Centerra Gold Inc.
Management's Discussion and Analysis ("MD&A")
For the Period Ended June 30, 2015

The following discussion has been prepared as of July 28, 2015, 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 six months ended June 30, 2015 in comparison with the corresponding periods ended June 30, 2014. This discussion should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes thereto for the three and six months ended June 30, 2015. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2014 and 2013, the related MD&A and the Annual Information Form for the year ended December 31, 2014 (the "2014 Annual Information Form"). The condensed consolidated interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board and the Company's accounting policies as described in note 3 of its annual consolidated financial statements for the year ending December 31, 2014. All dollar amounts are expressed in United States (U.S.) dollars, except as otherwise indicated. In addition, this discussion contains forward-looking information regarding Centerra's business and operations. See "Caution Regarding Forward-Looking Information" in this discussion and "Risk Factors" in the Company's 2014 Annual Information Form. The Company's 2014 Annual Report and 2014 Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

All references in this document denoted with ^{NG}, indicate a non-GAAP term which is discussed under "Non-GAAP Measures" on pages 33 to 38.

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Overview

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

The Company's significant subsidiaries include Kumtor Gold Company ("KGC") in the Kyrgyz Republic, Boroo Gold LLC and Centerra Gold Mongolia LLC (owner of the Gatsuurt property and Altan Tsagaan Ovoo ("ATO") property) in Mongolia and Öksüt Madencilik A.S. in Turkey, each of which is a wholly-owned subsidiary. Additionally, the Company holds a 50% joint ownership interest in the Greenstone Gold Mines LP ("Greenstone Partnership"), a limited partnership with Premier Gold Mines Limited, to explore and develop the Greenstone Gold Property in Ontario, Canada.

The Greenstone Gold Mines Partnership and Greenstone Gold Property were previously known as the Trans-Canada Partnership and the Trans-Canada Property respectively. Such name changes occurred in July 2015.

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

Recent Developments

The following is a summary of recent events affecting the Company. For further information, see "Other Corporate Developments".

Kumtor Operations

- The Company continues to be in discussions with the Government of the Kyrgyz Republic relating to the possible restructuring of the Kumtor project. The Kyrgyz Republic Parliament passed a resolution on June 29, 2015 to ensure the continued operation of the Kumtor mine and to carry out an examination of the updated Kumtor technical life of mine plan, presented in the Kumtor Technical Report dated March 20, 2015, and its impact on the Kyrgyz Republic.
- Kumtor continues to work with the State Agency for Environmental Protection and Forestry ("SAEPF") to obtain the necessary approvals of Kumtor's 2015 annual mine plan. The mine plan has been approved by the Kyrgyz Republic State Agency for Geology and Mineral Resources ("SAGMR"). The failure to obtain the necessary approvals for the annual mine plan may require a suspension of the Kumtor operations.

Mongolian Operations

- In early June 2015, the Government submitted a proposal to the Mongolian Parliament proposing that the Mongolian state interest in the Gatsuurt Project be either a 34% state ownership or a special royalty to be applied to the project. On June 18, 2015, the Parliament rejected the proposal and returned it to the Government for further assessment. The Company understands that the Government intends to submit a revised proposal to

Parliament later this year. The Company continues to engage in discussions with the Mongolian Government regarding the development of the Gatsuurt Project.

Corporate

- Proceedings to enforce arbitral awards against the Kyrgyz Republic continue to be heard before the Ontario courts. On June 10, 2015, a previously issued injunction issued by the Ontario court in the Stans Energy Corp. matter was dissolved on the basis that the underlying arbitral award of the Moscow Chamber of Commerce and Industry was held invalid by the Moscow court. The effect of the dissolution of the injunction is that the restrictions placed on 47 million Centerra shares held by Kyrgyzaltyn have been lifted. However, Centerra continues to be subject to an injunction in favour of Valeri Belokon, which prohibits Centerra from paying dividends to Kyrgyzaltyn on all of its Centerra shares and restricts Kyrgyzaltyn's ability to transfer or deal with 6,500,240 Centerra shares held by Kyrgyzaltyn. In the proceedings involving Sistem Mühendislik İnşaat Ve Ticaret Anonim Sirketi ("Sistem"), in June 2015 the Ontario Court of Appeal made a finding that Sistem had not properly served the relevant documents on the Kyrgyz Republic and, accordingly allowed Kyrgyzaltyn's appeal of a lower court's decision that the Kyrgyz Republic held an equitable interest in the Centerra shares held by Kyrgyzaltyn.

Subsequent Event - Öksüt Project

- On July 28, 2015, the Company announced the positive feasibility study results and the planned development of the 100%-owned Öksüt Project subject to final approval of the Turkish EIA and receipt of all required permits. Based on the positive feasibility study, measured and indicated resource ounces have been converted to probable reserves as described in the Company's news release of July 28, 2015 which can be found on SEDAR and the Company's website.

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Consolidated Financial and Operational Highlights

Unaudited ($ millions, except as noted)	Three months ended June 30,[7]			Six months ended June 30,[7]		
Financial Highlights	**2015**	2014	% Change	**2015**	2014	% Change
Revenue	**$ 146.8**	$ 119.5	23%	**$ 359.4**	$ 267.5	34%
Cost of sales	**81.0**	109.4	(26%)	**194.9**	218.5	(11%)
Standby costs	**1.1**	0.2	450%	**3.8**	0.2	1800%
Regional office administration	**5.0**	6.1	(18%)	**10.3**	11.8	(13%)
Earnings from mine operations	**59.7**	3.8	1471%	**150.4**	37.0	306%
Revenue-based taxes	**19.8**	14.0	41%	**48.5**	32.4	50%
Other operating expenses	**0.8**	1.8	(56%)	**0.7**	2.8	(75%)
Pre-development project costs	**4.9**	1.2	308%	**8.2**	2.1	290%
Exploration and business development [1]	**2.1**	4.0	(48%)	**4.9**	6.6	(26%)
Corporate administration	**10.8**	11.8	(8%)	**20.1**	18.3	10%
Earnings (Loss) from operations	**21.3**	(29.0)	(173%)	**68.0**	(25.2)	(370%)
Other (income) and expenses	**(1.6)**	0.7	(329%)	**2.6**	0.5	420%
Finance costs	**1.1**	1.2	(8%)	**2.2**	2.6	(15%)
Earnings (Loss) before income taxes	**21.8**	(31.0)	(170%)	**63.2**	(28.4)	(323%)
Income tax expense	**(0.1)**	0.7	(114%)	**0.6**	1.3	(54%)
Net earnings (loss)	**21.9**	(31.7)	(169%)	**62.6**	(29.6)	(311%)
Earnings (loss) per common share - $ basic [2]	**$ 0.09**	$ (0.13)	(169%)	**$ 0.26**	$ (0.13)	(300%)
Earnings (loss) per common share - $ diluted [2]	**$ 0.09**	$ (0.13)	(169%)	**$ 0.26**	$ (0.13)	(300%)
Cash provided by operations	**114.6**	71.4	61%	**245.0**	173.4	41%
Average gold spot price - $/oz [3]	**1,192**	1,288	(7%)	**1,206**	1,291	(7%)
Average realized gold price - $/oz[4]	**1,192**	1,285	(7%)	**1,205**	1,289	(7%)
Capital expenditures [5]	**86.6**	111.5	(22%)	**242.3**	210.4	15%
Operating Highlights						
Gold produced – ounces	**125,088**	92,124	36%	**295,771**	208,794	42%
Gold sold – ounces	**123,079**	93,004	32%	**298,311**	207,497	44%
Operating costs (on a sales basis) [6]	**36.0**	48.5	(26%)	**79.4**	91.0	(13%)
Adjusted operating costs [4]	**42.7**	56.6	(25%)	**94.5**	105.6	(11%)
All-in Sustaining Costs[4]	**115.3**	143.3	(19%)	**241.1**	270.2	(11%)
All-in Costs [4]	**126.7**	160.2	(21%)	**265.0**	292.8	(9%)
All-in Costs - including taxes [4]	**146.6**	174.2	(16%)	**313.7**	325.3	(4%)
Unit Costs						
Cost of sales - $/oz sold[4]	**658**	1,176	(44%)	**653**	1,053	(38%)
Adjusted operating costs - $/oz sold [4]	**347**	608	(43%)	**317**	509	(38%)
All-in sustaining costs – $/oz sold[4]	**937**	1,540	(39%)	**808**	1,302	(38%)
All-in costs – $/oz sold [4]	**1,029**	1,722	(40%)	**888**	1,411	(37%)
All-in costs (including taxes) – $/oz sold [4]	**1,191**	1,873	(36%)	**1,052**	1,567	(33%)

(1) Includes business development of $0.8 million and $1.9 million for the three and six months ended June 30, 2015, respectively ($0.1 million for three and six months ended June 30, 2014, respectively).

(2) As at June 30, 2015, the Company had 236,554,159 common shares issued and outstanding.

(3) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate).

(4) Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs - including taxes ($ millions and per ounce sold) as well as average realized gold price per ounce and cost of sales per ounce sold are non-GAAP measures and are discussed under “Non-GAAP Measures”.

(5) Includes capitalized stripping of $66 million and $133.5 million in the three and six months ended June 30, 2015 respectively ($86.9 million and $175 million in the three and six months ended June 30, 2014, respectively).

(6) 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.

(7) Results may not add due to rounding.

Results of Operations

Second Quarter 2015 compared to Second Quarter 2014

The Company recorded net earnings of $21.9 million in the second quarter of 2015, compared to a net loss of $31.7 million in the comparative quarter of 2014, reflecting higher ounces sold and lower operating costs, partially offset by higher share-based compensation and lower realized gold prices.

Production:
Gold production for the second quarter of 2015 totaled 125,088 ounces compared to 92,124 ounces in the comparative quarter of 2014. The increase in ounces reflects higher production at Kumtor due to higher grades, recoveries and mill throughput. Boroo's production in the second quarter of 2015 was lower than the comparable period as a result of lower production from the heap leach operation due to secondary leaching and there was no mill production.

Safety and Environment:
Centerra had three reportable injuries in the second quarter of 2015, including one lost time injury and two medical aid injuries.

There were no reportable releases to the environment during the second quarter of 2015.

Financial Performance:
Higher revenue for the second quarter of 2015 resulted from higher gold ounces sold (123,079 ounces compared to 93,004 ounces in the second quarter of 2014), partially offset by a 7% lower average realized gold price[NG] ($1,192 per ounce compared to $1,285 per ounce in the same quarter of 2014).

In the second quarter of 2015, ounces sold increased 32% compared to the second quarter of 2014 but cost of sales decreased by 26% to $81 million compared to the same period of 2014. This reflects the lower costs in both the stockpiled ore and in the ore mined and processed at Kumtor from cut-back 16 in the second quarter of 2015. In particular, the cost of sales in the second quarter of 2015 benefited from cut-back 16 containing more ounces and from lower operating costs (for diesel, labour and other consumables) and reduced waste stripping as compared to cut-back 15 ore that was processed in the second quarter of 2014. Depreciation, depletion and amortization ("DD&A") associated with production was $45 million in the second quarter of 2015 as compared to $60.9 million in the same quarter of 2014, reflecting lower capitalized stripping charges per ounce from cut-back 16 ore, partially offset by the increased ounces sold in 2015.

