



Management's Discussion and Analysis ("MD&A") For the Period Ended September 30, 2017

This Management Discussion and Analysis ("MD&A") has been prepared as of October 31, 2017, 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, 2017 in comparison with the corresponding period ended September 30, 2016. This discussion should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the notes thereto for the three and nine months ended September 30, 2017. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2016 and 2015, the related MD&A and the Annual Information Form for the year ended December 31, 2016 (the "2016 Annual Information Form"). The Company's unaudited condensed consolidated interim financial statements and the notes thereto for the three and nine months ended September 30, 2017, 2016 Annual Report and 2016 Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The consolidated financial statements of Centerra are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All figures are in United States dollars unless otherwise stated.

All references in this document denoted with ^{NG}, indicate a non-GAAP term which is discussed under "Non-GAAP Measures".

1. Overview

Centerra is a gold mining company focused on operating, developing, exploring and acquiring gold properties in North America, Asia, and other markets worldwide. Centerra is a leading Canadian-based gold producer and is one of the largest Western-based gold producers in Central Asia. Centerra's principal operations are the Kumtor Mine located in the Kyrgyz Republic and the Mount Milligan Mine located in British Columbia, Canada.

The Company's significant wholly-owned subsidiaries include Kumtor Gold Company ("KGC" or "Kumtor") in the Kyrgyz Republic, Thompson Creek Metals Company Inc. ("Thompson Creek") in Canada, Langeloth Metallurgical Company LLC ("Langeloth") and Thompson Creek Mining Co. in the United States of America, Öksüt Madencilik Sanayi vi Ticaret A.S. ("OMAS") in Turkey and Boroo Gold LLC and Centerra Gold Mongolia LLC ("CGM") in Mongolia. Additionally, the Company holds, through Thompson Creek, a 75% joint venture interest in the Endako Mine in British Columbia, Canada. It also owns a 50% partnership interest in Greenstone Gold Mines LP (the "Greenstone Partnership") which owns the Greenstone Gold development property including the Hardrock deposit, located in Ontario, Canada. See "Operating Mines and Facilities", "Development Projects" and "Other Corporate Developments" for further details.

The Company also has agreements to earn interests in joint venture exploration properties located in Canada, Mexico, Sweden and Nicaragua.

The Company's results include Thompson Creek operations for the three and nine months ended September 30, 2017. Comparative results for the same periods in 2016 do not include Thompson Creek operations, as the Company closed the acquisition of Thompson Creek Metals Company Inc. on October 20, 2016.

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

2. Market Conditions

Gold Price

During the third quarter of 2017, the spot gold price fluctuated between a low of \$1,211 per ounce and a high of \$1,346 per ounce. The average spot gold price for the third quarter was \$1,278 per ounce, a decrease of \$57 per ounce from the third quarter of 2016 average (\$1,335 per ounce), and a \$21 per ounce increase compared to the second quarter of 2017 average (\$1,257 per ounce).

Copper Price

The average spot copper price for the quarter was \$2.88 per pound, a \$0.71 per pound increase compared to the third quarter of 2016 average of \$2.17 per pound, and a \$0.31 per pound increase compared to the second quarter of 2017 (\$2.57 per pound).

Spot copper prices reached a 52-week record high of \$3.13 per pound during the third quarter of 2017 with prices continuing to rise at the beginning of the fourth quarter.

Foreign Exchange Rates

USD to CAD

The average U.S. dollar exchange rate for the third quarter of 2017 (1.25) weakened by 4% when compared to the average of the third quarter of 2016 (1.30), with rates in the third quarter of 2017 ranging from 1.21 to 1.30 and averaging 1.25. The Bank of Canada executed two successive domestic interest rate hikes in July and September, raising the key overnight rate target from 0.5% to 1.0%. The Canadian dollar peaked in early September following news that Canadian second quarter growth was 4.5%, with the USD/CAD exchange rate briefly dipping below 1.21.

USD to Kyrgyz Som

The average U.S. dollar exchange rate for the third quarter of 2017 was consistent with the average of the second quarter of 2016 (68.2), with rates in the third quarter of 2017 ranging from 68.3 to 69.6 and averaging 68.9. The Kyrgyz som continues to be influenced by the strengthening of currencies of the Kyrgyz Republic's main trading partners – mainly Russia. The strengthening in the Russian ruble reflects higher oil prices and an improving economic situation.

Foreign Exchange Transactions

The Company receives its revenues through the sale of gold, copper and molybdenum in U.S. dollars. The Company has operations in the Canada, where the Mount Milligan Mine and its corporate head office are also located, Kyrgyz Republic, Turkey, Mongolia and the United States of America. During the first nine months of 2017, the Company incurred combined expenditures (including capital) totalling approximately \$856 million. Approximately \$411 million of this (48%) was in currencies other than the U.S. dollar. Centerra's non-U.S. dollar costs includes 50% in Canadian dollars, 42% in Kyrgyz soms, 4% in Euros, and 1% in Turkish lira. The average value of the Turkish lira depreciated against the U.S. dollar by approximately 2% from its value at December 31, 2016. The Euro, Canadian dollar, British pound,

Mongolian tugrik and Kyrgyz som appreciated against the U.S. dollar by approximately 5%, 3%, 3%, 2% and 1%, respectively, from their value at December 31, 2016. The net impact of these movements in the nine months ended September 30 2017, after taking into account currencies held at the beginning of the year, was to increase annual costs by \$6.3 million (increase of \$13.6 million in the nine months ended September 30 2016), inclusive of an foreign exchange gain on derivatives of \$1.2 million (nil for the nine months ended September 30 2016).

3. Consolidated Highlights Summary

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016 ⁽⁶⁾	% Change	2017	2016 ⁽⁶⁾	% Change
Financial Highlights						
Revenue	\$ 276.2	218.7	26%	\$ 840.8	452.0	86%
Cost of sales	164.2	96.5	70%	501.3	244.4	105%
Earnings from mine operations	105.5	120.1	(12%)	321.9	199.2	62%
Corporate administration	12.6	5.9	113%	31.6	18.5	71%
Asset Impairment (net of tax)	-	-	100%	39.7	-	100%
Kyrgyz Republic settlement	60.0	-	100%	60.0	-	100%
Gain on sale of ATO (net of tax)	(6.9)	-	100%	(6.9)	-	100%
Thompson Creek Metals Inc. acquisition and integration expenses	0.0	0.0	100%	0.0	-	100%
Net earnings (loss)	\$ (0.8)	\$ 66.9	(101%)	\$ 79.6	\$ 87.9	-9%
Adjusted earnings⁽³⁾⁽⁴⁾	52.3	66.9	(22%)	172.4	87.9	96%
Cash provided by operations	119.5	134.4	(11%)	330.5	201.0	64%
Cash provided by operations before changes in working capital ⁽⁴⁾	108.0	119.3	(9%)	352.7	205.7	71%
Capital expenditures (sustaining) ⁽⁴⁾	23.8	13.0	83%	62.5	49.9	25%
Capital expenditures (growth) ⁽⁴⁾	5.2	4.7	11%	11.0	18.2	(40%)
Capital expenditures (stripping)	41.5	38.7	7%	168.4	78.4	115%
Total assets	\$ 2,656.7	1,922.5	38%	\$ 2,656.7	1,922.5	38%
Long-term debt and long-term lease obligation	271.6	-	100%	271.6	-	100%
Cash, short-term investments and restricted cash	352.9	747.0	(53%)	352.9	747.0	(53%)
Share Data						
Earnings per common share - \$ basic ⁽¹⁾⁽³⁾	\$ 0.00	0.28	-	\$ 0.27	0.36	(25%)
Earnings per common share - \$ diluted ⁽¹⁾⁽³⁾	\$ 0.00	0.28	-	\$ 0.27	0.35	(23%)
Adjusted earnings per common share - \$ basic ⁽¹⁾⁽³⁾	\$ 0.18	0.28	(36%)	\$ 0.59	0.36	64%
Adjusted earnings per common share - \$ diluted ⁽¹⁾⁽³⁾	\$ 0.18	0.28	(36%)	\$ 0.59	0.35	69%
Per Ounce Data (except as noted)						
Average gold spot price - \$/oz ⁽²⁾	1,278	1,335	(4%)	1,252	1,260	(1%)
Average copper spot price - \$/lbs ⁽²⁾	2.88	-	100%	2.70	-	100%
Average realized gold price (Kumtor) - \$/oz ⁽⁴⁾	1,249	1,327	(6%)	1,237	1,275	(3%)
Average realized gold price (Mount Milligan - combined) - \$/oz ⁽⁴⁾	998	-	100%	1,003	-	100%
Average realized gold price (Consolidated) - \$/oz ⁽⁴⁾	1,142	1,327	(14%)	1,160	1,275	(9%)
Operating Highlights						
Gold produced – ounces poured	200,201	166,030	21%	568,564	350,199	62%
Gold sold – ounces sold	174,099	164,847	6%	550,238	354,500	55%
Payable Copper Produced (000's lbs)	13,677	-	100%	41,335	-	100%
Copper Sales (000's payable lbs)	18,644	-	100%	46,613	-	100%
Operating costs (on a sales basis) ⁽⁴⁾⁽⁵⁾	89.3	45.2	98%	259.4	124.3	109%
Unit Costs						
Operating costs (on a sales basis) - \$/oz sold ⁽⁴⁾⁽⁵⁾	\$ 513	\$ 274	87%	\$ 471	\$ 350	34%
Adjusted operating costs on a by-product basis - \$/oz sold ⁽⁴⁾⁽⁵⁾	\$ 329	\$ 303	9%	\$ 336	\$ 390	(14%)
Gold - All-in sustaining costs on a by-product basis – \$/oz sold ⁽⁴⁾⁽⁵⁾	\$ 722	\$ 591	22%	\$ 739	\$ 748	(1%)
Gold - All-in sustaining costs on a by-product basis (including taxes) – \$/oz sold ⁽⁴⁾⁽⁵⁾	\$ 849	\$ 779	9%	\$ 863	\$ 929	(7%)
Gold - All-in sustaining costs on a co-product basis (before taxes) – \$/oz sold ⁽⁴⁾⁽⁵⁾	\$ 805	\$ 591	36%	\$ 796	\$ 748	6%
Copper - All-in sustaining costs on a co-product basis (before taxes) – \$/pound sold ⁽⁴⁾⁽⁵⁾	\$ 1.70	\$ -	-	\$ 1.68	\$ -	-

- (1) As at September 30, 2017, the Company had 291,780,532 common shares issued and outstanding (291,782,075 common shares as of October 31, 2017). As of October 31, 2017, Centerra had 4,747,700 share options outstanding under its share option plan with exercise prices ranging from Cdn\$3.82 per share to US\$36.74 per share, with expiry dates between 2017 and 2024.
- (2) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate) and London Metal Exchange (LME). This is a non-GAAP measure and is discussed under “Non-GAAP Measures”.
- (3) Adjusted earnings per common share (basic and diluted) for three and nine months ended September 30, 2017 were \$0.18 and \$0.59 respectively.
- (4) Adjusted net earnings, adjusted earnings per common shares (basic and diluted), capital expenditures (sustaining and growth), operating costs (on a sales basis), adjusted operating costs per ounce sold, gold all-in sustaining costs on a by-product or co-product basis (excluding and including taxes) per ounce sold, gold all-in sustaining costs on a co-product or co-product basis (including taxes) per ounce sold, copper all-in sustaining costs on a co-product or co-product basis (including taxes) per ounce sold, cash provided by operation before changes in working capital, as well as average realized gold price per ounce and average realized copper price per pound are non-GAAP measures and are discussed under “Non-GAAP Measures”.
- (5) Excludes Molybdenum business.
- (6) No comparative results for Thompson Creek operations have been presented.

4. Overview of Consolidated Results

Third Quarter 2017 compared to Third Quarter 2016

The Company recorded a net loss of \$0.8 million in the third quarter of 2017, compared to net earnings of \$66.9 million in the comparative quarter of 2016, reflecting 40% fewer gold ounces sold at Kumtor, as Kumtor had 17% lower gold production and limited its shipments of gold to Kyrgyzaltyn starting in September 2017 due to concerns about the financial stability of Kyrgyzaltyn’s off-take bank which purchases the refined gold from Kyrgyzaltyn, lower average realized gold prices^{NG}, the acquisition of the Mount Milligan operations and a one-time charge for a settlement reached with the Kyrgyz Government of \$60 million and a gain of \$9.8 million (\$6.9 million net of tax) on the sale of the ATO property in Mongolia. Excluding these one-time items, adjusted earnings^{NG} in the third quarter of 2017 were \$52.3 million compared to \$66.9 million in the comparative quarter.

Production:

Gold production for the third quarter of 2017 totalled 200,201 ounces. Gold production at Kumtor was 138,561 ounces in the third quarter of 2017, 17% lower than the 166,030 ounces produced in the comparative quarter of 2016. The decrease in ounces poured at Kumtor is a result of milling lower grade ore and achieving lower recoveries from stockpiles and from the initial benches of the Sarytor pit, compared to the higher grade ore mined and processed from the lower benches in cut-back 17 of the Central pit during the comparative period. During the quarter, Mount Milligan produced 61,640 ounces of gold and 13.7 million pounds of copper.

Safety and Environment:

Centerra had six reportable injuries which included three lost time injuries, two medical aid injuries and one restricted work injury in the third quarter of 2017. During the third quarter both operating sites completed the deployment of the Company-wide safety leadership program “Work Safe, Home Safe” with every employee.

There was a reportable environmental incident during the third quarter of 2017. On July 9, 2017, a reportable spill occurred at Kumtor when a diesel fuel truck rolled over a safety berm on the technical road on its way to the mine site. Approximately 8.8 tonnes of diesel fuel leaked but was fully contained, with no release to any watershed. Clean-up of the affected area was initiated immediately and was completed on the same day. By the end of the third quarter of 2017, Kumtor and local authorities completed and closed their detailed investigations.

Financial Performance:

Revenue increased by 26% to \$276.2 million in the third quarter of 2017 as a result of more gold ounces sold (174,099 ounces compared to 164,847 ounces in the third quarter of 2016), the addition of copper sales (\$40.9 million) and molybdenum sales (\$36.6 million) were partially offset by a 14% lower combined average realized gold price^{NG} during the quarter (\$1,141 per ounce compared to \$1,327 per ounce in the same quarter of 2016). The increase in gold ounces sold results from the addition of Mount Milligan which recorded sales of 74,585 ounces of gold and contributed \$74.4 million in gold revenues, partially offset by 40% lower gold ounces sold at Kumtor (99,514 ounces compared to 164,847 ounces in the same quarter of 2016) which was impacted by lower production and reduced gold shipments to Kyrgyzaltyn's refinery in the month of September.

Beginning in September 2017, Kumtor began to limit shipments of gold doré to Kyrgyzaltyn due to concerns about the financial stability of Kyrgyzaltyn's off-take bank which purchases gold refined by Kyrgyzaltyn and makes payment to Kumtor on behalf of Kyrgyzaltyn. At the end of the third quarter of 2017, Kumtor had in inventory 48,678 ounces of gold doré due to the reduction in shipments to Kyrgyzaltyn. See "Other Corporate Developments – Kyrgyz Republic".

Cost of sales increased by 70% in the third quarter of 2017 (\$164.2 million compared to \$96.5 million in the third quarter of 2016) reflecting the addition of Mount Milligan (gold and copper sales) and the molybdenum business, partially offset by lower gold ounces sold from the Kumtor mine (as explained above). Depreciation, depletion and amortization ("DD&A") associated with production was \$41.1 million in the third quarter of 2017 as compared to \$51.3 million in the same period of 2016, primarily due to lower sales and production volumes at Kumtor in the third quarter of 2017, partially offset by the addition of Mount Milligan and the molybdenum business in the third quarter of 2017.

