Centerra Gold Inc.

Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

(Expressed in thousands of United States Dollars)

Report of Management's Accountability

The Consolidated Financial Statements have been prepared by the management of the Company. Management is responsible for the integrity, consistency and reliability of all such information presented. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The preparation of the Consolidated Financial Statements involves the use of estimates and assumptions based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances, with critical analysis of the significant accounting policies followed by the Company as described in Note 3 to the Consolidated Financial Statements. The preparation of the Consolidated Financial Statements includes information regarding the estimated impact of future events and transactions. Actual results in the future may differ materially from the present assessment of this information because future events and circumstances may not occur as expected.

In meeting its responsibility for the reliability of financial information, management maintains and relies on a comprehensive system of internal controls and checks to see if the controls are operating as designed. The system of internal controls includes a written corporate conduct policy; implementation of a risk management framework; effective segregation of duties and delegation of authorities; and sound and conservative accounting policies that are regularly reviewed. This structure is designed to provide reasonable assurance that assets are safeguarded and that reliable information is available on a timely basis. In addition internal controls on financial reporting and disclosure controls have been documented, evaluated and tested in a manner consistent with National Instrument 52-109.

The Consolidated Financial Statements have been audited by KPMG LLP, independent external auditors appointed by the Company's shareholders. The external auditors' responsibility is to express their opinion on whether the Consolidated Financial Statements are fairly presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. KPMG LLP's report outlines the scope of their examination and their opinion.

The Company's Board of Directors, through its Audit Committee, are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee met periodically with management, the internal auditors, and the external auditors to satisfy itself that each group had properly discharged its respective responsibility and to review the Consolidated Financial Statements before recommending approval by the Board of Directors. The external auditors had direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting.

The Company's President and Chief Executive Officer and the Company's Vice President and Chief Financial Officer have evaluated the design and operating effectiveness of related disclosure controls and procedures and internal controls over financial reporting based on criteria established in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Original signed by:	*Original signed by*:
Scott G. Perry	Darren J. Millman
President and Chief Executive Officer	*Vice President and Chief Financial Officer*

February 22, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Centerra Gold Inc.

We have audited the accompanying consolidated financial statements of Centerra Gold Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of earnings and comprehensive income, Shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Centerra Gold Inc. as at December 31, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Original Signed by:

KPMG LLP
Chartered Professional Accountants, Licensed Public Accountants
February 22, 2018
Toronto, Canada

Centerra Gold Inc.
Consolidated Statements of Financial Position

(Expressed in thousands of United States Dollars)	Notes	December 31, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents		**$ 415,891**	$ 160,091
Restricted cash and restricted short-term investments	**7**	**-**	247,844
Amounts receivable	**8**	**63,902**	48,097
Inventories	**9**	**506,208**	540,753
Prepaid expenses and other current assets	**10**	**25,933**	18,418
		1,011,934	1,015,203
Property, plant and equipment	**11**	**1,674,444**	1,564,891
Goodwill	**6**	**16,070**	16,070
Restricted cash	**7**	**687**	824
Reclamation deposits	**17**	**26,525**	32,035
Other assets	**12**	**42,515**	25,728
		1,760,241	1,639,548
Total assets		**$ 2,772,175**	$ 2,654,751
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	**13**	**$ 181,829**	$ 130,342
Provision for Kyrgyz Republic settlement	**21**	**53,000**	-
Short-term debt	**14**	**48,536**	72,281
Current portion of lease obligations	**15**	**31,986**	-
Revenue-based taxes payable		**15,953**	19,202
Taxes payable		**2,592**	2,302
Current portion of provision for reclamation	**17**	**832**	918
Current portion of derivative liabilities	**29**	**16,057**	1,512
Other current liabilities	**12**	**7,021**	51
		357,806	226,608
Long-term debt	**14**	**211,611**	392,851
Provision for reclamation	**17**	**166,174**	157,498
Lease obligations	**15**	**-**	29,901
Deferred income tax liability	**16**	**-**	1,661
Derivative liabilities	**29**	**7,273**	-
Other liabilities	**12**	**3,882**	21,950
		388,940	603,861
Shareholders' equity			
Share capital	**25**	**948,121**	944,633
Contributed surplus		**25,781**	25,876
Accumulated other comprehensive loss		**(14,371)**	(2,592)
Retained earnings		**1,065,898**	856,365
		2,025,429	1,824,282
Total liabilities and Shareholders' equity		**$ 2,772,175**	$ 2,654,751

Commitments and contingencies (note 26)

Subsequent events (note 32)

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

Approved by the Board of Directors

Original signed by:

Stephen Lang   Richard Connor

Centerra Gold Inc.
Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 31,	Notes		2017		2016
(Expressed in thousands of United States Dollars)					
(except per share amounts)					
Gold sales		$	**928,099**	$	712,737
Copper sales			**125,938**		25,951
Molybdenum sales			**136,760**		16,780
Tolling, calcining and other			**8,231**		2,255
Revenue			**1,199,028**		757,723
Cost of sales	18		**682,094**		411,607
Standby costs, net			**6,400**		259
Regional office administration			**18,212**		14,722
Earnings from mine operations			**492,322**		331,135
Revenue-based taxes			**96,729**		96,293
Other operating expenses	20		**13,764**		2,744
Care and maintenance expense			**13,198**		1,766
Pre-development project costs			**4,794**		10,687
Exploration expenses and business development			**11,442**		12,994
Thompson Creek Metals Inc. acquisition and integration expenses			**2,363**		12,015
AuRico Metals Inc. acquisition and integration expenses			**1,552**		-
Corporate administration	19		**37,918**		27,583
Asset impairment	22		**41,983**		-
Kyrgyz Republic settlement	21		**60,000**		-
Earnings from operations			**208,579**		167,053
Other income, net	23		**(13,315)**		(40)
Finance costs	24		**30,562**		11,053
Earnings before income tax			**191,332**		156,040
Income tax (recovery) expense	16		**(18,201)**		4,502
Net earnings		$	**209,533**	$	151,538
Other Comprehensive Income					
Items that may be subsequently reclassified to earnings:					
Net gain (loss) on translation of foreign operation			**2,405**		(2,573)
Net movement in cashflow hedge, net of tax	29		**(14,143)**		(387)
Post-retirement benefit, net of tax			**(41)**		148
Other comprehensive loss			**(11,779)**		(2,812)
Total comprehensive income		$	**197,754**	$	148,726
Basic earnings per common share	25	$	**0.72**	$	0.60
Diluted earnings per common share	25	$	**0.72**	$	0.60

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

Centerra Gold Inc.
Consolidated Statements of Cash Flows

For the years ended December 31,		2017	2016
(Expressed in thousands of United States Dollars)	Notes		
Operating activities			
Net earnings		**$ 209,533**	$ 151,538
Adjustments for the following items:			
Depreciation, depletion and amortization	**11**	**200,702**	205,176
Finance costs	**24**	**30,562**	11,053
Loss on disposal of equipment		**954**	210
Compensation expense on stock options		**1,019**	2,456
Other share based compensation expense (reversal)		**6,473**	(668)
Inventory impairment (reversal)	**18**	**-**	(27,216)
Income tax (recovery) expense		**(18,201)**	4,502
Asset impairment	**22**	**41,983**	-
Kyrgyz Republic Settlement	**21**	**60,000**	-
Gain on sale of ATO project	**23**	**(9,800)**	-
		523,225	347,051
Change in operating working capital	**31(a)**	**(11,693)**	32,658
Purchase and settlement of derivatives		**(4,135)**	(2,099)
Payments toward provision for reclamation		**(432)**	(613)
Income taxes paid		**(6,069)**	(5,553)
Cash provided by operations		**500,896**	371,444
Investing activities			
Additions to property, plant and equipment	**31(b)**	**(266,854)**	(212,832)
Lease payments - Capital equipment		**-**	(3,810)
Net purchase of short-term investments		**-**	181,613
Payment to Thompson Creek Metals Inc. debtholders		**-**	(881,018)
Cash received on completion of acquisition		**-**	98,054
Decrease (increase) in restricted cash		**247,981**	(248,045)
Reclamation deposits payments and change in other assets		**(1,780)**	(5,964)
Proceeds from the sale of the ATO project		**9,800**	**-**
Proceeds from disposition of fixed assets		**226**	**-**
Cash used in investing		**(10,627)**	(1,072,002)
Financing activities			
Dividends paid		**-**	(22,946)
Debt (repayment) proceeds	**31(c)**	**(208,363)**	398,363
Payment of interest and borrowing costs	**31(c)**	**(28,303)**	(18,323)
Proceeds from common shares issued for options exercised		**2,197**	1,581
Proceeds from subscription receipts issued		**-**	141,361
Cash (used in) provided by financing		**(234,469)**	500,036
Increase (decrease) in cash during the year		**255,800**	(200,522)
Cash and cash equivalents at beginning of the year		**160,091**	360,613
Cash and cash equivalents at end of the year		**$ 415,891**	$ 160,091
Cash and cash equivalents consist of:			
Cash		**$ 372,753**	$ 60,995
Cash equivalents		**43,138**	99,096
		$ 415,891	$ 160,091

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

Centerra Gold Inc.
Consolidated Statements of Shareholders' Equity

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

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Loss ("AOCI")	Retained Earnings	Total
Balance at January 1, 2016	237,889,274 $	668,705 $	24,153 $	220 $	727,773 $	1,420,851
Share-based compensation expense	-	-	2,456	-	-	2,456
Shares issued on exercise of stock options	337,669	2,314	(733)	-	-	1,581
Shares issued on redemption of restricted share units	5,504	28	-	-	-	28
Shares issued to settle obligations	4,117,120	19,857	-	-	-	19,857
Shares issued to former Thompson Creek Metal Inc. shareholders	22,327,001	112,368	-	-	-	112,368
Shares issued in equity offering	26,599,500	141,361	-	-	-	141,361
Foreign currency translation	-	-	-	(2,573)	-	(2,573)
Net movement in cashflow hedge, net of tax (note 29)	-	-	-	(387)	-	(387)
Dividends declared	-	-	-	-	(22,946)	(22,946)
Post retirement benefit, net of tax	-	-	-	148	-	148
Net earnings for the year	-	-	-	-	151,538	151,538
Balance at December 31, 2016	291,276,068 $	944,633 $	25,876 $	(2,592)$	856,365 $	1,824,282
Share-based compensation expense	**-**	**-**	**1,020**	**-**	**-**	**1,020**
Shares issued on exercise of stock options	**480,008**	**3,313**	**(1,115)**	**-**	**-**	**2,198**
Shares issued on redemption of restricted share units	**26,770**	**175**	**-**	**-**	**-**	**175**
Foreign currency translation	**-**	**-**	**-**	**2,405**	**-**	**2,405**
Net movement in cashflow hedge, net of tax (note 29)	**-**	**-**	**-**	**(14,143)**	**-**	**(14,143)**
Post retirement benefit, net of tax	**-**	**-**	**-**	**(41)**	**-**	**(41)**
Net earnings for the year	**-**	**-**	**-**	**-**	**209,533**	**209,533**
Balance at December 31, 2017	**291,782,846 $**	**948,121 $**	**25,781 $**	**(14,371)$**	**1,065,898 $**	**2,025,429**

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

1. Nature of operations

Centerra Gold Inc. ("Centerra" or the "Company") was incorporated under the *Canada Business Corporations Act* on November 7, 2002. Centerra's common shares are listed on the Toronto Stock Exchange. The Company is domiciled in Canada and its registered office is located at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1. The Company is primarily focused on operating, developing, exploring and acquiring gold and copper properties in North America, Asia and other markets worldwide.