Standby costs incurred at Boroo to maintain the mill and operation on care and maintenance totaled $1.1 million in the second quarter of 2015, which included spending mainly on labour to maintain equipment in a ready state, as well as fixed costs for administration. There were minimal standby costs incurred in the same period of 2014.

Pre-development project costs increased by $3.7 million to $4.9 million in the second quarter of 2015, compared to the same quarter in 2014. The increase in the second quarter of 2015 represents spending at the Company's Greenstone Gold Property and higher spending at the Öksüt project.

Exploration expenditures in the second quarter of 2015 totaled $1.3 million compared to $3.9 million in the same period of 2014. The decrease in the second quarter of 2015 reflects reduced spending on the Company's projects in Turkey and Mongolia and the closure of its regional offices in China and in Russia.

Other income of $1.6 million was received in the second quarter of 2015, including $1.4 million settlement proceeds from an insurance claim on the ball mill gear failure at Kumtor that occurred in 2008.

Corporate administration costs decreased to $10.8 million in the second quarter of 2015 from $11.8 million in the same period of 2014. The decrease was primarily due to the impact of currency movements and lower general spending.

Operating Costs:
Operating costs (on a sales basis) decreased to $36.0 million in the second quarter of 2015 from $48.5 million in the same period of 2014 and reflect higher ounces sold in the second quarter of 2015. The decrease was due to processing lower cost ounces at Kumtor which reflect a reduction in costs for diesel, labour and other consumables as well as favourable movements in the local currency as compared to the same period of 2014. Operating costs at Boroo were lower in the second quarter of 2015 as compared to the same period in 2014 as milling activities ceased in late 2014. Leaching costs at Boroo in the second quarter of 2015 were lower as secondary leaching commenced in the third quarter of 2014 and site support costs reflected reduced personnel levels.

Centerra's all-in sustaining costs per ounce sold[NG], which excludes revenue-based tax and income tax, for the second quarter of 2015 decreased to $937 from $1,540 in the comparative period of 2014. The decrease in the second quarter of 2015 results primarily from higher ounces sold and lower spending on capitalized stripping and sustaining capital[NG].

Centerra's all-in costs per ounce sold[NG] for the second quarter of 2015, was $1,029 compared to $1,722 in the comparative quarter of 2014, and includes all cash costs related to gold production, excluding revenue-based tax and income tax. The decrease reflects the additional ounces sold, the lower costs (described above), lower exploration costs and lower spending on growth capital[NG] at Kumtor, partially offset by additional spending in the second quarter of 2015 for pre-development activities at the Greenstone Gold Property and at Öksüt.

First Half 2015 compared to First Half 2014

The Company recorded net earnings of $62.6 million in the first six months of 2015, compared to a net loss of $29.6 million in the comparative period of 2014, reflecting higher ounces sold and lower operating costs in the current period.

Production:
Gold production for the first six months of 2015 totaled 295,771 ounces compared to 208,794 ounces in the comparative period of 2014. The increase in production is primarily due to higher mill grades and higher recoveries processed at Kumtor.

Safety and Environment:
Centerra had eight reportable injuries in the first six months of 2015, consisting of three lost time injuries and five medical aid injuries.

There were no reportable releases to the environment during the first six months of 2015.

Financial Performance:
Higher revenues resulted primarily from 44% higher ounces sold (298,311 ounces compared to 207,497 ounces in the first six months of 2014), partially offset by lower average realized gold price[NG] ($1,205 per ounce compared to $1,289 per ounce in the first six months of 2014).

Cost of sales decreased by 11% to $194.9 million due primarily to lower operating costs and lower DD&A associated with the cut-back 16 ore processed and sold in the first six months of 2015. The cost of sales in the first six months of 2015 benefited from cut-back 16 containing more ounces and lower operating costs (for diesel, labour and other consumables) and reduced waste stripping as compared to cut-back 15 ore that was processed in the first six months of 2014. DD&A associated with production decreased to $115.5 million in the first six months of 2015 from $127.5 million in the comparative period of 2014, reflecting lower capitalized stripping charges per ounce from cut-back 16 ore, partially offset by the increased ounces sold in 2015.

Standby costs incurred at Boroo to place the mill and operation on care and maintenance totaled $3.8 million in the first six months of 2015, which included spending mainly on labour to clean circuits and to maintain equipment in a ready state, as well as fixed costs for administration. There were $0.2 million of standby costs incurred in the same period of 2014.

Pre-development project costs increased by $6.1 million to $8.2 million in the first six months of 2015, compared to the same period in 2014. The increase represents spending at the Company's Greenstone Gold Property and higher spending at the Öksüt project.

Exploration expenditures totaled $3 million compared to $6.5 million in the same period of 2014. The decrease in the first six months of 2015 reflects reduced spending on the Company's projects in Turkey and Mongolia and the closure of its regional offices in China and Russia.

Business development spending in the first six months of 2015 totaled $1.9 million, representing consulting and legal charges in connection with the acquisition of the Company's 50% interest in the Greenstone Partnership. There was minimal spending on business development activities in the same period of 2014.

Corporate administration costs increased to $20.1 million from $18.3 million in the first six months of 2014 due primarily to higher legal and consulting costs related to on-going negotiations with the Kyrgyz and Mongolian governments and higher share-based compensation resulting from the revaluation of the underlying share awards to employees issued under the Company's share-based plans. The share-based compensation charge in the first six months of 2015 was $7.4 million, compared to $6.8 million in the same period in 2014.

Operating Costs:
Operating costs (on a sales basis) decreased by $11.5 million to $79.4 million in the first six months of 2015 compared to the same period in 2014, mainly as a result of lower operating costs for fuel, labour and consumables, as well as beneficial currency movements in the Kyrgyz Som. This was partially offset by higher ounces sold in the first six months of 2015.

Centerra's all-in sustaining costs per ounce sold[NG], which excludes revenue-based tax and income tax, for the first six months of 2015, was $808 compared to $1,302 in the same period of 2014. The decrease in the first six months of 2015 reflects 44% more ounces sold, lower operating costs in 2015 mainly for diesel, labour and consumables and lower spending on capitalized stripping, partially offset by higher spending on sustaining capital[NG] as compared to the first six months of 2014.

For the first six months of 2015, Centerra's all-in costs per ounce sold[NG], which excludes revenue-based tax at Kumtor and income tax, was $888, compared to $1,411 per ounce sold in the first six months of 2014. The decrease reflects the additional ounces sold, the lower costs (described above), lower exploration costs and lower spending for growth capital[NG] at Kumtor. These costs were partially offset by higher spending on pre-development activities at the Greenstone Gold Property and at the Öksüt Project in the first six months of 2015.

Cash generation and capital investments

Cashflow

	Three months ended June 30,			**Six months ended June 30,**		
Unaudited ($ millions, except as noted)	**2015**	2014	% Change	**2015**	2014	% Change
Cash (used in) provided by operating activities	**114.6**	71.4	61%	**245.0**	173.4	41%
Cash (used in) provided by investing activities:						
-Capital additions (cash)	**(70.5)**	(83.3)	(15%)	**(142.6)**	(156.1)	(9%)
-Short-term investment net redeemed (net purchased)	**(53.8)**	123.0	(144%)	**(70.0)**	(21.1)	232%
-other investing items	**(1.6)**	0.6	(367%)	**(71.4)**	(8.0)	793%
Cash used in investing activities:	**(125.9)**	40.3	(412%)	**(284.0)**	(185.2)	53%
Cash used in financing activities	**(4.9)**	(8.6)	(43%)	**(11.4)**	(18.5)	(38%)
(Decrease) Increase in cash	**(16.2)**	103.1	(116%)	**(50.4)**	(30.3)	66%

Second Quarter 2015 compared to Second Quarter 2014

Cash provided by operations increased by $43.2 million in the second quarter of 2015 mainly as a result of higher ounces sold and lower costs.

Cash used in investing activities totaled $125.9 million in the second quarter of 2015, an increase as compared to the second quarter of 2014 reflecting a net purchase of short-term investments in 2015 compared to a net redemption in 2014. The Company spent $70.5 million on capital additions in the second quarter of 2015, a 15% reduction from the same period in 2014.

Cash used in financing activities in the second quarter of 2015 was $4.9 million compared to $8.6 million in the second quarter of 2014 which reflects the payment of dividends. The dividend paid in the second quarter of 2015 in U.S. dollars was reduced due to exchange rate movements and by the dividend payable to Kyrgyzaltyn ($2.4 million, net of withholding tax) which remains unpaid pending the outcome of the Belokon litigation (see "Other Corporate Developments").

First Half 2015 compared to First Half 2014

Cash provided by operating activities increased to $ 245.0 million in the first six months of 2015 mainly from higher earnings.

Cash used in investing activities increased to $284.0 million from $185.2 million in the first six months of 2014, reflecting a 9% decrease in capital additions, a $48.9 million increase in net purchases of short-term investments and other investing activities relating to the purchase of the Company's interest in the Greenstone Partnership for $67.4 million.

Cash used in financing for both periods include dividend payments and payments of interest and commitment fees on the credit facility.

Cash, cash equivalents and short-term investments at June 30, 2015 increased to $581.7 million from $562 million at December 31, 2014. These amounts include $76 million drawn on the revolving credit facility with the European Bank for Reconstruction and Development ("EBRD").

Capital Expenditure (spent and accrued)

Unaudited ($ millions)		Three months ended June 30,			Six months ended June 30,		
		2015	2014	% Change	**2015**	2014	% Change
Kumtor	Sustaining capital NG	**11.8**	12.9	(9%)	**24.3**	21.2	15%
	Capitalized stripping	**66.0**	86.9	(24%)	**133.5**	175.0	(24%)
	Growth capital NG	**3.9**	11.4	(66%)	**10.3**	13.4	(23%)
	Total	**81.7**	111.2	(27%)	**168.1**	209.6	(20%)
Boroo and Gatsuurt	Sustaining capital NG	**-**	0.1	(100%)	**0.1**	0.3	(67%)
	Growth capital NG	**0.4**	0.2	100%	**0.5**	0.4	25%
	Total	**0.4**	0.3	33%	**0.6**	0.7	(14%)
Other	Sustaining capital NG	**0.2**	-	100%	**0.3**	0.1	200%
	Greenstone Gold Property development	**4.3**	-	100%	**5.9**	-	100%
	Greenstone Partnership acquisition	**-**	-	-	**67.4**	-	100%
	Total	**4.5**	-	100%	**73.6**	0.1	73500%
Consolidated	Sustaining capital NG	**12.0**	13.0	(8%)	**24.7**	21.6	14%
	Capitalized stripping	**66.0**	86.9	(24%)	**133.5**	175.0	(24%)
	Growth capital NG	**4.3**	11.6	(63%)	**10.8**	13.8	(22%)
	Greenstone Gold Property development	**4.3**	-	100%	**5.9**	-	100%
	Greenstone Partnership acquisition	**-**	-	-	**67.4**	-	100%
Total capital expenditures		**86.6**	111.5	(22%)	**242.3**	210.4	15%

Lower capital expenditures in the second quarter of 2015 resulted mainly from lower capitalized stripping and lower growth capital NG spent at Kumtor.