As part of the settlement agreement with the Kyrgyz Republic the Company recorded a charge of \$60 million (described above). Kumtor also accrued \$2.0 million in the third quarter of 2017 as other operating expenses representing the increased annual payment for the new Nature Development Fund (See "Other Corporate Development – Kyrgyz Republic").

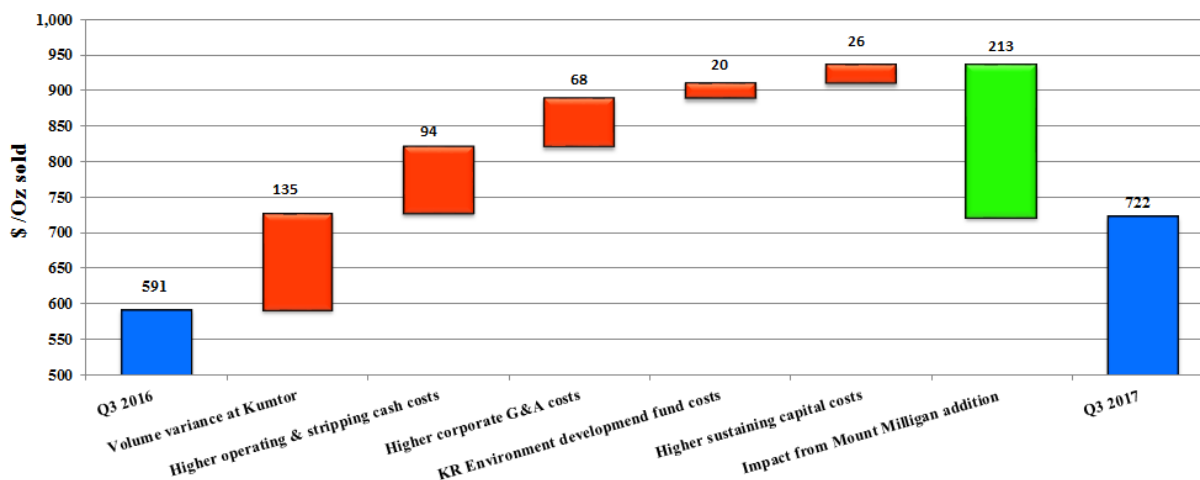
Corporate administration costs were \$12.6 million in the third quarter 2017 compared to \$5.9 million in the same period of 2016. The increase was mainly due to share-based compensation which increased by \$3.6 million compared to the prior year, mainly due to increases in the Company's share price. The third quarter 2017 also included additional costs for legal and consulting in relation to settlement negotiations as well as costs for the Denver office (formerly Thompson Creek's corporate office).

Operating Costs (excluding molybdenum business):

Operating costs (on a sales basis)^{NG} increased to \$89.3 million in the third quarter of 2017 compared to \$45.2 million in the same period of 2016, which reflects the addition of Mount Milligan (\$62.7 million) and lower volumes sold at Kumtor.

Centerra's all-in sustaining costs on a by-product basis per ounce of gold sold^{NG}, which excludes revenue-based tax and income tax, for the third quarter of 2017 increased to \$722 from \$591 in the comparative period mainly as a result of 40% less ounces sold at Kumtor (\$135 per ounce), higher operating costs and capitalized stripping (\$94 per ounce), higher administration and other costs (\$88 per ounce), higher sustaining capital^{NG} (\$26 per ounce), partially offset by the positive impact from the acquisition of Mount Milligan (\$213 per ounce).

Consolidated All-in Sustaining Costs on a by-product basis (per ounce sold)



First Nine Months 2017 compared to First Nine Months 2016

The Company recorded net earnings of \$79.6 million in the first nine months of 2017, compared to net earnings of \$87.9 million in the comparative period of 2016, reflecting more gold ounces sold at Kumtor, despite Kumtor limiting its shipments of gold to Kyrgyzaltyn starting in September 2017, the acquisition of the Mount Milligan operations, one-time charges for a settlement reached with the Kyrgyz Government of \$60 million, an impairment charge of the Company's Mongolian assets of \$41.3 million (\$39.7 million net of tax) and a one-time credit representing a gain of \$9.8 million (\$6.9 million net of tax) on the sale of the ATO property in Mongolia. Excluding these one-time items, adjusted earnings^{NG} for the first nine months of 2017 were \$172.4 million compared to \$87.9 million in the comparative period.

Production:

Gold production for the first nine months of 2017 totalled 568,564 ounces. Gold production at Kumtor was 404,584 ounces in the first nine months of 2017, 16% higher than the 350,199 ounces produced in the first nine months of 2016. The increase in ounces poured at Kumtor is a result of milling higher grade ore from stockpiles (3.51 g/t compared to 3.01 g/t) and realizing higher recoveries (78.6% compared to 77.0%) compared to the same period in 2016. Blending of the more complex, lower grade ore from the Sarytor pit impacted recoveries in the third quarter of 2017. During the first nine months of 2017, Mount Milligan produced 163,980 ounces of gold and 41.3 million pounds of copper.

Safety and Environment:

Centerra had eleven reportable injuries in the first nine months of 2017, including one fatal injury to a maintenance employee at Kumtor. There were five lost time injuries and four medical aid injuries.

During the first nine months of 2017 there was one reportable release to the environment. As noted above, a reportable incident occurred at Kumtor on July 9, 2017 when a diesel fuel truck rolled over a safety berm on the technical road on its way to the mine site.

Financial Performance:

Revenue increased to \$840.8 million in the first nine months of 2017 from \$452.0 million, as a result of additional gold ounces sold (550,238 ounces compared to 354,500 ounces), including copper sales of \$96.8

million and molybdenum sales \$105.7 million, partially offset by a 9% lower combined average realized gold price^{NG} during the first nine months (\$1,160 per ounce compared to \$1,275 per ounce in the same period of 2016). The increase in gold ounces sold (369,431 ounces compared to 354,500 ounces in the same period of 2016) was mainly due to the addition from Mount Milligan while Kumtor's sales only grew by 4% due to the limitations on gold shipments in September to Kyrgyzaltyn, as described earlier. Mount Milligan sold 180,807 ounces of gold and 46.6 million pounds of copper during the first nine months of 2017 which contributed \$278.0 million in revenues.

Cost of sales increased in the first nine months of 2017 to \$501.3 million compared to \$244.4 million in the first nine months of 2016, mainly resulting from the addition of Mount Milligan gold and copper sales and the molybdenum business. Depreciation, depletion and amortization associated with production was \$146.2 million in the first nine months of 2017 as compared to \$120.1 million in the same period of 2016 as a result of higher sales and the addition of Mount Milligan and the molybdenum business in the first nine months of 2017.

In the third quarter of 2017, the Company entered into a settlement agreement with the Kyrgyz Republic Government which resulted in a charge of \$60 million. It also recorded a gain on the sale of the ATO property in Mongolia of \$9.8 million (or \$6.9 million net of tax).

Corporate administration costs were \$31.6 million in the first nine months of 2017, an increase of \$13.1 million compared to the same period of 2016, mainly due to an increase in share-based compensation of \$6.3 million as a result of increases in the Company's share price, additional costs for legal and consulting mainly in relation to settlement negotiations (\$1.2 million) and costs for the Denver office of \$4.3 million (formerly Thompson Creek's corporate office).

Operating Costs (excluding molybdenum business):

Operating costs (on a sales basis)^{NG} increased to \$259.4 million in the first nine months of 2017 compared to \$124.3 million in the same period of 2016, which includes Mount Milligan costs of \$158.3 million.

Centerra's all-in sustaining costs on a by-product basis per ounce of gold sold^{NG}, which excludes revenue-based tax and income tax, for the first nine months of 2017 decreased to \$739 from \$748 in the comparative period mainly as a result of the addition of gold and copper sales from Mount Milligan which was partially offset by higher capitalized stripping and spending on maintenance and labour at Kumtor and incremental administration costs, as a result of the Thompson Creek acquisition, in the first nine months of 2017 as compared to the same period of 2016.

5. Liquidity and Capital Resources

The Company believes its cash on hand and working capital as at September 30, 2017, together with future cash flows from operations and cash provided by the Company's existing credit facilities will be sufficient to fund its anticipated operating cash requirements, although there can be no assurance of this.

Starting in September 2017, Kumtor has limited its shipments of gold to Kyrgyzaltyn in response to concerns about the financial stability of the bank that purchases Kyrgyzaltyn's refined gold. Centerra understands that Kyrgyzaltyn expects to appoint a new purchaser bank in the fourth quarter at which time full shipments from Kumtor to Kyrgyzaltyn can be resumed. If a new purchaser bank is not appointed, Kumtor expects to continue limiting its shipments of gold to Kyrgyzaltyn such that the value of any shipment will not exceed the value of the Centerra Gold shares pledged by Kyrgyzaltyn. See "Caution Regarding Forward-Looking Information".

Cashflow:

<i>Unaudited (\$ millions, except as noted)</i>	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% Change	2017	2016	% Change
Cash provided by operations before changes in working capital^{NG}	108.0	119.3	(9%)	352.7	205.7	71%
- Changes in working capital	11.4	15.1	(24%)	(22.2)	(4.6)	379%
Cash provided by operating activities	119.5	134.4	(11%)	330.5	201.0	64%
Cash used in investing activities:						
- Capital additions (cash)	(57.5)	(50.6)	14%	(203.7)	(131.0)	56%
- Short-term investment purchased, net	60.0	257.1	(77%)	-	156.6	(100%)
- Decrease in restricted cash	239.2	-	100%	247.8	(0.3)	(91214%)
- Other investing items	7.1	(1.6)	(539%)	10.2	(5.8)	(274%)
Cash provided by investing activities	248.8	204.9	21%	54.3	19.4	179%
Cash used in financing activities:						
- Debt (repayment) proceeds	(111.9)	-	100%	(171.9)	24.0	(816%)
- Proceeds from subscription receipts issued	-	145.4	(100%)	-	145.4	(100%)
- Dividends declared and paid	-	(7.5)	(100%)	-	(22.1)	(100%)
- Payment of interest and borrowing costs	(7.9)	(2.0)	294%	(23.2)	(8.6)	169%
- Proceeds from exercise of stock options	2.2	0.6	255%	2.2	1.3	69%
Cash (used in) provided by financing activities	(117.5)	136.5	(187%)	(192.8)	140.0	(238%)
Increase (decrease) in cash and cash equivalents	250.7	475.8	(53%)	191.9	360.4	(90%)

In the third quarter of 2017, Centerra generated cash from operations before working capital changes^{NG} of \$108.0 million, compared to \$119.3 million in the prior period, as a result of lower earnings in the current quarter. Working capital movements in the first nine months of 2017 reflect a reduction in levels at Kumtor mainly due to timing, partially offset by increased levels at Mount Milligan and in the Moly business.

At the end of the third quarter of 2017, Kumtor had in inventory 48,678 ounces of gold doré due to a reduction in shipments in September to Kyrgyzaltyn. See “Other Corporate Developments”.

The Company generated \$119.5 million in cash from operations in the third quarter of 2017, a decrease of \$15.0 million compared to the third quarter of 2016, mainly as a result of lower earnings. In addition to lower gold production, Kumtor’s gold sales in the third quarter of 2017 were limited (down 40% compared to the same period in 2016) as the Company reduced its gold shipments to Kyrgyzaltyn while Kyrgyzaltyn searches for alternative off-take banks to purchase its refined gold. The lower sales at Kumtor were partially offset by the contribution from Mount Milligan and from the molybdenum business in the third quarter of 2017.

Cash provided by investing activities increased to \$248.8 million in the third quarter of 2017 as compared to \$204.9 million in the third quarter of 2016, reflecting the release of Kumtor’s restricted cash (\$239.2 million), a reduction in net purchases of short-term investments, partially offset by an increase in capital spending (mainly additional sustaining capital^{NG} and capitalized stripping at Kumtor) as compared to the same quarter in 2016. On September 4, 2017, the Bishkek Inter-District Court lifted the interim court order which prohibited KGC from taking any actions relating to certain financial transactions including, transferring property or assets, declaring or paying dividends, pledging assets or making loans. As a result, KGC transferred cash balances over and above its ordinary working capital requirements to Centerra on September 15, 2017, when the lifting of the interim court order became effective.

Cash used in financing of \$117.5 million in the third quarter of 2017 represents debt repayments under the Company's credit facilities. The Company made a quarterly payment on the Centerra B.C. Facility (defined below) term loan of \$12.5 million and also paid in full the revolver balance of \$74.4 million at the end of the quarter. In addition, the Company paid EBRD \$25 million against its Corporate Facility (defined below) at the end of the third quarter of 2017. In the third quarter of 2016, the Company raised equity financing of \$145.4 million in the form of subscription receipts in support of its acquisition of Thompson Creek Metals Inc., paid interest on borrowings and paid a dividend to its shareholders.

Cash, cash equivalents, restricted cash and short-term investments at September 30, 2017 decreased to \$352.0 million (with no restricted cash at Kumtor) from \$401.4 million at the end of June 2017 (including \$299.2 million of restricted cash and investments at Kumtor) as cash from operations was more than offset by capital additions and cash used to repay debt. At December 31, 2016, cash and investment balances totaled \$408.8 million (including \$247.8 million of restricted cash at Kumtor).

Credit Facilities:

Centerra Corporate Facility

On February 12, 2016, the Company entered into a five-year \$150 million revolving credit facility (the "Corporate Facility") with the European Bank for Reconstruction and Development ("EBRD"). The Corporate Facility includes \$50 million for the purpose of funding direct and indirect costs associated with the Gatsurt Project. In February and September 2017, the Company repaid the \$50 million reserved for the Gatsurt Project in two \$25 million instalments. At September 30, 2017, the Company had drawn \$100 million under the Corporate Facility.

Funds drawn under the Corporate Facility are available to be re-drawn on a semi-annual basis and, at the Company's discretion, repayment of the loaned funds may be extended until 2021.

Centerra B.C Holdings Credit Facility

As part of the acquisition of Thompson Creek which closed on October 20, 2016, Centerra B.C. Holdings, a wholly-owned subsidiary of the Company, secured financing from a lending syndicate in the aggregate amount of \$325 million (the "Centerra B.C. Facility"), consisting of a \$250 million non-revolving term facility and a \$75 million senior secured revolving credit facility. The revolving portion of the facility is to be repaid at the end of the five-year term. The principal amount of the term portion of the Centerra B.C. Facility is to be repaid in \$12.5 million quarterly instalments which commenced on March 31, 2017.

In July 2017, the Company entered into an amendment of the Centerra B.C. Facility to increase the senior secured revolving credit facility under the Centerra B.C. Facility from \$75 million to \$125 million. As part of the amendment, the revolving facility must be reduced by \$50 million by June 30, 2019. The amendment also includes additional favourable terms such as permitting upstream distributions of up to \$50 million without the matching pre-payment requirement of the original agreement. Prior to the amendment, the Centerra B.C. Facility required Centerra B.C. Holdings to make a matching pre-payment on all distributions to Centerra. The amendment became effective in August 2017, when the conditions were satisfied, including the execution of hedges for a portion of the gold and copper production covering Mount Milligan's production from July 2017 to June 2019.

In September 2017, in addition to making the scheduled \$12.5 million payment towards the non-revolving facility, the Company repaid the outstanding balance on the revolving facility (\$74.4 million). As at September 30, 2017, \$202.5 million was drawn on the Centerra B.C. Facility.

OMAS Facility

On April 5, 2016, OMAS, a wholly-owned subsidiary of the Company, entered into a 5-year \$150 million credit facility agreement (the “OMAS Facility”). The purpose of the OMAS Facility is to assist in financing the construction of the Company’s Öksüt Project. Availability of the OMAS Facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals for the Öksüt Project. The Company is currently awaiting a pastureland permit at the Öksüt Project. If the conditions are not satisfied or waived by the specified deadline, or an additional extension is not granted by the lenders, the commitments under the OMAS Facility will be cancelled. In the second quarter of 2017, the previous deadline of June 30, 2017 for satisfaction of the conditions precedent was extended to December 31, 2017. As at September 30, 2017, the OMAS Facility remains undrawn. There can be no assurances that the Facility will be extended beyond December 31, 2017.