On October 20, 2016, the Company completed the acquisition of Thompson Creek Metals Company Inc. ("Thompson Creek" or "TCM") and on January 8, 2018, it completed the acquisition of AuRico Metals Inc. ("AuRico" or "AMI"). Centerra acquired all of the issued and outstanding common shares of Thompson Creek and AuRico. See notes 6 and 32, respectively, for additional details on the transactions.

2. Basis of presentation

The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issuance by the Board of Directors of the Company on February 22, 2018.

These consolidated financial statements have been prepared under the historical cost basis, except for cash and cash equivalents, restricted cash and restricted short-term investments, provisionally priced amounts receivable, derivative instruments, liabilities for cash settled share-based compensation and post-retirement benefit liability (measured at fair value) and inventories (measured at the lower of cost or net realizable value ("NRV")).

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

3. Summary of significant accounting policies

The significant accounting policies summarized below have been applied consistently to all periods presented in these consolidated financial statements.

a. Consolidation principles

These consolidated financial statements include the accounts of Centerra and its subsidiaries. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Centerra's significant subsidiaries and joint operations are as follows:

			Ownership	
Entity	**Property - Location**	**Current status**	**2017**	**2016**
Kumtor Gold Company ("KGC")	Kumtor Mine - Kyrgyz Republic	Operation	100%	100%
Thompson Creek Metals Company Inc.	Mount Milligan Mine - Canada	Operation	100%	100%
Langeloth Metallurgical Company LLC ("Langeloth") Molybdenum Processing Facility	Langeloth - United States	Operation	100%	100%
Boroo Gold LLC ("BGC")	Boroo Mine - Mongolia	Stand-by	100%	100%
Centerra Gold Mongolia LLC	Gatsuurt Project - Mongolia	Pre-development	100%	100%
Öksüt Madencilik A.S. ("OMAS")	Öksüt Project - Turkey	Pre-development	100%	100%
Greenstone Gold Mines LP ("Greenstone Partnership")	Greenstone Gold Property - Canada	Pre-development	50%	50%
Thompson Creek Mining Company	Thompson Creek Mine - United States	Care and Maintenance	100%	100%
Thompson Creek Metals Company Inc.	Endako Mine - Canada	Care and Maintenance	75%	75%

As part of the AuRico acquisition (note 32), the Company acquired the Kemess Underground property, Kemess East property and a royalty portfolio which includes a 1.5% net smelter return ("NSR") royalty on the Young-Davidson gold mine in Ontario, Canada and a 2.0% NSR royalty on the Fosterville mine in Australia.

As at December 31, 2017, the Company had also entered into agreements to earn interests in joint venture exploration properties located in Sweden, Canada, Mexico and Nicaragua.

Inter-company transactions between subsidiaries are eliminated on consolidation.

b. Business combinations

The Company uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets received and, the liabilities assumed or the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

c. Foreign currency

The functional currency of the Company and its subsidiaries is the U.S. dollar ("USD"), which is also the presentation currency of the consolidated financial statements. The functional and reporting currency of the Greenstone Partnership is the Canadian dollar ("Cdn$"), which results in translation gains (losses) being recorded as part of Other Comprehensive Income in the Consolidated Statements of Earnings and Comprehensive Income ("Statements of Earning").

Foreign currency transactions are translated into the entity's functional currency using the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statements of Earnings. Non-monetary assets and liabilities, arising from transactions denominated in foreign currencies, are translated at the historical exchange rates prevailing at each transaction date.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term investments with original maturities of 90 days or less. Cash and cash equivalents are classified as financial instruments carried at amortized cost.

e. Short-term investments

Short-term investments consist of marketable securities with original maturities of more than 90 days but no longer than 12 months, from the date of purchase. Short-term investments consist mostly of U.S. federal, Canadian federal and provincial government treasury bills and notes, agency notes, foreign sovereign issues, term deposits, bankers' acceptances, bearer deposit notes, and highly-rated, highly-liquid corporate direct credit. Short-term investments are classified as financial instruments carried at fair value through profit or loss.

f. Restricted cash and restricted short-term investments

Cash and short-term investments which are subject to legal or contractual restrictions on their use are classified separately as restricted cash and restricted short-term investments.

g. Inventories

Inventories of stockpiled ore, in-circuit gold, gold and copper concentrate, gold doré and molybdenum inventory are valued at the lower of weighted average production cost and NRV. Finished gold and copper inventory valuation is based on payable ounces or pounds of the respective commodity. The production cost of inventories is determined on a weighted-average basis and includes direct materials, direct labour, transportation, shipping, freight and insurance costs, mine-site overhead expenses and depreciation, depletion and amortization of mining assets. Molybdenum inventory additionally includes amounts paid for molybdenum concentrate purchased from third parties, as well as costs associated with beneficiation and roasting.

Stockpiled ore is ore that has been extracted from the mine and is available for further processing. Costs are added to the cost of stockpiles based on the current mining cost per unit mined and removed at the average cost per unit of the stockpiled ore. In-circuit inventories represent materials that are in the process of being converted to gold doré or concentrate. Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to NRV are accounted for on a prospective basis.

When inventories are sold, the carrying amount is recognized as an expense in the period in which the related revenue is recognized. Any write-down of inventories to NRV or reversals of previous write-downs are recognized in the Statements of Earnings in the period that the write-down or reversal occurs. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to sell.

Consumable supplies and spare parts are valued at the lower of weighted average cost and NRV, which approximates replacement cost. Replacement cost includes expenditures incurred to acquire the inventories and bring them to their existing location and condition. Any provision for obsolescence is determined by reference to specific stock items identified as obsolete. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal. Consumable supplies for operations in the care and maintenance stage of the mine life cycle and which are not expected to be used in the next twelve months are classified as long-term.

h. Property, plant and equipment

i. General

Property, plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment charges.

Major overhaul expenditures and the cost of replacement of a component of plant and mobile equipment are capitalized and depreciated over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of mobile equipment are charged to the cost of production.

Directly attributable costs, including capitalized borrowing costs, incurred for major capital projects and site preparation are capitalized until the asset is in a location and condition necessary for operation as intended by management. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

Management annually reviews the estimated useful lives, residual values and depreciation methods of the Company's property, plant and equipment and also when events and circumstances indicate that such a review should be undertaken. Changes to estimated useful lives, residual values or depreciation methods resulting from such reviews are accounted for prospectively.

An item of property, plant and equipment is de-recognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between any proceeds received and the carrying amount of the asset) is included in the Statements of Earnings in the year the asset is de-recognized.

ii. Exploration, evaluation and pre-development expenditure

All exploration and evaluation expenditures of the Company within an area of interest are expensed until management and Board of Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable. In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource is considered. Once a project has been established as commercially viable and technically feasible, and approval is received from the Board of Directors, further expenditures are capitalized as development costs.

Exploration and evaluation assets acquired are initially recognized at fair value as exploration rights within property, plant and equipment.

iii. Development properties (underground and open pit)

A property, either open pit or underground, is classified as a development property when a mine plan has been prepared and a decision is made to commercially develop the property.

All expenditures incurred from the time the development decision is made until the commencement of commercial levels of production from each development property are capitalized. In addition, capitalized costs are assessed for impairment when there is an indicator of impairment.

Development properties are not depleted until they are reclassified as mine property assets following the achievement of commercial levels of production.

iv. Mine properties

All direct costs related to the acquisition of mineral property interests are capitalized at the date of acquisition.

After a mine property has been brought into commercial production, costs of any additional mining, in-pit drilling and related work on that property are expensed as incurred. Mine development costs incurred to expand operating capacity, develop new ore bodies or develop mine areas in advance of current production, including the stripping of waste material, are capitalized and then depleted on a unit-of-production basis.

v. Deferred stripping costs

Stripping costs incurred in the production phase of a mining operation are accounted for as production costs and are included in the costs of inventory produced. Stripping activity that improves access to ore in future periods is accounted for as an addition to or enhancement of an existing asset. The Company recognizes stripping activity assets when the following three criteria are met:

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

Stripping activity assets are depleted on a unit-of-production basis in subsequent periods over the proven and probable reserves to which they relate.

vi. Depreciation and depletion

Buildings, plant and equipment used in production and mineral properties, with the exception of Langeloth, are depreciated or depleted using the unit-of-production method over proven and probable ore reserves, or if their estimated useful lives are shorter, on a straight-line basis over the useful lives of the particular assets. Under this process, depreciation commences when ore is extracted from the ground. The depreciation charge is allocated to inventory throughout the production process from the point at which ore is extracted from the pit until the ore is processed into its final form, gold doré or concentrate. Where a change in estimated recoverable gold ounces or copper pounds contained in proven and probable ore reserves is made, adjustments to depreciation are accounted for prospectively. Langeloth's property, plant and equipment are depreciated on a straight-line basis, based on estimated useful lives which range from five to twenty years.

Mobile equipment and other assets, such as offsite roads, buildings, office furniture and equipment are depreciated using the straight-line method based on estimated useful lives which range from two to twenty years, but do not exceed the related estimated mine life based on proven and probable ore reserves.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are depreciated separately but are grouped for disclosure purposes as property, plant and equipment.

i. Goodwill

Goodwill represents the difference between the cost of a business acquisition and the fair value of the identifiable net assets acquired. Subsequent to recording, goodwill is measured at cost less accumulated impairment losses and is not amortized.

Goodwill, upon acquisition, is allocated to the cash-generating units ("CGU") expected to benefit from the related business combination. A CGU, in accordance with IAS 36, *Impairment of Assets*, is identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash flows from other assets.

The Company evaluates, on at least an annual basis, the carrying amount of a CGU to which goodwill is allocated, for potential impairment.

j. Impairment

Long term assets, including goodwill, are reviewed for impairment if an event occurs which leads to an indication that the carrying amount may be impaired. In addition, goodwill is tested for impairment annually on September 1.

To accomplish this impairment testing, the Company compares the recoverable amount (which is the greater of value-in-use and fair value less costs of disposal (“FVLCD”) of the CGU) to its carrying amount. If the carrying amount of a CGU exceeds its recoverable amount, the Company first applies the difference to reduce goodwill and then any further excess is applied to the CGU’s other long-lived assets. Assumptions, such as gold price, copper price, molybdenum price, exchange rates, discount rate, and expenditures underlying the estimate of recoverable value are subject to risks and uncertainties.

The best evidence of FVLCD is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCD is based on the best information available to reflect the amount the Company could receive for the CGU in an arm’s length transaction, which the Company typically estimates using discounted cash flow methods based on detailed mine and/or production plans.

k. Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the Statements of Earnings except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company, at the end of the reporting period, intends to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l. Provisions

Provisions are recorded when a legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the amount required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the present value of cash flows estimated to settle the present obligation, discounted using a pre-tax risk-free discount rate consistent with the time period of expected cash flows.

m. Asset retirement and reclamation obligations

Asset retirement and reclamation costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated asset retirement and reclamation costs are provided in the accounting period when the obligation arising from the related disturbance occurs based on the net present value of estimated future costs.

Provision for asset retirement and reclamation costs recognized is estimated based on the risk-adjusted costs required to settle present obligations discounted using a pre-tax risk-free discount rate consistent with the time period of expected cash flows.

Asset retirement and reclamation obligations relating to operating mines and development projects are initially recorded with a corresponding increase to the carrying amounts of related mining properties. Changes to the obligations may arise as a result of the translation of obligations which are considered monetary assets or changes in discount rates and timing or amounts of the costs to be incurred. These changes are also accounted for as changes in the carrying amounts of related mining properties, except where a reduction in the obligation is greater than the amount capitalized, in which case the capitalized costs are reduced to nil and the remaining adjustment is included as a reduction in profit or loss in the Statements of Earnings.