Credit and Liquidity:

The Company has borrowed $76 million under its $150 million revolving credit facility (the “Facility”) provided by the European Bank for Reconstruction and Development. The borrowed amount is due to be repaid and the Facility will also expire in February 2016.

Foreign Exchange:

The Company receives its revenues through the sale of gold in U.S. dollars. The Company has operations in the Kyrgyz Republic and Mongolia, and its corporate head office is in Toronto, Canada. During the first six months of 2015, the Company incurred combined costs (including capital) totaling roughly $381 million. Approximately $232 million of this (61%) was in currencies other than the U.S. dollar. The percentage of Centerra’s non-U.S. dollar costs, by currency was, on average, as follows: 47% in Canadian dollars, 42% in Kyrgyz Soms, 5% in Euros, 3% in Mongolian Tugriks and 2% in Turkish Lira, and approximately 1% in other non U.S. currency. During the first six months of 2015, the average value of the currencies of the Turkish Lira, Euro, Canadian dollar, Mongolian Tugrik and Kyrgyz Som depreciated against the U.S. dollar by approximately 10%, 8%, 6%, 3% and 3% respectively, from their value at December 31, 2014. The net impact of these movements at end of the first six months of 2015, after taking into account currencies held at the beginning of the year, was to decrease costs by $7 million (decrease of $8 million in the first six months of 2014).

Share Capital and Share Options

As of July 28, 2015, Centerra had 236,554,159 common shares issued and outstanding. In addition, as at the same date, the Company had 5,130,202 share options outstanding under its share option plan with exercise prices ranging from Cdn$3.82 to Cdn$22.28 per share, and with expiry dates between 2016 and 2023.

Results of Operating Segments

Kumtor Mine

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based gold producer. It has been in production since 1997 and has produced over 10.1 million ounces of gold to June 30, 2015.

Kumtor Operating Results

Unaudited ($ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2015	**2014**	**% Change**	**2015**	**2014**	**% Change**
Revenue	**141.6**	99.8	42%	**346.6**	231.4	50%
Cost of sales-cash	**32.8**	36.0	(9%)	**70.7**	67.6	5%
Cost of sales-non-cash	**43.5**	56.9	(24%)	**112.3**	120.5	(7%)
Cost of sales-total	**76.3**	92.9	(18%)	**183.0**	188.0	(3%)
Cost of sales - $/oz sold[(1)]	**642**	1,195	(46%)	**635**	1,047	(39%)
Tonnes mined - 000s	**40,434**	49,527	(18%)	**82,165**	100,289	(18%)
Tonnes ore mined – 000s	**168**	460	(63%)	**1,506**	602	150%
Average mining grade - g/t	**1.50**	1.40	7%	**3.10**	1.41	120%
Tonnes milled - 000s	**1,554**	1,430	9%	**2,729**	2,912	(6%)
Average mill head grade - g/t	**3.26**	2.35	39%	**4.06**	2.50	62%
Recovery - %	**77.5%**	73.2%	6%	**79.4%**	74.8%	6%
Mining costs - total ($/t mined material)	**1.27**	1.36	(7%)	**1.27**	1.28	(1%)
Milling costs ($/t milled material)	**10.50**	11.80	(11%)	**11.86**	11.45	4%
Gold produced – ounces	**122,111**	77,860	57%	**286,383**	180,793	58%
Gold sold – ounces	**118,789**	77,743	53%	**287,974**	179,658	60%
Average realized gold price - $/oz[(1)]	**1,192**	1,284	(7%)	**1,204**	1,288	(7%)
Capital expenditures (sustaining)[(1)]	**11.8**	12.9	(9%)	**24.3**	21.2	15%
Capital expenditures (growth)[(1)]	**3.9**	11.4	(66%)	**10.3**	13.4	(23%)
Capital expenditures (stripping)[(1)]	**66.0**	86.9	(24%)	**133.5**	175.0	(24%)
Capital expenditures (total)	**81.7**	111.2	(27%)	**168.1**	209.6	(20%)
Operating costs (on a sales basis) [(2)]	**32.7**	36.0	(9%)	**70.7**	67.6	5%
Adjusted operating costs [(1)]	**37.6**	42.8	(12%)	**80.5**	79.6	1%
All-in Sustaining Costs [(1)]	**99.1**	117.5	(16%)	**206.5**	225.3	(8%)
All-in Costs[(1)]	**103.0**	128.9	(20%)	**216.8**	238.6	(9%)
All-in Costs - including taxes[(1)]	**122.8**	142.9	(14%)	**265.3**	271.0	(2%)
Adjusted operating costs - $/oz sold [(1)]	**317**	551	(43%)	**280**	443	(37%)
All-in sustaining costs – $/oz sold [(1)]	**835**	1,511	(45%)	**717**	1,254	(43%)
All-in costs – $/oz sold [(1)]	**868**	1,658	(48%)	**753**	1,328	(43%)
All-in costs (including taxes) – $/oz sold [(1)]	**1,035**	1,838	(44%)	**922**	1,508	(39%)

(1) Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs – including taxes (in $ millions and per ounce sold), as well as average realized gold price per ounce sold, cost of sales per ounce sold and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under "Non-GAAP Measures".

(2) Operating costs (on a sales basis) is 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.

Second Quarter 2015 compared to Second Quarter 2014

Production:
During the second quarter of 2015, Kumtor continued to focus on waste stripping from cut-back 17. During the second quarter of 2015, the mill processed a blend of the higher grade ore mined in the first quarter of 2015 and the stockpiled ore mined from cut-back16 during the fourth quarter of 2014.

The total waste rock and ore mined in the second quarter of 2015 was 40.4 million tonnes compared to 49.5 million tonnes in the comparative period of 2014, representing a decrease of 18%. The main reason for the decline is an increased average haulage distance of 25% when compared to the same period of 2014. Other negative factors include: (i) unfavorable weather conditions as the mine experienced increased precipitation; (ii) higher temperatures that had an adverse impact on pit productivity; (iii) a decrease in haul truck availability of 4% compared to the comparative period of 2014; and (iv) inconsistent broken ore resulting from reduced mechanical availability of the blast hole drills during the second quarter of 2015. Kumtor mined approximately 0.2 million tonnes of ore at an average grade of 1.50 g/t during the second quarter of 2015, compared to 0.5 million tonnes of ore mined at an average grade of 1.40 g/t in the second quarter of 2014.

Kumtor produced 122,111 ounces of gold in the second quarter of 2015 compared to 77,860 ounces of gold in the comparative period of 2014. The increase in ounces poured during 2015 was due to processing higher grade ore with higher recoveries from cut-back 16 mined during the first quarter of 2015 and stockpiled in the fourth quarter of 2014. During the comparative period, the Company processed lower grade stockpiled ore from cut-back 15 mined in the previous year. During the second quarter of 2015, Kumtor's average mill head grade was 3.26 g/t with a recovery of 77.5%, compared to 2.35 g/t and a recovery of 73.2% for the same period of 2014. Tonnes processed were approximately 1.6 million for the second quarter of 2015, 9% higher than the comparative period of 2014 due to higher mill availability and higher hourly throughput. The processing plant achieved a higher hourly throughput in the second quarter of 2015, (731 t vs 695 t) and higher operating time (2,127 hours vs 2,058 hours).

Operating costs and All-in Measures:
Operating costs (on a sales basis), which excludes the capitalization of stripping activities, decreased by $3.3 million predominately due to lower diesel and labour costs, and from the favourable movements in exchange rates.

The movements in the major components of operating costs (mining, milling and site support) during the second quarter of 2015 compared to the same period of 2014 are explained as follows:

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Toronto, ON
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tel 416-204-1953
fax 416-204-1954
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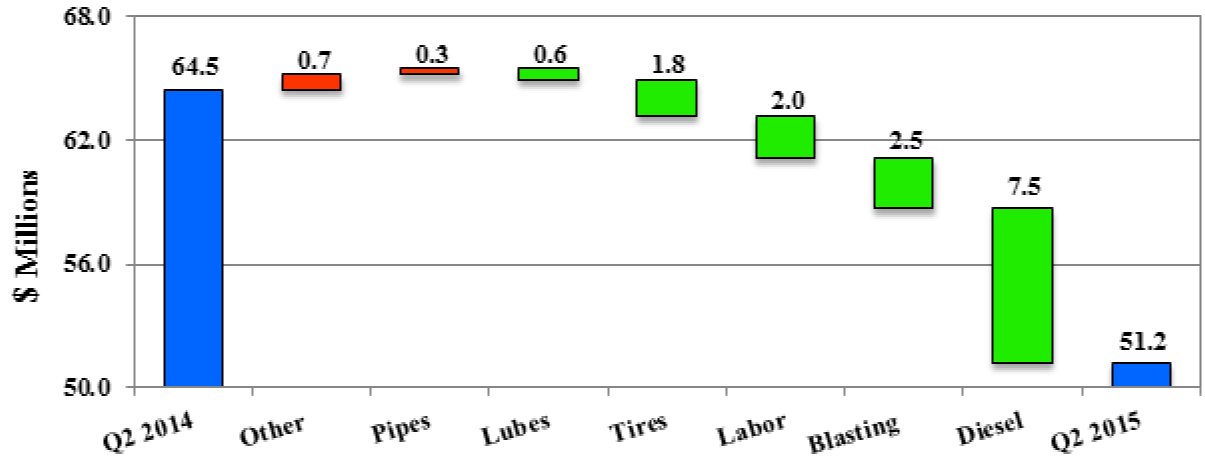
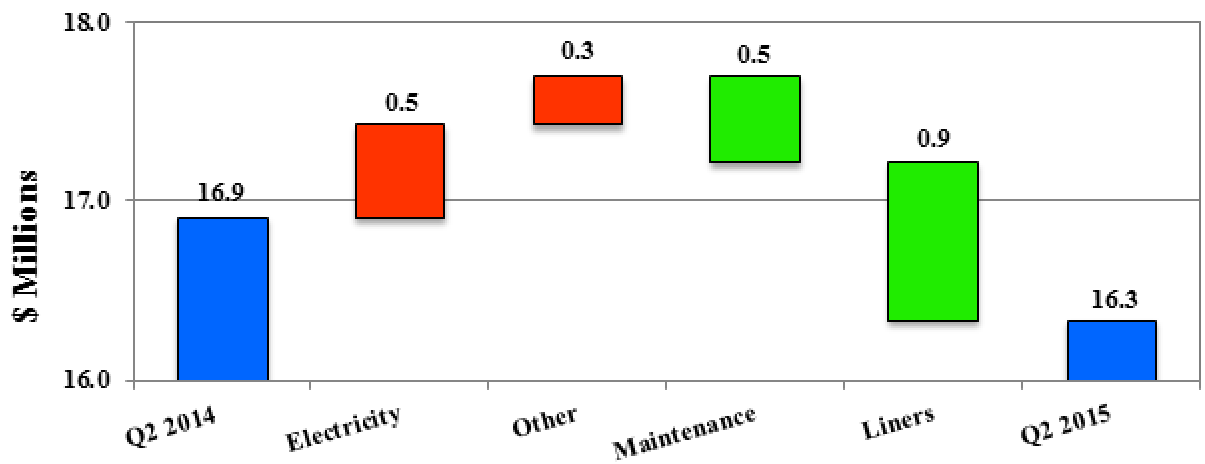
Mining Costs, including capitalized stripping (Second Quarter 2015 compared to Second Quarter 2014):



