Centerra Gold Inc.

Condensed Consolidated Interim Financial Statements

For the Quarter Ended September 30, 2013
(Unaudited)

(Expressed in thousands of United States Dollars)

Centerra Gold Inc.
Condensed Consolidated Statements of Financial Position
(Unaudited)

(Expressed in Thousands of United States Dollars)	Notes	September 30, 2013	December 31, 2012 (Restated) (Note 2)
Assets			
Current assets			
Cash and cash equivalents		**$ 198,987**	$ 334,115
Short-term investments		**37,792**	47,984
Amounts receivable	**4**	**65,167**	75,338
Inventories	**5**	**300,575**	292,565
Prepaid expenses	**6**	**54,207**	49,317
		656,728	799,319
Property, plant and equipment	**7**	**745,611**	625,923
Goodwill		**129,705**	129,705
Restricted cash		**11,030**	6,087
Other assets		**21,941**	23,270
Long-term inventories	**5**	**6,642**	10,094
		914,929	795,079
Total assets		**$ 1,571,657**	$ 1,594,398
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	**8**	**$ 34,560**	$ 63,940
Short-term debt	**9**	**75,435**	74,617
Revenue-based taxes payable		**12,990**	18,643
Taxes payable		**5,279**	5,180
Current portion of provision for reclamation		**5,788**	5,257
		134,052	167,637
Dividend payable		**10,960**	5,949
Provision for reclamation		**49,337**	49,911
Deferred income tax liability		**1,175**	1,808
		61,472	57,668
Shareholders' equity	**14**		
Share capital		**660,469**	660,420
Contributed surplus		**19,499**	36,243
Retained earnings		**696,165**	672,430
		1,376,133	1,369,093
Total liabilities and shareholders' equity		**$ 1,571,657**	$ 1,594,398

Commitments and contingencies (note 15)
Subsequent event (note 19)
The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Centerra Gold Inc.
Condensed Consolidated Statements of Earnings (loss) and Comprehensive Income (loss)

(Unaudited)			**Three months ended September 30,**			**Nine months ended September 30,**
			2013	**2012**	**2013**	**2012**
(Expressed in Thousands of United States Dollars) **(except per share amounts)**				(Restated) (Note 2)		(Restated) (Note 2)
	Notes					
Revenue from Gold Sales		**$**	**154,975**	$ 68,786	**$ 475,455**	$ 292,276
Cost of sales	**10**		**111,681**	53,924	**287,456**	215,421
Abnormal mining costs			**-**	11,392	**-**	15,914
Mine standby costs			**-**	-	**-**	4,585
Regional office administration			**6,108**	5,276	**17,598**	15,402
Earnings (loss) from mine operations			**37,186**	(1,806)	**170,401**	40,954
Revenue-based taxes			**16,352**	6,153	**50,680**	30,199
Other operating expenses	**11**		**2,279**	5,158	**6,375**	29,487
Exploration and business development			**7,354**	9,465	**20,783**	26,981
Corporate administration			**8,590**	7,787	**22,536**	18,252
Earnings (loss) from operations			**2,611**	(30,369)	**70,027**	(63,965)
Other (income) expenses, net	**12**		**(1,071)**	(107)	**3,050**	(77)
Finance costs	**13**		**1,244**	1,056	**3,745**	2,716
Earnings (loss) before income taxes			**2,438**	(31,318)	**63,232**	(66,604)
Income tax expense			**4,219**	2,343	**12,109**	6,445
Net Earnings (loss) and comprehensive income (loss)		**$**	**(1,781)**	$ (33,661)	**$ 51,123**	$ (73,049)
Basic earnings (loss) per common share	**14**	**$**	**(0.01)**	$ (0.14)	**$ 0.22**	$ (0.31)
Diluted earnings (loss) per common share	**14**	**$**	**(0.01)**	$ (0.14)	**$ 0.20**	$ (0.31)

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Centerra Gold Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(Expressed in Thousands of United States Dollars)	**Notes**	**Three months ended September 30, 2013**	**Three months ended September 30, 2012**	**Nine months ended September 30, 2013**	**Nine months ended September 30, 2012**
			(Restated) (Note 2)		(Restated) (Note 2)
Operating activities					
Net earnings (loss)		**$ (1,781)**	$ (33,661)	**$ 51,123**	$ (73,049)
Items not requiring (providing) cash:					
Depreciation, depletion and amortization	**7**	**44,988**	13,111	**120,602**	50,349
Finance costs	**13**	**1,244**	1,056	**3,745**	2,716
Loss on disposal of equipment		**109**	61	**2,261**	471
Share-based compensation expense		**679**	478	**2,242**	1,631
Change in long-term inventory		**(980)**	1,641	**3,452**	1,641
Change in provision		**(78)**	(213)	**(227)**	737
Income tax expense		**4,219**	2,343	**12,109**	6,445
Other operating items		**(385)**	60	**(557)**	(543)
		48,015	(15,124)	**194,750**	(9,602)
Change in operating working capital		**(55,354)**	(8,763)	**(61,849)**	5,929
Prepaid revenue-based taxes utilized (paid)	**6**	**77**	-	**3,922**	(30,155)
Income taxes paid		**(1,217)**	(1,545)	**(12,456)**	(1,886)
Cash provided by (used in) operations		**(8,479)**	(25,432)	**124,367**	(35,714)
Investing activities					
Additions to property, plant and equipment	**18**	**(62,807)**	(77,999)	**(222,726)**	(320,815)
Net (purchase) redemption of short-term investments		**(29,795)**	28,234	**10,192**	370,668
Purchase of interest in Öksüt Gold Project- net of cash acquired	**3**	**-**	-	**(19,742)**	-
Increase in restricted cash		**(103)**	(2,633)	**(4,943)**	(2,812)
Decrease (Increase) in long-term other assets		**1,664**	(314)	**1,330**	(7,822)
Proceeds from disposition of equipment		**154**	-	**181**	47
Cash (used in) provided by investing		**(90,887)**	(52,712)	**(235,708)**	39,266
Financing activities					
Dividends paid		**(9,283)**	(6,429)	**(22,379)**	(15,667)
Payment of interest and other borrowing costs		**-**	(451)	**(1,408)**	(1,185)
Proceeds from short term debt		**-**	76,000	**-**	76,000
Proceeds from common shares issued for cash		**-**	21	**-**	169
Cash (used in) provided by financing		**(9,283)**	69,141	**(23,787)**	59,317
(Decrease) increase in cash during the period		**(108,649)**	(9,003)	**(135,128)**	62,869
Cash and cash equivalents at beginning of the period		**307,636**	267,411	**334,115**	195,539
Cash and cash equivalents at end of the period		**$ 198,987**	$ 258,408	**$ 198,987**	$ 258,408
Cash and cash equivalents consist of:					
Cash		**$ 70,501**	$ 59,750	**$ 70,501**	$ 59,750
Cash equivalents		**128,486**	198,658	**128,486**	198,658
		$ 198,987	$ 258,408	**$ 198,987**	$ 258,408

