxes) - $/oz produced (3)	**1,576**	5,170	(70%)	**1,678**	3,628	(54%)

1 g/t means grams per tonne.
2 Mining costs charged to operations reduced by amounts charged to capital for stripping and abnormal mining costs.
3 Non-GAAP measure, see discussion under "Non-GAAP Measures".
4 Operating cash costs for 2012 were restated to reflect the impact of the adoption of IFRIC 20 (see "Changes in Accounting Policies").

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Third Quarter 2013 versus Third Quarter 2012

Kumtor obtained access to and commenced mining the ore contained in cut-back 15 at the end of August 2013. The total tonnes mined for the third quarter of 2013 were 41.7 million tonnes compared to 35.9 million tonnes in the comparative quarter of 2012, representing an increase of 16% due to the increased volume of higher density waste mined as Kumtor focused on mining of waste and ore from cut-back 15. The third quarter of 2012 was negatively affected by the unexpected increased ice movement rates which required the Company to mine a significantly larger quantity of low density ice. Kumtor mined 2.1 million tonnes of ore in cut-back 15 during the third quarter of 2013 at an average grade of 2.78 g/t.

Kumtor produced 90,289 ounces of gold for the third quarter of 2013 compared to 23,786 ounces of gold in the comparative quarter of 2012. The increase in ounces poured was mainly due to the higher production levels achieved during the third quarter of 2013 and from the processing of higher grade ore that was mined from cut-back 15. During the third quarter of 2013, Kumtor's head grade was 3.04 g/t with a recovery of 76.4%, compared with 1.78 g/t and a recovery of 75.1% for the same quarter in 2012. The third quarter of 2012 was negatively affected by a seven week mill shutdown as the Company exhausted the historical low grade stockpiles that led to significantly lower than normal processed tonnes. Tonnes processed were approximately 1.3 million for the third quarter of 2013, which is 126% higher than the comparative period in 2012.

Operating cash costs[1] - Kumtor

Operating cash costs at Kumtor in the third quarter of 2013 increased by $32.2 million to $64.1 million, excluding the capitalization of stripping activities and the expensing of unloading activities (increased by $18.2 million including capitalized stripping and unloading expense), compared to $31.9 million in the comparative quarter of 2012.

The movements in the major components of operating cash costs (mining, milling and site support) are explained as follows:

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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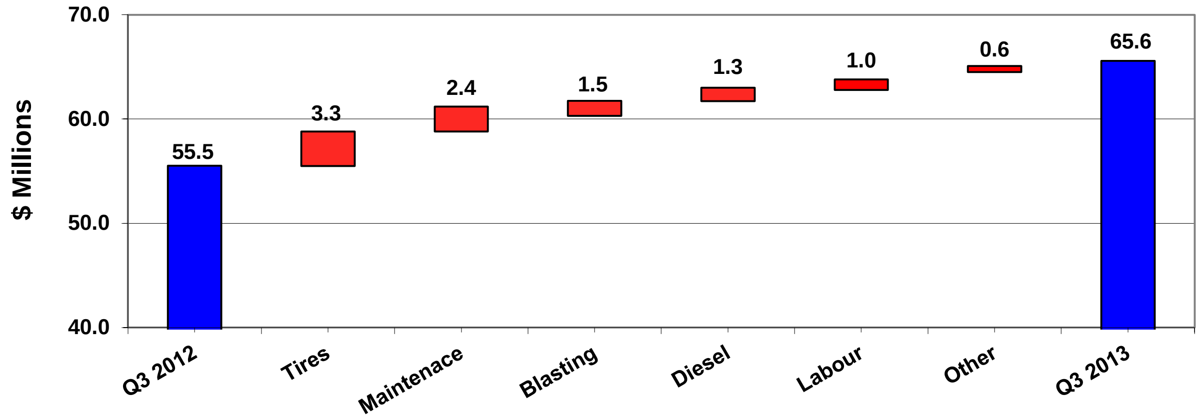
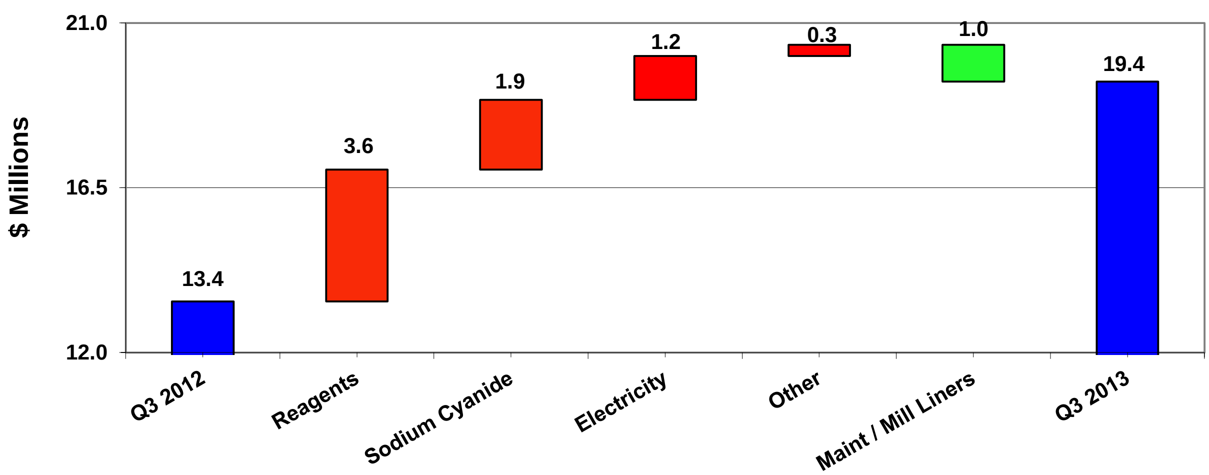
Mining Costs, including capitalized stripping and abnormal mining costs (Third Quarter 2013 compared to Third Quarter 2012):



The increased cost of mining activities is primarily related to the increased tonnage moved as the higher density material incurred higher diesel and blasting costs. Other increases include higher tire requirements of the expanded CAT 789 fleet and increased maintenance of the Hitachi shovel, CAT 789 and DR460 drill fleets introduced in 2011 and 2012. Labour costs also increased as a result of wage increases provided for in the new collective bargaining agreement ratified in December 2012.

Milling Costs (Third Quarter 2013 compared to Third Quarter 2012):



Milling costs were higher in the third quarter of 2013 as production was interrupted during the comparative period resulting in a shutdown of the mill for seven weeks due to the unexpected ice movement that delayed ore release to the end of the third quarter of 2012. During the third quarter of 2013, costs increased due to greater reagent and electricity consumption as the mill processed 126% more tonnes than the comparative period. Other cost increases were cyanide cost usage due to the higher throughput and purchase price increases (costs increased by 25%). During the third quarter of

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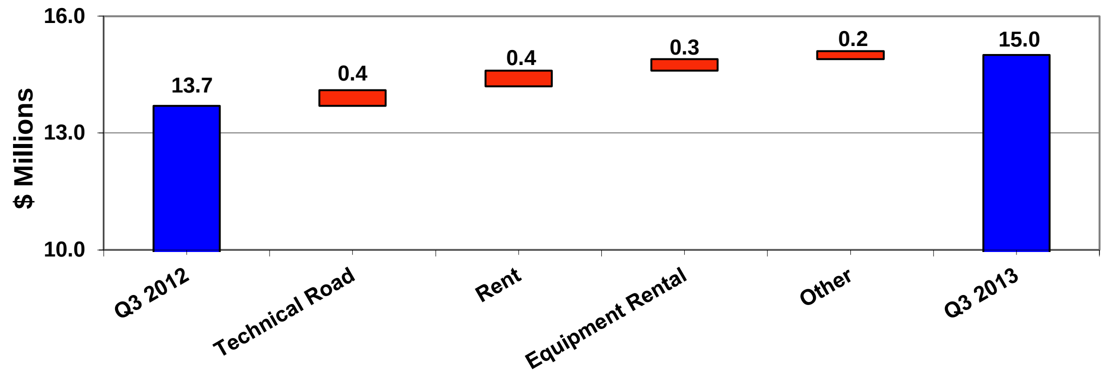
2012, the mill incurred greater maintenance costs as the seven week shutdown was used as an opportunity to complete regular maintenance and bring forward liner replacements.

Site support costs (Third Quarter 2013 compared to Third Quarter 2012):



Site support costs in the third quarter of 2013 increased primarily due to maintenance to the technical road ($0.4 million), fuel storage rental ($0.4 million), and equipment rental to transport supplies from the warehouse in Balykchy to mine-site ($0.3 million).

First Nine Months of 2013 versus First Nine Months of 2012

With mining activities focused on stripping cut-back 15, Kumtor processed ore from stockpiles until it accessed high grade ore from cut-back 15 in August 2013. Kumtor plans to mine and process such higher grade ore from cut-back 15 during the final quarter of 2013.

The total waste and ore mined for the first nine months of 2013 was 191.1 million tonnes compared to 160.6 million tonnes in the comparative period of 2012, representing an increase of 19% due to both the increased capacity of the expanded fleet and the increased volume of higher density material mined from cut-back 15 compared to the first nine months of 2012. Kumtor accessed the main ore body associated with cut-back 15 and mined the remaining ore from cut-back 14B during the first nine months of 2013, which resulted in 3.1 million tonnes of ore being mined at an average grade of 2.53 g/t.

Kumtor produced 252,272 ounces of gold for the first nine months of 2013 compared to 125,799 ounces of gold in the comparative period of 2012. The increase in ounces poured was due to the processing of higher grade ore from cut-back 15 and cut-back 14B. During the first nine months of 2013, Kumtor's average head grade was 2.63 g/t with a recovery of 73.6%, compared with 1.66 g/t and a recovery of 72.6% for the same period in 2012. Tonnes processed were approximately 4.1 million for the first nine months of 2013, 29% higher than the comparative period as a result of reduced mill operating time due to the seven week mill shutdown that occurred in the third quarter of 2012.

Operating cash costs[1] - Kumtor

Operating cash costs at Kumtor in the first nine months of 2013 increased by $44.5 million to $148.6 million, excluding the capitalization of stripping activities and the expensing of costs associated with the unloading activities ($43.3 million including capitalization and unloading expense), compared to $104.1 million in the comparative period of 2012.