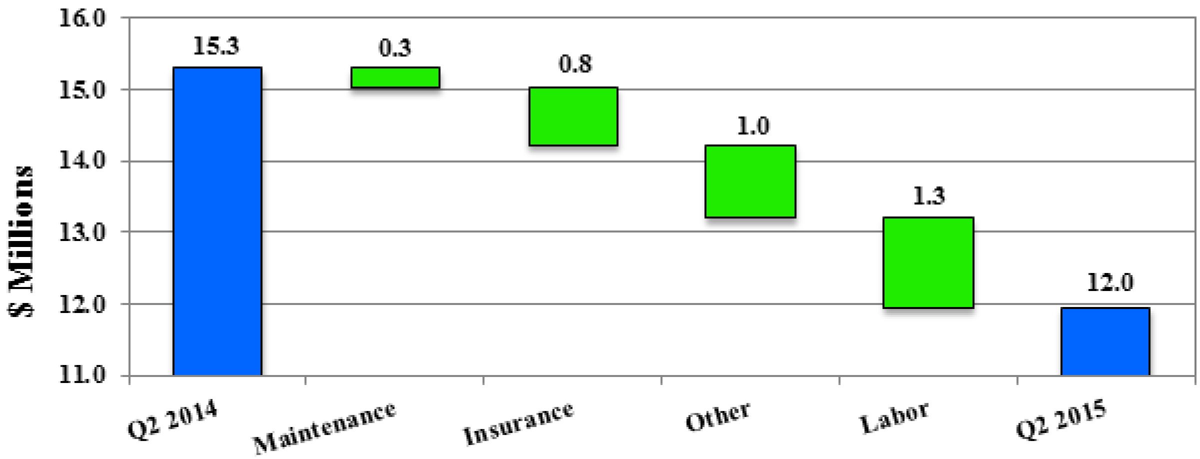
Mining costs, including capitalized stripping costs, totaled $51.2 million for the second quarter of 2015, which was $13.3 million less than the comparative quarter of 2014. Decreased costs for the period include lower diesel costs of ($7.5 million) due to lower global fuel prices (on average 55.6 cents per litre compared to 68.9 cents per litre), blasting costs ($2.5 million) due to lower blasted tonnages and the implementation of an improved wider drill pattern on waste material, lower labour costs ($2.0 million) due to a favourable exchange movement on local salaries and reduced employee headcount and tires costs ($1.8 million) due to lower consumption of tires on the CAT789 trucks. An extension of tire wear life resulted from improved road conditions in the main pit, and an improved tire replacement program.

Milling Costs (Second Quarter 2015 compared to Second Quarter 2014):



Milling costs of $16.3 million in the second quarter of 2015 compared to $16.9 million in the same period of 2014. Milling costs in the second quarter of 2015 were lower than the comparative period, due to lower costs for replacement of mill liners ($0.9 million) and lower maintenance costs ($0.5 million). This was partially offset by higher electricity costs ($0.5 million) due to an increase in price by the provider.

Site support costs (Second Quarter 2015 compared to Second Quarter 2014):



Site support costs were $12.0 million in the second quarter of 2015 compared to $15.3 million in the same period of 2014. Site support costs decreased primarily due to lower labour costs ($1.3 million) resulting from a favourable exchange movement and reduced employee support staff, and decreased insurance premiums ($0.8 million).

Other Cost movements:
DD&A associated with production decreased to $43.5 million in the second quarter of 2015 from $56.9 million in the comparative period of 2014. The comparative period reflects a higher depreciation charge on cut-back 15 ore as more waste material was stripped and fewer ounces were mined as compared to cut-back 16.

All-in sustaining costs per ounce sold[NG], which excludes revenue-based tax, decreased 45% to $835 compared to $1,511 in the comparative period of 2014. The decrease results primarily from higher ounces sold and lower capitalized stripping costs due to the associated lower mining costs and lower waste tonnes moved.

All-in costs per ounce sold[NG], which excludes revenue-based tax, for the second quarter of 2015 was $868 compared to $1,658 in the comparative period of 2014, representing a decrease of 48%. The decrease is mainly due to the reductions described above and a reduction in growth capital[NG] spending for the infrastructure relocation at Kumtor as the Company completed the new camp facilities in June 2015.

First Half 2015 compared to First Half 2014

Kumtor produced 286,383 ounces of gold for the first half of 2015 compared to 180,793 ounces of gold in the comparative period of 2014. The increase in ounces poured was mainly due to the processing of higher grade ore and higher recoveries. During the first six months of 2015, Kumtor's head grade was 4.06 g/t with a recovery of 79.4%, compared with 2.50 g/t and a recovery of 74.8% for the same period in 2014. Tonnes processed were approximately 2.7 million for the first six months of 2015, 6% lower than the comparative period in 2014. This was as result of a longer down time in the mill during the first half of 2015, primarily due to a longer than planned mill shutdown performed during the first quarter of 2015.

Operating costs (on a sales basis), which excludes the capitalization of stripping activities, decreased by $3.1 million predominately due to lower costs for diesel, labour and blasting material and from the favourable movements in exchange rates.

All-in sustaining costs per ounce sold[NG], which excludes revenue-based tax, decreased 43% to $717 compared to $1,254 in the comparative period of 2014. The decrease results primarily from higher ounces sold and lower capitalized stripping costs due to the associated lower mining costs and lower waste tonnes moved.

All-in costs per ounce sold[NG], which excludes revenue-based tax, for the first six months of 2015 was $753 compared to $1,328 in the comparative period of 2014, representing a decrease of 43%. The decrease is mainly due to the reduction in all-in sustaining cost.

Mongolia (Boroo Mine and Gatsuurt Project)

Boroo Mine

The Boroo gold mine, located in Mongolia, was the first hard rock gold mine in Mongolia. It has produced approximately 1.9 million ounces of gold since it began operation in 2004.

Mining activities at Boroo were completed in September of 2012, although the mill continued to process stockpiled ore until December 7, 2014. Heap leach secondary processing activities continued during the second quarter of 2015. Crushing and stacking of heap leach ore was completed in 2013 and primary leaching was completed in July 2014. Boroo is currently carrying out secondary heap leaching. The Company anticipates completing all leaching activities at Boroo by the first quarter of 2016.

The mill was placed on care and maintenance in late December 2014 and shutdown activities at the mill were completed at the end of February 2015. The Company plans to keep the mill on standby awaiting the start-up of the Gatsuurt Project. The Company expects that the mill at Boroo could commence an organized restart once sufficient feed of Gatsuurt ore is stockpiled for processing. See "Other Corporate Developments – Mongolia" and "Caution Regarding Forward-Looking Information".

Gatsuurt Project

Although the Gatsuurt Project was designated as a mineral deposit of strategic importance by the Mongolian Parliament, the project remained under care and maintenance in the second quarter of 2015. In early June 2015, the Government submitted a proposal to Parliament proposing that the

Mongolian state interest in the Gatsuurt Project be either a 34% state ownership or a special royalty to be applied to the project.

On June 18, 2015, the Parliament rejected the proposal and returned it to the Government for further assessment. The Company understands that the Government intends to submit a revised proposal to Parliament later this year. The Company continues to engage in discussions with the Government. Further development of the project is also subject to, among other things, finalizing a deposit development agreement, and receiving all required approvals and regulatory commissioning from the Mongolian Government. See “Other Corporate Developments – Mongolia”.

Overview of Operating Results

Boroo Operating Results

Unaudited ($ millions, except as noted)	**Three months ended June 30,**			**Six months ended June 30,**		
	2015	2014	% Change	**2015**	2014	% Change
Revenue	**5.2**	19.7	(74%)	**12.8**	36.1	(65%)
Cost of sales-cash	**3.2**	12.5	(74%)	**8.8**	23.4	(62%)
Cost of sales-non-cash	**1.5**	4.0	(63%)	**3.1**	7.1	(56%)
Cost of sales-total	**4.7**	16.5	(72%)	**11.9**	30.5	(61%)
Cost of sales - $/oz sold(1)	**1,104**	1,081	2%	**1,157**	1,096	6%
Tonnes milled - 000s	**-**	425	(100%)	**-**	1,007	(100%)
Average mill head grade - g/t	**-**	0.67	(100%)	**-**	0.66	(100%)
Recovery - %	-	61.3%	(100%)	-	61.3%	(100%)
Milling costs ($/t milled material)	**-**	10.90	(100%)	**-**	11.07	(100%)
Gold produced – ounces	**2,977**	14,265	(79%)	**9,388**	28,001	(66%)
Gold sold – ounces	**4,290**	15,261	(72%)	**10,337**	27,839	(63%)
Average realized gold price - $/oz(1)	**1,203**	1,290	(7%)	**1,239**	1,295	(4%)
Capital expenditures - sustaining (Boroo)(1)	**-**	0.1	(100%)	**0.1**	0.3	(67%)
Capital expenditures - growth (Gatsuurt)(1)	**0.4**	0.2	100%	**0.5**	0.4	25%
Operating costs (on a sales basis) (2)	**3.2**	12.5	(74%)	**8.8**	23.4	(63%)
Adjusted operating costs (1)	**5.0**	13.7	(64%)	**13.9**	26.0	(47%)
All-in Sustaining Costs (1)	**5.2**	14.0	(63%)	**14.3**	26.6	(46%)
All-in Costs(1)	**5.2**	14.0	(63%)	**14.3**	26.6	(46%)
All-in Costs - including taxes(1)	**5.3**	14.0	(62%)	**14.5**	26.6	(46%)
Adjusted operating costs - $/oz sold (1)	**1,168**	901	30%	**1,342**	935	44%
All-in sustaining costs – $/oz sold (1)	**1,214**	915	33%	**1,382**	954	45%
All-in costs – $/oz sold (1)	**1,214**	915	33%	**1,382**	954	45%
All-in costs (including taxes) – $/oz sold (1)	**1,231**	915	35%	**1,399**	954	47%

(1) Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs – including taxes (in $ millions and per ounce sold), as well as average realized gold price per ounce sold, cost of sales per ounce sold and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under “Non-GAAP Measures”.