Centerra was in compliance with the terms of all of its facilities at September 30, 2017.

Capital Expenditures (spent and accrued):

\$ millions	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% Change	2017	2016	% Change
Consolidated:						
Sustaining capital ^{NG}	23.8	13.0	83%	62.5	49.9	25%
Capitalized stripping ⁽¹⁾	41.5	38.7	7%	168.4	78.4	115%
Growth capital ^{NG}	5.2	4.7	11%	11.0	18.2	(40%)
Gatsuurt Project development	0.2	-	100%	2.4	-	100%
Öksüt Project development ⁽²⁾	1.7	4.7	(65%)	6.0	9.9	(39%)
Greenstone Gold Property capital ⁽³⁾	1.8	2.6	(30%)	6.7	7.9	(16%)
Total	74.2	63.7	16%	257.0	164.3	56%

⁽¹⁾ Includes cash component of \$10.7 million and \$43.4 million in the three and nine months ended September 30, 2017 respectively (\$10.5 million and \$20.8 million in the comparative periods of 2016, respectively).

⁽²⁾ Nine months ended September 30, 2016 includes \$3 million for the purchase of the net smelter royalty from Teck Resources Limited.

⁽³⁾ In accordance with the Company's accounting policy, the 50% share paid on behalf of Premier Gold Mines Limited in the project is capitalized as part of mineral properties in Property, Plant & Equipment.

Capital expenditures in the third quarter of 2017 totalled \$74.2 million compared to \$63.7 million in the same period of 2016, resulting mainly from increased spending on capitalized stripping at Kumtor to develop cut-back 18 in the Central pit and in the Sarytor pit, higher sustaining capital^{NG} for equipment rebuilds and overhauls, partially offset by lower spending on the Company’s development projects.

6. Financial Instruments

The Company seeks to manage its exposure to fluctuations in diesel fuel prices, commodity prices and foreign exchange rates by entering into derivative financial instruments from time-to-time.

Fuel Hedges:

In 2016, the Company established a diesel fuel price hedging strategy using derivative instruments to manage the risk associated with changes in diesel fuel prices on the cost of operations at the Kumtor Mine. The Company targets to hedge up to 70% of monthly diesel purchases at Kumtor for the first 12 months

and 50% of the 13 through 24 month exposure. The Company hedges its exposure with crude oil futures contracts, as the price of diesel fuel closely correlates to the price of crude oil.

Gold and Copper Derivative Contracts:

The Company must satisfy its obligation under the gold and copper stream arrangement with RGLD Gold AG and Royal Gold Inc. (collectively “Royal Gold”) by delivering refined physical gold or LME copper warrants to Royal Gold after receiving payment from third-party purchasers who purchase concentrate from the Mount Milligan Mine. In order to hedge the metal price risk that arises when physical purchase and concentrate sales pricing periods do not match, the Company has entered into certain forward gold and copper purchases and forward sales contracts pursuant to which it purchases gold or copper at an average price during a future quotational period and sells gold or copper at the current spot price. These derivative contracts are not designated as hedging instruments.

Mount Milligan Gold and Copper Facility Hedges:

The Company entered into a hedging program required as part of the amendment to the Centerra B.C. Facility (see “Credit Facilities” section) to cover the period from July 2017 to June 2019.

The facility amendment required hedging of future un-streamed gold and un-streamed copper production at the Mount Milligan mine at a minimum average floor price of \$1,200 per gold ounce and minimum average floor price of \$2.50 per copper pound.

The hedge positions for each of these programs as at September 30, 2017 are summarized as follows:

Program	Instrument	Unit	Average strike price	Type	Settlement			As at September 30, 2017	
					Q4-2017	2018	2019	Total position	Fair value gain (loss) ('000')
Fuel Hedges	Crude oil options ⁽¹⁾	Barrels	\$65.53	Fixed	46,000	288,000	73,000	407,000	\$ 441
Centerra B.C. Facility Hedging Program (Strategic Hedges):									
Copper Hedges	Forward contracts ⁽³⁾	Pounds	\$2.81	Fixed	7.1 million	6.8 million	-	13.9 million	\$ (1,805)
Copper Hedges	Zero-cost collars ⁽²⁾	Pounds	\$2.46/\$3.22	Fixed	2.8 million	38.6 million	27.5 million	68.9 million	\$ (5,132)
Gold Hedges	Forward contracts ⁽³⁾	Ounces	\$1,282	Fixed	23,453	39,097	-	62,550	\$ (516)
Gold Hedges	Zero-cost collars ⁽²⁾	Ounces	\$1,245/\$1,363	Fixed	9,000	47,906	36,799	93,705	\$ (452)
Gold/Copper Hedges (Royal Gold deliverables):									
Gold Derivative Contracts	Forward contracts ⁽³⁾	Ounces	ND	Float	25,070	-	-	25,070	\$ (504)
Copper Derivative Contracts	Forward contracts ⁽³⁾	Pounds	ND	Float	4.4 million	-	-	4.4 million	\$ (124)

ND = Royal Gold hedging program with floating terms, that are not defined as at September 30, 2017.

- (1) Under the forward contracts (including crude oil options), the Company can buy and sell specified assets, typically metals or currency, at a specified price at a certain future date.
- (2) Under the zero-cost collar: (i) the Company can put the number of gold ounces or copper pounds to the counterparty at the minimum price, if the price were to fall below the minimum, and (ii) the counterparty has the option to require the Company to sell to it the number of gold ounces or copper pounds at the maximum price, if the price were to rise above the maximum.

As noted above, the remaining gold hedging program in 2017 consists of 32,453 gold ounces, including 23,453 forward contracts at an average strike price of \$1,276 per ounce and 9,000 zero-cost collars at an average strike price range of \$1,225 to \$1,372 per ounce. The remaining copper hedging program in 2017 consists of 9.9 million pounds of copper, including 7.1 million forward contracts at an average strike price of \$2.73 per pound and 2.8 million pounds of zero-cost collars at an average strike price range of \$2.25 to \$3.21 per pound.

The gold hedging program is more heavily weighted to zero cost collars in 2018 and 2019 with 55% and 100%, respectively. This hedging strategy has also been adopted for copper hedges with 85% zero cost collars in 2018 and 100% in 2019.

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.

7. Operating Mines and Facilities

Kumtor Mine

The Kumtor open pit mine, located in the Kyrgyz Republic, is one of the largest gold mines in Central Asia operated by a Western-based gold producer. It has been in production since 1997 and has produced over 11.3 million ounces of gold to September 30, 2017.

Recent Developments

- On September 11, 2017, Centerra announced it had signed a comprehensive settlement agreement with the Government of the Kyrgyz Republic. See “Other Corporate Developments – Kyrgyz Republic”.
- On September 4, 2017, the Bishkek Inter-District Court lifted the interim court order which prohibited KGC from taking any actions relating to certain financial transactions including, transferring property or assets, declaring or paying dividends, pledging assets or making loans. As a result, KGC transferred cash balances over and above its ordinary working capital requirements to Centerra on September 15, 2017, when the lifting of the interim court order became effective.
- Gold revenues at Kumtor were lower in the third quarter of 2017 partially due to reduced gold shipments to Kyrgyzaltyn. Beginning in September 2017, Kumtor began to limit shipments of gold to Kyrgyzaltyn due to concerns about the financial stability of Kyrgyzaltyn’s off-take bank which purchases the refined gold from Kyrgyzaltyn. At the end of the third quarter of 2017, Kumtor had in inventory 48,678 ounces of gold doré due to the reduction in shipments to Kyrgyzaltyn. See “Other Corporate Developments – Kyrgyz Republic” for further details.

Kumtor Operating Results

(\$ millions, except as noted)	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Financial Highlights:						
Revenue - \$ millions	124.3	218.7	(43%)	457.1	452.0	1%
Cost of sales (cash)	26.7	45.2	(41%)	101.1	124.3	(19%)
Cost of sales (non-cash)	27.8	51.3	(46%)	106.0	120.1	(12%)
Cost of sales (total)	54.5	96.5	(44%)	207.1	244.4	(15%)
Cost of sales - \$/oz sold ⁽¹⁾	548	585	(6%)	561	689	(19%)
Cash provided by operations	79.5	149.0	(47%)	265.1	222.5	19%
Cash provided by operations before changes in working capital ⁽¹⁾	74.3	132.6	(44%)	279.2	243.4	15%
Operating Highlights:						
Tonnes mined - 000s	49,251	34,838	41%	131,108	108,856	20%
Tonnes ore mined – 000s	2,465	3,970	(38%)	2,477	8,687	(71%)
Average mining grade - g/t	1.93	5.32	(64%)	1.93	3.32	(42%)
Tonnes milled - 000s	1,505	1,571	(4%)	4,578	4,722	(3%)
Average mill head grade - g/t	3.47	4.11	(16%)	3.51	3.01	17%
Mill Recovery - %	80.5%	81.4%	(1%)	78.6%	77.0%	2%
Mining costs - total (\$/t mined material)	1.00	1.28	(22%)	1.11	1.28	(14%)
Milling costs (\$/t milled material)	12.97	10.28	26%	11.24	10.04	12%
Gold produced – ounces	138,561	166,030	(17%)	404,584	350,199	16%
Gold sold – ounces	99,514	164,847	(40%)	369,431	354,500	4%
Average realized gold price ⁽¹⁾ - \$/oz sold	\$ 1,249	\$ 1,327	(6%)	\$ 1,237	\$ 1,275	(3%)
Capital Expenditures (sustaining) ⁽¹⁾ - cash	15.5	13.0	19%	44.2	49.6	(11%)
Capital Expenditures (growth) ⁽¹⁾ - cash	5.2	3.2	63%	11.0	13.3	(17%)
Capital Expenditures (stripping) ⁽¹⁾ - cash	30.8	38.7	(20%)	125.0	78.4	59%
Capital expenditures (total)	51.5	54.9	(6%)	180.2	141.3	28%
Operating Costs (on a sales basis) ⁽¹⁾	26.7	45.2	(41%)	101.1	124.3	(19%)
Adjusted operating costs ⁽¹⁾ - \$/oz sold	\$ 338	\$ 303	11%	\$ 321	\$ 390	(18%)
Operating Costs (on a sales basis)- \$/oz sold ⁽¹⁾	\$ 268	\$ 274	(2%)	\$ 274	\$ 350	(22%)
Gold - All-in sustaining costs on a by-product basis - \$/oz sold ⁽¹⁾	\$ 807	\$ 555	45%	\$ 782	\$ 695	12%
Gold - All-in sustaining costs on a by-product basis (including taxes) - \$/oz sold ⁽¹⁾	\$ 983	\$ 742	32%	\$ 956	\$ 875	9%

⁽¹⁾ Adjusted operating costs per ounce sold, all-in sustaining costs on a by-product basis (including and excluding taxes) per ounce sold, cash provided by operations before changes in working capital, cost of sales per ounce sold, operating costs (on a sales basis), average realized gold price per ounce sold and capital expenditures – cash (sustaining and growth) are non-GAAP measures and are discussed under “Non-GAAP Measures”.

Third Quarter 2017 compared to Third Quarter 2016

Production:

During the third quarter of 2017, Kumtor continued to develop both the Central pit through mining cut-back 18 and the Sarytor pit, which is approximately three kilometres south of the Central pit. Ore production commenced in Sarytor in July 2017, and is expected to supplement the historical stockpiled ore in advance of obtaining access to the higher-grade ore from the Central pit in the fourth quarter of 2018.

Total waste and ore mined in the third quarter of 2017 was 49.3 million tonnes, an increase of 14.4 million tonnes or 41% compared to the same period of period of 2016. The major reasons for this increase, were

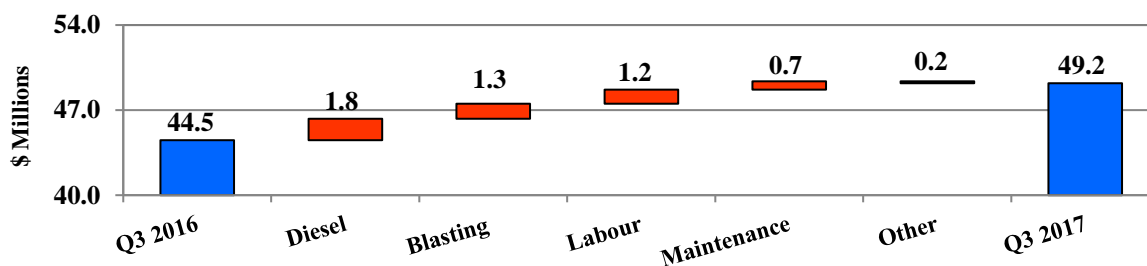
due to favorable weather conditions during the summer of 2017 compared to 2016, which resulted in fewer weather delays, 17% shorter average haulage distance compared to the same period of 2016 due to the commencement of mining at the Sarytor Pit, and various process improvements that increased truck payloads, average truck speeds and truck utilization hours.

During the third quarter of 2017, Kumtor produced 138,561 ounces of gold compared to 166,030 ounces of gold in the comparative period of 2016. The decrease in ounces poured is a result of, milling lower grade ore from the remaining stockpile of cut-back 17 Central pit ore and lower grade ore from the initial benches of the Sarytor Pit, compared to the higher grade ore mined and processed from the high grade, lower benches in cut-back 17 during the comparative period. During the third quarter of 2017, Kumtor’s head grade was 3.47 g/t with a recovery of 80.5%, compared to 4.11 g/t and a recovery of 81.4% for the same period of 2016. Blending of the more complex, initial lower grade ore from the Sarytor pit impacted recoveries in the third quarter of 2017. Throughput through the mill decreased to 738 tpoh (“tonnes per operating hour”) compared to 760 tpoh in the same period of 2016 due to a scheduled shutdown to reline the SAG mill, ball mill and regrind mill.

Operating costs and All-in Measures:

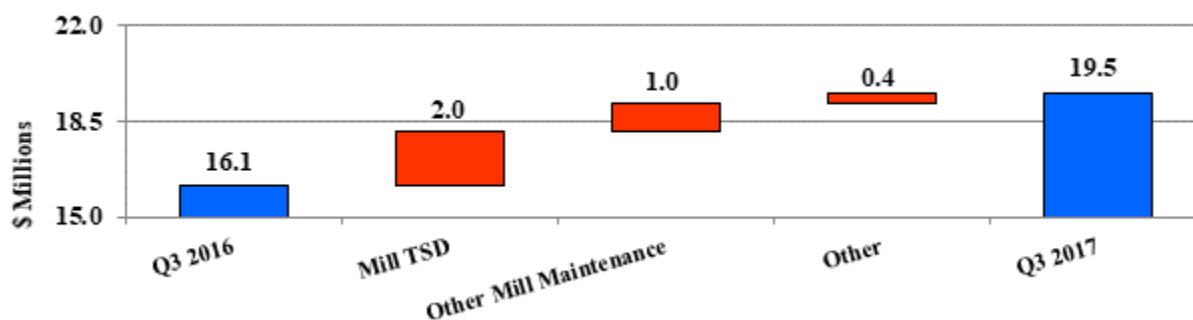
Operating costs (on a sales basis)^{NG} for the third quarter of 2017 decreased by \$18.5 million to \$26.7 million, as compared to the same quarter of 2017, reflecting 41% more tonnage moved including significant amount of waste removal in cut-back 18 of the Central pit which was capitalized in the third quarter of 2017. Including capitalized stripping, operating costs were \$57.5 million compared to \$83.9 million in the comparative third quarter of 2016. The increase in the major components of operating costs (mining, milling and site support) before changes in inventory is explained below.