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Centerra Gold Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

(Expressed in Thousands of United States Dollars, except share information)

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2012 (restated-note 2)	236,339,041	$ 660,117	$ 33,994	$ 844,348	$ 1,538,459
Share-based compensation expense	-	-	1,631	-	1,631
Shares issued on exercise of stock options	30,752	235	(87)	-	148
Shares issued on redemption of restricted share units	6,218	68	-	-	68
Dividend declared	-	-	-	(18,650)	(18,650)
Net loss for the period	-	-	-	(73,049)	(73,049)
Balance at September 30, 2012 (restated-note 2)	236,376,011	$ 660,420	$ 35,538	$ 752,649	$ 1,448,607
Balance at January 1, 2013 (restated-note 2)	**236,376,011**	**$ 660,420**	**$ 36,243**	**$ 672,430**	**$ 1,369,093**
Share-based compensation expense	**-**	**-**	**2,242**	**-**	**2,242**
Adjustment for acquisition of 30% non-controlling interest (note 3)	**-**	**-**	**(18,986)**	**-**	**(18,986)**
Shares issued on redemption of restricted share units	**11,849**	**49**	**-**	**-**	**49**
Dividend declared	**-**	**-**	**-**	**(27,390)**	**(27,390)**
Net earnings for the period	**-**	**-**	**-**	**51,123**	**51,123**
Balance at September 30, 2013	**236,387,860**	$ **660,469**	$ **19,499**	$ **696,163**	$ **1,376,131**

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

1. General business description

Centerra Gold Inc. ("Centerra" or the "Company") was incorporated under the Canada Business Corporations Act on November 7, 2002. Centerra has common shares listed on the Toronto Stock Exchange ("TSX"). The Company is domiciled in Canada and the registered office is located at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1.

2. Basis of Preparation and Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with those used in its consolidated financial statements as at and for the year ending December 31, 2012 and reflect the new IFRS standards adopted as at January 1, 2013. These financial statements should be read in conjunction with the Company's December 31, 2012 annual consolidated financial statements.

These financial statements are presented in U.S. dollars with all amounts rounded to the nearest thousands, except for share and per share data, or as otherwise noted.

Future Changes in accounting policies

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

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

Adoption of New Accounting Standards and Developments

The comparative information presented in these financial statements for the three and nine months ended September 30, 2012 and the financial position as at December 31, 2012 have been restated as a result of the new IFRS standards adopted as at January 1, 2013 as explained below:

Effective January 1, 2013, the Company adopted the new recommendations of IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), which replaces parts of IAS 27, *Consolidated and Separate Financial Statements* ("IAS 27") and all of SIC-12 *Consolidation – Special Purpose Entities*, which changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2013, the Company adopted the new recommendations of IFRS 11 *Joint Arrangements* ("IFRS 11"), which replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* and requires a venturer to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint operation, the joint operator will recognize its assets, liabilities, revenue and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture's net assets using the equity method of accounting. This is a change from the previous standard used by the Company, under which the Company chose to proportionally consolidate joint ventures. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2013, the Company adopted the new recommendations of IFRS 12 *Disclosure of Interests in Other Entities ("IFRS 12").* IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2013, the Company adopted the new recommendations of IFRS 13 *Fair Value Measurement ("IFRS 13")* which replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The adoption of this standard did not have an effect on the amounts recognized in the Company's consolidated financial statements for the current period. The interim disclosure requirements of IFRS 13 have been included in these statements and will be incorporated in our annual consolidated financial statements for the year ended December 31, 2013.

The Company adopted IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20") and therefore applied the requirements to production stripping costs incurred on or after January 1, 2012, in accordance with the transitional provisions of IFRIC 20. The Company also analyzed its stripping assets recorded as of January 1, 2012, the date of the earliest period presented, in accordance with the transitional provisions of IFRIC 20 and concluded that its stripping activity assets are identifiable components of the ore body and that no adjustments were required as at January 1, 2012.

The interpretation provides guidance on how to account for overburden waste stripping costs in the production phase of a surface mine. Stripping activity related to inventory produced is accounted for in accordance with IAS 2, *Inventories.* Stripping activity that improves access to ore is accounted for as an addition to or enhancement of an existing asset.

Under the Company's previous accounting policy, stripping costs incurred in the production phase of a mining operation were capitalized when the stripping activity increased future output of the mine by providing access to additional reserves outside the original mine plan. Under IFRIC 20, the Company recognizes stripping activity assets, when the following three criteria are met:

i. it is probable that the future economic benefit associated with the stripping activity will flow to the Company;
ii. the Company can identify the component of the ore body for which access has been improved; and
iii. the costs relating to the stripping activity associated with that component can be measured reliably by the Company.