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

Second Quarter 2015 compared to Second Quarter 2014

Production:

Boroo produced 2,977 ounces of gold in the second quarter of 2015 as compared to 14,265 ounces of gold in the same period of 2014, which included 6,305 ounces from milling operations. The lower gold production in the second quarter of 2015 reflects no mill processing activities. In addition, fewer ounces were poured from the heap leach operation as a result of transitioning to secondary leaching beginning in August 2014, compared to primary leaching in the comparative quarter of 2014.

Operating costs:

Operating costs (on a sales basis) decreased by $9.3 million to $3.2 million in the second quarter of 2015, as a result of lower activity at the project.

All-in sustaining costs per ounce sold[NG] and all-in costs per ounce sold[NG], which exclude income tax, increased in the second quarter of 2015 to $1,214 from $915 in the same quarter of 2014. The increase is primarily due to a decrease of 72% in ounces sold, partially offset by lower adjusted operating costs and lower sustaining capital[NG] spending.

First Half 2015 compared to First Half 2014

Boroo produced 9,388 ounces of gold in the first half of 2015 compared to 28,001 ounces of gold in the first half of 2014. The lower gold production reflects no mill processing activities in 2015, as Boroo milled the last of its stockpiled ore in December 2014. As a result of the mill shutdown, Boroo recovered 3,595 ounces from the cleaning of the gold circuit that was completed in the first quarter of 2015. In addition, fewer ounces were poured from the heap leach operation as a result of transitioning to 100% secondary leaching beginning in August 2014, compared to primary leaching in the comparative period of 2014.

Operating costs (on a sales basis) decreased by $14.6 million to $8.8 million in the first half of 2015, as a result of lower activity at the project with no milling operations and the continued secondary leaching in 2015.

All-in sustaining costs per ounce sold[NG] and all-in costs per ounce sold[NG], which exclude income tax, increased in the first half of 2015 to $1,382 from $954 in the same period of 2014. The increase is primarily due to a decrease of 63% in ounces sold, partially offset by lower adjusted operating costs and lower sustaining capital[NG] spending.

Project Development

Öksüt Project

At the Öksüt Project in Turkey, the Company spent $1.8 million and $3.6 million during the three and six months ended June 30, 2015 respectively ($1.2 million and $2.1 million in the three and six months ended June 30, 2014) on development activities to progress the environmental impact assessment (EIA) and complete the project's feasibility study.

The EIA process continues on schedule with formal EIA approval from Turkish regulatory authorities is expected in late third quarter or early fourth quarter 2015. Receipt of permits is contingent on the approval of the EIA and applications for all required permits will follow immediately upon approval of the EIA. The Company has a strong local presence in Turkey through its subsidiary Öksüt Madencilik (OMAS) and believes it has good relationships with the local population and local and regional governments.

On July 28, 2015, the Company announced a positive feasibility study and the planned development of the Öksüt Project subject to final approval of the Turkish EIA and receipt of all required permits (see News Release July 28, 2015). The Company expects to begin development of the Öksüt Project in the first quarter of 2016 with first gold production anticipated in the second quarter of 2017. Detailed engineering and the ordering of long lead items is expected to commence in the second half of 2015. Pre-production expenditures and construction capital are estimated to be $221 million including $25 million in contingencies.

The Öksüt Project is expected to process 26.1 million tonnes of ore at an average grade of 1.4 g/t gold over eight years producing 895,000 ounces of gold at an average all-in-sustaining cost of $490 per ounce sold. The life-of-mine strip ratio is expected to be 2:1. Mining is planned to be conducted by a local contractor using a conventional truck and shovel fleet utilizing small, selective, loading equipment and 36 tonne trucks. The ore will be crushed to 38 mm through 2 stages of crushing and be placed on the heap leach pad at a rate of 11,000 tonnes per day. Life-of mine gold recovery is expected to be 77%.

Greenstone Gold Property (formerly Trans-Canada Property):

On July 20, 2015, the Board of the general managing partnership (TCP GP Corporation) approved a name change of the partnership and itself to Greenstone Gold Mines LP and Greenstone Gold Mines GP Inc, respectively (collectively to be referred to as Greenstone Gold Mines (GGM) in recognition of the location of the Hardrock Project within the Municipality of Greenstone and in recognition of the support being received from that community and the surrounding First Nations communities.

In the second quarter of 2015, the Company spent $6.5 million ($9.5 million in the first six months of 2015) on development activities. Work progressed on all fronts with significant advancement being made towards completing the feasibility study on the Hardrock Project by late fourth quarter of 2015 or early first quarter of 2016. During the second quarter of 2015, GGM received the Provincial Terms of Reference for the Environmental Assessment (EA), with 2 amendments, and discussions were initiated with the Long Lake #58 First Nation on the development of an Impact Benefit Agreement (IBA).

The resource block model for the Hardrock Project is currently being updated and a new resource estimate is expected in the third quarter of 2015.

Other Financial Information- Related Party Transactions

Kyrgyzaltyn JSC

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

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

	Three months ended June 30,		**Six months ended June 30,**	
	2015	**2014**	**2015**	**2014**
Included in sales:				
Gross gold and silver sales to Kyrgyzaltyn	**$ 142,293**	$ 100,235	**$ 348,321**	$ 232,489
Deduct: refinery and financing charges	**(700)**	(450)	**(1,738)**	(1,046)
Net sales revenue received from Kyrgyzaltyn	**$ 141,593**	$ 99,785	**$ 346,583**	$ 231,443
Included in expenses:				
Contracting services provided by Kyrgyzaltyn	**$ 368**	$ 390	**$ 664**	$ 648
Management fees to Kyrgyzaltyn	**119**	78	**288**	180
Expenses paid to Kyrgyzaltyn	**$ 487**	$ 468	**$ 952**	$ 828
Dividend:				
Dividends declared to Kyrgyzaltyn	**$ 2,476**	$ 2,968	**$ 4,952**	$ 5,576
Withholding taxes	**(124)**	(142)	**(248)**	(281)
Net dividends declared to Kyrgyzaltyn	**$ 2,352**	2,826	**4,704**	5,295
Net dividends transferred to restricted cash	**(2,352)**	-	**(4,704)**	-
Net dividends paid to Kyrgyzaltyn	**$ -**	$ 2,826	**$ -**	$ 5,295

Related party balances

The assets and liabilities of the Company include the following amounts receivable from and payable to Kyrgyzaltyn:

		June 30, 2015		December 31, 2014
Amounts receivable	$	**18,825**	$	62,143
Dividend payable (net of withholding taxes)	$	**18,532**	$	13,828
Net unrealized foreign exchange gain		**(2,426)**		(1,574)
Dividend payable (net of withholding taxes)[a]		**16,106**		12,254
Amount payable		**820**		616
Total related party liabilities	$	**16,926**	$	12,870

(a) Equivalent of Cdn $20.1 million as at June 30, 2015 (December 31, 2014 - Cdn $14.2 million).

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

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn.

As at June 30, 2015, $18.8 million was outstanding under the Sales Agreement (December 31, 2014 - $62.1 million). Subsequent to June 30, 2015, the balance receivable from Kyrgyzaltyn was paid in full.

Dividends payable and restricted cash held in trust

Centerra is currently subject to an Ontario court order issued in February 2015 in favour of Valeri Belokon (Belokon). This order, among other things, (i) restricts Kyrgyzaltyn's ability to deal with 6,500,240 Centerra shares held by Kyrgyzaltyn; (ii) restricts Centerra's ability to pay dividends to Kyrgyzaltyn on all of its Centerra shares; and (iii) requires Centerra to hold in trust for the proceedings any amounts Centerra held in trust for Kyrgyzaltyn (as of the date of the court order). Therefore, notwithstanding that other court orders with similar restrictions were cancelled, Centerra continues to hold in trust for the Belokon proceeding dividend distributions otherwise payable to Kyrgyzaltyn which date back to 2012. The Belokon court order does not provide a maximum amount of dividends to be held in trust. For further information regarding Ontario court proceedings relating to the Kyrgyz Republic and Kyrgyzaltyn and their impact on Centerra, see "Other Corporate Developments".

Dividends declared and paid

Dividends declared and paid to Kyrgyzaltyn relate to the normal quarterly dividend declared by Centerra.

Quarterly Results – Previous Eight Quarters

Over the last eight quarters, Centerra's results reflect the impact of an overall decline in gold prices and decreasing input costs, such as diesel, labour and consumables which have decreased in price especially in the latter part of 2014 and into 2015. The devaluation of foreign currencies as compared to the U.S. dollar has also had a positive impact on foreign-denominated costs in the latter part of 2014 and into 2015. Production continued to be concentrated at the end of the year and this was reflected in the fourth quarter of 2014 and 2013. The quarterly production profile for 2015 is expected to be somewhat more consistent. Production and sales have been impacted by the accelerated ice movement at Kumtor which necessitated the construction of a buttress in early 2014 to mitigate the impact, resulting in a reduction of reserves, a change in the mine plan and delay in the release of gold ore from the pit. Following the update to the reserves at the end of 2014, the Company recorded, in the fourth quarter of 2014, an impairment charge to the goodwill amount it carries on its Kyrgyz assets of $111.0 million. Non-cash costs have also progressively increased since 2013 as depreciation at Kumtor increased due to its expanded mining fleet and the increased amortization of capitalized stripping resulting from increased stripping as the pit gets larger. The quarterly financial results for the last eight quarters are shown below:

$ million, except per share data *Quarterly data unaudited*	**2015**		**2014**				**2013**	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue	**147**	**213**	360	136	119	148	469	155
Net earnings (loss)	**22**	**41**	(11)	(3)	(32)	2	107	(2)
Basic earnings (loss) per share	**0.09**	**0.17**	(0.05)	(0.01)	(0.13)	0.01	0.45	(0.01)
Diluted earnings (loss) per share	**0.09**	**0.17**	(0.05)	(0.02)	(0.13)	-	0.44	(0.01)

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 most recently filed Annual Information Form (the "2014 Annual Information Form") and other subsequently filed public disclosure documents, all of which are available on SEDAR at www.sedar.com.

Kyrgyz Republic

Negotiations between Kyrgyz Republic and Centerra

The Company continues to be in discussions with the Kyrgyz Government to resolve all outstanding matters affecting the Kumtor Project, including, among other things: (i) claims made by the General Prosecutor relating to a $200 million inter-corporate dividend declared and paid by KGC to Centerra in December 2013; (ii) claims made by the General Prosecutor seeking to invalidate Kumtor's land use certificate and to seize certain lands within the Kumtor concession area; and (iii) significant environmental claims made by various Kyrgyz state agencies alleging environmental offenses and other matters totaling approximately $476 million (at applicable exchange rates when the claims were commenced).