If reclamation and restoration costs are incurred as a consequence of the production of inventory, the costs are recognized as a cost of that inventory. Asset retirement and reclamation obligations related to inactive and closed mines are included in profit or loss in the Statements of Earnings on initial recognition and subsequently when re-measured.

n. Earnings per share

Basic earnings per share is computed by dividing the net earnings by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed by dividing the net earnings applicable to common shares, after adjusting for the effect of performance share units as though they were accounted for as an equity instrument, by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as stock options and restricted share units. Diluted earnings per share is calculated using the treasury method, where the exercise of stock options and restricted share units are assumed to be at the beginning of the period, the proceeds from the exercise of stock options and restricted share units and the amount of compensation expense measured but not yet recognized in profit or loss are assumed to be used to purchase common shares of the Company at the average market price during the period. The incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted earnings per share computation.

Equity instruments that could potentially be dilutive in the future, but do not currently have a dilutive effect are excluded from the calculation of diluted earnings per share.

o. Revenue recognition

The Company sells its products pursuant to sales contracts entered into with its customers. Revenue associated with the sale of gold, concentrates and molybdenum products is recognized when all significant risks and rewards of ownership are transferred to the customer and the amount of revenue can be measured reliably. Typically the transfer of risks and rewards associated with ownership occurs when the customer has taken delivery and the consideration is received, or to be received. For concentrate sales, the passing of title and risk of loss are based on the terms of the sales contracts, generally upon the earlier of loading of the shipment at the Port of Vancouver or payment by the customer.

Revenues from the Company’s concentrate sales are based on a provisional sales price and recorded upon the transfer of title to the customer, with adjustments made for a final sales price calculated in accordance with the terms specified in the relevant sales contract. Revenues from concentrate sales are recorded net of treatment and all refining charges and the impact of derivative contracts. Treatment and refining charges represent payments or price adjustments that are contractually negotiated, as typical in the industry. Moreover, because a portion of the metals contained in concentrate is unrecoverable as a result of the smelting process, the Company's revenues from concentrate sales are also recorded net of allowances based on the quantity and value of these unrecoverable metals.

The provisional prices are finalized in a specified future month (generally one to four months from the date of title transfer) based on spot copper prices on the London Metal Exchange ("LME") or spot gold prices on the London Bullion Market Association ("LBMA"). The Company receives market prices based on prices in the specified future month, which results in mark-to-market price fluctuations recorded to revenues until the date of settlement. To the extent final prices are higher or lower than what was recorded on a provisional basis, an increase or decrease to revenues is recorded each reporting period reflecting estimated forward prices until the date of final pricing. For changes in metal quantities upon receipt of final assay, the provisional sales quantities are adjusted as well.

To satisfy its obligations under the Gold and Copper Stream Arrangement, the Company purchases refined gold and LME copper warrants and arranges for delivery to RGLD Gold AG and Royal Gold, Inc (collectively “Royal Gold”). Revenue from Royal Gold and costs for refined physical gold and LME copper warrants delivered under the Gold and Copper Stream Arrangement and gains and losses related to the Company's forward commodity contracts to economically hedge the Company's commodity price exposure under the Gold and Copper Stream Arrangement are netted and recorded to revenue.

The Company's molybdenum sales contracts specify the point in the delivery process at which title transfers to the customer (shipping point or destination). Shipping and handling fees are accounted for on a gross basis under the terms of the contracts. The Company recognizes tolling and calcining revenue under contractual arrangements as the services are performed on a per-unit basis.

p. Share-based compensation

The Company has five share-based compensation plans: the Stock Option plan, Performance Share Unit plan, Deferred Share Unit Plan, Restricted Share Unit Plan and Employee Share Purchase Plan.

i. Stock Option plan

Stock options are equity-settled share-based compensation awards. The fair value of stock options at the grant date is estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the stock option vesting period based on the number of units estimated to vest. This expense is recognized as share-based compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus, are credited to common shares.

ii. Performance Share Unit Plan

Units under Centerra’s Performance Share Unit Plan, performance share units can be granted to employees and officers of the Company. A performance share unit represents the right to receive the cash equivalent of a common share or, at the Company's option, a common share purchased on the open market. Performance share units are accounted for under the liability method using the Monte Carlo simulation option pricing model and vest 50% at the end of the year after grant and the remaining 50% the following year. Under this method, a portion of the fair value of the performance share units is recognized at each reporting period based on the pro-rated number of days the eligible employees are employed by the Company compared to the vesting period of each series granted. The cash paid to employees on exercise of these performance share units is recorded as a reduction of the accrued obligation. The Monte Carlo simulation option pricing model requires the use of subjective assumptions, including expected stock-price volatility, risk-free rate of return and forfeiture rate. Historical data is considered in setting the assumptions.

The number of units that vest is determined by multiplying the number of units granted to the participant by the adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be paid out may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on Centerra's total return performance (based on the preceding sixty-one trading days volume weighted average share price) relative to the S&P/TSX Global Gold Index Total Return Index Value during the applicable period. The fair value of the fully vested units is determined using the sixty-one trading days volume weighted average share price.

iii. Deferred Share Unit Plan

Centerra has a Deferred Share Unit Plan for directors of the Company to receive all or a portion of their annual retainer as deferred share units. Deferred share units are settled in cash and are accounted for under the liability method. The deferred share units cannot be converted to shares by the unit holder or by the Company. The deferred share units vest immediately upon granting. A liability is recorded at grant date equal to the fair value of the deferred share units. The liability is adjusted to fair value at each reporting period and any resulting adjustment to the accrued obligation is recognized as an expense or, if negative, a recovery. The cash paid to eligible members of the Board of Directors on exercise of these deferred share units, being no later than December 31 of the calendar year immediately following the calendar year of termination of service, is recorded as a reduction of the accrued obligation.

iv. Restricted Share Unit Plan

Centerra has a Restricted Share Unit Plan for non-executive directors, certain executives and employees of the Company to receive all or a portion of their annual retainer or annual incentive payments as restricted share units. Restricted share units can be settled in cash or equity at the option of the holder. Effective for 2017, certain executives and other employees may elect to receive a portion of their annual incentive payments as restricted share units. The Company will match 50% of the restricted share units granted to such individuals and all such restricted share units granted to executives and other employees vest over a two year period

("Executive RSUs"). Restricted share units which are not Executive RSUs vest immediately upon grant and are redeemed on a date chosen by the participant (subject to certain restrictions as set out in the plan). The restricted share units granted are accounted for under the liability method whereby a liability is recorded at grant date equal to the fair value of the restricted share unit. The liability is adjusted to fair value at each reporting period and any resulting adjustment to the accrued obligation is recognized as an expense or, if negative, a recovery. The cash paid or common shares issued on exercise of these restricted share units is recorded as a reduction of the accrued obligation.

v. Employee Share Purchase Plan

Centerra has an Employee Share Purchase Plan ("ESPP") for certain employees of the Company, which was introduced in 2017. Under the ESPP, employees may elect to purchase the Company's shares through a payroll deduction. Each year, employees may contribute up to 10% of their base salary and the Company will match 25% of the contribution. Such contributions are then used to acquire Centerra shares on a quarterly basis. Shares purchased have no vesting requirement and may be issued from treasury or acquired on the open market. The Company records an expense equal to the match provided.

When dividends are paid, participants under each of the Performance Share Unit Plan, Deferred Share Unit Plan, and Restricted Share Unit Plan are allocated additional units equal in value to the dividend paid per common share equal to the number of units held by the participant. For performance share units, the number of units issued is based on the sixty-one trading day volume weighted average share price on the date of the dividend.

q. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Transaction costs associated with financial instruments carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability. The amortization of debt financing fees is calculated on an amortized cost basis over the term of the instrument.

i. Financial assets recorded at fair value through profit or loss

Financial assets are classified at fair value if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in the Statements of Earnings. The Company's provisionally-priced receivables are classified as financial assets measured at fair value through profit or loss.

ii. Amortized cost

Financial assets are recorded at amortized cost if both of the following criteria are met: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent solely payments of principal and interest.

The Company's cash and cash equivalents, short-term investments, restricted short-term investments, amounts receivable (excluding provisionally-priced receivables), taxes receivable and long-term receivables are recorded at amortized cost as they meet the required criteria. An allowance is recorded when the estimated recoverable amount of the loan or receivable is lower than the carrying amount. The carrying values of amounts receivable and long-term receivables approximate their fair values.

iii. Non-derivative financial liabilities

Accounts payable and accrued liabilities, lease obligations, debt and revenue-based taxes payable are accounted for at amortized cost, using the effective interest rate method. The amortization of debt issue costs is calculated using the effective interest rate method.

The Company's post-retirement benefit liability are measured at fair value through other comprehensive income. Provisionally-priced payables to Royal Gold are measured at fair value through profit or loss.

Derivative financial instruments

The Company may hold derivative financial instruments to manage its risk exposure to fluctuations of commodity prices, including the Company's final product (for example, gold or copper) and consumables (for example, diesel fuel) and other currencies compared to the USD.

Hedges

The Company applies hedge accounting to derivative instruments which hedge a certain percentage of the gold and copper components of its future concentrate sales at its Mount Milligan operation. The Company also applies hedge accounting to derivative instruments which hedge a certain percentage of its future diesel fuel purchases at its Kumtor operations.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivative hedging instruments to forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying transaction being hedged.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value is recognized in other comprehensive income. The amounts accumulated in other comprehensive income are reclassified to revenue or to the cost of the purchased asset the Statements of Earnings when the underlying hedged transaction, identified at contract inception, is recognized in revenue.

Any ineffective portion of a hedge relationship is recognized immediately in the Statements of Earnings as other income, net. When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in other comprehensive income up until the time the contracts do not qualify for hedge accounting remain in other comprehensive income until the underlying hedged transaction is recognized in revenue at which time such amounts are reclassified to revenue or to the cost of the purchased asset.

Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred in the Statements of Earnings as other income, net. If the forecasted transaction is no longer expected to occur, then the amounts accumulated in other comprehensive income are reclassified to the Statements of Earnings as other income or expenses immediately.

Non-hedges

All derivative instruments not designated in a hedge relationship are classified as financial instruments at fair value through profit or loss.

Changes in fair value of non-hedge derivatives at each reporting date are included in the Statements of Earnings as non-hedge derivative gains or losses, with the exception of spot and forward contracts associated with the Royal Gold deliverables, which are included in revenue.

r. Finance leases

The Company is the lessee of equipment with Caterpillar Financial Services Limited (“Caterpillar” - see note 15).

The assets and liabilities under these capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Once ready for their intended use, the assets are depreciated over the lesser of their related lease terms or their estimated productive lives.

4. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of the

Company's accounting policies, which are described in note 3, the reported amounts of assets and liabilities and disclosure of commitments and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from those estimates.

Management's estimates and underlying assumptions are reviewed on an ongoing basis. Any changes or revisions to estimates and underlying assumptions are recognized in the period in which the estimates are revised and in any future periods affected.

The key sources of estimation uncertainty and judgments used in the preparation of these consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and earnings within the next financial year, are discussed below:

i. Impairment

Significant judgement is required in assessing indicators of impairment. For long-term assets, including development properties the Company completes an evaluation at each reporting period of potential impairment indicators. The Company considers both external and internal sources of information in assessing whether there are any indications that long-term assets may be impaired.

External sources of information that the Company considers include changes in the market, economic, political and legal environment in which the Company operates that are not within its control and could affect the recoverable amounts of long-term assets and goodwill. Internal sources of information that the Company considers include the manner in which long-term assets are being used or are expected to be used, analyses of economic performance of the assets and assessment of factors that may impact continuing progress toward development.

For CGU's where value cannot be obtained from an active market: expected gold, copper and molybdenum prices, and production levels, which comprise proven and probable reserves and an estimated recoverable amount of resources if deemed appropriate, are used to estimate expected future cash flows. Management also estimates future operating and capital costs based on the most recently approved life of mine plan. The discount rate applied is reviewed for each assessment. Changes in these estimates which decrease the estimated recoverable amount of the CGU could affect the carrying amounts of assets and result in an impairment charge.