Mining Costs, including capitalized stripping (Third Quarter 2017 compared to Third Quarter 2016):



Mining costs, including capitalized stripping, totaled \$49.2 million in the third quarter of 2017, which was \$4.7 million higher than the comparative quarter of 2016. Increased costs for the third quarter of 2017 includes higher diesel costs (\$1.8 million) mainly due to increased purchase price, higher blasting costs (\$1.3 million) primarily due to increased blasting volumes, higher labour cost (\$1.2 million) due to a new collective bargaining agreement and strengthening of the local currency. In addition higher maintenance cost (\$0.7 million) resulted from additional repair work required on the 785 haul trucks.

Milling Costs (Third Quarter 2017 compared to Third Quarter 2016):



Milling costs increased to \$19.5 million in the third quarter of 2017, as compared to \$16.1 million in the comparative quarter of 2016. The higher milling costs were due to comprehensive maintenance work during the planned total shutdown for the SAG, ball and regrind mills liners performed during the third quarter of 2017, whereas only SAG mill reline work occurred in the comparative period in 2016. During the shutdown, Kumtor took the opportunity to replace other mill components to boilers, derrick screens, and on the crusher.

Site Support Costs (Third Quarter 2017 compared to Third Quarter 2016):

Site support costs in the third quarter of 2017 totaled \$10.5 million compared to \$10.1 million in the comparative quarter in 2016. Site support costs increased slightly due to higher contractors costs for a major site clean-up initiative.

Other Cost movements:

DD&A associated with sales, decreased to \$27.8 million in the third quarter of 2017, from \$51.3 million in the comparative quarter of 2016, a 46% decrease. The decrease in 2017 is primarily due to 40% fewer ounces sold in the third quarter of 2017.

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes revenue-based tax, was \$807 for the third quarter of 2017 compared to \$555 in the third quarter of 2016, representing an increase of 45%, primarily as a result of 40% fewer ounces sold. The third quarter of 2017 also includes the new environmental fee (\$2.0 million accrued not yet paid) for the Nature Development Fund as a result of the comprehensive settlement agreement reached with the Kyrgyz Republic Government (impact \$20 per ounce) – see “Other Corporate Development – Kyrgyz Republic”.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold^{NG} was \$983 for the third quarter of 2017 compared to \$742 in the same period of 2016. The increase is due to the higher all-in sustaining costs (explained above).

First Nine Months 2017 compared to First Nine Months 2016

During the first nine months of 2017, mining at Kumtor focused on advancing cut-back 18 in the Central pit and developing the Sarytor pit.

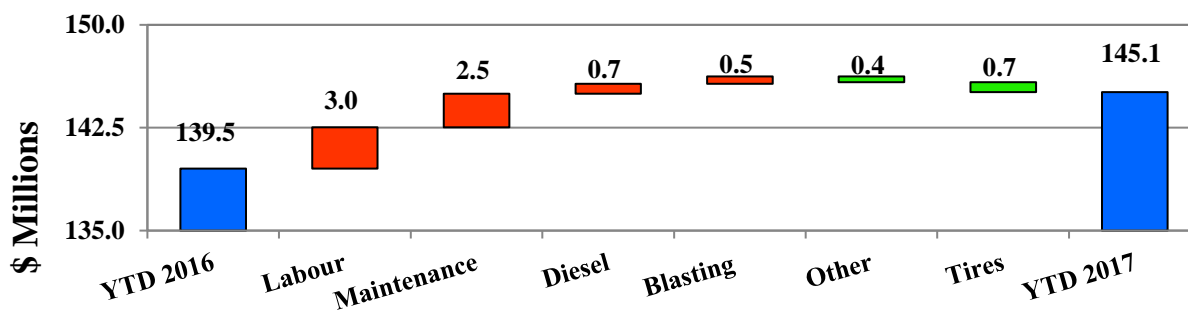
Total waste and ore mined in the first nine months of 2017 was 131.1 million tonnes compared to 108.9 million tonnes in the comparative period of 2016, representing an increase of 20%. The main reasons for this increase was an 11% shorter average haulage distance in the comparative period of 2016 due to the shorter hauls required upon commencing mining activities at the Sarytor pit.

During the first nine months of 2017, the Company processed ore from stockpiles, including the higher grade ore remaining from cut-back 17 in the Central pit mined at the end of 2016. Kumtor produced 404,584 ounces of gold in the first nine months of 2017 compared to 350,199 ounces of gold in the first nine months of 2016. The increase in ounces poured is a result of milling higher grade ore from stockpiles, partially offset by blending the initial lower grade ore from the Sarytor pit, compared to the lower grade ore mined and processed from the initial benches in cut-back 17 during the comparative period. During the first nine months of 2017, Kumtor's average mill head grade was 3.51 g/t with a recovery of 78.6%, compared with 3.01 g/t and a recovery of 77.0% for the same period in 2016.

Operating costs and All-in Measures:

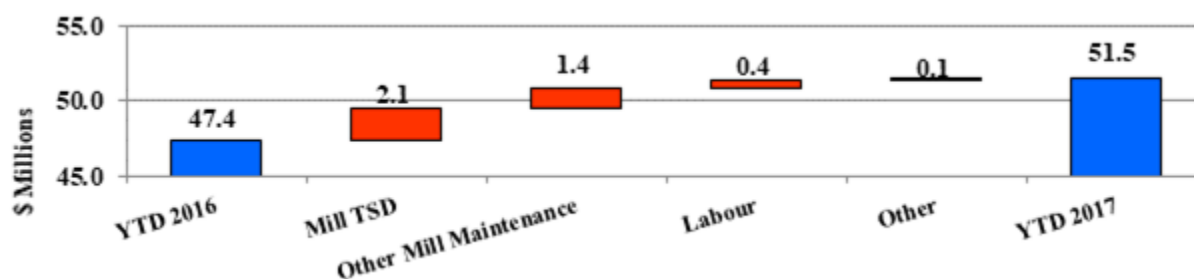
Operating costs (on a sales basis)^{NG} decreased by \$23.2 million to \$101.1 million as compared to the same period of 2016. Including capitalized stripping, operating costs were \$226.1 million compared to \$202.7 million in the first nine months of 2016, reflecting 20% more tonnage moved including significant amount of waste removal in cut-back 18 in the Central pit capitalized in the first nine months of 2017. The increase in the major components of operating costs (mining, milling and site support) before changes in inventory is explained below.

Mining Costs, including capitalized stripping (First Nine Months 2017 compared to First Nine Months 2016):



Mining costs, including capitalized stripping, totaled \$145.1 million in the first nine months of 2017 compared to \$139.5 million in the comparative period of 2016. Increased costs for the first nine months of 2017 includes higher labour cost (\$3.0 million) due to a new collective bargaining agreement and strengthening of the local currency in comparison to 2016, higher maintenance cost (\$2.5 million) resulting from higher repair costs across the fleet to support the increased mine production. In addition, costs were also higher for diesel purchases (\$0.7 million) mainly due to higher prices and higher blasting costs (\$0.5 million) mainly due to increased blasting volumes. These were partially offset by lower tire costs (\$0.7 million) mainly due to lower purchase prices.

Milling Costs (First Nine Months 2017 compared to First Nine Months 2016):



Milling costs of \$51.5 million in the first nine months of 2017 compared to \$47.4 million in the comparative period of 2016. The increase is mainly due to increased maintenance work during the mill planned shutdown for the SAG, ball and regrind mills liners performed during the third quarter of 2017 and increased mill reliability projects performed in the first nine months of 2017. In addition, costs for labour were higher in 2017 (\$0.4 million) due to a new collective agreement and strengthening of the local currency.

Site support Costs (First Nine Months 2017 compared to First Nine Months 2016):

Site support costs in the first nine months of 2017 totaled \$32.5 million compared to \$31.8 million in the comparative year. Site support costs increased due to higher labour costs resulting from the collective bargaining agreement and strengthening of local currency.

Other Cost movements

DD&A associated with sales, decreased to \$106.0 million in the first nine months of 2017, from \$120.1 million in the comparative period of 2016. The overall depreciation costs were comparable after adjusting for the \$18.4 million reversal of a non-cash inventory impairment recognized during the first nine months of 2016.

All-in sustaining costs on a by-product basis per ounce sold, which excludes revenue-based tax, was \$782 for the first nine months of 2017 compared to \$695 in the first nine months of 2016, representing an increase of 12%. The increase is due to \$67.4 million higher capitalized stripping costs, which resulted from capitalizing 113.5 million tonnes from cut-back 18 in the Central pit and the Sarytor Pit in the first nine months of 2017, compared to 45.5 million tonnes from cut-back 18 in the comparative period of 2016. This was partially offset by 14,931 more ounces sold during the first nine months of 2017.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold was \$956 for the first nine months of 2017 compared to \$874 in the first nine months of 2016. The increase is due to higher all-in sustaining costs (explained above) partially offset by lower growth capital expenditures.

Mount Milligan Mine

The Mount Milligan Mine is an open pit mine located in north central British Columbia, Canada producing a gold and copper concentrate. Production at Mount Milligan is subject to a streaming arrangement with Royal Gold pursuant to which Royal Gold is entitled to receive 35% of the gold produced and 18.75% of the copper production at our Mount Milligan project. Royal Gold pays Centerra \$435 per ounce of gold

delivered and 15% of the spot price per metric tonne of copper delivered (the “Royal Gold Stream Arrangement”).

Mount Milligan Mine Operating Results	Three months ended		Nine months ended	
Unaudited (\$ millions, except as noted)	September 30, 2017 ⁽¹⁾		September 30, 2017 ⁽¹⁾	
Financial Highlights:				
Gold sales - \$ millions		74.4		181.2
Copper sales		40.9		96.8
Total Revenues		115.3		278.0
Cost of sales - cash		62.7		158.3
Cost of sales - non-cash		11.9		34.9
Cost of sales - total		74.6		193.1
Cash provided by operations		67.6		121.0
Cash provided by operations before changes in working capital ⁽²⁾		48.0		108.8
Operating Highlights:				
Ore Mined (000's t)		5,005		16,725
Total Mined (000's t)		10,544		32,266
Tonnes Milled (000's t)		4,473		13,903
Mill Head Grade Copper (%)		0.18%		0.18%
Mill Head Grade Gold (g/t)		0.70		0.61
Copper Recovery - %		79.6%		79.1%
Gold Recovery - %		62.8%		61.7%
Mining costs - total (\$/t mined material)	\$	1.93	\$	1.76
Milling costs - total (\$/t milled material)	\$	6.48	\$	5.32
Concentrate Produced (dmt)		31,573		93,344
Payable Copper Produced (000's lbs) ⁽⁵⁾		13,677		41,335
Payable Gold Produced (oz) ⁽⁵⁾		61,640		163,980
Gold Sales (payable oz) ⁽⁵⁾		74,585		180,807
Copper Sales (000's payable lbs) ⁽⁵⁾		18,644		46,613
Average Realized Price - Gold (combined) - \$/oz ^{(2) (4)}	\$	998	\$	1,003
Average Realized Price - Copper (combined) - \$/lb ^{(2) (4)}	\$	2.19	\$	2.08
Capital expenditures - sustaining ⁽²⁾		8.1		17.8
Capital expenditures - growth ⁽²⁾		-		-
Capital expenditures - total		8.1		17.8
Operating Costs (on a sales basis) ('000s) ⁽³⁾		62,699		158,258
Operating Costs- \$/oz sold		841		875
Adjusted Operating costs- \$/oz sold ⁽²⁾	\$	318	\$	366
Gold - All in Sustaining costs on a by-product basis - \$/oz sold ⁽²⁾	\$	437	\$	474
Gold - All in Sustaining costs on a by-product basis (including taxes) - \$/oz sold ⁽²⁾	\$	459	\$	494
Gold - All in Sustaining costs on a co-product basis - \$/oz sold ⁽²⁾	\$	632	\$	650
Copper - All in Sustaining costs on a co-product basis - \$/pound sold ⁽²⁾	\$	1.70	\$	1.68

⁽¹⁾ No comparative results for Mount Milligan have been presented. Reporting of comparative information will start in the fourth quarter of 2017, from date of acquisition (October 20, 2016).

⁽²⁾ Adjusted operating costs per ounce sold, all-in sustaining costs (for gold and copper) on a by-product or co-product basis (excluding and including tax) per ounce sold, cash provided by operations before changes in working capital, payable copper produced, payable gold produced, as well as average realized price per unit sold (gold and copper),

and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under “Non-GAAP Measures”.

⁽³⁾ Operating costs (on a sales basis) is comprised of mine operating costs such as mining, processing, site and regional office administration, royalties and production taxes, but excludes reclamation costs and depreciation, depletion and amortization.

⁽⁴⁾ The average realized price of gold is a combination of market price paid by third parties and \$435 per ounce paid by Royal Gold, while the average realized price of copper is a combination of market price paid by third parties and 15% of the spot price per metric tonne of copper delivered paid by Royal Gold, in each case under the Royal Gold Stream Arrangement.

⁽⁵⁾ Mount Milligan payable production and sales are presented on a 100% basis (the Royal Gold Stream Agreement entitles it to 35% and 18.75% of gold and copper sales, respectively). Under the Royal Gold Stream Arrangement, Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95.0% for copper and 96.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.

Third Quarter 2017

In the third quarter 2017, total payable gold production was 61,640 ounces while total payable copper production was 13.7 million pounds. Total gross gold sales, representing four concentrate shipments, were \$74.4 million with a total of 74,585 ounces of gold sold at an average realized price^{NG} of \$998 per ounce. Total gross copper sales for the quarter were \$40.9 million with a total of 18.6 million pounds sold at an average realized price^{NG} of \$2.19 per pound. The gold and copper sales include sales to Royal Gold under the Royal Gold Stream Arrangement as described above and the impact of hedging transactions.

During the third quarter, total mill throughput was 4.5 million tonnes and averaged 48,619 tonnes per day (tpd) in the quarter. During July and August mill throughput averaged 52,600 tpd, but in September mill throughput was significantly impacted primarily by lower-than-expected availability of pebble crusher #1 (72%, which impacted the hourly throughput rates) and other supporting or auxiliary equipment such as blocked tailings trench, the premature failure of SAG discharger liners, and repair of the reclaim water line. During the quarter, the SAG Mill was also down for 4.5 days, planned maintenance, to complete a full liner change in the last week of September. Mount Milligan continues to upgrade its mill maintenance functions with the overall objective to reduce breakdown maintenance from greater than 70% in the first quarter 2017 to less than 20% by the first quarter 2018. An experienced Maintenance Manager and two experienced Maintenance General Foremen have been hired, and proactive high performance planner and scheduler training is ongoing for all mill maintenance planning and reliability staff. Mount Milligan anticipates over time steady improvement in mill equipment availability as a result.

Mine production was 10.5 million tonnes during the quarter and averaged 114,580 tpd. Mined total tonnes (ore and waste) were slightly behind plan due to the reduced mill throughput and increased focus on tailings dam core construction.

After several months of intensive data generation and analysis, the geometallurgical (GeoMet) team was able to identify significant relationships and trends between various complex ore types to mill throughput and recovery. From these studies, short- and long-term block models have been built to predict mill throughput, metal content, alteration, float speed, copper and gold recoveries, and concentrate production. These models are being monitored, validated and beginning to be used in mine planning and scheduling forecasts. Mineralogical limits of single-feed ore have been defined, and resulting ore blend parameters have been put into practice. As a result of these on-going projects, Mount Milligan expects to be able to more accurately predict and maximize future metal production.

In conjunction with the GeoMet program, mine engineering initiatives in drilling and blasting to target optimum fragmentation and particle size distribution for mill feed will continue into the fourth quarter.

Mount Milligan has worked closely with corporate and external consultants to develop and prioritize projects for expansion of the flotation circuit to improve metal recoveries. Continuous improvement initiatives to improve mill circuit efficiencies were undertaken such as improved process control through froth crowder installations, equipment sizing, and reagent control strategies. Primary cyclone surveys were conducted in conjunction with the manufacturer to find the optimum apex size, feed density and pressure for the installed cyclones.