The Company continues to have discussions with the Kyrgyz Government regarding the non-binding Heads of Agreement dated January 18, 2014 with the Government of the Kyrgyz Republic and Kyrgyzaltyn, which contemplates the restructuring of Kyrgyzaltyn's interest in Centerra and the ownership of the Kumtor Project. Centerra notes that any proposed resolution would need to be fair to all shareholders of Centerra and to receive all necessary legal and regulatory approvals under Kyrgyz Republic and Canadian laws. Currently, in connection with an arbitration award of approximately $16.5 million held by Valeri Belokon ("Belokon"), 6,500,240 shares of Centerra held by Kyrgyzaltyn (out of 77,401,766 shares owned by Kyrgyzaltyn) are subject to an Ontario court order (injunction) which places restrictions on Kyrgyzaltyn's ability to transfer, and its ability to exercise its rights as a registered shareholder of Centerra in a manner that is inconsistent with or would undermine the terms of the applicable court order. The completion of any transaction pursuant to the Heads of Agreement is subject to the resolution of the Belokon claim against the Kyrgyz Republic or the dissolution of the injunction granted by the Ontario court in respect thereof. Further details regarding the court order can be found below under "– Corporate - Ontario Court Proceedings Involving the Kyrgyz Republic and Kyrgyzaltyn".

Kyrgyz Permitting and Regulatory Matters

In the normal course of operations at Kumtor, KGC prepares annual mine plans and other documents for approval for the Kumtor Project which are considered and approved by, among others, the State Agency for Environmental and Forestry under the Government of the Kyrgyz Republic ("SAEPF") and the State Agency for Geology and Mineral Resources ("SAGMR").

KGC has received approval from SAGMR for its 2015 annual mine plan.

SAEPF continues to review the 2015 annual mine plan and, according to Kyrgyz Republic regulations, has until September 3, 2015 to complete its review. SAEPF has expressed concern that the mine plan is inconsistent with the Kyrgyz Republic Water Code. Centerra and KGC dispute SAEPF's interpretation and do not believe that the Water Code applies to the Kumtor operations. The Kyrgyz Republic Parliament considered draft amendments to the Water Code in June/July 2015 and such amendments received second reading. The Company understands that further consideration of the amendments by Parliament will occur in September. Kumtor will continue to work with the SAEPF to obtain the necessary annual mine plan approval. There can be no assurances that the annual mine plan approval will be received.

Furthermore, should Kumtor be prohibited from moving ice (as a result of the Water Code), the entire December 31, 2014 mineral reserves at Kumtor, and Kumtor's current life of mine plan would be at risk, leading to an early closure of the operation. Centerra believes that any disagreement in relation to the application of the Water Code to Kumtor would be subject international arbitration under the 2009 agreements governing the Kumtor Project (the "Kumtor Project Agreements").

Eurasian Economic Union

The recent accession of the Kyrgyz Republic into the Eurasian Economic Union (EEU) is expected to result in changes to the application of certain customs, tax and other laws in the Kyrgyz Republic. The Company believes that the 2009 Kumtor Project Agreements protect Kumtor from any adverse changes to such laws because the provisions of the 2009 Kumtor Project Agreements govern in the event of conflict with future changes to Kyrgyz laws or treaty provisions. However, there is a potential for inconsistency between the 2009 Kumtor Project Agreement and the provisions of certain Kyrgyz customs, tax and other laws as a result the Kyrgyz Republic's accession to the EEU and there can be no assurance that Kyrgyz authorities will not seek to enforce such laws on the activities of the Kumtor Project.

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. The inability to successfully resolve all such matters would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. See "Caution Regarding Forward-looking Information".

Mongolia

Gatsuurt

Following the designation of the Company's Gatsuurt Project as a mineral deposit of strategic importance by the Mongolian Parliament, the Company has been in discussions with the Government of Mongolia and its working groups to determine the economic terms of the future development of the Gatsuurt Project. Such terms are subject to continued discussions between the Company and the Mongolian Government and may include up to a 34% Mongolian ownership in the project or a special royalty in lieu of such ownership. The Company expects that Parliament will consider a proposal for the level of state ownership in or special royalty on the project this year.

Further development of the Gatsuurt Project will be subject to, among other things, receiving Parliamentary approval of the Mongolia's state ownership or special royalty as well as all required approvals and regulatory commissioning from the Mongolian Government. There are no assurances that the Company and the Mongolian Government will be able to finalize and agree upon the terms of the Government's involvement in the project, that the Mongolian

Parliament will agree upon and approve a level of ownership or special royalty for the Gatsuurt Project, and that applicable approvals and regulatory commissions from the Mongolian Government are received (in a timely fashion or at all). The inability to successfully resolve all such matters would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Corporate

Ontario Court Proceedings Involving the Kyrgyz Republic and Kyrgyzaltyn

Starting in 2011, there have been three Ontario court cases commenced by different plaintiffs against the Kyrgyz Republic and Kyrgyzaltyn, each seeking to enforce in Ontario international arbitral awards against the Kyrgyz Republic. None of such disputes relates directly to Centerra or the Kumtor project. In each of these cases, the plaintiffs have argued that the Kyrgyz Republic has an interest in the shares of Centerra held by Kyrgyzaltyn, a state controlled entity, and therefore the plaintiff can seize such number of Centerra shares and/or such amount of dividends as necessary to satisfy their respective arbitral awards against the Kyrgyz Republic. The three plaintiffs and the amount of their arbitral awards are as follows: (i) Sistem Mühendislik İnşaat Ve Ticaret Anonim Sirketi ("Sistem") commenced its claim in Ontario in March 2011 to enforce an arbitral award in the amount of approximately $9 million; (ii) Stans Energy Corp. ("Stans") commenced its claim in Ontario in October 2014 to enforce its arbitral award for approximately $118 million; and (iii) Valeri Belokon ("Belokon") commenced his claim in Ontario in February 2015 to enforce his arbitral award for approximately $16.5 million.

In the Sistem case, on June 19, 2015 the Ontario Court of Appeal made a finding that the Kyrgyz Republic was not properly served in the previous proceedings and, accordingly, it allowed Kyrgyzaltyn's appeal of a previous court's decision which determined that the Kyrgyz Republic had an equitable interest in the shares of Centerra held by Kyrgyzaltyn. The Company understands that Sistem plans to continue its enforcement proceedings in Ontario, which may involve the re-filing of the enforcement proceeding and / or an appeal of the Court of Appeal's decision.

On June 10, 2015, the Ontario Superior Court of Justice Divisional Court issued its decision in the case involving Stans. The effect of this decision was to cancel a previously issued court order (injunction) which (among other things) restricted Kyrgyzaltyn's ability to deal with 47 million Centerra shares and prevented the payment of dividends on all Centerra shares held by Kyrgyzaltyn. The court made its decision based on the existence of new evidence put forward by Kyrgyzaltyn, in particular the Moscow State Court decision dated May 15, 2015 which determined that the Moscow Chamber of Commerce and Industry ("MCCI"), the arbitral body which granted the Stans' arbitral award for $118 million, did not have jurisdiction to make an award. The Company understands that Stans' request to appeal this decision was denied, and it intends to begin other legal proceedings to have the MCCI arbitral award recognized in Ontario despite the Moscow State Court decision, and to begin a new arbitration against the Kyrgyz Republic.

In the Belokon proceedings, the court order issued in February 2015 continues to be in effect. This order restricts Kyrgyzaltyn's ability to deal with 6,500,240 Centerra shares held by Kyrgyzaltyn and restricts Centerra's ability to pay dividends to Kyrgyzaltyn. Centerra currently holds approximately $16.1 million in dividends in trust for these court proceedings against Kyrgyzaltyn.

Changes in Accounting Policies

Future Changes in accounting policies

Recently issued but not yet adopted accounting guidance are as follows:

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. The effective date of this standard is January 1, 2018, with earlier application permitted. The Company has not adopted IFRS 9 in its financial statements for the current period, but will continue to monitor and evaluate the impact of any required changes to its consolidated financial statements based on the characteristics of its financial instruments at the date of adoption.

In May 2014, the IASB issued amendments to IFRS 11, *Joint Arrangements,* to clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply all of the principles of business combinations accounting in IFRS 3, *Business Combinations*. Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the statement of financial position, statement of income and statement of comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2016, with earlier application permitted. The Company has not adopted the amendments to IAS 1 in its financial statements for the current period, but will continue to monitor and evaluate the impact of any required changes to its consolidated financial statements at the date of adoption.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting (“ICFR”)

The Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to the ICFR during the quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our ICFR. No such significant changes were identified through their evaluation.

2015 Outlook

Kumtor’s forecast 2015 production and unit costs are provided on a 100% basis and the forecast does not make any assumptions regarding possible changes in the structure and management of the Kumtor Project, including without limitation the level of ownership resulting from ongoing discussions with the Government of the Kyrgyz Republic and Kyrgyzaltyn, Centerra’s largest shareholder. See “Material Assumption and Risks” for other material assumptions or factors used to forecast production and costs for 2015.

Centerra’s 2015 guidance for production, exploration, corporate administration, community costs and DD&A is unchanged from the previous guidance disclosed in the Company’s news release of April 30, 2015. Centerra’s 2015 guidance for capital expenditures has been revised to reflect additional capital requirements for the Öksüt and Gatsuurt projects as well as updated capital expenditures forecast for Kumtor.

Centerra’s 2015 guidance for unit costs per ounce sold has been revised to reflect the revised capital expenditures guidance:

	2015 Production Forecast (ounces of gold)	**2015 All-in Sustaining Costs**NG ($ per ounce sold)	**2015 All-in Costs**NG ($ per ounce sold)
Kumtor	470,000 – 520,000	$784 – $868	$829 – $918
Boroo	10,000 - 15,000	$1,144 – $1,717	$1,495 – $2,244
Consolidated	**480,000 – 535,000**	**$865 – $959**	**$1,038 – $1,153**

2015 All-in Unit Costs
Centerra’s forecast for 2015 All-in sustaining costs per ounce soldNG, All-in costs per ounce soldNG and All-in costs (including taxes) per ounce soldNG have been revised to reflect the revised capital expenditures guidance as follows:

	Kumtor	Boroo[(4)]	Consolidated
Ounces sold forecast	470,000-520,000	10,000 - 15,000	480,000-535,000
US $ / gold ounces sold			
Operating Costs	368 – 408	364 – 546	368 – 411
Changes in inventories	(45) – (50)	465 – 697	(31) – (34)
Operating Costs (on a sales basis)	**$323 – 358**	**$829 – 1,243**	**$337 – 377**
Regional office administration	37 – 41	241 – 362	43 – 48
Social Development costs	5 – 6	24 – 36	6
Refining costs and by-product credits	1	(2)	1
Sub-Total (Adjusted Operating Costs) (1)	**$366 – 406**	**$1,092 – 1,639**	**$387 – 432**
Corporate general & administrative costs	-	-	69 – 77
Accretion expense	2 – 3	32 – 48	3 – 4
Capitalized stripping costs – cash	311 – 344	-	303 – 333
Capital expenditures (sustaining)(1)	105 – 115	20 – 30	103 – 113
All-in Sustaining Costs (1)	**$784 – 868**	**$1,144 – 1,717**	**$865 – 959**
Capital expenditures (growth) (1)	45 – 50	-	46 – 52
Other costs (2)	-	351 – 527	39 – 43
Greenstone Gold Property(5)	-	-	41 – 46
Öksüt Project(6)	-	-	47 – 53
All-in Costs	**$829 – 918**	**$1,495 – 2,244**	**$1,038 – 1,153**
Revenue-based tax and income taxes (3)	168	-	163 – 165
All-in Costs (including taxes) (1)	$997 – 1,086	$1,495 – 2,244	$1,201 –1,318

(1) Adjusted operating costs per ounce sold, all-in sustaining costs per ounce sold, all-in costs per ounce sold, all-in costs (including taxes) per ounce sold, as well as capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under "Non-GAAP Measures".
(2) Other costs per ounce sold include costs to place the Boroo mill on care and maintenance, global exploration expenses and business development expense.
(3) Includes revenue-based tax that reflects a forecast gold price assumption of $1,200 per ounce sold for the second half of 2015.
(4) At the Boroo operation, all forecast production and sales are a result of secondary leaching and mill cleanup.
(5) All-in costs include both expensed and capitalized spending by Centerra for the Greenstone Gold Property.
(6) All-in costs include both expensed and capitalized spending by Centerra for the Öksüt Project.