While management believes that estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the recoverable amount of the CGU.

ii. Materials inventory

Management makes estimates of recoverable quantities of gold and copper in stockpiled ore, ore in-process and molybdenum work-in-process to determine the average costs of finished goods sold during the period and the value of inventories in the Statements of Financial Position. NRV tests are performed at each reporting period based on the estimated future sales price of the gold doré, gold and copper concentrate, molybdenum and other products based on prevailing market prices, less estimated costs to complete production and bring the materials to selling condition.

The recoverable quantity of ore on stockpiles is estimated based on tonnage added and removed from the stockpiles, the amount of contained gold ounces and copper pounds based on assay data, and the estimated recovery percentage based on the historical recoveries obtained in the expected processing method. Stockpiled ore tonnage is verified by periodic surveys.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities actually recovered, the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical reconciliation process is constantly monitored and engineering estimates are refined based on actual results over time.

iii. Asset retirement obligations

Amounts recorded for asset retirement obligations and the related accretion expense require the use of estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mine site, as well as the timing of the reclamation activities and estimated discount rate. The Company assesses and revises its asset retirement obligations on an annual basis or when new material information becomes available. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation costs based on environmental disturbances as at the reporting date.

A change in any or a combination of the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions (note 17). Changes to the estimated future reclamation costs for operating sites are recognized in the Statements of Financial Position by adjusting both the retirement asset and provision, and will impact earnings as these amounts are depleted and accreted over the life of the mine.

iv. Deferred income taxes

The Company operates in a number of tax jurisdictions and is therefore required to estimate its income taxes in each of these tax jurisdictions in preparing its financial statements. In calculating the income taxes, the Company considers factors such as tax rates in the different jurisdictions, non-deductible expenses, changes in tax law and management's expectations of future results. The Company estimates deferred income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effects of these temporary differences are recorded as deferred tax assets or liabilities in the financial statements.

The Company does not recognize deferred tax assets where management does not expect such assets to be realized based upon current forecasts. In the event that actual results differ from these estimates, adjustments are made in subsequent periods. See note 16 for additional information on the basis for recognizing deferred tax assets.

v. Depreciation, depletion and amortization of property plant and equipment

All mining assets (except for mobile equipment) are depleted using the units-of-production method where the mine operating plan calls for production from well-defined ore reserves over proven and probable reserves. For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proven and probable ore reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of the units-of-production rate of property, plant and equipment to be depleted could be impacted to the extent that actual production in the future is different from current forecast production based on proven and probable ore reserves. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating ore reserves.

Changes to these estimates, which can be significant, could be caused by a variety of factors, including future production differing from current forecasts, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and other factors impacting mineral reserves or the expected life of the mining operation.

vi. Mineral reserve and resources estimation

The Company estimates its mineral reserves and mineral resources based on information compiled by qualified persons as defined in accordance with the National Instrument 43-101, *Standards of Disclosure for Mineral Projects*. The estimation of mineral reserves requires judgment to interpret available geological data, select an appropriate mining method and establish an extraction schedule. It also requires assumptions about future commodity prices, exchange rates, production costs, recovery rates and discount rates and, in some instances, the renewal of mining licenses. There are numerous uncertainties inherent in estimating mineral reserves and assumptions that are valid at the time of estimation and may change significantly when new information becomes available. New geological data as well as changes in the above assumptions may change the economic status of mineral reserves and may, ultimately, result in the mineral reserves being revised.

Estimates of mineral reserves and mineral resources impact the following items in the financial statements:

- Useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.
- Depreciation and depletion of assets using the units-of-production method.
- Estimate of recoverable value of CGUs.
- Estimated timing of reclamation activities.
- Expected future economic benefit of expenditures, including stripping and development activities.

vii. Derivative financial instruments

Judgment is required to determine if an effective hedging relationship exists throughout the financial reporting period for derivative financial instruments classified as either a fair value or cash flow hedge.

Management assesses the relationships on an ongoing basis to determine if hedge accounting is appropriate. The Company monitors on a regular basis its hedge position for its risk exposure to fluctuations in commodity prices, including prices for gold, copper and oil. For derivative contracts, valuations are based on forward rates considering the market price, rate of interest and volatility, and take into account the credit risk of the financial instrument. Refer to note 29 for a sensitivity analyses based on changes in commodity prices.

viii. Litigation and contingency

On an ongoing basis, the Company is subject to various claims and other legal disputes described in note 26, the outcomes of which cannot be assessed with a high degree of certainty. A provision is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

By their nature, these provisions and contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such provisions and contingencies inherently involves the exercise of significant judgment of the potential outcome of future events. Disclosure of other contingent liabilities is made unless the possibility that a loss may occur is considered remote.

5. Changes in accounting policies

Recently adopted accounting policies are as follows:

Amendments to IAS 7, *Statements of Cash Flows* ("IAS 7"). The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The Company adopted the amendments to IAS 7 on a prospective basis in its financial statements on January 1, 2017. The adoption of these amendments did not have a material impact on the Company's financial statements, but did result in additional supplemental cash flow disclosure (note 31(c)).

Amendments to IAS 12, *Income Taxes* ("IAS 12"). The amendments clarify that the existence of a deductible temporary difference is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset and also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The Company adopted the amendments to IAS 12 in its financial statements on January 1, 2017. The adoption of these amendments did not have a material impact on the Company's financial statements.

Recently issued but not adopted accounting guidance are as follows:

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, 2018, and permits early adoption. The Company has assessed the impact of adopting IFRS 15 and has determined IFRS 15 will not have an impact on revenue recognized related to the sales of gold doré, gold and copper concentrate and molybdenum.

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). IFRS 16 revises the definition of leases and requires companies to bring most leases on the balance sheet, recognizing new assets and liabilities. The objective of this change is to increase the transparency and comparability of a company's financial statements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company has initiated a project to identify all leasing contracts that may be impacted by IFRS 16. The Company is in the process of determining the impact of IFRS 16 on its financial statements.

In June 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23"). IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, and permits early adoption. The Company is in the process of determining the impact of IFRIC 23 on its financial statements.

6. Acquisition of Thompson Creek

On October 20, 2016, the Company completed the acquisition of all of the outstanding shares of Thompson Creek. Thompson Creek was a North American-based mining company with gold, copper and molybdenum mining, milling, processing and marketing operations in Canada and the United States.

The purchase price allocation recognized in 2016 was based on a preliminary assessment of fair value while the Company finalized an independent valuation. The valuation was finalized in 2017, resulting in no adjustments to the preliminary purchase price allocation.

The following table summarizes the fair value of the identified assets acquired and liabilities assumed from Thompson Creek.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

		October 20, 2016
Total consideration		
Cash paid to debtholders	$	881,018
Common share issuance (exchange for Thompson Creek shares)		112,368
Capital leases assumed		33,712
	$	1,027,098
Assets acquired		
Current assets		
Cash and cash equivalents	$	98,054
Amounts receivable		29,577
Inventories		119,454
Prepaid expenses and other assets		6,687
	$	253,772
Non-current assets		
Reclamation deposits and restricted cash	$	10,084
Property, plant and equipment		905,575
Other assets		13,951
	$	929,610
Total assets	$	1,183,382
Liabilities assumed		
Accounts payable and accrued liabilities	$	60,347
Asset retirement obligations		81,766
Other liabilities		30,241
Total liabilities	$	172,354
Net assets acquired		1,011,028
Goodwill	$	16,070

The goodwill generated from the acquisition was allocated to the North America Gold-Copper CGU.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

7. Restricted cash and restricted short-term investments

		2017		2016
Current				
Cash deposits held subject to court order (a)	**$**	**-**	$	247,844
Non-current				
Öksüt Project		**386**		550
Other		**301**		274
		687		824
Total restricted cash and restricted short-term investments	**$**	**687**	$	248,668

(a) As part of the settlement with the Government of the Kyrgyz Republic discussed in note 21, a Kyrgyz Republic court order restricting the distribution of cash to Centerra was terminated effective September 15, 2017. As a result, cash held by Kumtor Gold Company was classified as cash and cash equivalents as at December 31, 2017 (December 31, 2016 - $247.8 million disclosed as restricted cash).

8. Amounts receivable

		2017		2016
Gold sales receivable from related party (note 27)	**$**	**20**	$	11,611
Gold and copper concentrate sales receivable		**13,650**		9,704
Molybdenum sales receivable		**22,999**		14,439
Provisionally priced gold and copper concentrate sales		**20,890**		4,148
Consumption tax receivable		**3,817**		4,854
Other receivables		**2,526**		3,475
Total amounts receivable		**63,902**		48,231
Less: Provision for credit losses		**-**		(134)
Total amounts receivable (net of provision)	**$**	**63,902**	$	48,097

The aging of amounts receivable at each reporting date was as follows:

		2017		2016
Less than one month	$	**33,113**	$	32,195
One to three months		**12,230**		4,874
Three to six months		**17,636**		10,516
Over six months		**923**		646
Total amounts receivable	$	**63,902**	$	48,231
Less: Provision for credit losses		**-**		(134)
Total amounts receivable (net of provision)	$	**63,902**	$	48,097

(Expressed in thousands of United States Dollars, except where otherwise indicated)

As at December 31, 2017, provisionally priced amounts receivable from gold and copper concentrate sales of $11.4 million, $5.5 million and $4.0 million were included within less than one month, one to three months and three to six months, respectively (December 31, 2016 - $2.7 million, $1.4 million and nil were included within less than one month, one to three months and three to six months, respectively). These sales are provisionally priced and settle at prices determined at a future date pursuant to various off-take agreements. No provision for credit losses has been made for gold and copper concentrate sales.

9. Inventories

		2017		2016
Stockpiles of ore (a)	**$**	**212,114**	$	252,357
Gold in-circuit		**23,595**		20,304
Gold doré		**15,023**		7,710
Copper and gold concentrate		**6,745**		29,113
Molybdenum inventory		**41,427**		28,923
		298,904		338,407
Supplies (net of provision)		**209,032**		204,092
Total inventories (net of provisions)	**$**	**507,936**	$	542,499
Less: Long-term supplies inventory (note 12)		**(1,728)**		(1,746)
Total inventories - current portion	**$**	**506,208**	$	540,753

(a) As at December 31, 2017, the amount of ore not scheduled for processing within the next 12 months, but is available on-demand, is $111.8 million (December 31, 2016 – $151.2 million).

The amount of inventories recognized as an expense during the year ended December 31, 2017 was $684.3 million (year ended December 31, 2016 - $414.9 million). The Company has recorded a provision for supplies obsolescence of $30.9 million as at December 31, 2017 (December 31, 2016 - $26.6 million).

During the year ended December 31, 2017, no impairment charge or reversal was recognized against gold inventories at Kumtor (year ended December 31, 2016 - reversal of $27.2 million in impairment charges recorded against gold inventories at Kumtor).