Stripping activity assets capitalized under IFRIC 20 are classified as capitalized stripping costs as part of the Company's property plant and equipment. The adoption of IFRIC 20 resulted in an increase in the capitalization of stripping activity assets on the Company's consolidated financial position and an increase in earnings as costs that were expensed under the Company's previous accounting policy, as they related to accessing reserves in the original mine plan, are now capitalized because they meet the three criteria for recognition under IFRIC 20. These additional stripping activity costs are amortized on a unit of production basis in subsequent periods over the proven and probable reserves to which they relate. Inventories were adjusted for the impact of capitalized production stripping costs and the depreciation of stripping activity assets which is included in the cost of inventories.

(Expressed in thousands of United States Dollars)

The Company's policy for depreciation of the stripping activity assets is unchanged as a result of the adoption of IFRIC 20.

As a result of adopting IFRIC 20, the book value of property plant and equipment increased by $36.7 million and gold inventories increased by $3.6 million with a corresponding increase in earnings of $40.3 million for the year ended December 31, 2012.

This new pronouncement has no effect on the Company's cash balance and cash flow other than the presentation in the consolidated cash flow statement. Below is the net effect of the adoption of the new IFRIC 20 standard, as described above, on the Company's comparative financial statements as at December 31, 2012 and three and nine months ended September 30, 2012:

a) Consolidated Statements of Financial Position

		September 30, 2012		December 31, 2012
Total assets- before adoption of IFRIC 20	$	1,586,774	$	1,554,131
Adjustments for:				
Addition (reversal) of stripping costs in inventory		(7,887)		3,553
Capitalized stripping assets (Property plant and equipment)		50,851		36,714
Total assets- after adoption of IFRIC 20	$	1,629,738	$	1,594,398
Total shareholders' equity- before adoption of IFRIC 20	$	1,405,644	$	1,328,826
Adjustments for:				
Reversal of stripping costs included in cost of sales		6,851		4,155
Reversal of stripping costs included in abnormal mining costs		36,112		36,112
Total shareholders' equity- after adoption of IFRIC 20	$	1,448,607	$	1,369,093

(Expressed in thousands of United States Dollars)

b) Adjustments to Consolidated Statements of loss and Comprehensive loss

	Three months ended September 30, 2012	Nine months ended September 30, 2012
Net loss and comprehensive loss - before adoption of IFRIC 20	$ (46,762)	$ (116,012)
Adjustments to:		
Cost of sales	5,218	6,851
Abnormal mining costs	7,883	36,112
Net loss and comprehensive loss- after adoption of IFRIC 20	$ (33,661)	$ (73,049)
Basic and diluted loss per common share- before adoption of IFRIC 20	$ (0.20)	$ (0.49)
Basic and diluted loss per common share- after adoption of IFRIC 20	$ (0.14)	$ (0.31)

c) Adjustments to Consolidated Statements of Cash Flow

	Three months ended September 30, 2012	Nine months ended September 30, 2012
Net cash used in operating activities- before adoption of IFRIC 20	$ (38,580)	$ (73,468)
Adjustments to:		
Reversal of stripping costs included in earnings	13,101	42,963
Depreciation, depletion and amortization	(6,298)	(12,091)
Change in working capital- inventories	6,345	6,882
Net cash used in operating activities- after adoption of IFRIC 20	$ (25,432)	$ (35,714)
Net cash provided by investing activities- before adoption of IFRIC 20	$ (39,564)	$ 77,020
Adjustment to:		
Stripping costs capitalised as additions to PP&E	(13,148)	(37,754)
Net cash provided by investing activities- after adoption of IFRIC 20	$ (52,712)	$ 39,266

(Expressed in thousands of United States Dollars)

3. Acquisition of interest in Öksüt Gold Project

On January 24, 2013 the Company acquired the remaining 30% interest that it did not own in the Öksüt Gold Project located in the Kayseri region of central Turkey. The Company paid $20.2 million, (including transaction costs of $0.2 million), and a 1% Net Smelter Return royalty on the project, subject to a maximum of $20 million, as consideration for the 30% interest acquired. The net assets acquired included $0.4 million of cash.

The acquisition was accounted for as an equity transaction because the Company controlled the entity before the acquisition of the additional interest.

4. Amounts receivable

(Thousands of U.S. Dollars)		**September 30, 2013**		**December 31, 2012**
Gold sales receivable from related party (note 16)	$	**51,860**	$	48,325
Gold sales receivable from third party		**7,792**		17,906
Other receivables		**5,515**		9,107
	$	**65,167**	$	75,338

5. Inventories

(Thousands of U.S. Dollars)		**September 30, 2013**		**December 31, 2012**
				(Restated)
Stockpiles of ore	**$**	**72,285**	$	94,288
Gold in-circuit		**31,935**		19,140
Heap leach in circuit		**11,964**		6,189
Gold doré		**9,569**		7,612
		125,753		127,229
Supplies		**181,464**		175,430
Total Inventories (net of provisions)		**307,217**		302,659
Less: Long-term inventory (heap leach stockpiles)		**(6,642)**		(10,094)
Total Inventories-current portion	**$**	**300,575**	$	292,565

As a result of an increase in cost and decrease in the price of gold at June 30, 2013, stockpiles of ore inventory was written down to net realizable value at June 30, 2013. There was no further write down of inventory in the third quarter of 2013. As a result $3.2 million was recorded as inventory impairment through cost of sales in the nine months ended September 30, 2013, as disclosed in note 10.

(Expressed in thousands of United States Dollars)

The provision for mine supplies obsolescence was increased for the three and nine months ended September 30, 2013 by $0.2 million and $0.6 million respectively ($0.1 million and $0.5 million for the three and nine months ended September 30, 2012) which was charged to cost of sales, as disclosed in note 10.