2015 Greenstone Gold Property

Centerra acquired a 50% interest in the Greenstone Gold Property from Premier on March 9, 2015. In partnership with Premier, Centerra revised its estimate for 2015 expenditures in connection with the project to approximately $22 million ($20.3 million in the prior guidance).

Centerra has agreed to fund exploration work and project development work including completion of the feasibility study (via capital contributions) to the partnership in the aggregate amount of C$185 million, which obligation is subject to certain feasibility study results and project advancement criteria. The forecasted spending for 2015 will be fully funded by Centerra with 50% of spending accounted for as pre-development project spending or exploration and expensed through Centerra's income statement and remaining 50% of spending accounted for as an acquisition cost of the Greenstone Gold Property capitalized on Centerra's balance sheet.

2015 Öksüt Project

The feasibility study on the Company's Öksüt Project was approved on July 28, 2015. The planned spending in 2015 for technical studies, environmental and social impact assessment, and project support are expected to be approximately $7.9 million (lower than the previous estimate of $10 million). In addition, the Company expects to spend $17.7 million on detailed engineering and down-payments on long lead items in the second half of 2015. The Company's forecast for spending $1.3 million for exploration at the Öksüt property is unchanged from the prior guidance.

2015 Capital Expenditures

Centerra's projected capital expenditures for 2015, excluding capitalized stripping, are estimated to be $97 million ($76 million in the prior guidance), including $55 million ($50 million in the prior guidance) of sustaining capital[NG] and $42 million ($26 million in the prior guidance) of growth capital[NG].

Projected capital expenditures (excluding capitalized stripping) include:

Projects	**2015 Growth Capital[NG]** (millions of dollars)	**2015 Sustaining Capital[NG]** (millions of dollars)
Kumtor	$23	$54
Mongolia (Gatsuurt and Boroo)	$1	-
Öksüt	$18	-
Corporate and other	-	$1
Consolidated Total	**$42**	**$55**

Kumtor

At Kumtor, 2015 total capital expenditures, excluding capitalized stripping, are forecast to be $77 million ($75 million in the prior guidance). Forecast for sustaining capital[NG] has increased to $54 million from $49 million in the prior guidance due to an unbudgeted purchase of a replacement production drill ($2 million), installation of a fiber optic cable to the mine site ($1 million), higher costs on the major overhaul maintenance of the heavy duty mine equipment ($1 million), and other items ($1 million).

Growth capital[NG] investment at Kumtor for 2015 has been reduced to $23 million ($26 million in the prior guidance) reflecting lower relocation costs of certain infrastructure at Kumtor contemplated in the previous life-of-mine expansion plan.

The projected cash component of capitalized stripping costs related to the development of the open pit is expected to decrease to $162 million from $185 million (in the prior guidance) reflecting lower labour and diesel costs. Total capitalized stripping, including DD&A, is forecasted at $212 million ($234 million in the prior guidance) in 2015.

Mongolia (Boroo and Gatsuurt)
At Boroo, 2015 sustaining capital[NG] expenditures are expected to be minimal with no growth capital[NG] anticipated. In January 2015, Gatsuurt was designated as a mineral deposit of strategic importance by the Mongolian Parliament which allows the project to move forward within the application of the Mongolian Water and Forest Law. The Company is continuing holding discussions with the Mongolian Government regarding the terms and conditions of participation of the Mongolian Government in the Gatsuurt Project. See “Other Corporate Developments – Mongolia”, “Risk Factors”, and “Cautionary Note Regarding Forward-Looking Information”. The Company is forecasting to spend $1 million for additional work on an environmental and social impact assessment and on personnel costs to transfer key Boroo staff members to the Gatsuurt Project.

Öksüt Project
As noted above, the Company expects to spend $17.7 million for detailed engineering and down-payments on long lead items in the second half of 2015.

Sensitivities
Centerra’s revenues, earnings and cash flows for the remaining six months of 2015 are sensitive to changes in certain variables. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	Impact on ($ millions)			
		Costs	Revenues	Cash flow	Earnings before income tax
Gold Price	**$50/oz**	1.3 – 1.6	9.3 - 11.8	8.0 - 10.2	8.0 - 10.2
Diesel Fuel	**10%**	3.0	-	4.2	3.0
Kyrgyz som(1)	**1 som**	1.0	-	1.4	1.0
Mongolian tugrik(1)	**25 tugrik**	0.1	-	0.1	0.1
Canadian dollar(1)	**10 cents**	2.0	-	2.0	2.0

(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

Material Assumptions and Risks
Material assumptions or factors used to forecast production and costs for the remaining six months of 2015 include the following:

- a gold price of $1,200 per ounce (unchanged from the prior guidance),
- exchange rates:
    - $1USD:$1.25 CAD
    - $1USD:60.0 Kyrgyz som
    - $1USD:1,900 Mongolian tugriks
    - $1USD:0.95 Euro
- diesel fuel price assumption:

- $0.62/litre at Kumtor
- $1.10/litre at Boroo

The assumed diesel price of $0.62/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately $60 per barrel.

Other material assumptions were used in forecasting production and costs for 2015. These material assumptions include the following:

- That current discussions between the Government of the Kyrgyz Republic and Centerra regarding the resolution of all outstanding matters affecting the Kumtor mine are satisfactory to Centerra, fair to all of Centerra's shareholders, and that and any such resolution will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.
- All mine plans and related permits and authorizations at Kumtor receive timely approval from all relevant governmental agencies.
- The buttress constructed at the bottom of the Davidov glacier continues to function as planned.
- The pit wall at Kumtor remains stable
- The new resource block model for the Kumtor central pit reconciles as expected against production.
- 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 action being taken by the Parliament or Government to cancel the Kumtor Project Agreements, or taking any actions which are not consistent with the rights of Centerra and Kumtor Gold Company (KGC) under the Kumtor Project Agreements.
- The previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of approximately $476 million (at the then current exchange rates) and the claims of the Kyrgyz Republic's General Prosecutor's Office purporting to invalidate land use rights and/or seize land at Kumtor and to unwind the $200 million inter-company dividend declared and paid by KGC to Centerra in December 2013, and any further claims, whether alleging environmental allegations or otherwise, are resolved without material impact on Centerra's operations or financial results.
- The accession of the Kyrgyz Republic into the Eurasian Economic Union and / or 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.
- The movement in the Central Valley Waste Dump at Kumtor, referred to in the 2013 Annual Information Form, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production, including the successful demolition of buildings and relocation of certain other infrastructure as planned.

- Grades and recoveries at Kumtor will remain consistent with the 2015 production plan to achieve the forecast gold production.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The Kumtor Mill continues to operate as expected.
- The "strategic deposit" designation of the Gatsuurt deposit will not materially change the capital forecasts for 2015.
- Special royalty, if approved, will not materially affect the business model for developing Gatsuurt.
- Prices of key consumables, costs of power and water usage fees are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.
- All necessary permits, licenses and approvals are received in a timely manner.

The Company cannot give any assurances in this regard.

Production, cost and capital forecasts for 2015 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 "Cautionary Note Regarding Forward-Looking Information" in this MD&A.

Non-GAAP Measures

This MD&A contains the following non-GAAP financial measures: all-in sustaining costs, all-in costs, all-in costs including taxes and adjusted operating costs in dollars (millions) and per ounce sold, as well as cost of sales per ounce sold, capital expenditures (sustaining), capital expenditures (growth) and average realized gold price. 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 also 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 non-GAAP measures commonly used. The definitions are consistent with the WGC's Guidance Note on these non-GAAP measures:

- *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, community costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, regional office administration costs, accretion expenses, and sustaining capital. The measure incorporates costs related to sustaining production.
- *All-in costs per ounce sold* include all-in sustaining costs and additional costs for growth capital, corporate general and administrative expenses, global exploration expenses and social development costs not related to current operations, but excludes the following:
  - Working capital (except for adjustments to inventory on a sales basis).
  - All financing charges (including capitalized interest).
  - Costs related to business combinations, asset acquisitions and asset disposals.
  - Other non-operating income and expenses, including interest income, bank charges, and foreign exchange gains and losses.
- *All-in costs including taxes per ounce sold* measure includes revenue-based taxes at Kumtor and income taxes at Boroo.
- *Capital expenditures (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 expenditures (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Average realized gold price* is calculated by dividing revenue derived from gold sales by the number of ounces sold.
- *Pre-tax cash flows* are net cash flows generated by the project excluding cash taxes and government refunds.
- *Free cash flows* are defined as cash flows generated by operating activities less capital expenditure.
- *Cumulative free cash flows* are a summation of free cash flows over the life of a project.