First Nine months 2017

Year-to-date, mill throughput averaged 50,926 tonnes per day (tpd), while mine production averaged 118,164 tpd. Total mill throughput was 13.9 million tonnes and total mined tonnes was 32.3 million tonnes. Total payable copper was 41.3 million pounds while total payable gold was 163,980 ounces.

Year to date, the total gross gold sales were \$181.2 million with a total of 180,807 ounces of gold sold for an average realized price^{NG} of \$1,003 per ounce. Year-to-date total gross copper sales were \$96.8 million with a total of 46.6 million pounds sold for an average realized price^{NG} of \$2.08 per pound. Such amounts include gold and copper sales to Royal Gold under the Royal Gold Stream Arrangement as described above and the impact of hedging transactions.

Molybdenum Business

The molybdenum business includes two North American primary molybdenum mines that are currently on care and maintenance. The Thompson Creek Mine ("TC Mine") (mine and mill) is in Idaho USA and is operated by Thompson Creek Mining Company. The 75%-owned Endako Mine (mine, mill and roaster) is in British Columbia, Canada. The U.S. operations also include the Langeloth metallurgical roasting facility (the "Langeloth Facility") in Pennsylvania USA. TC Mine operates a commercial molybdenum beneficiation circuit to treat molybdenum concentrates to supplement the concentrate feed sourced directly for the Langeloth Facility. This beneficiation process at the TC Mine has allowed the Company to process high copper molybdenum concentrate, which is then transported to the Langeloth Facility for processing.

The molybdenum business provides tolling services for customers by converting molybdenum concentrates to molybdenum oxide powder and briquettes and ferromolybdenum products. Additionally, molybdenum concentrates are also purchased to convert to upgraded products which are then sold in the metallurgical and chemical markets.

Molybdenum Business Operating Results Unaudited (\$ millions, except as noted)	Three months ended	Nine months ended
	September 30, 2017 ⁽¹⁾	September 30, 2017 ⁽¹⁾
Financial Highlights:		
Molybdenum (Mo) Sales - \$ millions	35.0	99.9
Tolling, Calcining and Other	1.6	5.8
Total Revenues and Other Income	36.6	105.7
Cost of sales - cash	33.7	95.7
Cost of sales - non-cash	1.4	5.4
Cost of Sales - Total	35.1	101.1
Care & Maintenance costs - Molybdenum mines	3.3	9.9
Total capital expenditures	0.2	0.5
Cash used in operations	(1.4)	(7.2)
Cash (used in) provided by operations before changes in working capital ⁽²⁾	(0.3)	0.5
Production Highlights:		
Mo purchased (000's lbs)	4,899	11,997
Mo oxide roasted (000's lbs)	4,828	13,730
Mo sold (000's lbs)	3,925	11,110
Toll roasted and upgraded Mo (000's lbs)	901	3,591

- (1) No comparative results for the molybdenum business have been presented. Reporting of comparative information will start in the fourth quarter of 2017, from date of acquisition (October 20, 2016).
- (2) Cash (used in) provided by operations before changes in working capital, is a non-GAAP measures and is discussed under "Non-GAAP Measures".

Third Quarter 2017

A total of 3.9 million pounds of molybdenum were sold and 0.9 million pounds were tolled during the third quarter of 2017 resulting in sales revenue of \$36.6 million. Net of \$3.3 million in care and maintenance expenses at the two closed molybdenum mines, as well as a total capital spending of \$0.2 million, the molybdenum business consumed \$0.3 million of cash from the operations (before changes in working capital^{NG}).

First Nine Months 2017

A total of 11.1 million pounds of molybdenum were sold and 3.6 million pounds were tolled during the first nine months of 2017 resulting in sales revenue of \$105.7 million. Net of \$9.9 million in care and maintenance expenses at the two molybdenum mines, as well as total capital spending of \$0.5 million, the molybdenum business generated \$0.5 million of cash from the operations (before changes in working capital^{NG}).

8. Development Projects

Öksüt Project:

At the Öksüt Project in Turkey, the Company spent \$1.7 million and \$6.0 million during the three and nine months ended September 30, 2017 respectively (\$4.7 million and \$9.9 million in the three and nine months ended September 30, 2016) on development activities to advance access and site preparation and to progress detailed engineering plans which are 93% complete.

The pastureland permit remains the only material permit currently outstanding and the Company is working with the relevant agencies to obtain the permit. After the receipt of the pastureland permit, the Company expects the first gold pour to occur approximately 18 months after the start of construction. There is no assurance that the approval of the key pastureland or other permits will be obtained by the Company in a timely manner or at all.

Gatsuurt Project:

In October 2017, the Company completed a feasibility study for the Gatsuurt Project (“the Feasibility Study”) located in central northern Mongolia. The Feasibility Study incorporates results from the technical and economic studies initiated in 2016, further optimization studies completed in 2017, updated capital and operating costs and the current Mongolian tax and royalty regime. The Company has not made a development or construction decision on the Gatsuurt Project and expects to restart negotiations with the Mongolian Government based on the results of the Gatsuurt Feasibility Study.

A technical report for the Gatsuurt Project will be prepared in accordance with National Instrument 43-101 and will be filed on SEDAR at www.sedar.com and on the Company’s websites before year-end.

Greenstone Gold Property:

As previously disclosed, the Greenstone Partnership has not made a development or construction decision on the Hardrock Project. The Greenstone Partnership is evaluating programs to minimize the risk profile of the project including the advancement of permitting and discussions with First Nations communities.

The Company has completed the Environmental Impact Study/Environmental Assessment (“EIS/EA”) on the Hardrock Project, with a formal submission on July 18, 2017 to Federal and Provincial Governments, and the general public. Greenstone continues to have regular discussions with First Nations communities, focusing on consultation around the EIS/EA, and discussing key aspects of Long Term Relationship Agreements (“LTRA”) to be entered into.

In the third quarter of 2017, the Company spent \$1.8 million on completing the EIS/EA submission, negotiating and supporting First Nations communities, and continued efforts on optimizing the feasibility study. In the third quarter of 2016, \$5.3 million was spent on project development activities and completing the feasibility study. Centerra’s funding to date totals \$49.4 million.

9. Quarterly Results – Previous Eight Quarters

Over the last eight quarters, Centerra’s results reflect the impact of decreasing input costs, such as diesel and consumables, which have seen a continued decrease since 2015. Over the same periods, gold prices declined through 2015, progressively increased over the first three quarters of 2016, until dropping in the fourth quarter following the 2016 U.S. election and resumed its steady increase over the first three quarters of 2017. The weakening of currencies as compared to the U.S. dollar has also had a positive impact on foreign-denominated costs (such as labour). The Company reduced its carrying value of its Mongolian assets by \$41.3 million (pre-tax) in the second quarter of 2017 and provided \$ 60 million regarding the Strategic Agreement in the third quarter of 2017. The quarterly production profile for 2017 is more consistent across each quarter, while the production profile in 2016 was more concentrated in the last nine months of the year. Non-cash costs have progressively increased at Kumtor due to its expanded mining

fleet and the increased amortization of capitalized stripping resulting from increased stripping as the pit gets larger. The addition of Mount Milligan's results began with the closing of the acquisition of Thompson Creek on October 20, 2016. The quarterly financial results for the last eight quarters are shown below:

<i>\$ million, except per share data or as specified</i>	2017			2016				2015
<i>Quarterly data unaudited</i>	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	276	279	285	306	220	162	73	148
Net earnings (loss)	(1)	23	57	64	67	3	18	(3)
Basic earnings (loss) per share	0.00	0.08	0.20	0.23	0.28	0.01	0.08	(0.01)
Diluted earnings (loss) per share	0.00	0.08	0.20	0.23	0.28	-	0.07	(0.01)

10. Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries. Readers are cautioned that there are a number of legal and regulatory matters that are currently affecting the Company and that the following is only a brief summary of such matters. For a more complete discussion of these matters, see the Company's news releases and its 2016 Annual Information Form and specifically the section entitled "Risks that can affect our business" therein available on SEDAR at www.sedar.com. The following summary also contains forward-looking statements and readers are referred to "Caution Regarding Forward-looking Information".

Kyrgyz Republic

Strategic Agreement

On September 11, 2017, Centerra announced that the Company and its Kyrgyz subsidiaries (Kumtor Gold Company and Kumtor Operating Company) entered into a comprehensive settlement agreement (the "Strategic Agreement") with the Government of the Kyrgyz Republic (the "Government") on behalf of the Kyrgyz Republic.

Highlights of the Strategic Agreement include:

- Full and final reciprocal releases and resolution of all existing arbitral and environmental claims, disputes, proceedings and court orders, and releases of the Company and its Kyrgyz subsidiaries from future claims covering the same subject matter as the existing environmental claims arising from approved mine activities;
- the termination of the Kyrgyz Republic interim court order which, among other things, restricted KGC's ability to transfer cash to Centerra (KGC subsequently transferred cash balances over and above its ordinary working capital requirements to Centerra on September 15, 2017);
- an acknowledgement that there will be no restrictions on the ability of KGC to distribute funds to Centerra in the future;
- the lifting of all restrictions on the free movement of KGC's employees;
- no admission on the part of Centerra or its Kyrgyz subsidiaries of: (i) any environmental wrongdoing, (ii) any non-compliance with Kyrgyz law or the Kumtor Project Agreements or (iii)

any pre-existing obligation to make additional environmental or Reclamation Trust Fund payments or environmental remediation efforts;

- the existing 2009 agreements governing the Kumtor Project (the “Kumtor Project Agreements”) remain in full force and effect, including the tax and fiscal regime thereunder;
- no changes to current or planned operations at the Kumtor Project are required;
- KGC has agreed to make a one-time lump sum payment totaling US\$57 million to a new, government-administered Nature Development Fund (US\$50 million) and to a new, government administered Cancer Care Support Fund (US\$7 million) and within 12 months of closing make a further one-time payment of US\$3 million to the Cancer Care Support Fund. These amounts are recorded as an expense and liability in the Company’s third quarter results;
- Annual payments of US\$2.7 million to the new Nature Development Fund, conditional on the Government continuing to comply with its obligations under the Strategic Agreement.
- KGC has agreed to accelerate its annual payments to Kumtor’s Reclamation Trust Fund in the amount of US\$6 million a year until the total amount contributed by KGC reaches the total estimated reclamation cost for the Kumtor Project (representing the independent assessment of Kumtor’s current reclamation costs) subject to a minimum total reclamation cost of US\$69 million (which is broadly in line with KGC’s current estimated reclamation cost for the Kumtor Project);
- KGC would consider, together with the Government, other potential investment opportunities in the Kyrgyz Republic and at the Kumtor Project; and
- the releases of liability and all payments are subject to a range of initial conditions precedent, discussed in further detail below and are expected to be completed in the fourth quarter of 2017.

Further Details of the Strategic Agreement

Under the Strategic Agreement, KGC has committed to making contributions to (i) a new, government administered Nature Development Fund established for the purpose of financing environmental conservation projects and nature preservation in the Kyrgyz Republic, consisting of a one-time lump sum payment of US\$50 million and ongoing annual payments of US\$2.7 million, which annual payments are conditional on the Government continuing to comply with all conditions precedent under the Strategic Agreement, (ii) a new, government-administered Cancer Care Support Fund to be established for the purpose of funding cancer treatment, research, support and outreach in the Kyrgyz Republic, including a one-time lump sum payment of US\$7 million and within 12 months of closing a further one-time payment of US\$3 million, and (iii) the acceleration of payments to Kumtor’s Reclamation Trust Fund in the amount of US\$6 million a year until the total amount contributed by KGC to the Reclamation Trust Fund (which currently holds approximately US\$26.4 million) reaches the total reclamation cost for the Kumtor Project determined in accordance with the existing Reclamation Trust Deed (subject to a minimum total reclamation cost of US\$69 million), which annual payments are conditional on continued operation of the Kumtor Mine by KGC and KOC with all necessary permits and no expropriation-related action being taken on the part of the Government.

The Parties will also negotiate in good faith to amend and restate the existing Reclamation Trust Deed to: (i) provide for the accelerated Reclamation Trust Fund payments described above, (ii) require that such funds be held in highly liquid, safe US dollar-denominated short-term securities (such as obligations of the

United States government), provided that, subject to the agreement of the Parties, no less than 20% of the funds shall be invested in highly liquid securities backed by the full faith and credit of the Kyrgyz Republic; and (iii) to establish a supervisory board to oversee such investments.

KGC has also agreed to take certain specified actions in respect of the recommendations previously made by the Government's environmental consultant, Amec Foster Wheeler, most of which have already been fully implemented.

The releases of liability and all payments are subject to a range of initial conditions precedent designed to protect Centerra, KGC and KOC, including (i) the approval by the Government of various outstanding items, including the Kumtor life-of-mine (LOM) plan, official reserves report and the tailings dam expansion, (ii) compliance by the Government with its obligations under the Kumtor Project Agreements, (iii) continued operation of the Kumtor Mine by KGC and KOC with all necessary permits, (iv) no expropriatory action having been taken by the Government, and (v) termination of the environmental disputes and the civil and criminal proceedings instigated by the Kyrgyz General Prosecutor's Office on terms satisfactory to Centerra.

Centerra is continuing to work closely with the Government to expeditiously satisfy the conditions precedent to the Strategic Agreement, which are expected to be completed in the fourth quarter of 2017.

Arbitration

In connection with the Strategic Agreement, the arbitration previously commenced by Centerra, KGC and KOC against the Government of the Kyrgyz Republic and Kyrgyzaltyn has been suspended until November 15, 2017. During the suspension, the parties will work towards completing the Strategic Agreement and the resolution of all outstanding matters affecting the Kumtor Project.

As previously disclosed, Centerra commenced an arbitration proceeding against the Kyrgyz Republic and Kyrgyzaltyn in 2016 in relation to certain ongoing disputes relating to the Kumtor Project and, on February 23, 2017, filed with the Permanent Court of Arbitration ("PCA") a statement of claim seeking, among other things: (i) declarations that the arbitrator has jurisdiction to hear Centerra's claims; (ii) declarations that the actions of the Kyrgyz Republic and Kyrgyzaltyn have breached the Kumtor Project Agreements (defined below); (iii) ordering the Kyrgyz Republic to withdraw its environmental, dividend and land use claims (further discussed below), terminate related judgments and orders, declare those judgments and orders null and void and issued without jurisdiction; and (iv) ordering the Kyrgyz Republic and Kyrgyzaltyn to pay monetary damages, costs and interest.

In January 2017, Centerra filed with the PCA a request for partial relief of interim measures against the Kyrgyz Republic seeking (among other things) that the Kyrgyz Republic withdraw or stay (suspend) the Kyrgyz court proceedings and related decisions (discussed below), including the interim court order which prohibited KGC from distributing cash to its sole shareholder, Centerra. The interim freezing order of the Kyrgyz Republic court was subsequently terminated effective September 15, 2017.

The PCA ultimately rendered a decision in July 2017 which did not grant the relief sought by Centerra but did make certain determinations that supported Centerra's long-standing view that the Kyrgyz court proceedings are disputes which should be brought in international arbitration. The effect of the PCA decision was to prohibit the Kyrgyz Republic from taking further actions in the Kyrgyz court proceedings without advising Centerra and the PCA. As further discussed above and below, these court proceedings are dealt with under the Strategic Agreement which is expected to be completed in the fourth quarter 2017. In some cases, the court proceedings were terminated in early September 2017 (further discussed below).

Kyrgyz Republic Claims

The following is a summary of the claims in the Kyrgyz Republic against the Kumtor Project, including those made by Kyrgyz Republic state environmental agencies and the General Prosecutor's office. Claims described below regarding environmental claims commenced by SIETS and SAEPF, and the dividend (civil) and land use claims commenced by the Kyrgyz Republic General Prosecutor's Office are subject to the Interim Arbitration Decision described above. As noted above, the Strategic Agreement provides a pathway to the resolution of all such claims, disputes, proceedings and court orders.