The movements in the major components of operating cash costs (mining, milling and site support) are explained as follows:

Mining Costs, including capitalized stripping and abnormal mining costs:

Mining costs, including capitalized stripping and abnormal mining costs, totaled $191.1 million in the first nine months of 2013 compared to $160.6 million in the comparative period of 2012. The increase was primarily due to both the increased diesel ($10.9 million) and blasting costs ($2.9 million) resulting from greater operating time and tonnage of higher density material mined as the comparative period was affected by the work stoppage and unexpected increased ice movement. Labour costs also increased ($4.8 million) as a result of the new collective employee agreement ratified in December 2012. Other increases include increased tire requirements ($5.7 million) and maintenance ($3.0 million) due to the expanded CAT 789 trucks, Hitachi shovels and DR460 drill fleets.

Milling Costs:

Milling costs of $50.6 million in the nine months of 2013 compares to $41.5 million in the same period of 2012. The 2013 milling costs were $5.9 million higher than the comparative period due to greater reagent and electricity consumption as the mill processed 29% more tonnes than the comparative period which was impacted by a seven week shutdown. Other cost increases include an additional $3.6 million of cyanide cost usage due to the higher throughput and purchase price increases (costs increased by 21%).

Site support costs:

Site support costs for the first nine months of 2013 totaled $44.4 million compared to $38.3 million in the comparative period of 2012. The increase is primarily due to higher labour costs as a result of the new collective employee agreement ratified in December 2012 ($1.5 million), rental costs for temporary fuel storage to accommodate increased fuel volumes ($1.0 million), equipment to assist with short-term requirements associated with the infrastructure relocation ($0.9 million) and increased maintenance requirements on equipment and camp infrastructure ($0.8 million).

[1] Non-GAAP measure, see discussion under “Non-GAAP Measures”.

Unit operating costs – Kumtor

Operating cash cost per ounce produced[1] - Kumtor

Operating cash cost per ounce produced[1] in the third quarter of 2013 decreased to $709 compared to $1,338 per ounce in the comparative period of 2012. The decrease in the 2013 third quarter reflects the impact of significantly higher production levels, which resulted in an additional 280% in ounces produced compared to the first nine months of 2012. This was partially offset by higher mining costs as the Company ceased capitalizing stripping costs after Kumtor commenced mining ore earlier in 2013 than the comparative period.

For the first nine months of 2013, operating cash cost per ounce produced[1] decreased to $589 compared to $828 per ounce in the first nine months of 2012, due to the higher production levels in 2013.

All-in cash costs[1] - Kumtor

	Three months ended September 30		Nine months ended September 30	
$ millions, except as noted	**2013**	**2012 (3)**	**2013**	**2012 (3)**
Operating cash costs (1)	**$ 64.1**	$ 31.8	**$ 148.6**	$ 104.1
Abnormal mining costs - cash	**-**	8.1	**-**	10.9
Capitalized stripping and ice unload - cash	**40.7**	47.5	**150.7**	141.0
Operating cash costs and capitalized stripping	**104.7**	87.4	**299.3**	256.1
Sustaining capital (cash)(1)	**13.3**	13.6	**40.1**	30.3
Growth capital (cash)(1)	**7.9**	15.8	**33.4**	139.8
Operating cash costs including capital	**125.9**	116.8	**372.7**	426.2
Corporate and other cash costs (2)	**-**	-	**-**	-
All-in Cash Costs (pre-tax) (1)	**$ 125.9**	$ 116.8	**$ 372.7**	$ 426.2
Revenue-based tax	**16.4**	6.2	**50.7**	30.2
All-in Cash Costs (including taxes) (1)	**$ 142.3**	$ 123.0	**$ 423.4**	$ 456.4
Ounces poured	**90,289**	23,786	**252,272**	125,799
All-in Cash Costs (pre-tax) - $/oz produced (1)	**$ 1,395**	$ 4,911	**$ 1,478**	$ 3,388
All-in Cash Costs (including taxes) - $/oz produced (1)	**$ 1,576**	$ 5,170	**$ 1,678**	$ 3,628

[1]Non-GAAP measure, see discussion under "Non-GAAP Measures".
[2]Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.
[3]Operating cash costs and capitalized stripping for 2012 were restated to reflect the impact of the adoption of IFRIC 20 (see "Changes in Accounting Policies").

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Kumtor's pre-tax all-in cash costs per ounce produced[1] for the third quarter of 2013 was $1,395 and includes all cash costs directly related to gold production, except for revenue-based taxes. This compares to pre-tax all-in cash costs[1] of $4,911 per ounce produced in the comparative period of 2012. The decrease is predominantly due to higher produced ounces.

For the first nine months of 2013, the all-in cash costs per ounce produced[1] at Kumtor was $1,478 compared to $3,388 per ounce in the comparative period, reflecting higher production and lower spending on capital in 2013.

Boroo Mine

The Boroo open pit mine, located in Mongolia, was the first hard rock gold mine in Mongolia. It has produced approximately 1.7 million ounces of gold since it began operation in 2004.

Mining activities at Boroo were completed in September 2012. Heap leach operations resumed in October 2012.

Overview of Boroo Operating Results

	Three months ended September 30			**Nine months ended September 30**		
Boroo Operating Results	**2013**	2012	**% Change**	**2013**	2012	**% Change**
Total tonnes mined - 000s	-	1,821	(100%)	-	6,195	(100%)
Average mining grade (non heap leach material) - g/t [3]	-	2.05	(100%)	-	2.00	(100%)
Tonnes mined heap leach - 000s	-	121	(100%)	-	143	(100%)
Tonnes ore mined direct mill feed - 000s	-	854	(100%)	-	907	(100%)
Tonnes ore milled - 000s	**604**	576	5%	**1,800**	1,802	(0%)
Average mill head grade - g/t [2] [3]	**1.04**	1.62	(36%)	**1.23**	1.07	15%
Recovery (mill) - % [2]	**58.5%**	60.9%	(4%)	**57.5%**	67.5%	(15%)
Tonnes placed (heap leach) - 000s	**1,078**	-	-	**2,373**	-	-
Tonnes leached - 000s	**803**	-	-	**3,688**	-	-
Average grade leached - g/t [3]	**0.75**	-	-	**0.69**	-	-
Recovery (heap leach) - %	**57.3%**	-	-	**42.2%**	-	-
Gold produced – mill (ounces)	**12,622**	18,938	(33%)	**41,702**	41,961	(1%)
Gold produced – heap leach (ounces)	**10,929**	-	-	**34,512**	-	-
Total gold produced (ounces)	**23,551**	18,938	24%	**76,214**	41,961	82%

1 Non-GAAP measure, see discussion under "Non-GAAP Measures".
2 Excludes heap leach ore.
3 g/t means grams per tonne.

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Boroo Cost Performance	Three months ended September 30 2013	2012	% Change	Nine months ended September 30 2013	2012	% Change
Operating cash costs[1] ($ millions, except as noted):						
Mining - including capitalized stripping	**-**	4.4	(100%)	**-**	10.9	(100%)
Mining - excluding capitalized stripping	**-**	4.4	(100%)	**-**	4.5	(100%)
Milling	**5.8**	5.6	3%	**17.0**	16.9	0%
Leaching	**3.0**	0.2	100%	**8.8**	0.2	100%
Site support	**2.1**	2.1	(1%)	**6.2**	6.2	0%
Ullaanbaatar administration	**1.3**	1.4	(3%)	**4.3**	4.0	7%
Production taxes and royalties	**3.3**	1.3	154%	**7.5**	3.9	91%
Refining fees	**0.1**	0.1	99%	**0.3**	0.1	100%
By-product credits	**(0.2)**	(0.1)	63%	**(0.4)**	(0.3)	65%
Other	**0.0**	(0.1)	(116%)	**(1.0)**	0.1	(817%)
Operating cash costs [1]	**15.5**	14.9	4%	**42.6**	35.9	19%
Non-cash DD&A costs	**4.3**	6.5	(35%)	**15.7**	9.4	68%
Total production costs	**19.8**	21.4	(8%)	**58.3**	45.2	29%
Unit operating costs						
Milling costs ($/t milled material)	**9.59**	9.79	(2%)	**9.42**	9.40	0%
Operating cash costs ($/t milled material) [1]	**25.70**	25.87	(1%)	**23.67**	19.90	19%
Operating cash costs ($/oz produced) [1]	**659**	787	(16%)	**559**	855	(35%)
All-in cash costs (pre-tax) - $/oz produced [1]	**765**	812	(6%)	**652**	1,047	(38%)
All-in cash costs (including taxes) - $/oz produced [1]	**932**	908	3%	**818**	1,172	(30%)

Third Quarter 2013 versus Third Quarter 2012

Boroo produced 23,551 ounces of gold in the third quarter of 2013 compared to 18,938 ounces of gold in the third quarter of 2012. The increase in gold production was due to the resumption of activities at the heap leach operation which contributed 10,929 ounces in the third quarter of 2013. The higher mill throughput achieved in the third quarter of 2013 was partially offset by lower average mill feed grade of 1.04 g/t with a recovery of 58.53% in the third quarter of 2013, compared to 1.62 g/t with a recovery of 60.90% in the same period of 2012.

Boroo processed low recovery stockpiled ore in the third quarter of 2013, compared to higher grade ore processed from Pit 6 in the same quarter of 2012.

Operating cash costs[1]- Boroo

Operating cash costs[1] at Boroo increased by $0.6 million in the third quarter of 2013 compared to the same period in 2012 (no stripping costs were capitalized in either quarter).