Molybdenum inventory of $41.4 million as at December 31, 2017 (December 31, 2016 - $28.9 million) included work-in-process inventory of $21.4 million (December 31, 2016 - $16.3 million) and finished goods inventory of $20.0 million (December 31, 2016 - $12.6 million).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

10. Prepaid expenses and other current assets

		2017		2016
Insurance	$	**6,193**	$	6,593
OMAS credit facility financing fees (note 14)		**4,770**		4,203
Deposits for consumable supplies		**5,330**		5,119
Derivative assets		**1,963**		750
Other		**7,677**		1,753
Total	$	**25,933**	$	18,418

11. Property, plant and equipment

The following is a summary of the carrying value of property, plant and equipment ("PP&E"):

		Buildings, Plant and Equipment	Mineral Properties	Capitalized Stripping Costs	Mobile Equipment	Construction In Progress	Total
Cost							
January 1, 2016	$	445,980 $	289,657 $	1,118,167 $	455,069 $	49,808 $	2,358,681
Acquisition of Thompson Creek (note 6)		598,072	205,019	-	74,221	28,263	905,575
Additions		740	21,039	136,690	164	101,390	260,023
Disposals		(2,355)	(146)	-	(1,803)	-	(4,304)
Fully depreciated assets		(80)	-	(1,073,133)	(42,974)	-	(1,116,187)
Reclassification		41,554	1,680	-	53,261	(96,495)	-
Balance December 31, 2016	**$**	**1,083,911 $**	**517,249 $**	**181,724 $**	**537,938 $**	**82,966 $**	**2,403,788**
Additions		386	12,645	200,223	1,596	119,296	334,146
Disposals		(868)	(2,003)	-	(7,271)	-	(10,142)
Fully depreciated assets		(3,591)	-	(34,375)	(38,300)	-	(76,266)
Reclassification		24,107	2,350	-	55,890	(82,347)	-
Balance December 31, 2017	**$**	**1,103,945 $**	**530,241 $**	**347,572 $**	**549,853 $**	**119,915 $**	**2,651,526**
Accumulated depreciation and impairment							
January 1, 2016	$	266,048 $	153,224 $	905,223 $	341,170 $	- $	1,665,665
Charge for the period		25,153	5,791	194,507	68,061	-	293,512
Disposals		(2,312)	-		(1,781)	-	(4,093)
Fully depreciated assets		(80)	-	(1,073,133)	(42,974)	-	(1,116,187)
Balance December 31, 2016	**$**	**288,809 $**	**159,015 $**	**26,597 $**	**364,476 $**	**- $**	**838,897**
Charge for the period		52,524	12,409	46,489	70,692	-	182,114
Disposals		(1,386)	(1,882)	-	(5,695)	-	(8,963)
Impairment (note 22)		25,000	1,952	-	-	14,348	41,300
Fully depreciated assets		(3,591)	-	(34,375)	(38,300)	-	(76,266)
Balance December 31, 2017	**$**	**361,356 $**	**171,494 $**	**38,711 $**	**391,173 $**	**14,348 $**	**977,082**

(Expressed in thousands of United States Dollars, except where otherwise indicated)

		Buildings, Plant and Equipment	Mineral Properties	Capitalized Stripping Costs	Mobile Equipment	Construction In Progress	Total
Net book value							
Balance December 31, 2016	$	795,102 $	358,234 $	155,127 $	173,462 $	82,966 $	1,564,891
Balance December 31, 2017	**$**	**742,589 $**	**358,747 $**	**308,861 $**	**158,680 $**	**105,567 $**	**1,674,444**

The following is an analysis of the depreciation, depletion and amortization charge recorded in the Statements of Financial Position and Statements of Earnings:

		2017		2016
Amount recorded in cost of sales (note 18)	**$**	**195,036**	$	205,912
Amount recorded in corporate administration (note 19)		**248**		409
Amount recorded in standby costs, net		**2,126**		(1,175)
Amount recorded in care & maintenance expense		**3,292**		30
Total included in Statements of Earnings		**200,702**		205,176
Inventories movement (note 31(a))		**(69,644)**		52,076
Amount capitalized in PP&E (note 31(b))		**51,056**		36,260
Depreciation, depletion and amortization charge for the year	**$**	**182,114**	$	293,512

12. Other assets and Other liabilities

		2017		2016
Other assets:				
Alternative Minimum Tax receivable (a)	**$**	**21,302**	$	-
Long term deposits and receivables (b)		**2,649**		6,326
Long term inventories (note 9)		**1,728**		1,746
Prepayments for equipment spares (c)		**9,161**		7,959
Derivative assets (note 29)		**545**		904
Prepayments for property, plant and equipment (d)		**6,927**		4,299
Other assets		**203**		4,494
Total other assets	**$**	**42,515**	$	25,728
Other liabilities:				
Deferred vendor payables (e)	**$**	**6,930**	$	14,291
Post-retirement benefits		**3,880**		3,541
Liabilities for unrecognized tax benefits		**-**		4,109
Other liabilities		**93**		60
Total other liabilities		**10,903**		22,001
Current portion of other liabilities		**(7,021)**		(51)
Non-current portion of other liabilities	**$**	**3,882**	$	21,950

a) For the year ended December 31, 2017, the Company has accrued a $21.3 million tax benefit due to enactment of The Tax Cuts and Jobs Act (the "Act") on December 22, 2017. In addition to reducing the U.S. corporate tax rate from 35 percent to 21 percent, the Act makes other large changes to the U.S. tax code affecting the molybdenum business acquired in the Thompson Creek acquisition. Amongst the more impactful provisions to the Company, the Alternative Minimum Tax ("AMT") has been repealed. No deferred tax assets were recognized in prior years with respect to these AMT credits as it was not probable that future taxable profit will be available against which unused tax credits could be utilized. With the repeal of the AMT, the $22.8 million of AMT paid in prior years is expected to be refunded over the course of 2019 to 2022, less the impact of a 6.6% sequestration rate in the U.S ($1.5 million).

b) Represents $2.6 million (December 31, 2016 - $2.5 million) of British Columbia Mineral Tax receivable. The December 31, 2016 balance also included a $2.6 million security deposit for the Company's leased assets (note 15), $0.7 million of consumption tax receivable and $0.5 million of cash collateral for a bond with a utility company.

c) Prepayments for equipment spares represents capitalized Component Operating Cost Program ("COCP") payments. Under the COCP, the Company is required to make regular payments for ongoing repair and replacement of material equipment components of assets held under finance leases (note 15). The portion of payments attributable to the replacement of equipment components that extend the useful life of the equipment has been capitalized.

d) Prepayments for property, plant and equipment represents vendor advances of $4.5 million (December 31, 2016 - $2.4 million) and $2.4 million (December 31, 2016 - $1.9 million) for fixed asset purchases for the Öksüt Project and Kumtor mine, respectively.

e) Deferred vendor payables represent amounts due to BC Hydro and Power Authority. In February 2016, a deferred energy program was announced to provide relief to mining operations located in British Columbia, Canada. Under the program, mines would be able to defer up to 75 per cent of their electricity bills for up to 24 months, with repayment over five years. Repayment for deferred energy costs is dependent on average monthly copper prices and the average monthly Cdn$/USD exchange rate. If the average monthly copper price converted to Canadian dollars exceeds Cdn$3.40/pound, then a portion of the deferred energy liability will be due and payable in the subsequent month.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

13. Accounts payable and accrued liabilities

		2017		2016
Trade creditors and accruals	**$**	**122,101**	$	92,715
Amount due to Royal Gold (a)		**50,650**		29,170
Liability for share-based compensation (note 25)		**9,078**		8,457
Total	**$**	**181,829**	$	130,342

(a) Royal Gold holds a streaming interest in the production at the Mount Milligan mine. As a result, when a trade receivable is recorded in relation to a third party customer gold and copper concentrate delivery, a corresponding liability to Royal Gold is recorded.

14. Debt

		2017		2016
Centerra B.C. Holdings Credit Facility				
Term Facility	**$**	**190,000**	$	250,000
Revolving Facility		**-**		74,363
Less: deferred financing fees		**(4,241)**		(6,528)
		185,759		317,835
Less: current portion (net of deferred financing fees)		**(48,536)**		(47,943)
	$	**137,223**	$	269,892
EBRD Facility				
EBRD revolving credit facility	**$**	**76,000**	$	150,000
Less: deferred financing fees		**(1,612)**		(2,703)
		74,388		147,297
Less: current portion (net of deferred financing fees)		**-**		(24,338)
	$	**74,388**	$	122,959
Short-term debt	**$**	**48,536**	$	72,281
Long-term debt		**211,611**		392,851
Total debt	**$**	**260,147**	$	465,132

Centerra B.C. Holdings Credit Facility

In connection with the 2016 acquisition of Thompson Creek Metals Inc., B.C. Holdings Inc., entered into a five-year term facility with a lending syndicate with an aggregate principal amount of $325 million consisting of a $75 million senior secured revolving credit facility (the "Revolving Facility") and a $250 million senior secured non-revolving term credit facility (the "Term Facility", collectively, the "Credit Facility"). Finance fees for the facility are deferred and amortized over the term of the facility.

B.C. Holdings' obligations under the Credit Facility are guaranteed by its material subsidiaries and secured by the material assets acquired, which includes the Mount Milligan mine, the Endako mine and the Langeloth facility.

In July 2017, the Company entered into an amendment of the Credit Facility to increase the maximum principal amount available under the Revolving Facility from $75 million to $125 million until June 30, 2019, after which time it will revert back to $75 million. The amendment also included terms permitting distributions from B.C. Holdings to Centerra and was effective upon the satisfaction of a number of conditions precedent, including the execution of specific hedges for the next two years covering production at Mount Milligan.

The Company was in compliance with the revised covenants as of and for the year ended December 31, 2017.

The principal amount of the Term Facility is to be repaid in $12.5 million quarterly increments commencing March 31, 2017, while the Revolving Facility is to be repaid at the end of the five-year term. During the year ended December 31, 2017, the Company repaid principal amounts of $50 million on the Term Facility. In addition, on June 30, 2017, the Company made a mandatory prepayment of $10 million as a result of a distribution paid from B.C Holdings to Centerra.

On September 29, 2017, the Company repaid the entire outstanding principal amount of $74.4 million on the Revolving Facility.

On February 1, 2018, the Company entered into a new senior secured facility which replaced the Credit Facility (refer to note 32).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

		2017		2016
Centerra B.C. Holdings Credit Facility				
Undrawn amount (millions)	**$**	**125,000**	$	0.6
Term Facility - Interest rate - three month LIBOR plus (a)		**3.25%**		3.75%
Revolving Facility - Interest rate - three month LIBOR plus (a)		**3.75%**		3.75%

(a) The interest rate applied is dependent on an indebtedness ratio calculation and is paid and re-assessed quarterly. The margin interest rate ranges from 2.75% to 3.75%. Accrued interest is included in the Statements of Financial Position as part of 'Accounts payable and accrued liabilities'.

EBRD Revolving Credit Facility

In 2016, the Company entered into a five-year $150 million revolving credit facility with European Bank for Reconstruction and Development (the "EBRD Facility"). Of the EBRD Facility, $50 million must be used for the purposes of funding direct and indirect costs associated with the Gatsuurt Project.

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

In February 2017, EBRD agreed to amend the collateral coverage ratio contained in the EBRD Facility and the Company was required to repay $25 million of the facility in the first quarter of 2017. On September 29, 2017, the Company repaid the remaining $25 million associated with the Gatsuurt Project.

On December 29, 2017 Company elected to repay a further $24 million of the EBRD Facility.

The terms of the EBRD Facility require the Company to pledge certain mobile equipment from the Kumtor mine as security with a book value of $164.6 million as at December 31, 2017 (December 31, 2016 - $110.7 million), and maintain compliance with specified covenants (including financial covenants). The Company was in compliance with all covenants for the year ended December 31, 2017.

On February 1, 2018, the Company entered into a new senior secured facility which replaced the EBRD Facility (refer to note 32).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

		2017		2016
EBRD Facility				
Undrawn amount of the facility (a)	**$**	**74,000**	$	-
Interest rate - six month LIBOR plus (b)				
First tranche - $100 million		**3.0%**		3.0%
Second tranche - $50 million		**5.0%**		5.0%

(a) $50 million of the undrawn amount can only be used for the Gatsuurt Project.
(b) Interest is payable at the end of the term.

OMAS Facility

In 2016, OMAS, a wholly-owned subsidiary of the Company, entered into a $150 million five-year revolving credit facility (the "OMAS Facility") that expires on December 30, 2021. The purpose of the OMAS Facility is to assist in financing the construction of the Company's Öksüt Project.