SAEPF Claims

On September 4, 2017, the Bishkek Inter-District Court terminated a claim made by the Chui-Bishkek-Talas Local Fund of Nature Protection and Forestry Development (the "Local Fund") of the Kyrgyz Republic State Agency for Environmental Protection and Forestry ("SAEPF") which sought compensation for alleged environmental pollution in the amount of 40,340,819 Kyrgyz soms (approximately \$580,000 based on the exchange rate of 69.6105 Kyrgyz soms per US\$1.00).

On September 4, 2017, the Bishkek Inter-District Court also terminated the claim made by SAEPF which had alleged that Kumtor owes additional environmental pollution fees in the amount of approximately \$220 million. The court also lifted the interim court order which prohibited KGC from taking any actions relating to certain financial transactions including, transferring property or assets, declaring or paying dividends, pledging assets or making loans. As a result, KGC transferred cash balances over and above its ordinary working capital requirements to Centerra on September 15, 2017, when the lifting of the interim court order became effective.

SIETS Claims

As previously disclosed, on May 25, 2016, the Bishkek Inter-District Court in the Kyrgyz Republic ruled against Kumtor Operating Company ("KOC"), Centerra's wholly-owned subsidiary, on two claims made by the State Inspectorate Office for Environmental and Technical Safety of the Kyrgyz Republic ("SIETS") in relation to the placement of waste rock at the Kumtor waste dumps and unrecorded wastes from Kumtor's effluent and sewage treatment plants. The Inter-District Court awarded damages of 6,698,878,290 Kyrgyz soms (approximately \$96.2 million) and 663,839 Kyrgyz soms (approximately \$9,500), respectively. On June 1, 2016, the Inter-District Court ruled against KOC on two other claims made by SIETS in relation to alleged land damage and failure to pay for water use. The Inter-District Court awarded damages of 161,840,109 Kyrgyz soms (approximately \$2.3 million) and 188,533,730 Kyrgyz soms (approximately \$2.7 million), respectively. Centerra, KOC and KGC (added by the Kyrgyz courts) strongly dispute the SIETS claims and have appealed the decisions to the Bishkek City Court and will, if necessary, appeal to the Kyrgyz Republic Supreme Court.

Such claims are expected to be terminated upon completion of the Strategic Agreement.

Kyrgyz Republic General Prosecutor's Office Proceedings

The Company is subject to a number of other criminal proceedings commenced by the Kyrgyz Republic General Prosecutor's Office and other Kyrgyz Republic state agencies as described below. However, the Strategic Agreement provides a pathway to the resolution of claims, except as noted below.

Criminal Proceedings Against Unnamed KGC Managers

On May 30, 2016, a criminal case was opened by the Kyrgyz Republic General Prosecutor's Office ("GPO") against unnamed KGC managers alleging that such managers engaged in transactions that deprived KGC of its assets or otherwise abused their authority, causing damage to the Kyrgyz Republic. Specifically, the case appears to be focused on the reasonableness of certain of KGC's commercial transactions and in particular, the purchase of goods and supplies in the normal course of its business operations and the expenses relating to the relocation of the Kumtor Project's camp in 2014 and 2015. Further to such investigation, the GPO has carried out searches of KGC's offices and seized documents and records.

2013 KGC Dividend Civil and Criminal Proceeding

On June 3, 2016, the Inter-District Court renewed a claim previously commenced by the GPO seeking to unwind the \$200 million dividend paid by KGC to Centerra in December 2013 (the "2013 Dividend"). On September 14, 2017, the Bishkek Inter-District Court determined to leave the claim without review and, accordingly, the claim has been terminated.

The Company understands that the GPO has also initiated a criminal investigation of executives of the Company and KGC in respect of the 2013 Dividend but that investigation is currently suspended.

Land Use Claim

As previously noted, KGC had challenged the purported 2012 cancellation of its land use (surface) rights over the Kumtor concession areas in the Kyrgyz Republic courts as well as in its arbitration claim (described above). On August 28, 2017, the Bishkek Inter-District Court terminated the proceeding commenced by the GPO in respect of Kumtor's land use rights over the Kumtor concession area.

KGC Employee Movement Restrictions

In connection with certain of the foregoing criminal investigations, restrictions had been imposed by the Kyrgyz Republic on certain KGC managers and employees, which prohibit them from leaving the Kyrgyz Republic. The Company understands that all such movement restrictions have now been lifted.

GPO Review of Kumtor Project Agreements

On June 14, 2016, according to reports in the Kyrgyz Republic, the Kyrgyz Republic President instructed the GPO to investigate the legality of the agreements relating to the Kumtor Project which were entered into in 2003, 2004 and 2009. The 2009 Restated Investment Agreement governing the Kumtor Project which was entered into in 2009 superseded entirely the 2003 and 2004 agreements. The 2009 Restated Investment Agreement was negotiated with the Kyrgyz Republic Government, Kyrgyzaltyn and their international advisers, and approved by all relevant Kyrgyz Republic state authorities, including the Kyrgyz Republic Parliament and any disputes under the 2009 Restated Investment Agreement are subject to resolution by international arbitration.

Criminal Charges Regarding 2016 Casualty at Kumtor Mill

On June 16, 2016, the Investigator of the Jety-Oguz District Department of Interior Affairs initiated criminal proceedings against two KGC managers in relation to the previously disclosed death of a KGC employee due to an industrial accident which occurred in January 2016. On July 11, 2017, the criminal proceedings were dismissed by the Kyrgyz courts but were later sent for new consideration by the courts upon the request of the deceased's family. This claim is not expected to be resolved in connection with the Strategic Agreement.

Management Assessment of Outstanding Kumtor Matters

As noted above, the Strategic Agreement contained no admission on the part of Centerra or its Kyrgyz subsidiaries of: (i) any environmental wrongdoing, (ii) any non-compliance with Kyrgyz law or the Kumtor Project Agreements or (iii) any pre-existing obligation to make additional environmental or Reclamation Trust Fund payments or environmental remediation efforts. The Company and KGC continue to dispute all of the allegations noted above.

While the Strategic Agreement provides a pathway for the resolution of all outstanding matters affecting the Kumtor Project, there are no assurances that all of the conditions precedent to the completion of the settlement contained in the Strategic Agreement will be satisfied. If the settlement contained in the Strategic Agreement is not completed, there are no assurances that (i) the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project or that any future discussions between the Kyrgyz Republic Government and Centerra will result in a mutually acceptable resolution; or (ii) the Kyrgyz Republic Government and/or Parliament will not take actions that are inconsistent with the Government's obligations under the Strategic Agreement or Kumtor Project Agreements, including adopting a law "denouncing" or purporting to cancel or invalidate the Kumtor Project Agreements or laws enacted in relation thereto which have the effect of nationalization of the Kumtor Project.

The inability to successfully resolve all such matters, whether through the Strategic Agreement or otherwise, could lead to suspension of operations of the Kumtor Project and would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Furthermore, if all such claims are not resolved as provided for in the Strategic Agreement and despite the Company's view that all disputes related to the 2009 Restated Investment Agreement should be determined in arbitration, there are risks that the arbitrator may (i) reject the Company's claims; (ii) determine it does not have jurisdiction; and/or (iii) stay the arbitration pending determination of certain issues by the Kyrgyz Republic courts. Even if the Company receives an arbitral award in its favour against the Kyrgyz Republic and/or Kyrgyzaltyn, there are no assurances that it will be recognized or enforced in the Kyrgyz Republic. Accordingly, the Company may be obligated to pay part of or the full amounts of, among others, the SIETS and SAEPF claims regardless of the action taken by the arbitrator. The Company does not have insurance or litigation reserves to cover these costs. If the Company were obligated to pay these amounts, it would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Bank Otkritie

Beginning in September 2017, Kumtor began to limit shipments to Kyrgyzaltyn due to concerns about the financial stability at the bank that purchases Kyrgyzaltyn's refined gold, Bank Otkritie Financial ("Bank Otkritie"), which has recently received significant financial support from the Central Bank of the Russian

Federation. All gold doré produced at Kumtor is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Restated Gold and Silver Sale Agreement dated June 6, 2009 entered into between KGC, Kyrgyzaltyn and the Kyrgyz Government. Bank Otkritie purchases refined gold from Kyrgyzaltyn and pays Kumtor directly.

While Kyrgyzaltyn is searching for alternative off-take banks to purchase its refined gold, the Company has decided to limit its gold doré shipments to Kyrgyzaltyn. The current value of shipments from the Kumtor mine site do not exceed the value of the security pledged by Kyrgyzaltyn in the form of Centerra Gold shares.

At the end of the third quarter of 2017, Kumtor had in inventory 48,678 ounces of gold doré due to a reduction in shipments to Kyrgyzaltyn.

The Company understands that Kyrgyzaltyn is in discussions with certain alternative purchaser banks and the Company will continue to work with Kyrgyzaltyn to that end. Centerra understands that Kyrgyzaltyn expects to appoint a new purchaser bank in the fourth quarter at which time full shipments from Kumtor to Kyrgyzaltyn can be resumed.

Mongolia

Gatsuurt – Illegal Mining

CGM and Centerra continue to work with appropriate Mongolian federal and aimag (local) governments, relevant state bodies and police to clear the Gatsuurt site from artisanal miners and to restrict their access to the site. Centerra does not condone any violence or use of force by Mongolian authorities and has communicated to Mongolian authorities that matters are to be resolved in a peaceful manner.

Claim Against the Mongolian Mineral Resources Authority to Annul Certain Administrative Decisions Related to Gatsuurt Mining Licenses.

In the first quarter of 2016, a non-governmental organization called “Movement to Save Mt. Noyon” filed a claim in Mongolian court against the Mongolian Mineral Resources Authority (MRAM) requesting that MRAM annul two administrative decisions related to the mining licenses underlying the Gatsuurt Project. Centerra Gold Mongolia (“CGM”), the wholly owned subsidiary of Centerra and the holder of these mining licenses, is involved in the claim as a third party. One administrative decision related to a routine approval of a change of name of the Gatsuurt license holder. That administrative decision does not affect the validity of the Gatsuurt licenses. The second decision related to a non-material license. The claimant’s request has previously been granted twice (in May 2016 and May 2017) by the lower court and overturned both times on appeal. On July 26, 2017, the Mongolian lower court granted the claimant’s request to suspend the two administrative acts and that decision has subsequently been upheld by an appellate court. While Centerra believes that this claim is without merit, there are no assurances that the claim will be resolved in favour of CGM. Subsequent adverse rulings of the Mongolian courts which may otherwise relate to the Gatsuurt licenses or delays in the court process may have a material adverse impact on the Company’s future cash flows, earnings, results of operations or financial condition.

Sale of ATO

On January 31, 2017, Centerra Gold’s Mongolian subsidiary, CGM entered into definitive agreements to sell the ATO Project, located in Eastern Mongolia, to Steppe Gold LLC and Steppe Gold Limited for gross

proceed of \$20.0 million. CGM received \$0.8 million upon signing of the definitive agreements and \$9 million at closing, which occurred on September 15, 2017. CGM is to receive additional \$5 million cash payments on each of September 30, 2018 and September 30, 2019.

11. Accounting Estimates, Policies and Changes

Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS required management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates and judgments applied in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2016.

Accounting policies and recent changes

The accounting policies applied in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2016, with the exceptions listed in note 3 of the condensed consolidated interim financial statements.

Recently issued but not adopted accounting guidance

Note 3 in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 presents a list of recently issued accounting standards not yet adopted by the Company, provides a brief description on the nature of these changes and potential impact on the Company. The recently issued accounting standards and amendments are as follows: IFRS 15, *Revenue from Contracts with Customers* and IFRS 16, *Leases*.

12. Disclosure Controls and Procedures and Internal Control Over Financial Reporting ("ICFR")

Centerra adheres to the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) revised 2013 Internal Control Framework for the design of its ICFR. In accordance with National Instrument 52-109, the design of the Company's DC&P and ICFR excludes the controls, policies and procedures related to Thompson Creek and its subsidiaries on the basis that Thompson Creek and its subsidiaries were acquired on October 20, 2016 and therefore have been an operating subsidiary less than one year.

The evaluation of disclosure controls and procedures and internal controls over financial reporting under COSO's 2013 Internal Control Framework was carried out under the supervision of and with the participation of management, including Centerra's CEO and CFO. Based on these evaluations, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures and internal control over financial reporting were effective.

13. 2017 Outlook

Production, cost and capital forecasts for 2017 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially. These risks are discussed herein under the headings “2017 Outlook - Material Assumptions & Risks” and “Caution Regarding Forward-Looking Information” in this document. Also refer to the Company’s 2016 Annual Information Form and specifically the section entitled “Risks that can affect our business” therein available on SEDAR.

2017 Gold Production

Centerra’s 2017 gold production has been revised to 775,000 to 815,000 ounces compared to the previous guidance of 785,000 to 845,000 ounces disclosed in the Company’s news release dated July 31, 2017 to reflect updated production forecasts at Kumtor and Mount Milligan.

Kumtor’s gold production forecast is expected to be in the range of 540,000 to 560,000 ounces, which is higher than the previous guidance of 525,000 to 555,000 ounces provided in the July 31, 2017 news release and reflects higher forecasted gold production due to higher forecasted gold grades and recoveries.

Mount Milligan’s payable gold production has been decreased to a new guidance range of 235,000 to 255,000 ounces lower from the previous guidance of 260,000 to 290,000 ounces disclosed in the previous guidance. The forecast for Mount Milligan’s payable gold production has been revised due to lower than expected mill throughput as a result of lower equipment availabilities which led to lower gold production.

Mount Milligan experienced another drier than normal spring and summer. This has resulted in lower than expected reclaim water volumes in the Tailings Storage Facility (TSF) used for mill operations. There may be some minor disruptions to mill production in the fourth quarter 2017 as water is routed to the water intake pipe. The water shortfall is being mitigated by accessing water from the deep and shallow aquifers located adjacent to the TSF, and by seeking an amendment to the Environmental Assessment (EA) to allow pumping from a nearby lake. The local First Nations groups and BC regulatory agencies have committed to an expedited EA amendment process.

The Mongolian operations will continue with care and maintenance activities at the Boroo mine mainly focusing on reclamation work. Any revenue from Boroo gold production from the rinsing of the heap leach pad is offset against care and maintenance costs.

Centerra’s 2017 guidance for capital spending, corporate administration, exploration, and community costs and DD&A is unchanged from the guidance disclosed in the Company’s news release of July 31, 2017.

2017 Copper Production

Centerra expects concentrate production from the Mount Milligan Mine to be in the range of 125,000 to 135,000 dry metric tonnes for 2017, which is unchanged from the previous guidance. Payable copper production is expected to be in the range of 55 million pounds to 65 million pounds, which is unchanged from the previous guidance.

Centerra’s 2017 production is forecast as follows:

2017 Production Guidance	Units	Kumtor	Mount Milligan⁽¹⁾	Centerra
Gold				
Unstreamed Gold Payable Production	(Koz)	540 - 560	153 – 166	693 - 726
Streamed Gold Payable Production ⁽¹⁾	(Koz)	–	82 – 89	82 – 89
Total Gold Payable Production⁽²⁾	(Koz)	540 - 560	235 – 255	775 - 815
Copper				
Unstreamed Copper Payable Production	(Mlb)	–	45 – 53	45 – 53
Streamed Copper Payable Production ⁽¹⁾	(Mlb)	–	10 – 12	10 – 12
Total Copper Payable Production⁽³⁾	(Mlb)	–	55 – 65	55 – 65
Concentrate production in dry tonnes	(Kt)	–	125 – 135	125 – 135

- (1) The Royal Gold Stream Arrangement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively, from the Mount Milligan Mine and Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered. The current payable percentage applied is approximately 95.0% for copper and 97.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.
- (2) Gold production assumes 80.9% recovery at Kumtor and 62.5% recovery at Mount Milligan.
- (3) Copper production assumes 78.7% recovery for copper at Mount Milligan.