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[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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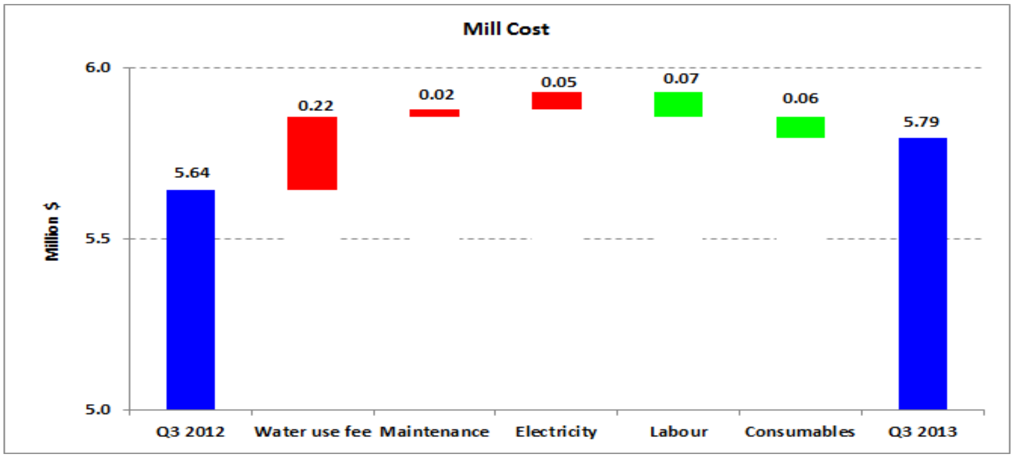
The movements in the major components of operating cash costs[1] (mining, milling and site support) are explained as follows:

Milling costs (Third Quarter 2013 compared to Third Quarter 2012):



Milling costs in the third quarter of 2013 were slightly higher than the same period of 2012 reflecting higher water usage fees, electricity costs (as a result of increased consumption from higher production) and costs for maintenance contractor and mechanical maintenance work. These unfavorable variances were partially offset by lower costs incurred for payroll, SAG Mill feed end liner and assaying.

Mining costs:

There were no mining costs in the third quarter of 2013. In the third quarter of 2012, $4.4 million was incurred for Pit 6 ore mining operations.

Site support costs:

Site support costs for the third quarter of 2013 were consistent with the $2.1 million incurred in the same period of 2012.

Boroo regional administration costs in 2013 were $1.3 million, $0.1 million lower than in the same quarter of 2012.

Other operating costs:

Heap leach

Costs for heap leaching activities in the third quarter of 2013 were $3.0 million. Minimal heap leach maintenance costs were incurred during the same period of 2012, as the facility did not resume operation until October 2012.

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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Royalties

Production taxes and royalties increased in the third quarter of 2013 to $3.3 million compared to $1.3 million in the third quarter of 2012 as a result of higher gold sales revenue. An increase of $0.6 million results from higher ounces sold. The remaining $1.4 million is due to paying an additional 4.3% as royalty (royalty rate was on average 9.3% compared to 5% under the Boroo Stability Agreement), following the expiry of Boroo's Stability Agreement on July 7, 2013 which subjected Boroo to Mongolia's graduated royalty rates.

First Nine Months 2013 versus First Nine Months 2012

Boroo produced 76,213 ounces of gold in the first nine months of 2013 compared to 41,961 ounces of gold in the first nine months of 2012. The increase in gold production was mainly due to the resumption of activities at the heap leach operation since October 2012 and the processing of higher grades of ore through the mill, partially offset by lower recoveries in 2013. Mill grades averaged 1.23 g/t with a recovery of 57.5% in the first nine months of 2013, compared to 1.07 g/t with a recovery of 67.5% in the same period of 2012.

Boroo processed ore in the first nine months 2013 which was more refractory in nature, resulting in lower recoveries (57.5% compared to 67.5%) than during the same period of 2012 when the mill processed lower grade ore.

Operating cash costs[1] - Boroo

Operating cash costs[1] at Boroo increased by $6.7 million in the first nine months of 2013, excluding the capitalization of stripping costs for Pit 6 in 2012 (and increased by $0.4 million including capitalization of stripping costs) compared to the same period of 2012. This was mainly due to the resumption of heap leach operations in October 2012.

The movements in the major components of operating cash costs[1] (mining, milling and heap leach) are explained as follows:

Mining costs:

There were no mining costs in the first nine months of 2013. Mining costs in the first nine months of 2012 were $4.4 million as a result of mining Pit 6 ore in the third quarter of 2012.

Milling costs:

Milling costs in the first nine months of 2013 of $17 million were $0.1 million higher than the same period of 2012 reflecting higher costs incurred for water usage fees, mechanical maintenance work, and diesel costs. These unfavorable variances were offset by lower costs incurred for reagents (namely copper sulphate and sodium metabisulphate), electricity, and payroll costs.

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

Site support costs:

Site support costs in the first nine months of 2013 were unchanged at $6.2 million compared to the same period of 2012.

Boroo regional administration costs in the first nine months of 2013 were $4.3 million, which was $0.3 million or 7% higher than in the same period of 2012. This was mainly due to higher payroll related costs.

Other operating costs:

Heap leach

Costs for heap leaching activities in the first nine months of 2013 were $8.8 million, compared to $0.2 million incurred in the same period of 2012, as operations resumed in October 2012.

Royalties

Production taxes and royalties increased in the first nine months of 2013 to $7.5 million compared to $3.9 million in the same period of 2012 as a result of higher gold sales revenue. Of this increase, $2.2 million resulted from higher ounces sold, and the remaining $1.4 million was due to paying an increased royalty upon the expiry of the Boroo Stability Agreement in July 2013.

Unit operating costs – Boroo

Operating cash costs per ounce[1]- Boroo

Operating cash costs per ounce produced[1] in the third quarter of 2013 was $659 compared to $787 per ounce in the same period of 2012. The decrease of 16% was a result of a 24% increase in production partially offset by higher operating costs[1] resulting primarily from the resumption of heap leach operations.

Operating cash costs per ounce produced[1] in the first nine months of 2013 were $559 compared to $855 per ounce for the same period of 2012. The decrease of 35% was a result of 82% increase in production partially offset by higher operating costs resulting primarily from the resumption of heap leach operations.

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

All-in cash costs[1]– Boroo

	Three months ended September 30		Nine months ended September 30	
$ millions, except as noted	**2013**	**2012**	**2013**	**2012**
Operating cash costs (1)	**$ 15.5**	$ 14.9	**$ 42.6**	$ 35.9
Capitalized stripping - cash	-	-	-	6.3
Operating cash costs and capitalized stripping	**15.5**	14.9	**42.6**	42.2
Sustaining capital (cash) (1)	**2.5**	0.5	**7.1**	1.7
Growth capital (cash) (1)	-	-	-	-
Operating cash costs including capital	**18.0**	15.4	**49.7**	43.9
Corporate and other cash costs (2)	-	-	-	-
All-in Cash Costs (pre-tax) (1)	**$ 18.0**	$ 15.4	**$ 49.7**	$ 43.9
Income tax	**3.9**	1.8	**12.7**	5.2
All-in Cash Costs (including taxes) (1)	**$ 21.9**	$ 17.2	**$ 62.4**	$ 49.2
Ounces poured	**23,551**	18,938	**76,214**	41,961
All-in Cash Costs (pre-tax) - $/oz produced (1)	**$ 765**	$ 812	**$ 652**	$ 1,047
All-in Cash Costs (including taxes) - $/oz produced (1)	**$ 932**	$ 908	**$ 818**	$ 1,172

Boroo's pre-tax all-in cash costs per ounce produced[1] for the third quarter of 2013 was $765 and included all costs directly related to gold production except for income tax paid in Mongolia. The same pre-tax all-in cash costs[1] measure for the third quarter of 2012 was $812 per ounce produced. The decrease in the pre-tax all-in cash costs[1] was primarily the result of the increase in production, reflecting the resumption of heap leaching operations and no mining activity in the third quarter of 2013. In the comparative quarter of 2012, mining costs accounted for $233 per ounce produced.

Operating cash costs[1] increased by $0.6 million to $15.5 million in the third quarter of 2013 compared to 2012. There were no costs incurred for mining in the third quarter of 2013 as compared to $4.4 million in 2012. The third quarter of 2012 included stripping activities which accounted for $233 per ounce. Capital expenditures (cash), excluding capitalized stripping, increased from $0.5 million ($26 per ounce) in the third quarter of 2012 to $2.5 million ($106 per ounce) in the same period in 2013, primarily reflecting increased spending in 2013 on tailings dam construction in 2013 ($2.4 million).

For the first nine months of 2013 Boroo's pre-tax all-in cash costs per ounce produced[1] was $652 and included all costs directly related to gold production except for income tax paid in Mongolia. The same pre-tax all-in cash costs[1] measure in the same period of 2012 was $1,047 per ounce produced. The decrease in the all-in cash costs[1] was primarily the result of the increase in

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".
[2] Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.

production, reflecting the resumption of heap leaching operations and no mining activity in the third quarter of 2013. In the comparative period of 2012, mining costs accounted for $108 per ounce produced.

In the first nine months of 2013, operating cash costs[1] increased by $6.7 million to $42.6 million compared to the same period in 2012, as a result of the restart of the heap leach operation. There were no costs incurred for capitalized stripping in 2013 as compared to $6.3 million, accounting for $150 per ounce, in the first nine months of 2012. Capital expenditures (cash), excluding capitalized stripping, increased from $1.8 million ($42 per ounce) in the first nine months of 2012 to $7.1 million ($91 per ounce) in the same period of 2013, primarily reflecting increased spending on tailings dam construction ($5.3 million).

Other Financial Information – Related Party Transactions

Kyrgyzaltyn JSC

Revenues from the Kumtor gold mine are subject to a management fee of $1.00 per ounce based on sales volumes, payable to Kyrgyzaltyn JSC ("Kyrgyzaltyn"), a shareholder of the Company and a state-owned entity of the Kyrgyz Republic.

The table below summarizes the management fees paid and accrued by Kumtor Gold Company ("KGC"), a subsidiary of the Company, to Kyrgyzaltyn and the amounts paid and accrued by Kyrgyzaltyn to KGC according to the terms of a Restated Gold and Silver Sales Agreement between KGC, Kyrgyzaltyn and the Government of the Kyrgyz Republic dated June 6, 2009 (the "Gold Sales Agreement").