Availability of the OMAS Facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals. If the conditions are not satisfied, waived or amended by the deadline, the commitments under the OMAS Facility will be cancelled. The original deadline of June 30, 2017 was initially extended to December 31, 2017 and then further extended to March 15, 2018.

As at December 31, 2017, $4.8 million (December 31, 2016 - $4.2 million) of OMAS Facility deferred financing fees were included in prepaid expenses (note 10) as the Company has yet to draw from the facility. The deferred financing fees are being amortized over the term of the OMAS Facility. The OMAS Facility is secured by Öksüt assets and is non-recourse to the Company.

		2017		2016
OMAS Facility				
Undrawn amount of the facility	**$**	**150,000**	$	150,000
Interest rate - LIBOR plus (a)		**2.65% - 2.95%**		

(a) The interest rate applied is dependent on the timing of the completion of the Öksüt Project construction.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

15. Leases

		2017		2016
Equipment Facility leases	**$**	**31,986**	$	29,901

As part of the Thompson Creek acquisition (note 6), the Company assumed Thompson Creek's capital equipment lease obligations owed to Caterpillar Financial Services Limited ("Caterpillar") for the mobile fleet equipment at the Mount Milligan mine.

In January 2017, the Company entered into a re-finance commitment to consolidate and re-finance the Company's finance leases whereby the Company would purchase the assets held under finance leases through a loan ("Promissory Note") repayable to Caterpillar, due to be repaid on February 28, 2018.

In December 2017, the maturity date of the Promissory Note was amended to December 25, 2018.

Interest on the Promissory Note is at three-month LIBOR + 4.93% paid quarterly in arrears. The Promissory Note is secured by assets previously held under the finance leases and contains certain non-financial covenants.

16. Taxes

a. Revenue based taxes - Kumtor

Kumtor pays taxes on revenue, at a rate of 13% of gross revenue, with an additional contribution of 1% of gross revenue payable to the Issyk-Kul Oblast Development Fund.

During the year ended December 31, 2017, the 13% revenue-based tax expense recorded by Kumtor was $89.8 million (December 31, 2016 - $89.4 million), while the Issyk-Kul Oblast Development Fund contribution of 1% of gross revenue totalled $6.9 million (December 31, 2016 - $6.9 million).

b. Income tax (recovery) expense

		2017		2016
Current tax	**$**	**(16,543)**	$	5,365
Deferred tax		**(1,658)**		(863)
Total income tax (recovery) expense	**$**	**(18,201)**	$	4,502

Mongolia, Netherlands, Canada and the United States recorded an income tax expense (recovery) during the years ended December 31, 2017 and December 31, 2016.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Income tax expense (recovery) differs from the amount that would arise from applying the Canadian federal and provincial statutory income tax rates to earnings before income tax as follows:

		2017		**2016**
Earnings before income tax	**$**	**191,332**	$	156,040
Income tax expense calculated at the combined Canadian and provincial statutory income tax rate of 26.5%		**50,703**		41,350
Increase (decrease) due to:				
Difference between Canadian federal and provincial tax rates and foreign tax rates applicable to subsidiaries in other countries		**(58,138)**		(51,641)
Change in unrecognized deductible temporary differences		**(27,663)**		(757)
Expiry of Foreign Tax Credits		**43,190**		**-**
Impact of foreign currency movements		**(27,843)**		10,066
Non-deductible employee costs		**313**		3,033
Mongolian withholding tax on dividends		**-**		3,250
Mongolian tax on sale of assets		**2,939**		-
British Columbia ("B.C.") mining tax		**4,694**		633
Impact of tax legislation/rate change		**(9,531)**		-
Other non-deductible expenses or non-taxable items		**3,135**		(1,432)
	$	**(18,201)**	$	4,502

For the year ended December 31, 2017, due to enactment of the Act in the United States on December 22, 2017, the Company has recognized a net tax benefit of $21.3 million, which is a component of the line “Impact of tax legislation/rate change” shown above. The final impact of the Act may differ, possibly materially, due to changes in interpretations of the Act or due to any legislative action taken to address questions that arise because of the Act. As a result, the benefit as recorded could be adversely impacted in future periods.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

c. Deferred income tax

The following are significant components of deferred income tax assets and liabilities:

		2017		2016
Deferred income tax assets:				
Provisions - asset retirement obligations and other	**$**	**1,185**	$	5,681
Total deferred tax assets	**$**	**1,185**	$	5,681
Deferred income tax liabilities:				
Property, plant and equipment	**$**	**(1,336)**	$	(7,493)
Other		**151**		151
Total deferred tax liabilities	**$**	**(1,185)**	$	(7,342)
Net deferred tax liabilities	**$**	**-**	$	(1,661)

The Company has not recognized deferred tax assets in respect to the following deductible temporary differences:

		2017		2016
Natural resources deductions	**$**	**75,490**	$	101,747
Asset retirement obligations		**77,003**		50,252
Property, plant and equipment		**140,892**		181,256
Other		**68,344**		64,526
Total	**$**	**361,729**	$	397,781

The Company has not recognized deferred tax assets with respect to deductible temporary differences related to B.C. mining tax of $679.4 million (December 31, 2016 - $684.4 million).

Tax losses and credits for which no deferred tax assets were recognized expire as follows:

	Expiring within one year	Expiring within one to five years	Expiring after five years (a)	No expiry date obligation	Total
Losses:					
Income	$ 1,014	$ 29,825	$ 823,470	$ -	$ 854,309
Capital	-	-	-	58,279	58,279
December 31, 2017	$ 1,014	$ 29,825	$ 823,470	$ 58,279	$ 912,588
Credits:					
Foreign Tax	$ 2,727	$ -	$ -	$ -	$ 2,727
Investment Tax	-	-	16,649	-	16,649
B.C. Mining Tax	-	-	-	17,200	17,200
Other	-	-	-	30	30
December 31, 2017	$ 2,727	$ -	$ 16,649	$ 17,230	$ 36,606

(Expressed in thousands of United States Dollars, except where otherwise indicated)

	Expiring within one year	Expiring within one to five years	Expiring after five years (a)	No expiry date obligation	Total
Losses:					
Income	$ 4,064	$ 14,399	$ 679,739	$ -	$ 698,202
Capital	-	-	-	38,527	38,527
December 31, 2016	$ 4,064	$ 14,399	$ 679,739	$ 38,527	$ 736,729
Credits:					
Alternative Minimum Tax	$ -	$ -	$ -	$ 25,578	$ 25,578
Foreign Tax	43,190	2,727	-	-	45,917
Investment Tax	-	-	14,932	-	14,932
B.C. Mining Tax	-	-	-	11,641	11,641
Other	-	-	-	30	30
December 31, 2016	$ 43,190	$ 2,727	$ 14,932	$ 37,249	$ 98,098

(a) The utilization of United States net operating loss carryforwards of $74.7 million will be limited in any year as a result of a change in ownership in 2016.

At December 31, 2017, no deferred tax liabilities have been recognized in respect of the aggregate amount of $868 million (December 31, 2016 - $1,133 million) of taxable temporary differences associated with investments in subsidiaries. The Company controls the timing and circumstances of the reversal of these differences, and the differences are not anticipated to reverse in the foreseeable future.

17. Provision for reclamation

	December 31, 2017	December 31, 2016
Kumtor gold mine	**$ 53,565**	$ 51,593
Boroo gold mine	**21,644**	23,044
Mount Milligan mine	**28,148**	24,211
Thompson Creek mine	**35,618**	31,744
Endako mine	**26,714**	26,046
Gatsuurt Project	**1,317**	1,778
Total provision for reclamation	**167,006**	158,416
Less: current portion	**(832)**	(918)
	$ 166,174	$ 157,498

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Centerra's estimates of future asset for reclamation obligations are based on standards that meet regulatory requirements. The Company estimates its total undiscounted future decommissioning and reclamation costs to be $232.8 million at December 31, 2017 (December 31, 2016 - $221.9 million):

Undiscounted costs (millions)	Total	Kumtor	Boroo	Gatsuurt	Mount Milligan	Endako	Thompson Creek
December 31, 2017	**$232.8**	**$66.2**	**$31.2**	**$1.8**	**$45.9**	**$38.3**	**$49.4**
December 31, 2016	$221.9	$65.7	$31.0	$2.3	$40.9	$36.1	$45.9

The carrying amount of the asset retirement obligations and the expected timing of payment of the cash flows are based on the life of mine plans with the following key assumptions:

	Kumtor	Boroo	Gatsuurt	Mount Milligan	Endako	Thompson Creek
Start date	2026	Ongoing	2028	2038	2028	2031
Risk-free discount rate (2017)	2.38%	2.56%	2.44%	2.23%	2.1%	2.5%
Risk-free discount rate (2016)	2.45%	2.59%	2.48%	2.30%	1.84%	2.62%

The Company completed its regularly scheduled update to its closure costs estimates at Boroo, Mount Milligan, Endako and Thompson Creek Mine in December 2017. Kumtor completed its regularly scheduled update to its closure estimates in December 2016.

The following is a reconciliation of the provision for the reclamation liability amount:

	2017	2016
Balance at January 1	**$ 158,416**	$ 66,149
Obligations assumed as a result of the TCM acquisition (note 6)	**-**	81,766
Liabilities paid	**(432)**	(613)
Change in estimates (a)	**5,329**	9,238
Accretion expense (note 24)	**3,693**	1,876
Total provision for reclamation	**167,006**	158,416
Less: current portion	**(832)**	(918)
Balance at December 31	**$ 166,174**	$ 157,498

(a) In the year ended December 31, 2017, the discounted change in estimates includes: increases in Kumtor, Mount Milligan, Thompson Creek Mine and Endako of $0.7 million, $3.3 million, $3.1 million and $0.1 million, respectively, and decreases in Boroo and Gatsuurt of $1.4 million and $0.5 million, respectively.

In 1998, a Reclamation Trust Fund was established to cover the future costs of reclamation, net of salvage values, at the Kumtor gold mine. This restricted cash is funded based on the estimated yearly production, annually in arrears, over the life of the mine. As part of the settlement reached with the Government of the Kyrgyz Republic (note 21), the Company agreed, on the terms and subject to the conditions contained in the Strategic Agreement, to increase the rate of funding of the Reclamation Trust Fund to a minimum of $6 million per year until the fund reaches $69 million. On December 31, 2017, this fund had a balance of $26.4 million (December 31, 2016 - $22.0 million).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

The Company is required by U.S. federal and state laws and Canadian provincial laws to provide financial assurance sufficient to allow a third party to implement approved closure and reclamation plans at Mount Milligan, Endako and Thompson Creek mine if the Company is unable to do so. These laws are complex and vary from jurisdiction to jurisdiction. The laws govern the determination of the scope, cost of the closure, reclamation obligation and the amount and forms of financial assurance. As of December 31, 2017, the Company has provided the appropriate regulatory authorities in the U.S. and Canada with $81.0 million (December 31, 2016 - $73.4 million) in reclamation bonds for mine closure obligations.