The table below summarizes inventories adjusted for the provision for obsolescence:

(Thousands of U.S. Dollars)		**September 30, 2013**		**December 31, 2012**
Total inventories	$	**310,836**	$	305,632
Less : Provisions for supplies obsolescence		**(3,619)**		(2,973)
Total Inventories (net of provisions)		**307,217**		302,659
Less: Long-term inventory (heap leach stockpiles)		**(6,642)**		(10,094)
Total Inventories-current portion	$	**300,575**	$	292,565

6. Prepaid expenses

(Thousands of U.S. Dollars)		**September 30, 2013**		December 31, 2012
Revenue-based taxes	$	**26,078**	$	30,000
Insurance		**9,722**		6,120
Rent		**390**		586
Other		**18,017**		12,611
	$	**54,207**	$	49,317

During the nine months ended September 30, 2013, $3.9 million of the $30.0 million of future revenue-based taxes (which were advanced at the request of the Kyrgyz Government on May 28, 2012) was used to reduce the amount of revenue-based taxes otherwise payable during this period.

(Expressed in thousands of United States Dollars)

7. Property, plant and equipment

The following is a summary of the carrying value of property, plant and equipment:

(Thousands of U.S. Dollars)	Buildings, Plant and equipment	Mobile Equipment	Mineral properties	Capitalized stripping costs	Construction in progress ("CIP")	Total
Cost						
Balance January 1, 2013 (restated)	$ 382,494	$ 452,644	$ 188,893	$ 367,898	$ 69,946	$ 1,461,875
Additions	251	279	-	207,879	81,503	289,912
Disposals	(21,124)	(43,851)	(545)	-	-	(65,520)
Reclassification	16,956	61,069	737	-	(78,762)	-
Balance September 30, 2013	**$ 378,577**	**$ 470,141**	**$ 189,085**	**$ 575,777**	**$ 72,687**	**$ 1,686,267**
Accumulated depreciation						
Balance January 1, 2013 (restated)	$ 249,414	$ 234,819	$ 132,565	$ 219,154	$ -	$ 835,952
Change for the period	10,860	74,411	11,496	71,015	-	167,782
Disposals	(19,472)	(43,453)	(153)	-	-	(63,078)
Balance September 30, 2013	**$ 240,802**	**$ 265,777**	**$ 143,908**	**$ 290,169**	**$ -**	**$ 940,656**
Net book Value						
Balance January 1, 2013 (restated)	$ 133,080	$ 217,825	$ 56,328	$ 148,744	$ 69,946	$ 625,923
Balance September 30, 2013	**$ 137,775**	**$ 204,364**	**$ 45,177**	**$ 285,608**	**$ 72,687**	**$** 745,611

During the nine months ended September 30, 2013, disposals of assets include the $0.3 million net book value of mobile equipment at Kumtor, which was taken out of service and sold for $0.2 million and a $2.1 million write-off of the net book value of the mine administrative building and mine road (which is classified as mineral property) at Kumtor. This write-off was due to a large section of the Davidov Valley Waste-rock Dump experiencing a greater than anticipated rate of movement, which required an acceleration of the planned relocation of this mine infrastructure. This write-off and loss on disposal have been included in loss on disposal of assets described in note 12.

The following is a reconciliation of the depreciation, depletion and amortization expense for the three and nine months ended September 30, 2013 and 2012, recorded in the Statements of Earnings and Comprehensive Income, to the movement in accumulated depreciation in the Statements of Financial Position.

(Expressed in thousands of United States Dollars)

(Thousands of U.S. Dollars)	Three months ended September 30, 2013	Three months ended September 30, 2012 (Restated)	Nine months ended September 30, 2013	Nine months ended September 30, 2012 (Restated)
Amount recorded in cost of sales	$ **44,905**	$ 12,510	$ **120,353**	$ 46,156
Amount recorded in corporate administration	**83**	59	**249**	170
Amount recorded in abnormal mining costs	**-**	541	**-**	1,872
Amount recorded in mine standby costs	**-**	1	**-**	2,151
Total included in Statements of Earnings and Comprehensive Income	**44,988**	13,111	**120,602**	50,349
Movement in inventories	**40,040**	4,541	**(10,466)**	(17,348)
Amount capitalised in PP&E	**15,946**	22,641	**57,646**	57,919
Increase in accumulated depreciation for the period	$ **100,974**	$ 40,293	$ **167,782**	$ 90,920

8. Accounts payable and accrued liabilities

(Thousands of U.S. Dollars)	September 30, 2013	December 31, 2012
Trade creditors and accruals	**$ 32,257**	$ 58,704
Liability for share-based compensation	**2,303**	5,236
Total	**$ 34,560**	$ 63,940

9. Short-term debt

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

The terms of the revolving credit facility require the Company to pledge certain mobile equipment at Kumtor as security and maintain compliance with specified covenants, including financial covenants. The Company was in compliance with these covenants as at September 30, 2013.

The amount of the short-term debt is presented net of unamortized deferred financing fees as shown below:

(Expressed in thousands of United States Dollars)

(Thousands of U.S. Dollars)	**September 30, 2013**	**December 31, 2012**
Revolver credit facility	$ **76,000**	$ 76,000
Unamortized deferred financing fee	**(565)**	(1,383)
Total	$ **75,435**	$ 74,617

10. Cost of sales

(Thousands of U.S. Dollars)	**Three months ended September 30, 2013**	**2012**	**Nine months ended September 30,**	**2012**
		(Restated)		**(Restated)**
Operating costs:				
Salaries and benefits	**$ 18,039**	$ 18,039	$ **57,187**	$ 54,068
Consumables	**44,788**	28,683	**91,322**	82,274
Third party services	**2,012**	1,626	**4,485**	4,256
Other mine operating costs	**5,334**	4,935	**13,292**	13,467
Royalties, levies and production taxes	**3,435**	1,418	**7,769**	4,213
Inventory impairment (note 5)	**-**	-	**3,198**	-
Changes in inventories	**(7,065)**	(13,376)	**(10,796)**	10,452
Inventories obsolescence charges (note 5)	**233**	89	**646**	535
Depreciation, depletion and amortization	**44,905**	12,510	**120,353**	46,156
	$ 111,681	$ 53,924	$ **287,456**	$ 215,421