($ thousands)	**Three months ended September 30**		**Nine months ended September 30**	
	2013	**2012**	**2013**	**2012**
Management fees paid by KGC to Kyrgyzaltyn	**$ 87**	$ 27	**$ 249**	$ 129
Gross gold and silver sales from KGC to Kyrgyzaltyn	**117,309**	44,077	**363,459**	216,323
Deduct: refinery and financing charges	**(513)**	(126)	**(1,460)**	(616)
Net sales revenue received by KGC from Kyrgyzaltyn	**116,796**	43,951	**361,999**	215,707
Dividends declared to Kyrgyzaltyn	**$ 2,946**	$ 3,136	**$ 8,983**	$ 6,232
Withholding taxes	**(147)**	(154)	**(449)**	(309)
Net dividends payable to Kyrgyzaltyn	**$ 2,799**	$ 2,982	**$ 8,534**	$ 5,923
Net dividends transferred to restricted cash [(2)]	**-**	(2,982)	**(5,735)**	(2,982)
Net dividends paid to Kyrgyzaltyn	**$ 2,799**	$ -	**$ 2,799**	**$** 2,941

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".
[2] Refer to "Other Corporate Developments – Corporate"

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Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Gold Sales Agreement. Amounts receivable from Kyrgyzaltyn arise from the sale of gold to Kyrgyzaltyn. Kyrgyzaltyn is required to pay for gold delivered within 12 days from the date of shipment. Default interest is accrued on any unpaid balance after the permitted payment period of 12 days.

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. Based on movements in Centerra's share price and the value of individual or unsettled gold shipments during the first nine months of 2013, the maximum exposure reflecting the shortfall in the value of the security as compared to the value of any unsettled shipments, was approximately $38.5 million. Kumtor had a $52.4 million receivable from Kyrgyzaltyn on September 30, 2013 (December 31, 2012 - $48.3 million). Subsequent to September 30, 2013, the balance receivable from Kyrgyzaltyn was paid in full.

Related party balances
The assets and liabilities of the Company include the following amounts due from and to Kyrgyzaltyn:

(Thousands of US$)		**September 30 2013**		**December 31 2012**
Prepaid amounts	**$**	**612**	$	-
Amounts receivable		**51,860**		48,325
Total related party assets	**$**	**52,472**	$	48,325
Dividend payable (net of withholding taxes)	**$**	**10,960**	$	5,949
Total related party liabilities	**$**	**10,960**	$	5,949

Dividend payable and restricted cash held in trust
Pursuant to an Ontario court order last updated on June 5, 2013, $5.7 million of Centerra dividends otherwise payable to Kyrgyzaltyn during the first nine months of 2013 were held in trust for the benefit of the Sistem court proceedings. The court order sets a maximum of approximately Cdn$11.4 million to be held in trust. As at September 30, 2013, the full amount required under the court order was held in trust. See "Other Corporate Developments – Corporate".

Quarterly Results – Previous Eight Quarters

Over the last eight quarters, Centerra's results reflect the impact of changing gold prices. Specifically, in 2011 and 2012 the prices increased, whereas gold prices during the first nine months of 2013 declined. Of note, production and sales in 2012 were impacted by the accelerated ice movement at Kumtor which necessitated a change in the mine plan resulting in a delay in the release of ore from the pit in 2012. Non-cash costs have progressively increased over 2011, 2012 and into 2013 as depreciation at Kumtor has increased with its expanded mining fleet along with increased amortization of capitalized stripping costs. Other operating charges in the second quarter of 2012 for social development programs include $21 million spent by Kumtor on a national micro-credit financing program and $1.1 million accrued by Boroo to increase its funding of a maternity hospital

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in Ulaanbaatar. The fourth quarter of 2011 includes other charges of $2.5 million for the resolution of a claim by the Mongolian authorities in relation to the sterilization of alluvial reserves at the Boroo property. The quarterly financial results for the last eight quarters are shown below:

Quarterly Data Unaudited *$ millions, except per share data*	**2013**			**2012 (restated)** [1]				**2011**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue	**155**	**128**	**193**	368	69	90	134	*248*
Net earnings (loss)	**(2)**	**2**	**51**	(71)	(34)	(49)	10	79
Basic earnings (loss) per share	**(0.01)**	**0.01**	**0.22**	(0.30)	(0.14)	(0.21)	0.04	0.34
Diluted earnings (loss) per share	**(0.01)**	**0.01**	**0.21**	(0.30)	(0.14)	(0.21)	0.04	0.34

(1) 2012 comparative periods restated as a result of the adoption of IFRIC 20

Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic and Mongolia. A summary discussion of certain regulatory matters affecting the Kumtor Project follows the discussion of events that occurred in the third quarter of 2013. For a more complete discussion of these matters impacting Kumtor, and for outstanding matters in Mongolia and at the corporate level, see the Company's prior public disclosure, in particular, its news release on 2013 first quarter results dated May 8, 2013, the news release dated September 9, 2013 and its 2012 Annual Information Form. Each of these documents can be found on www.sedar.com.

Kyrgyz Republic

Negotiations between Kyrgyz Republic and Centerra

As previously disclosed, the Kyrgyz Republic Parliament passed resolution #2805 on February 21, 2013, which, among other things, recommended that the Kyrgyz Government conduct consultations and negotiations with Centerra to find mutually acceptable solutions with respect to the Kumtor Project and the issues raised in the Parliamentary and State Commission reports. The resolution set a deadline of June 1, 2013 for the Government to return to the Parliament with information on how to implement the Parliament's recommendations in the resolution. The original deadline of June 1, 2013 was extended by resolution #3169-V for three months, and Parliament set a deadline of September 10, 2013 for the Government to present final agreements incorporating the mutually acceptable solution. Resolution #3169-V also provides that if a mutually acceptable solution has not been agreed to, the Government is instructed to develop and submit a draft law "On Denunciation of the Agreement for the Kumtor Project" for review by the Kyrgyz Republic Parliament.

Following discussions with representatives of the Kyrgyz Government in the third quarter, Centerra announced on September 9, 2013 that it had entered into a non-binding memorandum of understanding ("MOU") with the Government of the Kyrgyz Republic in connection with a potential restructuring transaction under which Kyrgyzaltyn would exchange its 32.7% equity interest in Centerra for an interest in a joint venture company that would own the Kumtor Project. The MOU recorded the status of negotiations that had been ongoing between management of Centerra and the Kyrgyz Republic advisory working group up until that time and provided, among other things, that the following principles would guide the potential restructuring transaction:

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- Kyrgyzaltyn would receive a 50% interest in the joint venture company that would own the Kumtor Project in exchange for its 32.7% equity ownership in Centerra and US$100 million which will be provided to Centerra by way of an adjustment to joint venture distributions otherwise due to Kyrgyzaltyn.
- The adjustment to joint venture distributions otherwise due to Kyrgyzaltyn would occur over 10 years commencing in 2015 (in 2014 only interest would be paid) with an appropriate interest rate.
- All of the state agency environmental claims against the Kumtor Project would be resolved prior to the restructuring, by Centerra's implementation of certain recommendations contained in a report provided to the Government working group by a third-party environmental consultant, and consistent with the laws and procedures of the Kyrgyz Republic and existing agreements between the parties.
- The agreements entered into between, among others, Centerra, Kyrgyzaltyn and Government of the Kyrgyz Republic in 2009 (the "Kumtor Project Agreements") would remain in full force and effect, including the tax regime set out in such agreements.
- The Board of the joint venture company would be composed of an equal number of Centerra and Kyrgyzaltyn representatives. Major decisions of the joint-venture company would be subject to discussion and approval by the Board of the joint venture company.
- Centerra would remain the operator/manager of the Kumtor Project pursuant to an operating agreement which would contain terms and provisions which are typical of such agreements.
- The operating agreement would also include provisions for compensation for services provided by Centerra and Kyrgyzaltyn.
- Kyrgyzaltyn would receive six million warrants to acquire Centerra shares, with an exercise price of CDN$10, exercisable for two years.

The Kyrgyz Parliament considered the MOU on October 23, 2013 and passed a decree (the "Decree") with respect to the MOU. The Company has not yet received a final official copy of the Decree and the following disclosure relates to a final draft of the Decree which the Company understands was passed. In the Decree, Parliament rejects the MOU and orders the Government to (among other things) continue negotiations with Centerra with a view to improving the Kyrgyz Republic's position and increasing its interest in the joint venture project to no less than 67%, to provide for the project to develop the Kumtor mine using underground mining methods, and to provide for the establishment and financing of a centre to monitor the preservation of glaciers. In the Decree, Parliament also recommends that the Kyrgyz Republic General Prosecutor's Office consider pursing allegations that management of the former parent company of Centerra, Centerra, Kumtor Operating Company, and Kumtor Gold Company violated environmental regulations and committed "other offenses", and that precious metal reserves (silver, tellurium, and other associated components) at the Kumtor deposit were deliberately understated.

In the Decree, Parliament has requested that the Government and the General Prosecutor's Office report to Parliament on these matters by December 23, 2013. The Decree provides that if a mutually acceptable solution on the outstanding matters cannot be reached, the Government is ordered to initiate a process to cancel the Kumtor Project Agreements.

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The Company disputes the allegations raised in the Decree and continues to believe that the Kumtor Project Agreements are legal, valid and enforceable obligations. The Kumtor Project Agreements were reviewed and approved by the Government and the Parliament, and were the subject of a positive decision by the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. Such agreements provide for all disputes relating to the Kumtor project to be resolved by international arbitration, if necessary.

Centerra further understands that the Government continues to support the MOU.

Centerra expects to continue its discussions with the Government regarding a potential restructuring transaction to resolve all outstanding concerns relating to the Kumtor Project. However, it maintains that any agreement to resolve matters must be fair to all of Centerra's shareholders. Any definitive agreement for a potential restructuring remains subject to Centerra Special Committee and Board approval, as well as compliance with all applicable legal and regulatory requirements and approvals, including an independent formal valuation and minority shareholder approval.

While Centerra expects to continue discussions, there can be no assurance that any transaction will be consummated or that Centerra will be able to successfully resolve any of the matters currently affecting the Kumtor Project. The inability to successfully resolve matters, including obtaining all necessary approvals, and/or further actions of the Kyrgyz Republic Government and/or Parliament, could have a material adverse impact on Centerra's future cash flows, earnings, results of operations and financial conditions.

Environmental Claims

As previously disclosed, on June 7, 2013 Kumtor Operating Company ("KOC") received four court claims filed by the State Inspectorate Office for Environmental and Technical Safety ("SIETS") with the Bishkek Inter-district court. The SIETS environmental claims sought to enforce the previously disclosed environmental claims issued by SIETS in December 2012, seeking compensation in the aggregate amount of $152 million in relation to (i) placement of waste rock on glaciers; (ii) unpaid use of water from Petrov Lake; (iii) unaccounted industrial and household waste; and (iv) damages caused to land resources (top soil). KOC submitted materials requesting the court reject the claims based on the arbitration clause in the Amended and Restated Investment Agreement between (among others) the Kyrgyz Republic Government and KOC dated June 6, 2009, which requires all such disputes to be resolved through international arbitration. The Bishkek Inter-district court dismissed the claims for enforcement on the basis that the arbitration clause in the Restated Investment Agreement requires all such disputes to be resolved through international arbitration.