2017 All-in Sustaining Unit Costs^{NG}

Centerra's updated 2017 guidance for all-in sustaining costs per ounce sold^{NG} is as follows:

Revised 2017 All-in Sustaining Unit Costs^{NG}	Kumtor	Mount Milligan⁽²⁾	Centerra⁽²⁾
Ounces sold forecast	540,000 – 560,000	235,000 - 255,000	775,000 – 815,000
<i>US \$ / gold ounce sold</i>			
Operating costs	254 – 263	839 – 909	438 – 461
Changes in inventory	31 – 32	(19) – (21)	15 – 16
Operating costs (on a sales basis)⁽³⁾	\$285 - \$295	\$820 - \$888	\$453 – \$477
Selling & marketing	-	19 – 21	6
Regional office administration	31 – 32	-	21 – 22
Social development costs	2	-	1
Environment Development Fund	4	-	2 – 3
Treatment & refining charges	7	5	6
Copper credits ⁽²⁾	-	(479) – (519)	(151) – (159)
Silver credits	(9)	(20) – (21)	(12) – (13)
Subtotal (Adjusted operating costs)^{(1), (2)}	\$320 - \$331	\$345 - \$374	\$326 – \$343
Accretion expense	2	2	3
Capitalized stripping costs (cash)	302 – 313	-	207 – 217
Sustaining capital expenditures ⁽¹⁾	113 – 118	115 – 124	114 – 120
Corporate G&A and other operating expenses	-	21 – 23	55 – 58
All-in sustaining costs on a by-product basis^{(1), (2)}	\$737 - \$764	\$483 - \$523	\$705 - \$741
Revenue-based tax ⁽⁴⁾ and taxes ⁽⁴⁾	169 – 175	20 - 21	122 – 129
All-in sustaining costs on a by-product basis (including taxes)^{(1), (2), (4)}	\$906 – \$939	\$503 - \$544	\$827 - \$870
Gold - All-in sustaining costs on a co-product basis (\$/ounce)^{(1),(2)}	\$737 – \$764	\$615 - \$667	\$748 - \$787
Copper - All-in sustaining costs on a co-product basis (\$/pound)^{(1),(2)}	-	\$1.64 - \$1.94	\$1.64 - \$1.94

- (1) Adjusted operating costs per ounce sold, all-in sustaining costs per ounce sold on a by-product basis, all-in sustaining costs per ounce on a by-product basis plus taxes, all-in sustaining costs per ounce of gold sold or per pound of copper sold on a co-product basis and sustaining capital expenditures are non-GAAP measures and are discussed under “Non-GAAP Measures”.
- (2) Mount Milligan payable production and ounces sold are presented on a 100% basis (the Royal Gold Stream Arrangement entitles it to 35% and 18.75% of gold and copper sales, respectively). Unit costs and consolidated unit costs include a credit for forecasted copper sales treated as by-product for all-in sustaining costs and all-in sustaining costs including taxes. The copper sales are based on a copper price assumption of \$2.90 per pound sold for the fourth quarter of 2017 for Centerra’s 81.25% share of copper production and the remaining 18.75% of copper revenue at \$0.44 per pound for the fourth quarter of 2017 (15% of spot price, assuming spot at \$2.90 per pound), representing the Royal Gold Stream Arrangement. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95.0% for copper and 97.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.
- (3) Operating costs (on a sales basis) are comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes reclamation costs and depreciation, depletion and amortization. Operating costs (on a sales basis) represents the cash component of cost of sales associated with the ounces sold in the period.
- (4) Includes revenue-based tax at Kumtor that reflects a forecast gold price assumption of \$1,275 per ounce sold for the fourth quarter of 2017, the British Columbia mineral tax at Mount Milligan and income taxes.

Results in the chart may not add due to rounding.

Sensitivities

Centerra's revenues, earnings and cash flows for the remaining three months of 2017 are sensitive to changes in certain key inputs or currencies. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	Impact on (\$ millions)				Impact on (\$ per ounce sold)
		Costs	Revenues	Cash flows	Net Earnings (after tax)	AISC ⁽²⁾ on by-product basis
Gold Price	\$50/oz	1.3 – 1.6	8.9 – 10.5	7.6 – 8.9	7.6 – 8.9	-
Copper Price ⁽³⁾	10%	0.4	0.1 – 1.6	0.1 – 1.2	0.1 – 1.2	0.1 – 1.9
Diesel Fuel	10%	2.1	-	2.1	2.1	2.6 – 2.7
Kyrgyz som ⁽¹⁾	1 som	0.5	-	0.5	0.5	0.6 – 0.7
Canadian dollar ⁽¹⁾	10 cents	6.0	-	6.0	6.0	7.3 – 7.6

- (1) Appreciation of currency against the US dollar will result in higher costs and lower cash flow and earnings, depreciation of currency against the US dollar results in decreased costs and increased cash flow and earnings.
- (2) All-in sustaining costs per ounce sold ("AISC") on a by-product basis is a non-GAAP measure and is discussed under "Non-GAAP Measures"
- (3) The Company has recalculated the sensitivities of its revenues, earnings and cash flows for remaining three months of 2017 to movements in copper price changes following the commencement in the first quarter of 2017 of a hedging program to mitigate the copper price risk by purchasing fixed price forward sales contracts and zero-cost collars.

Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for the remaining three months of 2017 include the following:

- a gold price of \$1,275 per ounce, changed from prior guidance of \$1,200 per ounce
- a copper price of \$2.90 per pound, changed from prior guidance of \$2.60 per pound
- exchange rates:
 - a. \$1USD:\$1.25 CAD, changed from prior guidance of \$1.31 CAD
 - b. \$1USD:68.5 Kyrgyz som, changed from prior guidance of 70.0 Kyrgyz som
 - c. \$1USD:0.84 Euro, changed from prior guidance of 0.89 Euro
- diesel fuel price assumption:
 - a. \$0.44/litre at Kumtor, changed from prior guidance of \$0.43/litre
 - b. \$0.65/litre at Mount Milligan

The assumed diesel price of \$0.44/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. The diesel fuel price assumptions were made when the price of oil was approximately \$57 per barrel. Crude oil is a component of diesel fuel purchased by the Company, such that changes in the price of Brent crude oil generally impacts diesel fuel prices. The Company established a hedging strategy to manage changes in diesel fuel prices on the cost of operations at the Kumtor mine. The diesel fuel hedging program is a 24-month rolling program. The Company targets to hedge up to 50% of monthly diesel purchases for 24 month exposure by entering into futures contracts for Brent crude oil.

Other material assumptions were used in forecasting production and costs for the remaining three months of 2017. These material assumptions include the following:

- The Company and its applicable subsidiaries throughout the year continue to meet the terms of the Corporate Facility, the Centerra B.C. Facility and the Öksüt Facility in order to maintain current borrowings and compliance with the facilities financial covenants.
- That any discussions between the Government of the Kyrgyz Republic and Centerra regarding steps to completion of the Strategic Agreement, including the resolution of all outstanding matters affecting the Kumtor mine are satisfactory to Centerra.
- All mine plans, expertise and related permits and authorizations at Kumtor, receive timely approval from all relevant governmental agencies in the Kyrgyz Republic and are not subsequently withdrawn.
- 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.
- Any actions taken by the Kyrgyz Republic Parliament and Government do not have a material impact on operations or financial results. This includes any actions (i) being taken by the Parliament or Government to cancel the Kumtor Project Agreements; (ii) which are not consistent with the rights of Centerra and KGC under the Kumtor Project Agreements; or (iii) that cause any disruptions to the operation and management of KGC and / or the Kumtor Project.
- The previously disclosed claims received from the Kyrgyz authorities (SIETS, SAEPF and GPO) and related Kyrgyz Republic court decisions, which have been terminated following signing of the Strategic Agreement, are not re-instated, and that other claims are resolved without material impact to Centerra as contemplated in the Strategic Agreement.
- Any sanctions imposed on Russian entities do not have a negative effect on the costs or availability of inputs or equipment to the Kumtor Project.
- Bank Otkritie, the bank that purchases Kyrgyzaltyn's refined gold from the Kumtor mine, continues to operate as a going concern and remits all payments for Kumtor gold sales when they fall due and that gold shipments return to normal volume levels in the fourth quarter.
- The movement in the Central Valley Waste Dump at Kumtor, initially referred to in the Annual Information Form for the year ended December 31, 2013, and in the Lysii and Sarytor Waste Dumps, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production.
- The buttress constructed at the bottom of the Davidov glacier continues to function as planned.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The pit walls at Kumtor and Mount Milligan remain stable.
- The resource block model at Kumtor and Mount Milligan reconciles as expected against production.
- Grades and recoveries at Kumtor and Mount Milligan remain consistent with the 2017 production plan to achieve the forecast gold and copper production.
- The Kumtor mill and the Mount Milligan processing plant continues to operate as expected.
- The permanent secondary crushing plant at Mount Milligan continues to perform as designed.
- The Mount Milligan processing facility continues to have access to sufficient water supplies to operate year round.
- There are no unfavourable changes to concentrate sales arrangements at Mount Milligan and roasting arrangements at the Langeloth facility.
- There are no adverse regulatory changes affecting Mount Milligan operations and molybdenum assets.

- Exchange rates, prices of key consumables, costs of power, water usage fees, and any other cost assumptions at all operations and projects of the Company are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to climate/weather conditions, political or civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.

The Company cannot give any assurances in this regard.

Production, cost and capital forecasts for 2017 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” in this document.

Qualified Person & QA/QC – Production Information

The production information and other scientific and technical information presented in this document, including the production estimates were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 and were prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of Gordon Reid, Professional Engineer and Centerra’s Vice- President and Chief Operating Officer, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used.

14. Non-GAAP Measures

This MD&A and news release contain the following non-GAAP financial measures: all-in sustaining costs per ounce sold on a by-product basis, all-in sustaining costs per ounce sold on a by-product basis including taxes, and all-in sustaining costs per ounce sold on a co-product basis. In addition, non-GAAP financial measures include operating costs (on a sales basis), adjusted operating costs in dollars (millions) and per ounce sold, as well as capital expenditures (sustaining) and capital expenditures (growth) and cash provided by operations before changes in working capital. 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, even as compared to other issuers who may be applying the World Gold Council (“WGC”) guidelines, which can be found at <http://www.gold.org>.

Management believes that the use of these non-GAAP measures will assist analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, understanding the economics of gold mining, assessing our operating performance, our ability to generate free cash flow from current operations and to generate free cash flow on an overall Company basis, and for planning and forecasting of future periods. However, the measures do have limitations as analytical tools as they may be influenced by the point in the life cycle of a specific mine and the level of additional exploration or expenditures a company has to make to fully develop its properties. Accordingly, these non-GAAP measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

Definitions

The following is a description of the non-GAAP measures used in this MD&A. The definitions are similar to the WGC's Guidance Note on these non-GAAP measures:

- *Production costs* represent operating costs associated with the mining, milling and site administration activities at the Company's operating sites, excluding costs unrelated to production such as mine standby and community costs related to current operations.
- *Operating costs (on a sales basis)* include mine operating costs such as mining, processing, site support, 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.
- *Adjusted operating costs per ounce sold* include operating costs (on a sales basis), regional office administration, mine standby costs, community costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs on a by-product basis per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, corporate general and administrative expenses, accretion expenses, and sustaining capital, net of copper and silver credits. The measure incorporates costs related to sustaining production. Copper and silver credits represent the expected revenue from the sale of these metals.
- *All-in sustaining costs on a by-product basis per ounce sold including taxes*, include revenue-based tax at Kumtor and taxes (mining and income) at Mount Milligan.
- *All-in sustaining costs on a co-product basis per ounce of gold sold or per pound of copper sold*, operating costs are allocated between copper and gold based on production. To calculate the allocation of operating costs, copper production has been converted to ounces of gold equivalent using the copper production for the periods presented, as well as an average of the futures prices during the quotational pricing period for copper and gold sold from Mount Milligan. In the second quarter of 2017, 489 pounds of copper was equivalent to one ounce of gold.
- *Adjusted earnings* is calculated by adjusting net earnings (loss) as recorded in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) for non-recurring items.
- *Capital expenditure (Sustaining)* 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.
- *Capital expenditure (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Growth projects* are defined as projects that are beyond the exploration stage but are pre-operational. For 2017, growth projects include Öksüt, Gatsuurt and the Greenstone Gold Property.
- *Average realized gold price* is calculated by dividing revenue (including third party sales and the fixed amount received under the Royal Gold Stream Arrangement) derived from gold sales by the number of ounces sold.
- *Average realized copper price* is calculated by dividing revenue (including third party sales and the fixed amount received under the Royal Gold Stream Arrangement) derived from copper sales by the number of pounds sold.
- *Free cash flow (unlevered)* is calculated as cash provided by operations less additions to property, plant and equipment.
- *Cash provided by operations before changes in working capital* starts with cash provided by operations and removes the changes in working capital as presented in the Company's Statement of Cash Flows.

Adjusted Operating Cost and All-in Sustaining Costs on a by-product basis (including and excluding taxes) per ounce of gold are non-GAAP measures and can be reconciled as follows:

(Unaudited - \$ millions, unless otherwise specified)	Three months ending September 30,						Nine months ending September 30,					
	Consolidated ⁽¹⁾		Kumtor ⁽¹⁾		Mount Milligan ⁽¹⁾		Consolidated ⁽¹⁾		Kumtor ⁽¹⁾		Mount Milligan ⁽¹⁾	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Cost of sales excluding molybdenum segment, as reported	129.1	96.5	54.5	96.5	74.6	-	400.2	244.4	207.1	244.4	193.1	-
Less: Non-cash component	39.7	51.3	27.8	51.3	11.9	-	140.9	120.1	106.0	120.1	34.9	-
Cost of sales, cash component	89.4	45.2	26.7	45.2	62.7	-	259.3	124.3	101.1	124.3	158.3	-
Adjust for:												
Regional office administration	4.1	3.6	4.1	3.6	-	-	12.4	10.7	12.4	10.7	-	-
Selling and marketing	1.5	-	-	-	1.5	-	3.8	-	-	-	3.8	-
Refining fees	1.1	1.2	0.8	1.1	0.3	-	3.6	2.5	2.7	2.5	0.9	-
By-product credits - copper	(40.9)	-	-	-	(40.9)	-	(96.8)	-	-	-	(96.8)	-
Community costs related to current operations	2.1	-	2.1	0.1	-	-	2.3	0.9	2.3	0.9	-	-
Adjusted Operating Costs	57.3	50.0	33.7	50.0	23.7	-	184.7	138.4	118.6	138.4	66.2	-
Corporate general administrative and other costs	13.3	5.8	0.1	-	0.7	-	32.8	18.2	0.2	-	1.4	-
Accretion expense	0.6	0.3	0.3	0.2	0.2	-	1.9	1.2	0.9	0.7	0.4	-
Capitalized stripping and ice unload	30.8	28.2	30.8	28.2	-	-	125.0	57.6	125.0	57.6	-	-
Capital expenditures (sustaining)	23.6	13.0	15.5	13.0	8.1	-	62.0	49.9	44.2	49.6	17.8	-
All-in Sustaining Costs on a by-product basis	125.7	97.3	80.3	91.4	32.6	-	406.4	265.2	288.8	246.3	85.7	-
Revenue-based taxes	17.6	30.8	17.6	30.8	-	-	64.5	63.7	64.5	63.7	-	-
Income and mining taxes	4.6	0.1	-	-	1.6	-	3.8	0.3	-	-	3.6	-
All-in Sustaining Costs on a by-product basis (including taxes)	147.8	128.2	97.9	122.2	34.2	-	474.7	329.3	353.3	310.0	89.4	-
Ounces sold (000)	174.1	164.8	99.5	164.8	74.6	-	550.2	354.5	369.4	354.5	180.8	-
Adjusted Operating Costs - \$ /oz sold	329	303	338	302	318	-	336	390	321	390	366	-
Gold - All-in Sustaining Costs on a by-product basis - \$ /oz sold	722	591	807	554	437	-	739	748	782	695	474	-
Gold - All-in Sustaining Costs on a by-product basis (including taxes) - \$ /oz sold	849	779	983	741	459	-	863	929	956	874	494	-
Gold - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /oz sold	805	591	807	554	632	-	796	748	782	695	650	-
Copper - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /pound sold	1.70	n/a	n/a	n/a	1.70	-	1.68	n/a	n/a	n/a	1.68	-