December 31, 2017 - Reclamation bonds	**Total**	**Mount Milligan**	**Endako**	**Thompson Creek**
Total (millions)	**$81.0**	**$28.5**	**$9.2**	**$43.3**
Cash collateral (millions)	**Nil**	**Nil**	**Nil**	**Nil**

December 31, 2016 - Reclamation bonds	**Total**	**Mount Milligan**	**Endako**	**Thompson Creek**
Total (millions)	$73.4	$22.5	$8.6	$42.3
Cash collateral (millions)	$10.0	Nil	Nil	$10.0

The following is a reconciliation of the reclamation deposits asset amount:

		2017		**2016**
Kumtor reclamation trust fund	**$**	**26,436**	$	21,953
Thompson Creek Mine		**-**		10,000
Other		**89**		82
Total	**$**	**26,525**	$	32,035

(Expressed in thousands of United States Dollars, except where otherwise indicated)

18. Cost of sales

		2017		2016
Operating costs:				
Salaries and benefits	**$**	**113,086**	$	67,584
Consumables and maintenance charges		**218,989**		146,440
Third party services		**29,915**		7,742
Other operating costs		**42,036**		10,489
Royalties, levies and production taxes		**13,251**		378
By-product sales (a)		**(19,042)**		(6,715)
Changes in inventories		**85,675**		3,093
		483,910		229,011
Supplies inventory obsolescence charge (note 9)		**3,148**		3,900
Inventory impairment reversal		**-**		(27,216)
Depreciation, depletion and amortization (note 11)		**195,036**		205,912
	$	**682,094**	$	411,607

(a) By-product sales includes silver, rhenium and sulfuric acid sales.

19. Corporate administration

		2017		2016
Administration and office costs	**$**	**5,689**	**$**	4,850
Professional fees		**8,907**		4,330
Salaries and benefits		**16,263**		13,718
Share-based compensation		**6,811**		4,276
Depreciation and amortization		**248**		409
	$	**37,918**	**$**	27,583

20. Other operating expenses

		2017		2016
Social development contributions	**$**	**1,051**	$	1,075
Gatsuurt Project care and maintenance		**897**		580
Selling and marketing (a)		**6,901**		1,089
Nature Development Fund contributions (note 21)		**2,700**		-
Mill optimization studies - Mount Milligan		**2,215**		-
	$	**13,764**	$	2,744

(a) Selling and marketing costs primarily comprise of freight charges associated with the Mount Milligan mine and Langeloth processing facility.

21. Kyrgyz Republic Settlement

On September 11, 2017, the Company reached a comprehensive settlement agreement ("Strategic Agreement") with the Government of the Kyrgyz Republic to resolve all of the outstanding matters affecting the Kumtor Project. The Company's financial obligations as a result of signing the Strategic Agreement are as follows:

- a $50 million lump sum payment to a new Kyrgyz Republic government-administered Nature Development Fund established for the purpose of financing environmental conservation projects and nature preservation in the Kyrgyz Republic and lump sum payments in the aggregate amount of $10 million ($7 million prior to closing plus $3 million within 12 months of closing) to a new, Kyrgyz Republic government-administered Cancer Care Fund established for the purpose of funding cancer treatment, research, support and outreach in the Kyrgyz Republic (the "Lump Sum Payments").

- $2.7 million on-going annual payments to the Nature Development Fund (the "On-Going Payments").

- a minimum of $6 million in annual contributions to Kumtor's reclamation trust fund (note 17) until the fund reaches $69 million.

For the year ended December, 31, 2017, the Company recognized an expense of $62.7 million in the Statements of Earnings for the Lump Sum Payments ($60 million) and On-Going Payments ($2.7 million).

On October 18, 2017, the Company paid $7 million in relation to the Lump Sum Payments and as at December 31, 2017, the provision remaining was $53 million.

<u>Kyrgyz Republic Legal Proceedings</u>

The Strategic Agreement provided a pathway to the resolution of all outstanding matters affecting the Kumtor Project. Among other things, the Strategic Agreement will settle matters relating to decisions of the Bishkek Inter-District Court in the Kyrgyz Republic which ruled against Kumtor Operating Company, Centerra's wholly-owned subsidiary, on claims made by the State Inspectorate Office for Environmental and Technical Safety of the Kyrgyz Republic. Such court decisions were appealed by the Company and proceedings have been postponed pending the resolution of the Strategic Agreement. The court decisions awarded damages in relation to claims which were still outstanding as at December 31, 2017 for:

i. The placement of waste rock at the Kumtor waste dumps (6,698,878,290 Kyrgyz soms or approximately $96.2 million);

ii. Unrecorded wastes from Kumtor's effluent and sewage treatment plants (663,839 Kyrgyz soms or approximately $9,500);

iii. Alleged land damage (161,840,109 Kyrgyz soms or approximately $2.3 million); and

iv. Failure to pay for water use (188,533,730 Kyrgyz soms or approximately $2.7 million).

In connection with the Strategic Agreement, the arbitration previously commenced by the Company against the Government of the Kyrgyz Republic and Kyrgyzaltyn has been suspended until February 28, 2018. During the suspension, the parties will work towards completing the Strategic Agreement and the resolution of all outstanding matters affecting the Kumtor Project.

22. Impairment of Mongolian Assets

The Company assesses at the end of each reporting period whether there is any indication from external and internal sources of information, that an asset may be impaired.

In the second quarter of 2017, after receipt of the preliminary results from the technical and economic studies (incorporating updated capital and operating costs) related to the Gatsuurt Project under the current Mongolian tax and royalty regime, the Company determined that it could no longer support the carrying value of the Mongolian segment CGU and that it would recognize an impairment charge. The amount of the charge was determined as the excess of the carrying value over the fair value less cost of disposal (estimated to be $25 per resource ounce) based on comparable market transactions.

Based on this estimate, management determined that the carrying amount of $101.3 million exceeded the recoverable amount of $60 million (net of costs to sell), resulting in an impairment charge of $41.3 million. The impairment was allocated to property, plant and equipment, mineral properties and construction in progress within property, plant and equipment for the Mongolian segment.

The fair value of the Mongolian segment CGU and associated impairment charge was determined using significant unobservable (level 2) inputs.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

23. Other income, net

		2017		**2016**
Interest income	**$**	**(3,028)**	$	(2,490)
Foreign exchange (gain) loss		**(3,108)**		1,087
Provision for credit losses (note 8)		**-**		134
Change in fair value of hedge financial instruments (note 29)		**4,274**		-
Change in fair value of non-hedge financial instruments (note 29)		**(1,562)**		524
Ineffective portion of hedging financial instruments		**-**		4
Gain on sale of ATO Project (a)		**(9,800)**		-
Other (income) expense		**(91)**		701
	$	**(13,315)**	$	(40)

(a) On January 31, 2017, the Company entered into a definitive agreement to sell the Altan Tsagaan Ovoo Project ("ATO Project"), located in Eastern Mongolia for gross proceeds of $19.8 million. The Company received $9.8 million upon closing in September 2017. The remaining balance is scheduled to be received in payments of $5 million on each of September 30, 2018 and September 30, 2019.

24. Finance costs

		2017		**2016**
Interest expense	**$**	**20,362**	$	7,117
Financing costs amortized		**4,274**		863
Commitment fees		**180**		283
Accretion of provision for reclamation (note 17)		**3,693**		1,876
Other financing fees		**2,053**		914
	$	**30,562**	$	11,053

25. Shareholders' equity

a. Share capital

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

(Expressed in thousands of United States Dollars, except where otherwise indicated)

	Number of common shares		Amount
Balance at January 1, 2016	237,889,274	$	668,705
Shares issued on exercise of stock options	337,669		2,314
Shares issued on redemption of restricted share units	5,504		28
Shares issued to settle obligations	4,117,120		19,857
Shares issued to former Thompson Creek shareholders	22,327,001		112,368
Shares issued in equity offering	26,599,500		149,082
Equity offering issuance costs	-		(7,721)
Balance at December 31, 2016	**291,276,068**	**$**	**944,633**
Shares issued on exercise of stock options	480,008		3,313
Shares issued on redemption of restricted share units	26,770		175
Balance at December 31, 2017	**291,782,846**	**$**	**948,121**

b. Earnings per share

Basic and diluted earnings per share computation:

		2017		2016
Net earnings attributable to shareholders	**$**	**209,533**	$	151,538
Adjustment to earnings:				
Impact of performance share units accounted for as equity-settled		**-**		(553)
Impact of restricted share units treated as equity-settled		**(286)**		(207)
Net earnings for the purposes of diluted earnings per share	**$**	**209,247**	$	150,778

(Thousands of common shares)				
Basic weighted average number of common shares outstanding		**291,409**		251,458
Effect of potentially dilutive securities:				
Stock options		**638**		494
Restricted share units		**175**		127
Diluted weighted average number of common shares outstanding		**292,222**		252,079
Basic earnings per common share	**$**	**0.72**	$	0.60
Diluted earnings per common share	**$**	**0.72**	$	0.60

(Expressed in thousands of United States Dollars, except where otherwise indicated)

For the years ended December 31, 2017 and 2016, certain potentially dilutive securities, including stock options were excluded from the calculation of diluted earnings per share due to the exercise prices being greater than the average market price of the Company's common shares for the period.

Potentially dilutive securities, excluded from the calculation, are summarized below:

(Thousands of units)	2017	2016
Stock options	**1,030**	2,023

c. Dividends

Dividends are declared and paid in Canadian dollars. The details of dividends declared in December 31, 2017 and 2016 are as follows:

		2017		2016
Dividends declared (U.S. dollars)	$	**-**	$	22,946
Dividends declared (Canadian Dollars per share amount)	$	**-**	$	0.12

d. Share-based compensation

The impact of share-based compensation as of and for the years ended December 31, 2017 and 2016 is summarized as follows:

	Number outstanding	(Millions of U.S. dollars except as indicated)							
		Expense				Liability			
	Dec 31, 2017		**2017**		**2016**		**Dec 31, 2017**		**Dec 31, 2016**
(i) Stock options	**4,817,452**	**$**	**1.0**	**$**	2.5	**$**	**-**	**$**	-
(ii) Performance share units	**2,222,380**		**4.8**		1.5		**6.2**		6.8
(iii) Deferred share units	**242,695**		**0.3**		-		**1.3**		1.0
(iv) Restricted share units	**289,648**		**1.0**		0.6		**1.6**		0.7
		$	**7.1**	**$**	4.6	**$**	**9.1**	**$**	8.5

(Expressed in thousands of United States Dollars, except where otherwise indicated)

(i) Stock options

Under the Company's Stock Option plan, options to purchase common shares of the Company may be granted to officers and employees. The exercise price of options granted under this plan is not less than the weighted average common share price for the five trading days prior to the date of grant. Options granted vest over three years and expire after eight years from the date granted.

Centerra's stock options transactions during the year ended December 31, 2017 and 2016 were as follows:

	2017			**2016**		
	Number of Options		**Weighted Average Exercise Price (Cdn$)**	Number of Options		Weighted Average Exercise Price (Cdn$)
Balance, January 1	**5,363,755**	$	**8.03**	4,793,592	$	7.75
Granted	**77,374**		**7.56**	1,281,329		9.15
Forfeited	**(143,669)**		**(23.18)**	(373,497)		(10.03)
Exercised (a)	**(480,008)**		**(5.67)**	(337,669)		(6.10)
Balance, December 31	**4,817,452**	$	**7.81**	5,363,755	$	8.03

(a) The weighted average market price of shares issued for options exercised in the year ended December 31, 2017 was Cdn$9.01 (year ended December 31, 2016 - Cdn$7.52).

The Black-Scholes model was used to estimate the fair value of stock options granted. The following assumptions were used for the options granted in the years ended December 31 2017, and 2016:

Grant date	**Number of options**	**Grant price (Cdn$)**	**Expected life**	**Share price volatility (a)**	**Dividend yield**	**Risk free rate**	**Fair value price (Cdn$)**
November 16, 2017	77,374	7.56	3.3 years	54.91%	0.00%	1.56%	2.95

Grant date	**Number of options**	**Grant price (Cdn$)**	**Expected life**	**Share price volatility (a)**	**Dividend yield**	**Risk free rate**	**Fair value price (Cdn$)**
March 7, 2016	1,066,307	7.32	3 years	67.37%	2.67%	0.56%	2.95
March 30, 2016	71,044	5.99	1 year	68.36%	2.67%	0.55%	2.46
May 31, 2016	3,256	6.86	3 years	67.69%	2.33%	0.65%	2.71
October 20, 2016	111,341	29.38	2.1 years	59.75%	2.39%	0.55%	0.22
November 16, 2016	29,381	6.84	3 years	62.65%	2.33%	0.74%	2.54
	1,281,329	9.15	2.8 years	66.66%	2.64%	0.56%	2.68

(a) Expected volatility is measured as the annualized daily standard deviation of share price returns, based on the historical movement in the price of the Company's common shares.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

As at December 31, 2017, there were 4,817,452 options outstanding to acquire common shares with exercise prices ranging from Cdn$3.82 to Cdn$22.28 per share, and expiry dates ranging between 2018 and 2024. There were 3,657,522 options vested as at December 31, 2017.