On June 20, 2013, SIETS appealed the decision of the Bishkek Inter-district court to the Bishkek City Court. On September 16 and 26 and October 2, 2013, the Bishkek City Court rejected the appeal on the waste rock claim and returned the SIETS appeal on the other three claims because the appeal documentation was improperly signed by representatives of SIETS. However, it is possible that the decisions of the Bishkek City Court may be further appealed and/or restarted with proper documentation.

With respect to the claim commenced by the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic ("SAEPF") for the aggregate amount of approximately $315 million, KOC continues to be in discussions with SAEPF regarding the claim.

As previously disclosed, KOC believes the claims are exaggerated and without merit. The Kumtor Project has been the subject of systematic audits and investigations over the years by Kyrgyz and international experts, including by an independent internationally recognized expert who carried out a due diligence review of Kumtor's performance on safety, health and environmental matters at the request of Centerra's Safety, Health and Environmental Committee of the Board of Directors. The report of this expert released in October 2012 can be found on the Kumtor website at http://www.kumtor.kg/en/ under the "Environment" section.

There can be no assurance that the Company will be able to successfully resolve any of these matters discussed above. The inability to successfully resolve matters could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions.

Kumtor Waste Dump Movement

As previously disclosed in May 2013, the abnormal waste dump movement experienced at Kumtor has required Kumtor to develop and implement alternative waste rock dumps at the Kumtor mine and to revise its mine development plan. During the third quarter of 2013, Kumtor received final regulatory approval for a revised 2013 annual mining plan that, among other things, allows for the placement of waste rock in the Sarytor Valley, the Davidov Valley and the Lysi Valley. Kumtor is currently working in accordance with the revised plan. Movement of the Central Valley Waste Dump was forecasted in the 2012 Kumtor Technical Report. The Company continues to make progress in relocating and reconstructing certain infrastructure at Kumtor which was, or is currently, in the path of the Central Valley Waste Dump.

Conclusion

There are several outstanding issues affecting the Kumtor Project, which require consultation and co-operation between the Company and Kyrgyz regulatory authorities. The Company has benefited from a close and constructive dialogue with Kyrgyz authorities during project operations and remains committed to working with them to resolve these issues in accordance with the Kumtor Project Agreements, which provide for all disputes to be resolved by international arbitration, if necessary. However, there are no assurances that the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project. There are also no assurances that continued discussions between the Kyrgyz Government and Centerra will result in a mutually acceptable solution regarding the Kumtor project that any agreed upon proposal for restructuring would receive the necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law and that the Kyrgyz Republic Government and/or Parliament will not take actions that are inconsistent with the Government's obligations under the Kumtor Project Agreements, including adopting a law "denouncing" or purporting to cancel or invalidate the Kumtor Project Agreements or laws enacted in relation thereto. The inability to successfully resolve the current outstanding matters, including the outstanding environmental claims against Kumtor, could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions. See "Caution Regarding Forward-looking Information".

Mongolia

Boroo Heap Leach

As previously disclosed, the Company's Boroo project experienced a minor, non-reportable excursion of heap leach solution from its heap leach pad in June 2013. The Company undertook immediate remedial action**,** including the shutdown of heap leach cell number 4 (which was believed to be the cause of the excursion) to contain the excursion and notified all relevant authorities. On September 4, 2013, the Company was allowed to re-start cell number 4 of the heap leach after the completion of all regulatory investigations into this incident. No material impact to Centerra's financial results has resulted or is expected to result from this incident.

Gatsuurt

Centerra continues to be in discussions with the Mongolian Government regarding the development of the Gatsuurt property. Centerra remains reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Mongolian Water and Forest Law having a limited impact on the Gatsuurt project, in particular, and other of the Company's Mongolian activities, including the ATO deposit. As previously disclosed, the Mongolian Water and Forest Law prohibits mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia.

Centerra understands that, in May 2013, the Mongolian Government added seven deposits, including Gatsuurt, to the list of "mineral deposits of strategic importance". Such a designation, which is subject to the approval of the Mongolian Parliament, would have the effect of excluding the Gatsuurt deposit from the application of the Water and Forest Law. Centerra expects that Parliament and/or any relevant committees of Parliament will consider this matter further in the fourth quarter of 2013. If the Mongolian Parliament ultimately approves this designation, it would allow the Government of Mongolia to acquire up to a 34% interest in Gatsuurt. The terms of any such participation would be subject to negotiations with the Mongolian Government.

There can be no assurance, however, that the Water and Forest Law will not have a material impact on Centerra's Mongolian operations. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated by the Parliament of Mongolia as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo (where Gatsuurt ore is planned to be milled).

Corporate

Enforcement Notice by Sistem

The claim commenced in March 2011 by a Turkish company, Sistem Muhenkislik Insaat Sanayi Ticaret SA ("Sistem") which alleges that the shares in Centerra owned by Kyrgyzaltyn are, in fact, legally and beneficially owned by the Kyrgyz Republic continues to be subject to proceedings in the Ontario courts. Centerra is not a party to the proceedings, but understands that the matter is being scheduled for consideration on its merits.

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Pursuant to a Court Order issued by the Ontario Superior Court of Justice (as amended from time to time, and most recently amended on June 5, 2013) (the "Court Order"), Centerra is holding in trust (for the credit of the Sistem court proceedings) dividends otherwise payable to Kyrgyzaltyn. Effective as of June 6, 2013, when a dividend was paid by Centerra, the maximum amount to be held in trust, as set out in the Court Order (Cdn$11.3 million), has been reached. As of September 30, 2013, Centerra holds in trust, for the benefit of the Sistem court proceeding, approximately Cdn$11.4 million, which includes interest.

Background Description of Outstanding Kumtor Matters

The disclosure below is a summary description of the outstanding matters affecting the Kumtor Project. For a more detailed description, see the Company's prior disclosure, in particular, its news release on 2013 first quarter results dated May 8, 2013 and its 2012 Annual Information Form. Both of these documents can be found on www.sedar.com.

Parliamentary Commission and Report

On February 15, 2012, the Kyrgyz Parliament established an interim Parliamentary Commission to inspect and review: (i) Kumtor's compliance with Kyrgyz operational and environmental laws, as well as community standards, and (ii) state regulation over the Kumtor project's activities. The Parliamentary Commission issued its report (the "Parliamentary Report") on June 18, 2012 and made a number of assertions regarding the operation of the Kumtor project, including alleging non-compliance by the Kumtor project with Kyrgyz environmental laws, particularly at Kumtor's tailings facility, the Davidov glacier and the Sarychat-Ertash State Reserve which is in the vicinity of the Kumtor project. The Parliamentary Commission alleges that the violations have resulted in substantial monetary damages.

The Kyrgyz Parliament met in late June 2012 to consider the Parliamentary Report and adopted Resolution 2117-V that took note of the Parliamentary Report and declared the Kumtor Project Agreements to be contrary to the interests of the Kyrgyz Republic. Resolution 2117-V also called for the formation of a State Commission to "assess the environmental, industrial and social damage" caused by the Kumtor project and to initiate the renegotiation of the current Kumtor project agreements "in order to protect economic and environmental interests".

As contemplated in Resolution 2117-V, on July 5, 2012, the Kyrgyz Government cancelled Government Decree #168, which provided Kumtor with land use rights over the surface of the Kumtor concession area for the duration of the restated concession agreement effective June 6, 2009 (the Restated Concession Agreement). Based on advice from Kyrgyz legal counsel, the Company believes that the purported cancellation of land rights is in violation of the Kyrgyz Republic Land Code, because the Land Code provides that land rights can only be terminated by court decision and on the listed grounds set out in the Land Code. Kumtor has communicated this to the Kyrgyz Republic and requested the issuance of a new land use certificate in light of the rights and obligations under the restated investment agreement dated June 6, 2009 between Centerra and the Kyrgyz Republic (the Restated Investment Agreement). No response has been received from the Kyrgyz Government. Pursuant to the Restated Investment Agreement, the Kumtor project is guaranteed all necessary access to the Kumtor concession area, including all surface lands as are necessary or desirable for the operation of the Kumtor project. The Restated Investment Agreement also provides for the payment of quarterly land use and access fees.

In response to the Parliamentary Report's allegations of non-compliance with environmental laws, in August 2012, the Board of Directors of Centerra retained an independent internationally recognized consultant to carry out a due diligence review of Kumtor's performance on safety, health and environmental matters. The report issued in October 2012 concluded that "no major or materially significant environmental issues were identified". The report of this expert can be found on the Kumtor website at http://www.kumtor.kg/en/ under the "Environment" section.

State Commission and Report

In response to Resolution 2117-V passed by the Parliament, the Kyrgyz Government established a state commission (the "State Commission") for the purpose of reviewing the Parliamentary Report as well as inspecting and reviewing Kumtor's compliance with Kyrgyz operational and environmental laws and community standards. The State Commission was comprised of three working groups, responsible for (i) legal matters; (ii) social and economic matters; and (iii) environmental and technical matters. The State Commission released its report (the "State Commission Report") in late December 2012 following five months of study. The State Commission Report included a large number of allegations, including allegations that the Kumtor project was violating Kyrgyz legislation relating to environmental and subsoil legislation and caused environmental damage to water and land resources.

Environmental Claims

In December 2012, KOC received four claims from the State Inspectorate Office for Environmental and Technical Safety ("SIETS") relating to alleged environmental damages at the Kumtor project. The claims are for an aggregate amount of approximately $152 million and include:

- a claim for approximately $142 million for alleged damages in relation to the placement on waste dumps of waste rock from mining operations (2000 to 2011)
- a claim for approximately $4 million for use of water resources for the period of 2000 to 2011
- a claim for approximately $2.8 million for waste placed in the tailings management facility and for emissions for 2009-2011, which claim was subsequently withdrawn
- a claim for approximately $2.3 million for alleged damages caused to land resources at the time of initial construction of Kumtor

In addition, KOC has also received a directive from SIETS requiring that actions be taken to correct various alleged environmental and technical violations discovered in its review.