11. Other Operating expenses

(Thousands of U.S. Dollars)	**Three months ended September 30, 2013**	**2012**	**Nine months ended September 30, 2013**	**2012**
Social development contributions	$ **2,210**	$ 118	$ **4,676**	$ 24,293
Net alluvial production income	**-**	-	**-**	(48)
Project care and maintenance	**77**	87	**271**	289
Project closure[a]	**(8)**	4,953	**1,428**	4,953
	$ **2,279**	$ 5,158	$ **6,375**	$ 29,487

a) Underground project closure costs of $1.4 million were incurred by Kumtor for the nine months ended September 30, 2013 ($5.0 million for the three and nine months ended September 30, 2012) following the change in mine plan announced on November 7, 2012 and the decision to expand the open pit at Kumtor. Closure activities at the underground project focused on salvaging equipment and closing the portals safely. In carrying out these closure activities, the Company incurred costs for labour, ground condition monitoring, remedial work, water control and ventilation.

(Expressed in thousands of United States Dollars)

12. Other (income) and expenses

	Three months ended September 30,		Nine months ended September 30,	
(Thousands of U.S. Dollars)	**2013**	**2012**	**2013**	**2012**
Interest income	**$ (100)**	$ (110)	**$ (402)**	$ (543)
Net loss on disposal of assets (note 7)	**147**	6	**2,347**	153
Bank charges	**15**	16	**49**	50
Miscellaneous income	**(532)**	(50)	**(1,161)**	(103)
Foreign exchange (gain) loss	**(601)**	31	**2,217**	366
	$ (1,071)	$ (107)	**$ 3,050**	$ (77)

13. Finance Costs

	Three months ended September 30,		Nine months ended September 30,	
(Thousands of U.S. Dollars)	**2013**	**2012**	**2013**	**2012**
Revolving credit facility:				
Commitment fees	**$ 95**	$ 181	**$ 280**	$ 915
Interest expense	**645**	413	**1,953**	413
Amortization of deferred financing costs	**273**	272	**818**	818
Accretion of provision for reclamation	**231**	190	**694**	570
	$ 1,244	$ 1,056	**$ 3,745**	$ 2,716

(Expressed in thousands of United States Dollars)

14. Shareholders' Equity

a. Share Capital

Centerra is authorized to issue an unlimited number of common shares, class A non-voting shares and preference shares with no par value.

b. Earnings per Share

(Thousands of U.S. Dollars)	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Net earnings (loss)	**$ (1,781)**	$ (33,661)	**$ 51,123**	$ (73,049)
Effect of potential dilutive securities:				
Performance share units	**(567)**	-	**(3,123)**	-
Net earnings (loss) for the purposes of diluted earnings per share	**$ (2,348)**	$ (33,661)	**$ 48,000**	$ (73,049)

Basic and diluted earnings per share computation:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Basic weighted average number of common shares outstanding (thousands)	**236,385**	236,376	**236,380**	236,367
Effect of stock options (thousands)	**-**	-	**42**	-
Effect of restricted share units (thousands)	**-**	-	**210**	-
Diluted weighted average number of common shares outstanding (thousands)	**236,385**	236,376	**236,632**	236,367
Basic earnings per common share	**$ (0.01)**	$ (0.14)	**$ 0.22**	$ (0.31)
Diluted earnings per common share	**$ (0.01)**	$ (0.14)	**$ 0.20**	$ (0.31)

All potentially dilutive securities were excluded from the calculation of diluted earnings per share for the three months ended September 30, 2013 and the three and nine months ended September 30, 2012 as they would have been anti-dilutive as a result of the net loss recorded for the three months ended September 30, 2013 and three and nine months ended September 30, 2012.

(Expressed in thousands of United States Dollars)

For the nine months ended September 30, 2013, certain potentially dilutive securities were excluded from the calculation of diluted earnings per share due to the exercise prices of certain stock options being greater than the average market price of the Company's common shares for the period and the effect of the assumed potential conversion of the performance share units and restricted share units to equity which was anti-dilutive.

Potentially dilutive securities, including stock options and restricted share units (RSUs), are summarized as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
(Thousands of units)	**2013**	**2012**	**2013**	**2012**
Stock options	**2,341**	1,277	**2,124**	496
Restricted share units	**210**	92	**-**	92
	2,551	1,369	**2,124**	588

c. Dividend

Dividends are declared in Canadian dollars and paid in Canadian dollars. At September 30, 2013, accrued dividends payable to Kyrgyzaltyn were $11.0 million (December 31, 2012 $5.9 million - see note 16).

The details of dividends declared in the three and nine months ended September 30, 2013 and 2012 are as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
	2013	**2012**	**2013**	**2012**
Dividend declared (Thousands of U.S Dollars)	**$ 9,010**	$ 9,412	**$ 27,390**	$ 18,650
Dividend declared (Canadian Dollar per share)	**$ 0.04**	$ 0.04	**$ 0.12**	$ 0.08

(Expressed in thousands of United States Dollars)

d. Share-Based Compensation

The impact of Share-Based Compensation is summarized as follows:

(Millions of U.S. dollars except as indicated)	Number outstanding	Expense/(Benefit) Three months ended		Expense/(Benefit) Nine months ended		Liability	
	Sep 30/13	Sep 30/13	Sep 30/12	Sep 30/13	Sep 30/12	Sep 30/13	Dec 31/12
Stock options	**2,619,808**	$ **0.7**	$ 0.5	$ **2.2**	$ 1.6	$ **-**	$ -
PSUs	**644,528**	**0.3**	(0.3)	**0.2**	(4.2)	**0.3**	2.3
Annual PSUs	**151,506**	**0.5**	(0.1)	**0.5**	-	**0.5**	-
Deferred share units	**135,537**	**0.4**	0.7	**(0.5)**	(2.0)	**0.6**	1.9
Restricted share units	**210,423**	**0.5**	0.4	**0.2**	0.5	**1.0**	1.0
		$ **2.4**	$ 1.2	$ **2.6**	$ (4.1)	$ **2.3**	$ **5.2**