Adjusted Operating Cost, All-in Sustaining Costs and All-in Costs (including and excluding taxes) are non-GAAP measures used in this MD&A and can be reconciled as follows:

(1) By operation

Kumtor

(unaudited) **($ millions, unless otherwise specified)**	**Three months ended June 30,(1)** **2015**	**2014**	**Six months ended June 30,(1)** **2015**	**2014**
Cost of sales, as reported	$ **76.3**	$ 92.9	$ **183.0**	$ 188.1
Less: Non-cash component	**43.6**	56.9	**112.3**	120.5
Cost of sales, cash component	$ **32.7**	$ 36.0	$ **70.7**	$ 67.6
Adjust for:				
Regional office administration	**4.1**	5.0	**8.4**	9.4
Refining fees	**0.7**	0.5	**1.7**	1.0
By-product credits	**(0.5)**	(0.4)	**(1.5)**	(1.0)
Community costs related to current operations	**0.6**	1.8	**1.2**	2.6
Adjusted Operating Costs	**$ 37.6**	**$** 42.8	**$ 80.5**	**$** 79.6
Accretion expense	**0.2**	0.3	**0.5**	0.6
Capitalized stripping and ice unload	**49.5**	61.5	**101.2**	123.9
Capital expenditures (sustaining)	**11.8**	12.9	**24.3**	21.2
All-in Sustaining Costs	**$ 99.1**	**$** 117.5	**$ 206.5**	**$** 225.3
Capital expenditures (growth)	**3.9**	11.4	**10.3**	13.3
Exploration	**-**	-	**-**	(0.1)
All-in Costs	**$ 103.0**	**$** 128.9	**$ 216.8**	**$** 238.6
Revenue-based taxes and income taxes	**19.8**	14.0	**48.5**	32.4
All-in Costs (including taxes)	**$ 122.8**	**$** 142.9	**$ 265.3**	**$** 271.0
Ounces sold (000)	**119**	78	**288**	180
Adjusted Operating Costs per ounce sold	**$ 317**	**$** 551	**$ 280**	**$** 443
All-in Sustaining Costs per ounce sold	**$ 835**	**$** 1,511	**$ 717**	**$** 1,254
All-in Costs per ounce sold	**$ 868**	**$** 1,658	**$ 753**	**$** 1,328
All-in Costs (including taxes) per ounce sold	**$ 1,035**	**$** 1,838	**$ 922**	**$** 1,508

(1) Results may not add due to rounding

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Boroo

(unaudited)	Three months ended June 30,(1)		Six months ended June 30,(1)	
($ millions, unless otherwise specified)	**2015**	**2014**	**2015**	**2014**
Cost of sales, as reported	**$ 4.7**	$ 16.5	**$ 11.9**	$ 30.5
Less: Non-cash component	**1.5**	4.0	**3.1**	7.1
Cost of sales, cash component	**$ 3.2**	$ 12.5	**$ 8.8**	$ 23.4
Adjust for:				
Regional office administration	**0.9**	1.1	**1.9**	2.4
Mine stand-by costs	**0.8**	0.2	**3.1**	0.2
Refining fees	**-**	-	**-**	0.1
By-product credits	**-**	-	**-**	(0.1)
Community costs related to current operations	**0.1**	(0.1)	**0.2**	0.1
Adjusted Operating Costs	**$ 5.0**	$ 13.7	**$ 14.0**	$ 26.1
Accretion expense	**0.2**	0.1	**0.3**	0.2
Capital expenditures (sustaining)	**-**	0.1	**0.1**	0.3
All-in Sustaining Costs	**$ 5.2**	$ 13.9	**$ 14.4**	$ 26.6
All-in Costs	**$ 5.2**	$ 13.9	**$ 14.4**	$ 26.6
Income taxes (cash)	**0.1**	-	**0.2**	-
All-in Costs (including taxes)	**$ 5.3**	$ 13.9	**$ 14.6**	$ 26.6
Ounces sold (000)	**4.3**	15.3	**10.3**	27.8
Adjusted Operating Costs per ounce sold	**$ 1,168**	$ 901	**$ 1,342**	**$** 935
All-in Sustaining Costs per ounce sold	**$ 1,214**	$ 915	**$ 1,382**	**$** 954
All-in Costs per ounce sold	**$ 1,214**	$ 915	**$ 1,382**	**$** 954
All-in Costs (including taxes) per ounce sold	**$ 1,231**	$ 915	**$ 1,399**	**$** 954

(1) Results may not add due to rounding

2) Consolidated

Centerra

(unaudited) ($ millions, unless otherwise specified)	Three months ended June 30,[1] 2015	2014	Six months ended June 30,[1] 2015	2014
Cost of sales, as reported	$ **81.0**	$ 109.4	$ **194.9**	$ 218.5
Less: Non-cash component	**45.0**	60.9	**115.5**	127.6
Cost of sales, cash component	$ **36.0**	$ 48.5	$ **79.4**	$ 90.9
Adjust for:				
Regional office administration	**5.0**	6.1	**10.3**	11.8
Mine stand-by costs	**0.8**	0.2	**3.1**	0.2
Refining fees	**0.7**	0.5	**1.8**	1.1
By-product credits	**(0.6)**	(0.4)	**(1.5)**	(1.1)
Community costs related to current operations	**0.7**	1.7	**1.4**	2.7
Adjusted Operating Costs	$ **42.7**	$ 56.6	$ **94.5**	$ 105.6
Corporate general administrative costs	**10.7**	11.7	**20.0**	18.2
Accretion expense	**0.4**	0.4	**0.8**	0.8
Capitalized stripping and ice unload	**49.5**	61.5	**101.2**	123.9
Capital expenditures (sustaining)	**12.0**	13.0	**24.7**	21.6
All-in Sustaining Costs	$ **115.3**	$ 143.3	$ **241.1**	$ 270.2
Capital expenditures (growth)	**4.3**	11.6	**10.8**	13.8
Exploration and business development	**2.1**	4.0	**4.9**	6.6
Other project costs not related to current operations	**4.9**	1.3	**8.2**	2.2
All-in Costs	$ **126.7**	$ 160.2	$ **265.0**	$ 292.8
Revenue-based taxes and income taxes (cash)	**19.9**	14.0	**48.7**	32.4
All-in Costs (including taxes)	$ **146.6**	$ 174.2	$ **313.7**	$ 325.3
Ounces sold (000)	**123.1**	93.0	**298.3**	207.5
Adjusted Operating Costs per ounce sold	$ **347**	$ 608	$ **317**	$ 509
All-in Sustaining Costs per ounce sold	$ **938**	$ 1,540	$ **808**	$ 1,302
All-in Costs per ounce sold	$ **1,030**	$ 1,722	$ **888**	$ 1,411
All-in Costs (including taxes) per ounce sold	$ **1,191**	$ 1,873	$ **1,052**	$ 1,567

(1) Results may not add due to rounding

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

Three months ended June 30,	Kumtor	Boroo	All other	Consolidated
($ millions) *(Unaudited)* **2015**				
Capitalized stripping –cash	**49.5**	**-**	**-**	**49.5**
Sustaining capital - cash	**11.8**	**-**	**0.2**	**12.0**
Growth capital - cash	**3.9**	**-**	**0.5**	**4.4**
Greenstone Gold Property pre-development capital - cash	**-**	**-**	**4.3**	**4.3**
Net increase in accruals included in additions to PP&E	**0.3**	**-**	**-**	**0.3**
Total - Additions to PP&E	**65.5**	**-**	**5.0**	**70.5** [(1)]
2014				
Capitalized stripping – cash	61.5	-	-	61.5
Sustaining capital – cash	12.9	0.1	-	13.0
Growth capital - cash	11.4	-	0.2	11.6
Net decrease in accruals included in additions to PP&E	(2.8)	-	-	(2.8)
Total - Additions to PP&E	83.0	0.1	0.2	83.3 [(1)]

Six months ended June 30,	Kumtor	Boroo	All other	Consolidated
($ millions) *(Unaudited)* **2015**				
Capitalized stripping –cash	**101.2**	**-**	**-**	**101.2**
Sustaining capital - cash	**24.3**	**0.1**	**0.3**	**24.7**
Growth capital - cash	**10.3**	**-**	**0.4**	**10.7**
Greenstone Gold Property pre-development capital - cash	**-**	**-**	**5.9**	**5.9**
Net increase in accruals included in additions to PP&E	**0.1**	**-**	**-**	**0.1**
Total - Additions to PP&E	**135.9**	**0.1**	**6.6**	**142.6** [(1)]
2014				
Capitalized stripping – cash	123.9	-	-	123.9
Sustaining capital – cash	21.2	0.3	0.1	21.6
Growth capital - cash	13.3	-	0.5	13.8
Net decrease in accruals included in additions to PP&E	(3.2)	-	-	(3.2)
Total - Additions to PP&E	155.2	0.3	0.6	156.1 [(1)]

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

Qualified Person and QA/QC

The scientific and technical information in this MD&A, including the production estimates were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* 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.

Caution Regarding Forward-Looking Information

Information contained in this MD&A which are not statements of historical facts, and the documents incorporated by reference herein, may be "forward-looking information" for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things: expectations regarding the Company's cash and short term investments and its 2015 business plans; expectations relating to the Company's production and costs for 2015; matters relating to the Öksüt Project including progress and expected completion of the environmental impact assessment and feasibility study, applications for and receipt of permits, production and processing parameters and estimates, and engineering and the ordering of long lead time items; the successful resolution of outstanding matters in the Kyrgyz Republic to the benefit of all shareholders, including discussions relating to the Heads of Agreement signed on January 18, 2014; further consideration by Mongolian Parliament (and the timing thereof) of the nature and extent of Mongolia's participation in the Gatsuurt project; the Company's intentions to continue working with SAEPF to obtain the necessary expertise necessary for the operation of the Kumtor mine; statements regarding the obtaining of approvals to start mining the Sarytor deposit at Kumtor; the intention of third parties, such as Sistem, Stans, or Belokon to initiate or continue legal proceedings; the Company's plans in 2015 for exploration and expenditures for the Greenstone Gold Project, including the updating of the resource block model and revisions to the resource estimate for the Hardrock deposit, the Öksüt Project and the Lagares exploration property in Portugal; further consideration by Kyrgyz Parliament of amendments to the 2005 Water Code and the potential effect on the Kumtor Project of Kumtor being prevented from moving ice; the effect on Kumtor of the accession of the Kyrgyz Republic to the EEU; and estimates for production and costs on the Company's properties.

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, Mongolia and Turkey; 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 in the jurisdictions in which the Company operates including any unjustified civil or criminal action against the Company, its affiliates or its current or former employees; 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 pursuant to a court claim commenced by the Kyrgyz Republic GPO; 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 and permits, including the delay currently being experienced at the Kumtor Project over the Kumtor 2015 life of mine plan and ecological passport; the rights of the Mongolian Government to take an interest in the Gatsuurt Project as a result of the deposit being declared a strategic deposit, and the terms of any such participation, or to take a special royalty rate which has yet to be defined; the impact of changes to, the increased enforcement of, environmental laws and regulations relating to the Company's operations; 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 negotiate a successful deposit development agreement for Gatsuurt; 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; difficulties with Centerra's joint venture partners; and aboriginal claims and consultative issues relating to the Company's 50% interest in the Greenstone Gold Property; 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 prices, the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's revolving credit facility which may, among other things, restrict the Company from pursuing certain business activities, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (C) risks related to operational matters and geotechnical issues, including: movement of the Davidov Glacier and the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage such matters, including the continued performance of the buttress; the occurrence of further ground movements at the Kumtor Project and mechanical availability; 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 obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height; the Company's ability to replace its mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required; the risk that Centerra's workforce may be exposed to widespread epidemic; seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia; long lead times required for equipment and supplies given the remote location of 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, including the Greenstone Gold Partnership; 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 "Risk Factors" in the Company's 2014 Annual Information Form available on SEDAR at www.sedar.com.

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

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward-looking information is as of July 28, 2015. 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.