On February 21, 2013, KOC announced the receipt of a claim from the State Agency for the Environmental Protection and Forestry for the amount of approximately $315 million for alleged damage in relation to waste placed in the tailings management facility, waste rock dumps, and for the generation, management and treatment of other types of wastes. The claim covers the period from 1996 to 2011.

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The Company notes that the Kumtor Project Agreements provide a complete listing of all taxes and payments to be made to the Kyrgyz Republic, including a fixed environmental charge. Accordingly, no other tax, duties, or other obligations are to be paid to the Kyrgyz Republic, however they may be characterized.

In addition, Centerra, the Kyrgyz Republic and others entered into a release agreement (the Release Agreement) dated June 6, 2009, whereby, subject to certain exceptions which we believe are not applicable in the circumstances, the Kyrgyz Republic released Centerra from any and all claims, and damages with respect of any matter (including any tax or fiscal matters) arising or existing prior to the date of the Release Agreement, whether such matters were known or unknown at such time, and the Kyrgyz Republic agreed not to commence any actions or assert any demands for such actions or demands so released.

Kyrgyz Republic Advisory Committee and Requests to Negotiate

On February 21, 2013, the Kyrgyz Parliament adopted Resolution #2805 which among other things, recommended that the Government ensure the continuous operation of the Kumtor mine, and within three months of the date of the resolution, conduct negotiations with Centerra with a view to revising the Kumtor Project Agreements to return to conditions that existed prior to the restructuring of the project in 2003, but subject to the application of the current Kyrgyz legislation, and to enter into new project agreements. The resolution provided a deadline of June 1, 2013 for the Government to return to Parliament, which subsequently was extended to September 10, 2013 (as discussed above).

The Draft Law on Denunciation

On April 9, 2013 an initiative group chaired by Mr. Beknazarov A.A. submitted a draft Law on Denunciation for consideration by Parliament. The draft law "denounces" the Agreement on New Terms for the Kumtor Project ("ANT") entered on April 24, 2009, and recognizes as invalid all other agreements associated with the ANT (namely, the Kumtor Project Agreements), and calls for the Government to bring all of its decisions in accordance with the Law on Denunciation. To date, the Law on Denunciation has not been considered by Parliament. Based on Kyrgyz media reports, an opposition party in the Parliament, the Respublika faction, has endorsed the Law on Denunciation. The Law on Denunciation was referenced in Resolution #3169-V (discussed above).

The Company believes that the adoption of a law that denounces or purports to invalidate the Kumtor Project Agreements would be a breach of the Government's obligations under the Kumtor Project Agreements. The Company believes that the Kumtor Project Agreements are legal, valid and enforceable obligations. The agreements were reviewed and approved by the Government and the Parliament, and were the subject of a positive decision by the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. Furthermore, under the Kumtor Project Agreements, the Government agreed to use its best efforts to reverse or annul any actions of public officials (including state agencies) which conflict with the rights and benefits granted to Kumtor under the Kumtor Projects Agreements.

There can be no assurance that the Company will be able to successfully resolve any of these matters discussed above. The inability to successfully resolve matters could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions.

Changes in Accounting Policies

The Company adopted several new accounting standards effective January 1, 2013 (as described below) and as a result restated its accounting results for the 2012 comparative period to conform to the new standards. The impact of this change to the results, which was entirely limited to IFRIC 20, is described more fully in note 2 of the Company's Condensed Consolidated Interim Financial Statements of September 30, 2013.

Adoption of New Accounting Standards – effective January 1, 2013

On January 1, 2013, the Company adopted the new recommendations contained in, IFRS 10 "*Consolidated Financial Statements"*, IFRS 11 "*Joint Arrangements"*, IFRS 12 "*Disclosure of Interests in Other Entities"* and IFRS 13 "*Fair Value Measurement"*. The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

The Company adopted the new recommendations of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20"), which sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The new interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. It considers when and how to account separately for benefits arising from the stripping activity and how to measure these benefits both initially and subsequently. It prescribes that the costs of stripping activity be accounted for in accordance with the principles of IAS 2 *Inventories* to the extent that the benefit from the stripping activity is realized in the form of inventory produced. On the other hand, the costs of stripping activity which provides a benefit in the form of improved access to ore in future periods is recognized as a non-current 'stripping activity asset' when specified criteria are met. As a result of adopting IFRIC 20, the book value of property plant and equipment increased by $36.7 million and gold inventories increased by $3.6 million with a corresponding offset of $40.3 million to retained earnings as at December 31, 2012.

Future Changes in accounting policies

The International Accounting Standards Board ("IASB") has issued IFRS 9 *Financial Instruments* ("IFRS 9") which proposes to replace IAS 39 *Financial Instruments Recognition and Measurement*. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets — amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available-for-sale and loans and receivable categories. This standard is effective for the Company's annual period beginning January 1, 2015 (as amended from January 1, 2013 by the IASB in December 2012). The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

On May 21, 2013, the IASB issued IFRIC 21 *Levies* ("IFRIC 21"), an interpretation on the accounting for levies imposed by governments. IFRIC 21 is an interpretation of IAS 37 *Provisions, contingent liabilities and contingent assets* ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect IFRIC 21 to have a material impact on its financial statements.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer, with the participation of management, last completed an evaluation of the design and operating effectiveness of the Company's disclosure controls and internal control over financial reporting ("ICFR") as at December 31, 2012. Based on this assessment, management concluded that the Company's disclosure controls and ICFR were operating effectively. The Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to the disclosure controls and ICFR during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. No such significant changes were identified through their evaluation.

Outlook for 2013

Due to the current lower gold price environment, the Company has reviewed its spending plans for 2013 and reduced planned expenditures at its operations and corporate office.

Production

Centerra's 2013 consolidated gold production has been revised to a range between 635,000 and 685,000 ounces, which is higher than the prior guidance of 615,000 to 675,000 ounces reflecting the higher gold production expected to be achieved at the Boroo mine for the year.

Between 50% to 58% of Kumtor's gold production is expected to occur in the fourth quarter creating a potential variability to Kumtor's 2013 production guidance. Centerra estimates that the Kumtor mine will produce between 550,000 and 600,000 ounces in 2013, which is unchanged from the previous guidance. Ore production in the fourth quarter is planned to come from the high-grade SB Zone ore that has several years of production history. The high-grade ore exposed by the cut-back 15 in the SB Zone was accessed as planned at the end of the third quarter of 2013. Mining at Kumtor is currently estimated to be on track to meet the 2013 production guidance.

At the Boroo mine, gold production is forecast to increase to approximately 85,000 ounces from the previous guidance of 65,000 to 75,000 ounces. The new production guidance reflects increased production achieved at the Boroo mine in the first nine month of the current year in both the mill and heap leach operations. The forecasted annual production at Boroo includes approximately 40,000 ounces from heap leaching and 45,000 ounces from the mill. The Boroo mill is expected to process ore stockpiles during the last quarter of the year with an average grade of 0.70 g/t. The 2013 forecast assumes no mining activities at Boroo or Gatsuurt, and no gold production from Gatsuurt.

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Unit Cash Costs:
Centerra's 2013 operating cash costs[1] and all-in cash costs per ounce produced[1] measures have been revised from the previous guidance disclosed in the Company's news release of July 31, 2013. The revisions to the forecast are explained in more detail below. The new ranges for all-in costs on a pre-tax basis[1] are as follows:

	2013 Production Forecast (ounces of gold)	**2013 Operating Cash Costs[1]** ($ per ounce produced)	**2013 All-in Cash Costs (pre-tax)[1]** ($ per ounce produced)
Kumtor	550,000 – 600,000	$330 – 360	$820 – 895
Boroo	approximately 85,000	approximately $680	approximately $775
Consolidated	**635,000 – 685,000**	**$375 – 400**	**$930 – 1,000**

Centerra's 2013 unit cash costs have been revised from the previous guidance disclosed in the Company's news release of July 31, 2013, reflecting reductions in certain spending activities and increased production forecasted at Boroo. The revised estimates for revenue-based tax at Kumtor and current income tax at Boroo reflect a gold price assumption of $1,250 forecasted for the last quarter of 2013, which is unchanged from the previous guidance. Based on the revised estimates, the Company is forecasting operating cash costs per ounce produced[1] and all-in production costs per ounce produced[1] as follows:

All-in Cash Costs[(1)]	**Kumtor**	**Boroo**	**Consolidated**
	($ per ounce produced)	($ per ounce produced)	($ per ounce produced)
Operating cash costs	$330 – 360	$680	$375 – 400
Capitalized stripping costs - cash	340 – 370	-	295 – 320
Operating cash and stripping costs	**$670 – 730**	**$680**	**$670 – 720**
Sustaining capital (cash)	115 – 125	95	110 – 120
Growth capital (cash)	35 – 40	-	35 – 40
Operating cash costs including capital	**$820 – 895**	**$775**	**$815 – 880**
Corporate and other cash costs[2]	-	-	115 – 120
All-in cash costs (pre-tax)[1]	**$820 – 895**	**$775**	**$930 – 1,000**
Revenue-based tax and income tax[3]	$190 – 205	$150	$185 – 195
All-in cash costs (including taxes)	**$1,010 – 1,100**	**$925**	**$1,115 – 1,195**

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".
[2] Corporate and other cash costs per ounce produced include corporate general and administrative expenses, global exploration expenses, and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.
[3] Revenue-based tax and income tax reflect actual amounts for the first nine months of 2013 and a forecasted gold price assumption of $1,250 per ounce sold for the last three months of 2013.

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2013 Exploration Expenditures:
Forecasted exploration expenditures for 2013 total approximately $30 million, which is $2 million lower than the previous guidance of July 31, 2013. Exploration expenditures at Kumtor are now estimated to be $6 million, $0.5 million lower than the previous guidance as a result of the cessation of exploration drilling starting in the third quarter of 2013.

In Mongolia, $6.5 million is forecasted for exploration programs in the greater ATO district.

Exploration spending in Turkey will be approximately $9 million as work focuses on expanding and upgrading the Öksüt gold deposit resource, advancing ongoing metallurgical testwork and initiating detailed environmental and technical project studies. Funds are also allocated to a number of early-stage exploration projects in Turkey and Cyprus.

In Russia, expenditures are expected to total approximately $6.0 million in 2013.