Movements in the number of options and units for the nine months ended September 30, 2013, are summarized as follows:

	Number outstanding Dec 31/12	Issued	Exercised	Expired/ Forfeited	Number outstanding Sept 30/13	Number Vested Sept 30/13
Stock options	1,674,194	979,059	-	(33,445)	**2,619,808**	**1,041,980**
PSUs	603,126	400,221	(345,682)	(13,137)	**644,528**	**-**
Annual PSUs	76,474	176,960	(76,474)	(25,454)	**151,506**	**113,630**
Deferred share units	209,690	38,879	(113,032)	-	**135,537**	**135,537**
Restricted share units	112,397	144,512	(46,486)	-	**210,423**	**210,423**

d.(i) Stock Options

On March 4, 2013, Centerra granted 956,462 stock options to employees at an exercise price of Cdn $6.78 per share. The fair value of the stock options was determined using the Black-Scholes valuation model, assuming a weighted average expected life of 3 years, 64.22% volatility, dividend yield of 2.48% and a risk-free rate of return of 1.11%. The resulting weighted average fair value per option granted was Cdn $2.24. The estimated fair value of the options is expensed over their graded vesting periods, which range from 1 year to 3 years.

On May 20, 2013, Centerra granted 5,377 stock options to employees at an exercise price of Cdn $3.96 per share. The fair value of the stock options was determined using the Black-Scholes valuation model, assuming a weighted average expected life of 3 years, 67.4% volatility, dividend yield of 4.81% and a risk-free rate of return of 1.15%. The resulting weighted average fair value per option granted was Cdn $1.21. The estimated fair value of the options is expensed over their graded vesting periods, which range from 1 year to 3 years.

(Expressed in thousands of United States Dollars)

On August 13, 2013, Centerra granted 17,220 stock options to employees at an exercise price of Cdn $4.49 per share. The fair value of the stock options was determined using the Black-Scholes valuation model, assuming a weighted average expected life of 3 years, 69.59% volatility, dividend yield of 3.35% and a risk-free rate of return of 1.47%. The resulting weighted average fair value per option granted was Cdn $2.41. The estimated fair value of the options is expensed over their graded vesting periods, which range from 1 year to 3 years.

d.(ii) Performance Share Unit Plan

Centerra granted 400,221 performance share units during the first nine months of 2013, at a weighted average grant price of Cdn $10.26 per share unit. The fair value of the outstanding performance share units estimated at September 30, 2013 was determined using the Monte Carlo option pricing model.

The principal assumptions used in applying the Monte Carlo option pricing model as at September 30, 2013 were as follows:

Share price	$	4.82
S&P/TSX Global Gold Index	$	196.46
Expected life (years)		1.25
Expected volatility- Centerra's share price		82.88 %
Expected volatility- S&P/TSX Global Gold Index		42.0 %
Risk-free rate of return		1.50 %
Forfeiture rate		2.90 %

The resulting weighted average fair value of each performance share unit as of September 30, 2013 was Cdn $1.88.

d.(iii) Annual Performance Share Unit Plan

Centerra granted 176,960 annual performance share units during the first nine months of 2013, at a grant price of Cdn $10.26 per share unit. The fair value of the outstanding performance share units estimated at September 30, 2013 was determined using the Monte Carlo option pricing model.

The principal assumptions used in applying the Monte Carlo option pricing model as at September 30, 2013 were as follows:

(Expressed in thousands of United States Dollars)

Share price	$ 4.82
S&P/TSX Global Gold Index	$ 196.46
Expected life (years)	0.25
Expected volatility- Centerra's share price	83.54 %
Expected volatility- S&P/TSX Global Gold Index	53.62 %
Risk-free rate of return	1.28 %
Forfeiture rate	9.82 %

The resulting weighted average fair value of each annual performance share unit as of September 30, 2013 was Cdn $4.03.

d.(iv) Deferred Share Unit Plan

During the first nine months ended September 30, 2013, Centerra granted to eligible members of the Board of Directors 38,879 deferred share units, which vest immediately, at a weighted average grant price of Cdn $4.83 per unit.

d.(v) Restricted Share Unit Plan

During the first nine months ended September 30, 2013, Centerra granted to eligible members of the Board of Directors 144,512 restricted share units, which vest immediately, at a weighted average grant price of Cdn $4.83 per unit.

15. Commitments and Contingencies

Commitments
As at September 30, 2013, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $41.0 million (Kumtor - $40.4 million and Boroo - $0.6 million) which are expected to be settled over the next twelve months.

Contingencies
Various legal and tax matters are outstanding from time to time due to the nature of the Company's operations. While the final outcome with respect to actions outstanding or pending at September 30, 2013 cannot be predicted with certainty, it is management's opinion that, except as noted below, their resolution will not have a material adverse effect on the Company's financial statements.

Kyrgyz Republic

(i) Negotiations between Kyrgyz Republic and Centerra
The Kyrgyz Republic Parliament passed resolution #2805 on February 21, 2013, which, among other things, recommended that the Kyrgyz Government conduct consultations and

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

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

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

- The operating agreement would also include provisions for compensation for services provided by Centerra and Kyrgyzaltyn.
- Kyrgyzaltyn would receive six million warrants to acquire Centerra shares, with an exercise price of CDN$10, exercisable for two years.