⁽¹⁾ Results may not add due to rounding

Adjusted earnings can be reconciled as follows:

Adjusted earnings is intended to provide investors with information about the Company's continuing income generating capabilities. Hence, this measure adjusts for the earnings impact of non-recurring items.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
<i>(\$ millions, except as noted)</i>				
Net earnings (loss)	\$ (0.8)	\$ 66.9	\$ 79.6	\$ 87.9
Adjust for non-recurring items:				
Asset Impairment (net of tax)	-	-	39.7	-
Kyrgyz Republic settlement	60.0	-	60.0	-
Proceeds from sale of ATO (net of tax)	(6.9)	-	(6.9)	-
Adjusted net earnings	\$ 52.3	\$ 66.9	\$ 172.4	\$ 87.9
Net earnings (loss) per share - basic	\$ -	\$ 0.28	\$ 0.27	\$ 0.36
Net earnings (loss) per share - diluted	\$ -	\$ 0.28	\$ 0.27	\$ 0.35
Adjusted net earnings per share - basic	\$ 0.18	\$ 0.28	\$ 0.59	\$ 0.36
Adjusted net earnings per share - diluted	\$ 0.18	\$ 0.28	\$ 0.59	\$ 0.35

Free cash flow (unlevered) is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
<i>(\$ millions, except as noted)</i>				
Cash provided by operations ⁽¹⁾	\$ 119.5	\$ 134.4	\$ 330.5	\$ 201.0
Adjust for:				
Additions to property, plant and equipment ⁽¹⁾	(57.5)	(50.6)	(203.7)	(131.0)
Free cash flow (unlevered)	\$ 62.0	\$ 83.8	\$ 126.8	\$ 70.0

⁽¹⁾ as presented in the Company's Condensed Interim Statements of Cash Flows

Sustaining capital, growth capital and capitalized stripping presented in the All-in measures can be reconciled as follows:

Three months ended September 30,	Kumtor	Mount Milligan	Turkey	Mongolia	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>						
2017						
Capitalized stripping –cash	30.8	-	-	-	-	30.8
Sustaining capital - cash	13.9	6.9	-	-	0.1	20.8
Growth capital - cash	5.1	-	-	-	-	5.1
Gatsuurt project development capital cash	-	-	-	0.2	-	0.2
Greenstone Gold Property pre-development capital cash	-	-	-	-	0.3	0.3
Öksüt project development capital - cash	-	-	1.4	-	-	1.4
Molybdenum business capital - cash	-	-	-	-	0.2	0.2
Net (increase) decrease in accruals included in additions to PP&E	(1.6)	1.2	-	(1.1)	-	(1.5)
Total - Additions to PP&E ⁽¹⁾	48.1	8.1	1.4	(0.9)	0.6	57.3
2016						
(\$ millions) <i>(Unaudited)</i>						
Capitalized stripping –cash	28.2	-	-	-	-	28.2
Sustaining capital - cash	13.0	-	-	-	-	13.0
Growth capital - cash	3.2	-	-	-	1.5	4.7
Greenstone Gold Property pre-development capital cash	-	-	-	-	2.6	2.6
Öksüt project development capital - cash	-	-	4.7	-	-	4.7
Net (increase) decrease in accruals included in additions to PP&E	(2.6)	-	-	-	-	(2.6)
Total - Additions to PP&E ⁽¹⁾	41.8	-	4.7	-	4.1	50.6
Nine months ended September 30,	Kumtor	Mount Milligan	Turkey	Mongolia	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>						
2017						
Capitalized stripping –cash	125.0	-	-	-	-	125.0
Sustaining capital - cash	42.6	15.3	-	-	0.1	58.0
Growth capital - cash	10.9	-	-	-	-	10.9
Gatsuurt project development capital cash	-	-	-	2.4	-	2.4
Greenstone Gold Property pre-development capital cash	-	-	-	-	3.8	3.8
Öksüt project development capital - cash	-	-	4.8	-	-	4.8
Molybdenum business capital - cash	-	-	-	-	0.5	0.5
Net (increase) decrease in accruals included in additions to PP&E	(1.6)	0.8	-	(1.1)	-	(1.8)
Total - Additions to PP&E ⁽¹⁾	176.8	16.1	4.8	1.4	4.4	203.6
2016						
(\$ millions) <i>(Unaudited)</i>						
Capitalized stripping –cash	57.6	-	-	-	-	57.6
Sustaining capital - cash	49.6	-	-	-	0.3	49.9
Growth capital - cash	13.3	-	-	-	5.0	18.3
Greenstone Gold Property pre-development capital cash	-	-	-	-	7.6	7.6
Öksüt project development capital - cash	-	-	9.9	-	-	9.9
Net (increase) decrease in accruals included in additions to PP&E	(12.3)	-	-	-	-	(12.3)
Total - Additions to PP&E ⁽¹⁾	108.2	-	9.9	-	12.9	131.0

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

Reconciliation of Cash Provided by Operations Before Changes in Working Capital:

	Three months ended September 30, 2017				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash generated from (used in) operations	79,489	67,588	(1,374)	(26,249)	119,454
Add back (deduct):					
Change in non-cash operating working capital	(5,218)	(19,540)	1,070	12,261	(11,427)
Net cash generated from (used in) operations before changes in non-cash working capital	74,271	48,048	(304)	(13,988)	108,027
	Three months ended September 30, 2016				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash generated from (used in) operations	148,987	-	-	(14,612)	134,375
Add back (deduct):					
Change in non-cash operating working capital	(16,375)	-	-	1,265	(15,110)
Net cash generated from (used in) operations before changes in non-cash working capital	132,612	-	-	(13,347)	119,265
	Nine months ended September 30, 2017				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash generated from (used in) operations	265,130	121,043	(7,236)	(48,425)	330,512
Add back (deduct):					
Change in non-cash operating working capital	14,118	(12,194)	7,692	12,590	22,206
Net cash generated from (used in) operations before changes in non-cash working capital	279,248	108,849	456	(35,835)	352,718
	Nine months ended September 30, 2016				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash generated from (used in) operations	222,545	-	-	(21,498)	201,047
Add back (deduct):					
Change in non-cash operating working capital	20,807	-	-	(16,172)	4,635
Net cash generated from (used in) operations before changes in non-cash working capital	243,352	-	-	(37,670)	205,682

Average realized gold price

The average realized gold price per ounce sold is calculated by dividing gold sales revenue, gross together with the final pricing adjustments and mark-to-market adjustments by the ounces sold, as shown in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Gold sales reconciliation (\$ millions)				
Gold sales - Kumtor	124.3	218.7	457.1	452.0
Gold sales - Mt. Milligan				
Gold sales related to cash portion of Royal Gold stream	11.3	-	27.8	-
Mark-to-market adjustments on sales to Royal Gold	(1.1)	-	(0.3)	-
Final adjustments on sales to Royal Gold	0.3	-	0.0	-
Total gold sales under Royal Gold stream	10.5	-	27.5	-
Gold sales to third party customers	62.1	-	151.2	-
Mark-to-market adjustments	(0.1)	-	(1.4)	-
Final pricing adjustments	2.3	-	4.7	-
Total gold sales to third party customers	64.3	-	154.6	-
Gold sales, net of adjustments	74.8	-	182.1	-
Refining and treatment costs	(0.3)	-	(0.9)	-
Total gold sales	74.4	-	181.2	-
Total gold revenue - Consolidated	198.7	218.7	638.3	452.0
Ounces of gold sold				
Gold ounces sold - Kumtor	99,514	164,847	369,431	354,500
Ounces sold to Royal Gold - Mt. Milligan	25,864	-	63,793	-
Ounces sold to Royal Gold - Mt. Milligan - Final adjustments	-	-	(7,556)	-
Ounces sold to third party customers - Mt. Milligan	48,721	-	124,570	-
Total ounces sold - Consolidated	174,099	164,847	550,238	354,500
Average realized sales price for gold on a per ounce basis				
Average realized sales price - Kumtor	1,249	1,327	1,237	1,275
Average realized gold price - Royal Gold	435	-	435	-
Average realized gold price - Mark-to-market adjustments	(44)	-	(4)	-
Average realized gold price - Final pricing adjustments	13	-	0	-
Average realized gold price - Mt. Milligan - Royal Gold	404	-	431	-
Average realized gold price - Third party	1,275	-	1,214	-
Average realized gold price - Mark-to-market adjustments	(1)	-	(11)	-
Average realized gold price - Final pricing adjustments	47	-	38	-
Average realized gold price - Mt. Milligan - Third party	1,320	-	1,241	-
Average realized gold price - Mt. Milligan - Combined	998	-	1,003	-
Average realized sales price for gold - Consolidated	1,141	1,327	1,160	1,275

Average realized copper price

The average realized copper price per pound is calculated by dividing copper sales revenue, gross together with the final pricing adjustments and mark-to-market adjustments per pound, as shown in the table below:

Average realized sales price for Copper - Mt. Milligan	Three months ended September 30, 2017	Nine months ended September 30, 2017
Copper sales reconciliation (\$ millions)		
Copper sales related to cash portion of Royal Gold stream	1.7	3.7
Mark-to-market adjustments on Royal Gold stream	(0.7)	(0.7)
Final adjustments on sales to Royal Gold	0.3	0.5
Total copper sales under Royal Gold stream	1.2	3.4
Copper sales to third party customers	43.5	102.8
Mark-to-market adjustments	(0.6)	0.5
Final price adjustments	2.2	3.6
Total copper sales to third party customers	45.0	106.8
Copper sales, net of adjustments	46.3	110.3
Refining and treatment costs	(5.4)	(13.5)
Copper sales	40.9	96.8
Pounds of copper sold (000's lbs)		
Pounds sold to Royal Gold	3,504	8,725
Pounds sold to third party customers	15,140	37,888
Total pounds sold	18,644	46,613
Average realized sales price for copper on a per pound basis		
Copper sales related to cash portion of Royal Gold stream	0.48	0.42
Mark-to-market adjustments on Royal Gold stream	(0.20)	(0.08)
Final pricing adjustments on Royal Gold stream	0.07	0.05
Average realized copper price - Royal Gold	0.35	0.39
Average realized copper price - Third party	2.87	2.71
Average realized copper price - Mark-to-market adjustments	(0.04)	0.01
Average realized copper price - Final pricing adjustments	0.14	0.09
Average realized copper price - Third party	2.97	2.82
Average realized copper price - Combined	2.19	2.08

15. Caution Regarding Forward-Looking Information

Information contained in this document 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”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule”, “understand” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things: the Company’s discussions with the Government of the Kyrgyz Republic, completion of the Strategic Agreement and future business certainty for the Kumtor Project; Work Safe Home Safe training; advancement of exploration projects; the Company’s cash on hand, working capital, future cash flows and existing credit facilities being sufficient to fund anticipated operating cash requirements; Kyrgyzaltyn’s appointment of a new purchaser bank and the resumption of full shipments from the Kumtor Project to Kyrgyzaltyn; the timing and outcomes of projects initiated at the Mount Milligan mine aimed at improving metal recovery and other opportunities; the resumption of negotiations with the Mongolian Government related to the Gatsuurt Project;; timing for development of, and gold production, from the Öksüt Project; the timing for receipt of proceeds from the sale of the ATO licenses; mining plans at Kumtor, including timing for accessing ore; and statements found under the heading, “2017 Outlook”, including forecast 2017 production and cost estimates, .

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) strategic, legal, planning and other risks, including: political risks associated with the Company’s operations in the Kyrgyz Republic and Canada; risks that any of the conditions precedent to the Strategic Agreement will not be satisfied in a timely manner or at all, particularly as the Government may not bind the General Prosecutor’s Office or the Parliament of the Kyrgyz Republic; a decision by the General Prosecutor’s Office, or its successor the Anti-Corruption Service of the State Committee for National Security, to re-open at any time civil or criminal proceedings against Centerra, its subsidiaries or other stakeholders; the failure of the Government to comply with its continuing obligations under the Strategic Agreement, including the requirement that it comply at all times with its obligations under the Kumtor Project Agreements, allow for the continued operation of the Kumtor Mine by KGC and KOC and not take any expropriatory action; actions by the Government or any state agency or the General Prosecutor’s Office that serve to restrict or otherwise interfere with the payment of funds by KGC and KOC to Centerra; resource nationalism including the management of external stakeholder expectations; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices, including with respect to the environment, in the jurisdictions in which the Company operates including any delays or refusals to grant required permits and licenses, unjustified civil or criminal action against the Company, its affiliates or its current or former employees; risks that community activism may result in increased contributory demands or business interruptions; the impact of any actions taken by the Kyrgyz Republic Government and Parliament relating to the Kumtor Project Agreements which are inconsistent with the rights of Centerra and KGC under the Kumtor Project Agreements; any impact on the purported cancellation of Kumtor’s land use rights at the Kumtor Project; the risks related to other outstanding litigation affecting the Company’s operations in the Kyrgyz Republic and elsewhere; the impact of the delay by relevant government agencies to provide required approvals, expertises and permits; potential impact on the Kumtor Project of investigations by Kyrgyz Republic instrumentalities; the terms pursuant to which the Mongolian Government will participate in, or to take a special royalty rate in, the Gatsuurt Project; the impact of constitutional changes in Turkey; the impact of any sanctions imposed by Canada, the United States or other jurisdictions against various Russian individuals and entities; the ability of the Company to successfully negotiate agreements for the development of the Gatsuurt Project; potential defects of title in the Company’s properties that are not known as of the date hereof; the inability of the Company and its subsidiaries to enforce their legal rights in certain circumstances; the presence of a significant shareholder that is a state-owned company of the Kyrgyz Republic; risks related to anti-corruption legislation; risks related to the concentration of assets in Central Asia; Centerra’s future exploration and development activities not being successful; Centerra not being able to replace mineral reserves; Aboriginal claims and consultative issues relating to the Company’s properties which are in proximity to Aboriginal communities; and potential risks related to kidnapping or acts of terrorism; (B) risks relating to financial matters, including: sensitivity of the Company’s business to the volatility of gold, copper and other mineral

prices, the use of provisionally-priced sales contracts for production at Mount Milligan, reliance on a few key customers for the gold-copper concentrate at Mount Milligan, use of commodity derivatives, 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 credit facilities which may, among other things, restrict the Company from pursuing certain business activities or making distributions from its subsidiaries, 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 (C) risks related to operational matters and geotechnical issues and the Company's continued ability to successfully manage such matters, including the movement of the Davidov Glacier, waste and ice movement and continued performance of the buttress at the Kuntor Project; the occurrence of further ground movements at the Kuntor Project and mechanical availability; the ability of the Company to successfully ramp-up to design criteria of the secondary crusher at Mount Milligan; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; inherent risks associated with the use of sodium cyanide in the mining operations; the adequacy of the Company's insurance to mitigate operational risks; mechanical breakdowns; 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; the risk that Centerra's workforce may be exposed to widespread epidemic; seismic activity in the vicinity of the Company's properties; long lead times required for equipment and supplies given the remote location of some of the Company's operating 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; and risks associated with the conduct of joint ventures/partnerships; the Company's ability to manage its projects effectively and to mitigate the potential lack of availability of contractors, budget and timing overruns and project resources. See section titled "Risks that can affect our business" in the 2016 Annual Information Form available on SEDAR at www.sedar.com.

Furthermore, market price fluctuations in gold and copper, 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 31, 2017. 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.