A China 2013 exploration program of $2 million will fund the drilling of targets developed on the Laogouxi Joint Venture project and generative exploration programs in several prospective areas. Generative programs will also continue in Russia and Turkey and in several new regions to increase the Company's pipeline of projects.

2013 Capital Expenditures
Centerra's projected capital expenditures for 2013, excluding capitalized stripping, have been revised to $101 million from the previous guidance of $107 million, including $77 million of sustaining capital[1] and $24 million of growth capital[1].The distribution of the capital between the projects has been revised as described below.

Projected capital expenditures (excluding capitalized stripping) include:

Projects	**2013 Growth Capital[1]** (millions of dollars)	**2013 Sustaining Capital[1]** (millions of dollars)
Kumtor mine	$22	$68
Mongolia	2	9
Consolidated Total	**$24**	**$77**

[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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Kumtor

At Kumtor, 2013 total capital expenditures, excluding capitalized stripping, are forecast to be $90 million ($97 million in the previous guidance) including $68 million of sustaining capital[1] ($67 million in the previous guidance). The largest sustaining capital[1] spending will be the major overhaul maintenance of the heavy duty mine equipment ($27 million), purchase of new mining equipment ($23 million), tailings dam construction raise ($5 million) and other items ($13 million).

Growth capital[1] investment at Kumtor for 2013 is forecast at $22 million ($30 million in the previous guidance), which includes the relocation of certain infrastructure at Kumtor related to the KS-13 life-of-mine expansion plan amounting to $17 million ($26 million in the previous guidance) and other items amounting to $5 million ($4 million in the previous guidance). The relocation of the Kumtor mine camp, fuel farm and other infrastructure has been deferred to 2014 and, therefore, the capital cost of $9 million estimated to be spent in 2013 in the previous guidance has been deferred to 2014.

The cash component of capitalized stripping costs related to the development of the open pit is expected to be $203 million in 2013 ($196 million in the previous guidance).

Mongolia (Boroo and Gatsuurt)

At Boroo, 2013 sustaining capital[1] expenditures are expected to be $9 million ($8 million in the previous guidance) primarily for raising the tailings dam at Boroo amounting to $6 million ($5 million in the previous guidance) and for maintenance rebuilds and overhauls.

Growth capital[1] for the Gatsuurt deposit is forecast at $2 million (unchanged from the previous guidance) with $1 million related to environmental studies and $1 million for additional technical and legal work related to the project.

2013 Corporate Administration and Community Investment

Corporate and administration expense forecast for 2013 has been revised to $32 million from the previous guidance of $35 million, which includes $31 million forecasted for the corporate and administration costs, and $1 million for the business development activities ($2 million in the previous guidance).

Total planned community investments for 2013 are unchanged from the previous guidance of $11.5 million, which includes $6.5 million for donations and sustainable development projects in the various communities in which Centerra operates and $5 million for strategic community investment projects. Note that these costs are not included in operating cash costs[1] but have been reflected in all-in cash costs[1].

Taxes

Pursuant to the Restated Investment Agreement, Kumtor's operations are not subject to corporate income taxes. The agreement replaced the prior tax regime applicable to the Kumtor Project with a simplified tax regime effective January 1, 2008. This simplified regime, which assesses tax at 13%

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[1] Non-GAAP measure, see discussion under "Non-GAAP Measures".

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on gross revenue (plus 1% for the Issyk-Kul Oblast Development Fund) effective January 2009, was approved and enacted by the Parliament of the Kyrgyz Republic on April 30, 2009.

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold Company, is 25% for taxable income over 3 billion Mongolian tugriks (approximately $1.8 million at the September 30, 2013 foreign exchange rate) with a tax rate of 10% for taxable income up to that amount. Following the expiration of the Boroo Stability Agreement in July 2013, Boroo Gold Company's corporate income tax rate was unchanged, however the royalty paid to the government increased from 5% to a rate varying between 5% and 10% based on the price of gold, to a maximum of 10% for gold prices at or above $1,300 an ounce.

Production, cost and capital forecasts for 2013 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions & Risks" and "Caution Regarding Forward-Looking Information" and under the heading "Risk Factors" in the Company's 2012 Annual Information Form.

Sensitivities:

Centerra's revenues, earnings and cash flows for the fourth quarter of 2013 are sensitive to changes in certain variables and the Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	**Impact on** *($ millions)*			
		Costs	**Revenues**	**Cash flow**	**Earnings before income tax**
Gold Price	**$50/oz**	2.6	17.7	15.1	15.1
Diesel Fuel (1)	**10%**	2.7	-	2.7	2.7
Kyrgyz som (2)	**1 som**	0.5	-	0.5	0.5
Mongolian tugrik(2)	**25 tugrik**	0.1	-	0.1	0.1
Canadian dollar (2)	**10 cents**	0.6	-	0.6	0.6

(1) a 10% change in diesel fuel price equals $8/oz produced

(2) appreciation of currency will result in higher costs and lower cash flow and earnings, depreciation of currency results in decreased costs and increased cash flow and earnings

Material Assumptions & Risks:

Material assumptions or factors used to forecast production and costs for the fourth quarter of 2013 include the following:

- a gold price of $1,250 per ounce,
- exchange rates:
  - $1USD:$1.05 CAD
  - $1USD:48.5 Kyrgyz som
  - $1USD:1,650 Mongolian tugriks
  - $1USD:0.78 Euro
- diesel fuel price assumption:
  - $0.75/litre at Kumtor
  - $1.30/litre at Boroo

The Company cannot give any assurances in this regard.

The assumed diesel price of $0.75/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately $108 per barrel.

Other material assumptions were used in forecasting production and costs for the fourth quarter of 2013. The Company cannot give any assurances in this regard. These material assumptions include the following:

- that discussions between the Kyrygz Republic Government and Centerra will result in a mutually satisfactory solution to the outstanding matters affecting the Kumtor project, and which is fair to all of Centerra's shareholders, and that such proposal will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.
- any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine and/or power to the mine site.
- the activities of the Parliament and Government, referred to under the heading "Other Corporate Developments – Kyrgyz Republic" do not have a material impact on operations or financial results.
- the previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of $467 million and any further claims, referred to under the heading "Other Corporate Developments – Kyrgyz Republic – Environmental Claims", are resolved without material impact on Centerra's operations or financial results.
- the movement in the Central Valley Waste Dump at Kumtor, referred to under the heading "Other Corporate Developments – Kyrgyz Republic – Kumtor Waste Dump Movement", will be managed to ensure continued safe operations, without impact to gold production, including the successful demolition of buildings and relocation of certain other infrastructure as planned.
- grades and recoveries at Kumtor will remain consistent with the annual and life-of-mine plans to achieve the forecast gold production.
- the Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- the timing of the infrastructure move at Kumtor not impacting the maintenance of the mobile fleet and its availability.
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the Kumtor pit.
- the Kumtor ball mill and the rotated ring gear or replacement ring gear continue to operate as expected.
- prices of key consumables are not significantly higher than prices assumed in planning,
- precious metal prices and costs remain stable and do not result in an impairment to the Company's asset valuations.

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- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks, and
- all necessary permits, licenses and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company's business, prospects, financial condition and results of operations and cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, results of operations or cash flows and the market price of Centerra's shares. See the section entitled "Caution Regarding Forward-Looking Information" in this discussion and also the Risk Factors listed in the Company's 2012 Annual Information Form, available on SEDAR at www.sedar.com.

Non-GAAP Measures

This MD&A contains the following non-GAAP financial measures: average realized gold price; costs of sales per ounce sold; operating costs; operating cash costs and operating cash costs per ounce produced; sustaining capital; growth capital; all-in costs; all-in cash costs (pre-tax) and all-in cash costs (pre-tax) per ounce produced; and all-in cash costs including taxes and all-in cash costs including taxes per ounce produced.

These financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

These measures have been included because certain investors use this information to assess performance and also to determine the ability of Centerra to generate cash flow for use in investing and other activities. In particular, the inclusion of operating cash cost per ounce produced, all-in cash costs per ounce produced and cost of sales per ounce sold may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

All-In Cash Costs

The Company believes an all-in cash cost measure more fully reflects the actual cash cost of producing gold than the former Gold Institute total cash cost measure. The new measure does have limitations as an analytical tool as it may be distorted in periods where significant capital investments are being made to expand for future growth or where significant cash mining costs are being expended on stripping to benefit future periods. This new measure should therefore not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

Management uses all-in cash cost per ounce produced to evaluate current operating performance and for planning and forecasting of future periods. Management believes that the presentation of this new measure is useful for the investor because it allows investors to view results in a manner similar to the method used by management.

Definitions

The following is a description of the Non-GAAP measures used in this news release and its reconciliation to the most directly comparable measure calculated in accordance with GAAP and presented in the Company's financial statements:

- Operating cash costs include mine operating costs such as mining, processing, administration, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization (DD&A), reclamation costs, financing costs, capital development and exploration. Certain amounts of stock-based compensation have been excluded as well. All-in cash costs includes operating cash costs, plus capitalized stripping and total sustaining and growth capital spent and accrued.

- Operating costs include operating cash costs plus DD&A.

- Operating cash costs per ounce produced is calculated by dividing operating cash costs by the ounces produced.

- All-in cash costs per ounce produced includes operating cash costs, capitalized stripping, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses and community investments. The measure is presented including and excluding revenue-based taxes at Kumtor and income taxes at Boroo.

- Cost of sales per ounce sold is calculated by dividing cost of sales by the number of ounces of gold sold for the relevant period.

- Sustaining capital is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.

- Growth capital is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.

- Average realized gold price is calculated by dividing revenue derived from gold sales by the number of ounces sold.

Industry measure

The World Gold Council released on June 27, 2013 guidance regarding the non-GAAP measures "All-In Sustaining Costs" and "All-In Costs". The Company is reviewing the recommended measures and assessing their impact. The Company may modify the calculation of its "all-in cash cost" measure to conform to the industry's standard following its review.