The Kyrgyz Parliament considered the MOU on October 23, 2013 and passed a decree with respect to the MOU. The Company has not yet received a final official copy of the decree and the following disclosure relates to a final draft of the decree which the Company received. The final draft decree outlines the following:

- Parliament rejects the MOU and orders the Government to (among other things) continue negotiations with Centerra with a view to improving the Kyrgyz Republic's position and increasing its interest in the joint venture project to no less than 67%, to provide for the project to develop the Kumtor mine using underground mining methods, and to provide for the establishment and financing of a centre to monitor the preservation of glaciers.
- Parliament recommends that the Kyrgyz Republic General Prosecutor's Office consider pursing allegations that management of the former parent company of Centerra, Centerra, Kumtor Operating Company, and Kumtor Gold Company violated environmental regulations and committed "other offenses", and that precious metal reserves (silver, tellurium, and other associated components) at the Kumtor deposit were deliberately understated.
- Parliament requests that the Government and the General Prosecutor's Office report to Parliament on these matters by December 23, 2013; and
- Provides that if a mutually acceptable solution on the outstanding matters cannot be reached, the Government is ordered to initiate a process to cancel the Kumtor Project Agreements.

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

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

(ii) Environmental Claims

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

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

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

KOC believes the claims are exaggerated and without merit. The Kumtor Project has been the subject of systematic audits and investigations over the years by Kyrgyz and international experts, including by an independent internationally recognized expert who carried out a due diligence review of Kumtor's performance on safety, health and environmental matters at the request of Centerra's Safety, Health and Environmental Committee of the Board of Directors.

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

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

Mongolia

Gatsuurt

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

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

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

Corporate

Enforcement Notice by Sistem

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

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

(Expressed in thousands of United States Dollars)

16. Related Party Transactions

Kyrgyzaltyn JSC

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

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

The breakdown of the sales transactions and expenses with Kyrgyzaltyn are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(Thousands of U.S. Dollars)	**2013**	**2012**	**2013**	**2012**
Management fees to Kyrgyzaltyn	**$ 87**	$ 27	**$ 249**	$ 129
Gross gold and silver sales to Kyrgyzaltyn	**$ 117,310**	$ 44,077	**$ 363,459**	$ 216,323
Deduct: refinery and financing charges	**(513)**	(126)	**(1,460)**	(616)
Net sales revenue received from Kyrgyzaltyn	**$ 116,797**	$ 43,951	**$ 361,999**	$ 215,707

Dividend

	Three Months Ended September 30,		Nine months ended September 30,	
(Thousands of U.S. Dollars)	**2013**	**2012**	**2013**	**2012**
Dividends declared to Kyrgyzaltyn	**$ 2,946**	$ 3,136	**$ 8,983**	$ 6,232
Withholding taxes	**(147)**	(154)	**(449)**	(309)
Net dividends declared to Kyrgyzaltyn	**$ 2,799**	$ 2,982	**$ 8,534**	$ 5,923
Net dividends transferred to restricted cash	**$ -**	$ (2,982)	**$ (5,735)**	$ (2,982)
Net dividends paid to Kyrgyzaltyn	**$ 2,799**	$ -	**$ 2,799**	$ 2,941

(Expressed in thousands of United States Dollars)

Related party balances

The assets and liabilities of the Company include the following amounts with Kyrgyzaltyn:

(Thousands of U.S. Dollars)		**September 30, 2013**		**December 31, 2012**
Prepaid amounts	**$**	**612**	$	-
Amounts receivable (note 4)		**51,860**		48,325
Total related party assets	**$**	**52,472**	$	48,325
Dividend payable (net of withholding taxes)	**$**	**10,960**	$	5,949
Total related party liabilities	**$**	**10,960**	$	5,949

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

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. Based on movements in Centerra's share price and the value of individual or unsettled gold shipments during the nine months ended September 30, 2013, the maximum exposure reflecting the shortfall in the value of the security as compared to the value of any unsettled shipments was approximately $38.5 million. The last two shipments of the quarter ended September 30, 2013 occurred on September 22, 2013 and September 28, 2013 resulting in sales of approximately $31.3 million and $21.1 million respectively, and in $52.4 million in receivables outstanding (December 31, 2012 - $48.3 million). Subsequent to September 30, 2013, the balance receivable from Kyrgyzaltyn was paid in full.

Dividend payable and restricted cash held in trust

Pursuant to an Ontario court order last updated on June 5, 2013, $5.7 million of Centerra dividends otherwise payable to Kyrgyzaltyn during the first nine months of 2013, was held in trust for the credit of the court proceedings commenced by a Turkish company, Sistem Muhenkislik Insaat Sanayi Tiacaret SA. The court order sets a maximum of approximately Cdn$11.4 million to be held in trust, which maximum was met in July 2013. As at September 30, 2013 the full amount required under the court order was held in trust.

The dividend payable and restricted cash held in trust for the credit of this court proceeding have been classified as long-term since the timing of the resolution of the court proceedings is unknown.

(Expressed in thousands of United States Dollars)

17. Fair value measurements

The carrying value of cash and cash equivalents, accounts receivable, short-term debt, reclamation trust fund, restricted cash and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments and floating rate of interest on the short-term debt.

Certain financial assets and liabilities are measured at fair value on a recurring basis and classified within the fair value hierarchy in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non recurring basis.

A hierarchy for which these assets and liabilities are grouped based on whether the inputs to those valuation techniques are observable or unobservable is provided below.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions. These two types of inputs create the following fair value hierarchy:

Level 1: observable inputs such as quoted prices in active markets;

Level 2: inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly; and

Level 3: unobservable inputs for the asset or liability in which little or no market data exists, therefore require an entity to develop its own assumptions.