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Operating Cash Cost per Ounce Produced can be reconciled as follows:

(Unaudited)	Three months ended September 30,		Nine months ended September 30,	
($ millions, unless otherwise specified)	**2013**	**2012** (restated) [1]	**2013**	**2012** (restated) [1]
Centerra:				
Cost of sales, as reported	**$ 111.7**	$ 53.9	**$ 287.5**	$ 215.4
Less: Non-cash component	**44.9**	12.5	**120.4**	46.1
Cost of sales, cash component	**$ 66.8**	$ 41.4	**$ 167.1**	$ 169.3
Adjust for: Refining fees and by-product credits	**(0.1)**	(0.1)	**(0.5)**	(0.5)
Regional office administration	**6.1**	5.2	**17.6**	15.4
Mining Standby Costs	**-**	-	**-**	4.6
Non-operating costs	**-**	-	**-**	-
Inventory movement	**6.8**	0.3	**7.0**	(48.8)
Operating cash cost	**$ 79.6**	$ 46.8	**$ 191.2**	$ 140.0
Ounces poured (000)	**113.8**	42.7	**328.5**	167.8
Operating cash cost per ounce produced	**$ 699**	$ 1,093	**$ 582**	$ 835
Kumtor:				
Cost of sales, as reported	**$ 86.0**	$ 38.0	**$ 217.9**	$ 166.9
Less: Non-cash component	**37.7**	7.6	**97.0**	36.1
Cost of sales, cash component	**$ 48.3**	$ 30.4	**$ 120.9**	$ 130.8
Adjust for: Refining fees and by-product credits	**(0.1)**	(0.1)	**(0.3)**	(0.4)
Regional office administration	**4.8**	3.9	**13.3**	11.4
Mining Standby Costs	**-**	-	**-**	4.6
Non-operating costs	**-**	-	**-**	-
Inventory movement	**11.1**	(2.3)	**14.7**	(42.3)
Operating cash cost	**$ 64.1**	$ 31.9	**$ 148.6**	$ 104.1
Ounces poured (000)	**90.3**	23.8	**252.3**	125.8
Operating cash cost per ounce produced	**$ 709**	$ 1,338	**$ 589**	$ 828
Boroo:				
Cost of sales, as reported	**$ 25.7**	$ 15.9	**$ 69.5**	$ 48.5
Less: Non-cash component	**7.2**	4.9	**23.4**	10.0
Cost of sales, cash component	**$ 18.5**	$ 11.0	**$ 46.2**	$ 38.5
Adjust for: Refining fees and by-product credits	**(0.1)**	-	**(0.1)**	(0.1)
Regional office administration	**1.3**	1.3	**4.3**	4.0
Mining Standby Costs	**-**	-	**-**	-
Non-operating costs	**-**	-	**-**	-
Inventory movement	**(4.2)**	2.6	**(7.7)**	(6.5)
Operating cash cost	**$ 15.5**	$ 14.9	**$ 42.6**	$ 35.9
Ounces poured (000)	**23.6**	18.9	**76.2**	42.0
Operating cash cost per ounce produced	**$ 659**	$ 787	**$ 559**	$ 855

[1] restated as a result of the adoption of IFRIC 20

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Total capital and capitalized stripping presented in the All-In Cash Cost calculation can be reconciled as follows:

Third Quarter	Kumtor	Boroo	All other	Consolidated
($ millions) *(Unaudited)*				
2013				
Capitalized stripping –cash	**$ 40.7**	**$ -**	**$ -**	**$ 40.7**
Sustaining capital - cash	**13.3**	**2.5**	**-**	**15.8**
Growth capital - cash	**7.9**	**-**	**0.2**	**8.1**
Net decrease in accruals included in additions to PP&E	**(1.8)**	**-**	**-**	**(1.8)**
Total - Additions to PP&E(1)	**$ 60.1**	**$ 2.5**	**$ 0.2**	**$ 62.8** (1)
2012				
Capitalized stripping – cash	$ 47.5	$ -	$ -	$ 47.5
Sustaining capital – cash	13.6	0.5	0.1	14.2
Growth capital - cash	15.8	-	0.1	15.9
Net increase in accruals included in additions to PP&E	4.4	-	-	4.4
Total - Additions to PP&E(1)	$ 81.3	$ 0.5	$ 0.2	$ 82.0 (1)

First Nine Months	Kumtor	Boroo	All other	Consolidated
($ millions) *(Unaudited)*				
2013				
Capitalized stripping –cash	**$ 150.7**	**$ -**	**$ -**	**$ 150.7**
Sustaining capital - cash	**40.1**	**7.1**	**0.4**	**47.6**
Growth capital - cash	**33.4**	**-**	**0.5**	**33.9**
Net decrease in accruals included in additions to PP&E	**(9.5)**	**-**	**-**	**(9.5)**
Total - Additions to PP&E(1)	**$ 214.7**	**$ 7.1**	**$ 0.9**	**$ 222.7(1)**
2012				
Capitalized stripping – cash	$ 141.0	$ 6.3	$ -	$ 147.3
Sustaining capital – cash	30.3	1.7	0.4	32.4
Growth capital - cash	139.8	-	0.3	140.1
Net increase in accruals included in additions to PP&E	5.0	-	-	5.0
Total - Additions to PP&E[1]	$ 316.1	$ 8.0	$ 0.7	$ 324.8 (1)

[1] As reported in the Company's Consolidated Statement of Cash Flows as "Investing Activities – Additions to property, plant & equipment".

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Corporate and other cash costs presented in the All-In Cash Costs calculation can be reconciled as follows:

Unaudited ($ millions)	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
Other operating expenses	**$ 2.3**	$ 5.1	**$ 6.4**	$ 29.5
Exploration and business development	**7.3**	9.5	**20.8**	27.0
Corporate administration	**8.6**	7.8	**22.5**	18.3
Non-cash items - depreciation	**(0.1)**	(0.9)	**(0.3)**	(1.0)
Total Corporate and other cash costs (1)	**$ 18.1**	$ 21.5	**$ 49.4**	$ 73.8

(1) As reported in the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss) for the reported periods.

Caution Regarding Forward-Looking Information

Information contained in this MD&A which are not statements of historical facts, and the documents incorporated by reference herein, may be "forward-looking information" for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, the successful resolution of outstanding matters in the Kyrgyz Republic (discussed under the heading "Other Corporate Development – Kyrgyz Republic") to the benefit of all shareholders including matters relating to the State Commission report, government resolutions and decrees, discussions with the Kyrgyz Government on the Kumtor Project Agreements and a possible restructuring of the Kumtor project into a joint venture, the resolution of environmental claims received by Kumtor in December 2012 and February 2013 for the aggregate amount of $467 million, and the draft Kyrgyz law on denunciation having no material impact on Kumtor operations, the Company's ability to successfully demolish certain buildings and relocate other infrastructure at Kumtor and to maintain the availability of the Kumtor mobile fleet, the Company's ability to manage the movement of the Central Valley Waste Dump, the Company's ability to access and mine high grade ore in the SB Zone at Kumtor, statements regarding guidance under the heading "Outlook for 2013" relating to, among other things, the continued operation of Kumtor ball mill with the current rotated ring gear and/or spare ring gear, the Company's future production for the fourth quarter of 2013, including estimates of cash operating costs and all-in unit cash costs, exploration plans and expenditures and the success thereof, capital expenditures, mining plans at Kumtor, statements regarding having sufficient cash and investments to carry out the Company's business plans for 2013, the outcome of discussions with the Mongolian government on the potential development of the Company's Gatsuurt deposit and the strategic designation status of the Gatsuurt deposit, future planned exploration expenditures; the

Company's business and political environment and business prospects; and the timing and development of new deposits.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Factors that could cause actual results or events to differ materially from current expectations include, among other things: (A) political and regulatory risks, including the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia, resource nationalism, the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates, the impact of any actions taken by the Government and Parliament relating to the Kumtor Project Agreement and any proposals to restructure the Kumtor project into a joint venture, the impact of any actions taken by the Kyrgyz authorities relating to allegations of environmental violations and other offences and the deliberate understatement of the reserves by management, any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project, the effect of the Water and Forest Law on the Company's operations in Mongolia, the effect of the 2006 Mongolian Minerals Law on the Company's Mongolian operations, the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalties payable in connection with the Company's Mongolian operations, the impact of continued scrutiny from Mongolian regulatory authorities on the Company's Boroo project, the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations, the Company's ability to successfully negotiate an investment agreement for the Gatsuurt project to complete the development of the mine and the Company's ability to obtain all necessary permits and commissions needed to commence mining activity at the Gatsuurt project; (B) risks related to operational matters and geotechnical issues, including the movement of the Central Valley Waste Dump, the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage such matters, the occurrence of further ground movements at the Kumtor Project, the timing of the infrastructure move potentially impacting the maintenance of the mobile fleet and its availability, the ability of the Company to access and mine high-grade ore in the SB Zone, the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities, the adequacy of the Company's insurance to mitigate operational risks, mechanical breakdowns, the Company's ability to obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height, the Company's ability to replace its mineral reserves, the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required, seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia, long lead times required for equipment and supplies given the remote location of the Company's properties, reliance on a limited number of suppliers for certain consumables, equipment and components, illegal mining on the Company's Mongolian properties, the Company's ability to accurately predict decommissioning and reclamation costs, the Company's ability to attract and retain qualified personnel, competition for mineral acquisition opportunities, risks associated with the conduct of joint ventures, and the possibility of failure of the ring gear and spare ring gear at the Kumtor ball mill; (C) risks relating to financial matters including the sensitivity of the Company's business to the volatility of gold prices, the impact of declining gold prices and rising costs on the Company's asset valuation leading to potential impairment, the imprecision of the

Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's revolving credit facility which may, among other things, restrict the Company from pursuing certain business activities, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (D) risks related to environmental and safety matters, including the ability to continue obtaining necessary operating and environmental permits, licenses and approvals, the impact of the significant environmental claims made in December 2012 and February 2013 relating to the Kumtor Project, inherent risks associated with using sodium cyanide in the mining operations; legal and other factors such as litigation, defects in title in connection with the Company's properties, the Company's ability to enforce its legal rights, risks associated with having a significant shareholder, and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's 2012 Annual Information Form available on SEDAR at www.sedar.com.

Furthermore, market price fluctuations in gold, as well as increased capital or production costs or reduced recovery rates may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. Economic and technological factors which may change over time always influence the evaluation of reserves or resources. Centerra has not adjusted mineral resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any mineral resource estimate will ultimately be reclassified as proven and probable reserves.

Mineral resources are not mineral reserves, and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and indicated resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resource. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources of any category can be upgraded to mineral reserves through continued exploration.

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward-looking information is as of October 30, 2013. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

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