The following table summarizes the fair value measurement by level at September 30, 2013, and December 31, 2012 for assets and liabilities measured at fair value on a recurring basis:

	September 30, 2013		**December 31, 2012**	
(Thousands of US$)	**Level 1**	**Level 2**	**Level 1**	**Level 2**
Assets				
Cash and cash equivalents	$ **198,987**	$ **-**	$ 334,115	$ -
Short-term investments	**37,792**	**-**	47,984	-
Restricted cash	**11,030**	**-**	6,087	-
Reclamation trust fund	**13,521**	**-**	11,335	-
	$ **261,330**	$ **-**	$ 399,521	$ -
Liabilities				
Cash settled share-based compensation liabilities	$ **-**	$ **1,617**	$ -	$ 5,236
	$ **-**	$ **1,617**	$ -	$ 5,236

(Expressed in thousands of United States Dollars)

18. Supplemental cash flow disclosure

Investment in property, plant and equipment (PP&E)

(Thousands of U.S. Dollars)		Three months ended September 30, 2013	2012	Nine months ended September 30, 2013	2012
Additions to PP&E during the period	$	**(80,558)**	$ (100,274)	$ **(289,912)**	$ (377,740)
Depreciation and amortization included in additions to PP&E		**15,946**	22,641	**57,646**	57,919
Reduction (increase) in accruals included in additions to PP&E		**1,805**	(366)	**9,540**	(994)
Cash investment in PP&E	$	**(62,807)**	$ (77,999)	$ **(222,726)**	$ (320,815)

19. Subsequent event

On October 30, 2013, the Company announced that its Board of Directors approved a quarterly dividend of Cdn $0.04 per common share. The dividend is payable November 25, 2013 to shareholders of record on November 15, 2013.

20. Segmented Information

The following table reconciles segment operating profit per the reportable segment information to operating profit per the consolidated statements of earnings and comprehensive income.

(Expressed in thousands of United States Dollars)

Three months ended September 30, 2013

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Corporate and other	Total
Revenue from Gold Sales	$ **116.8**	$ **38.2**	$ **-**	$ **155.0**
Cost of sales	**86.0**	**25.7**	**-**	**111.7**
Regional office administration	**4.8**	**1.3**	**-**	**6.1**
Earnings from mine operations	**26.0**	**11.2**	**-**	**37.2**
Revenue based taxes	**16.4**	**-**	**-**	**16.4**
Other operating expenses	**2.4**	**(0.1)**	**-**	**2.3**
Exploration and business development	**0.9**	**1.9**	**4.6**	**7.4**
Corporate administration	**0.2**	**0.1**	**8.3**	**8.6**
Earnings (loss) from operations	**6.1**	**9.3**	**(12.9)**	**2.5**
Other (income) expenses, net				**(1.1)**
Finance costs				**1.2**
Earnings before income taxes				**2.4**
Income tax expense				**4.2**
Net loss and comprehensive loss				**$ (1.8)**
Capital expenditure for the period	**$ 77.7**	**$ 2.9**	**$ -**	**$ 80.6**

Three months ended September 30, 2012

(Millions of U.S. Dollars) (Restated)	Kyrgyz Republic	Mongolia	Corporate and other	Total
Revenue from Gold Sales	$ 44.0	$ 24.8	$ -	$ 68.8
Cost of sales	38.0	15.9	-	53.9
Abnormal mining costs	11.4	-	-	11.4
Regional office administration	3.9	1.4	-	5.3
Earnings (loss) from mine operations	(9.3)	7.5	-	(1.8)
Revenue based taxes	6.1	-	-	6.1
Other operating expenses	5.0	0.2	-	5.2
Exploration and business development	3.5	2.7	3.3	9.5
Corporate administration	0.5	0.1	7.2	7.8
Earnings (loss) from operations	(24.4)	4.5	(10.5)	(30.4)
Other (income) expenses, net				(0.1)
Finance costs				1.1
Loss before income taxes				(31.4)
Income tax expense				2.3
Net loss and comprehensive loss				$ (33.7)
Capital expenditure for the period	$ 99.6	$ 0.6	$ 0.1	$ 100.3

(Expressed in thousands of United States Dollars)

Nine months ended September 30, 2013

(Millions of U.S. Dollars)	**Kyrgyz Republic**	**Mongolia**	**Corporate and other**	**Total**
Revenue from Gold Sales	$ **362.0**	$ **113.5**	$ **-**	$ **475.5**
Cost of sales	**218.0**	**69.5**	**-**	**287.5**
Regional office administration	**13.3**	**4.3**	**-**	**17.6**
Earnings from mine operations	**130.7**	**39.7**	**-**	**170.4**
Revenue-based taxes	**50.7**	**-**	**-**	**50.7**
Other operating expenses	**5.8**	**0.6**	**-**	**6.4**
Exploration and business development	**5.3**	**3.6**	**11.9**	**20.8**
Corporate administration	**0.4**	**0.2**	**21.9**	**22.5**
Earnings (loss) from operations	**68.5**	**35.3**	**(33.8)**	**70.0**
Other (income) and expenses, net				**3.1**
Finance costs				**3.7**
Earnings before income taxes				**63.2**
Income tax expense				**12.1**
Net earnings and comprehensive income				**$ 51.1**
Capital expenditure for the period (note 18)	**$ 281.3**	**$ 8.1**	**$ 0.5**	**$ 289.9**
Assets (excluding Goodwill)	**$ 1,046.9**	**$ 161.8**	**$ 233.3**	**$ 1,442.0**

Nine months ended September 30, 2012

(Millions of U.S. Dollars) (Restated)	**Kyrgyz Republic**	**Mongolia**	**Corporate and other**	**Total**
Revenue from Gold Sales	$ 215.7	$ 76.6	$ -	$ 292.3
Cost of sales	166.9	48.5	-	215.4
Abnormal mining costs	15.9	-	-	15.9
Mine standby costs	4.6	-	-	4.6
Regional office administration	11.4	4.0	-	15.4
Earnings from mine operations	16.9	24.1	-	41.0
Revenue-based taxes	30.2	-	-	30.2
Other operating expenses	27.6	1.9	-	29.5
Exploration and business development	8.8	7.0	11.2	27.0
Corporate administration	1.5	0.2	16.6	18.3
Earnings (loss) from operations	(51.2)	15.0	(27.8)	(64.0)
Other (income) and expenses, net				(0.1)
Finance costs				2.7
Loss before income taxes				(66.6)
Income tax expense				6.4
Net loss and comprehensive loss				$ (73.0)
Capital expenditure for the period (note 18)	$ 368.0	$ 9.4	$ 0.3	$ 377.7
Assets (excluding Goodwill)	$ 1,064.9	$ 328.5	$ 104.9	$ 1,498.3