(ii) Performance Share Unit plan

Centerra's Performance Share Unit plan transactions during the year ended December 31, 2017 and 2016 were as follows:

Number of units	**2017**	**2016**
Balance, January 1	**1,652,792**	2,177,233
Granted	**1,562,859**	663,799
Exercised	**(820,794)**	(871,887)
Cancelled	**(172,477)**	(316,353)
Balance, December 31	**2,222,380**	1,652,792

In determining the fair value of these units, the principal assumptions used in applying the Monte Carlo simulated option pricing model were as follows:

	2017	**2016**
Share price (Canadian dollars)	$ **6.44**	$ 6.29
S&P/TSX Global Gold Index	$ **227.16**	$ 224.13
Expected life (years)	**1.41**	1.31
Expected volatility- Centerra's share price	**42.0** %	57.7 %
Expected volatility- S&P/TSX Global Gold Index	**31.0** %	46.4 %
Risk-free rate of return	**1.93** %	1.2 %
Forfeiture rate	**4.16** %	5.7 %
Weighted adjustment factor	**0.72**	2.0

The vested number of units outstanding as at December 31, 2017 are 765,299 (December 31, 2016 – 762,613). The December 31, 2017 Performance Share Unit liability balance of $6.2 million includes $3.6 million attributable to the vested units (December 31, 2016 – liability of $6.8 million, of which $5.4 million was vested).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

(iii) Deferred Share Unit plan

Centerra's Deferred Share Unit plan transactions during the year were as follows:

Number of units	2017	2016
Balance, January 1	**216,542**	205,645
Granted	**27,234**	10,897
Exercised	**(1,081)**	-
Balance, December 31	**242,695**	216,542

(iv) Restricted Share Unit plan

Centerra's Restricted Share Unit plan transactions during the period were as follows:

Number of units	2017	2016
Balance, January 1	**147,064**	107,291
Granted	**288,530**	166,690
Redeemed	**(145,946)**	(126,917)
Balance, December 31	**289,648**	147,064

26. Commitments and contingencies

Commitments

(a) Contracts

As at December 31, 2017, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $102.7 million (Öksüt Project $48.9 million, Kumtor - $37.2 million, Mount Milligan - $15.2 million, Greenstone Gold Property - $1.0 million, and other - $0.4 million). Öksüt Project commitments include $27.9 million of contracts that will be settled over the next two to three years, while a majority of all other contracts are expected to be settled over the next twelve months.

(b) Greenstone Partnership

As consideration for the Company's initial 50% partnership interest in Greenstone Gold Mines LP, the Company agreed to commit up to an additional Cdn$185 million to fund the project, subject to certain feasibility and project advancement criteria. In the event that the project is put under care and maintenance as a result of feasibility study or project criteria not being met, the Company will be required to make contributions towards the costs associated with the care and maintenance of the project for a period of two years or until the Cdn$185 million is spent (if such event occurs first), after which time the partners would fund such costs on a pro rata basis. Any such costs will form part of the Cdn$185 million development contributions commitment of the Company. As at

(Expressed in thousands of United States Dollars, except where otherwise indicated)

December 31, 2017, the Company has funded a total of Cdn$67.2 million ($51.6 million) of its commitment since the inception of the partnership.

(c) Molybdenum purchases

In the normal course of operations, the Company enters into agreements for the purchase of molybdenum. As of December 31, 2017, the Company had commitments to purchase approximately 18.2 million pounds of molybdenum as unroasted molybdenum concentrate from 2018 to 2020 primarily priced at the time of purchase at a set discount to the market price for roasted molybdenum concentrate.

(d) Leases

The Company enters into operating leases in the ordinary course of business, primarily for its various offices and facilities around the world. Payments under these leases represent contractual obligations as scheduled in each agreement. The significant operating lease payments, including operating costs, are for its corporate offices and storage facilities in North America, which amounted to $2.5 million in the year ended December 31, 2017 (year ended December 31, 2016 - $1.1 million). The future aggregate minimum lease payments for the non-cancellable operating lease are as follows:

		2017		**2016**
2017	**$**	**-**	$	1,747
2018		**788**		924
2019		**531**		575
2020		**506**		400
2021 to 2024		**1,428**		400
	$	**3,253**	$	4,046

Contingencies

Various legal and tax matters are outstanding from time to time due to the nature of the Company's operations. While the final outcome with respect to actions outstanding or pending at December 31, 2017 cannot be predicted with certainty, it is management's opinion that it is not, except as noted below, more likely than not that these actions will result in the outflow of resources to settle the obligation; therefore no amounts have been accrued.

Corporate

<u>Ontario Court Proceedings Involving the Kyrgyz Republic and Kyrgyzaltyn</u>

Since 2011, there have been four applications commenced in the Ontario courts by different applicants against the Kyrgyz Republic and Kyrgyzaltyn, each seeking to enforce in Ontario international arbitral awards against the Kyrgyz Republic. None of these disputes relate directly to Centerra or the Kumtor Project. In each of these cases, the applicants have argued that the Kyrgyz Republic has an interest in the Centerra common shares held by Kyrgyzaltyn, a state controlled entity, and therefore that such applicant(s) are entitled to seize such number of common shares and/or such amount of dividends as necessary to satisfy their respective arbitral awards against the Kyrgyz Republic. On July 11, 2016, the Ontario Superior Court of Justice released a decision on the common issue in these four applications - whether the Kyrgyz Republic has an exigible ownership interest in the Centerra common shares held by Kyrgyzaltyn. The Ontario Superior Court of Justice determined that the Kyrgyz Republic does not have any equitable or other right, property, interest or equity of redemption in the common shares held by Kyrgyzaltyn. As a result, on July 20, 2016, the Ontario Superior Court of Justice set aside previous injunctions which prevented Centerra from, among other things, paying any dividends to Kyrgyzaltyn. Accordingly, Centerra released to Kyrgyzaltyn approximately Cdn$18.9 million which was previously held in trust for the benefit of two Ontario court proceedings.

Three of the applicants appealed the decision to the Ontario Court of Appeal which heard the case on December 4, 2016. The court issued its decision on January 3, 2017 which upheld the trial judge's decision. Two of the applicants applied to the Supreme Court of Canada for leave to appeal this decision, which application was refused on June 15, 2017.

27. Related party transactions

a. Kyrgyzaltyn

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 KGC to Kyrgyzaltyn and the amounts paid and accrued by Kyrgyzaltyn to KGC according to the terms of a Restated Gold and Silver Sale Agreement ("Sales Agreement") between KGC, Kyrgyzaltyn and the Government of the Kyrgyz Republic dated June 6, 2009.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

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

		2017		**2016**
Sales:				
Gross gold and silver sales to Kyrgyzaltyn	**$**	**695,288**	$	691,630
Deduct: refinery and financing charges		**(4,364)**		(3,825)
Net sales revenue received from Kyrgyzaltyn	**$**	**690,924**	$	687,805
Expenses:				
Contracting services provided by Kyrgyzaltyn	**$**	**1,250**	$	1,543
Management fees payable to Kyrgyzaltyn		**550**		546
Expenses paid to Kyrgyzaltyn	**$**	**1,800**	$	2,089
Dividends:				
Dividends declared to Kyrgyzaltyn	**$**	**-**	$	7,097
Withholding taxes		**-**		(355)
Net dividends payable to Kyrgyzaltyn	**$**	**-**	$	6,742

Related party balances

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

		2017		**2016**
Amounts receivable (a)	**$**	**20**	$	11,611
Amount payable	**$**	**1,160**	$	1,218

(a) Subsequent to December 31, 2017, the balance receivable from Kyrgyzaltyn was paid in full.

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.

b. Transactions with directors and key management

The Company transacts with key individuals from management and with its directors who have authority and responsibility to plan, direct and control the activities of the Company. The nature of these dealings were in the form of payments for services rendered in their capacity as directors (director fees, including share-based payments) and as employees of the Company (salaries, benefits and share-based payments).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Key management personnel are defined as the executive officers of the Company including the Chief Executive Officer, President, Vice President and Chief Financial Officer, Vice President and Chief Operating Officer, and Vice President Business Development & Exploration.

During the years ended December 31, 2017 and 2016, remuneration to directors and key management personnel were as follows:

Compensation of directors

		2017		2016
Fees earned and other compensation	**$**	**1,047**	$	861
Share-based compensation		**1,138**		619
Total expense	**$**	**2,185**	$	1,480

Fees earned and other compensation

Represent fees earned by the non-executive chairman and the non-executive directors during the financial year.

Share-based compensation

A portion of the directors' compensation is in the form of participation in the Company's share-based payment plans (Deferred Share Unit plan and Restricted Share Unit plan) according to the election of each of the directors.

Compensation of key management personnel

Compensation of key management personnel includes:

		2017		2016
Salaries and benefits	**$**	**5,460**	$	5,064
Share-based compensation		**2,599**		2,114
Total expense	**$**	**8,059**	$	7,178

Salaries and benefits

Represent salary, supplementary executive retirement plan contributions, and benefits earned during the year, plus cash bonuses awarded for the year.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Share-based compensation

A portion of the senior management's compensation is in the form of participation in the Company's share-based payment plans (Stock Option plan, Restricted Share Unit plan and Performance Share Unit plan).

28. Capital management

The Company's primary objective with respect to its capital management is to provide returns for shareholders by ensuring that it has sufficient cash resources to maintain its ongoing operations, pursue and support growth opportunities, continue the development and exploration of its mineral properties, satisfying debt repayment requirements and other obligations, and certain benefits for other stakeholders.

The Company manages its capital structure and makes adjustments in light of changes in its economic and operating environment and the risk characteristics of the Company's assets. For effective capital management, the Company implemented planning, budgeting and forecasting processes to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there is access to sufficient funds to meet its short-term business, operating and financing requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents and short term investments.
At December 31, 2017, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis. Refer to the liquidity risk section of note 30 for further discussion of the availability of funds to the Company.

The Company's capital structure consists of short-term and long-term debt (net of cash and cash equivalents, restricted cash and restricted short-term investments), lease obligations, and shareholders' equity, comprising issued common shares, contributed surplus, AOCI, and retained earnings as shown below:

		2017		2016
Shareholders' equity	**$**	**2,025,429**	$	1,824,282
Long-term debt		**211,611**		392,851
Short-term debt		**48,536**		72,281
Lease obligations		**31,986**		29,901
		2,317,562		2,319,315
Less:				
Restricted cash and restricted short-term investments (note 7)		**(687)**		(248,668)
Cash and cash equivalents		**(415,891)**		(160,091)
Total invested capital	**$**	**1,900,984**	$	1,910,556

29. Financial Instruments

The Company's financial instruments include cash and cash equivalents, short-term investments, restricted cash and short-term investments, amounts receivable (including embedded derivatives), derivative instruments, long-term receivables, tax receivables, accounts payable and accrued liabilities, debt, and revenue-based taxes payable.

Derivative Instruments

The Company uses derivative instruments as part of its risk management program to mitigate exposures to various market risks including commodity prices, currency exchange rates and the cost of fuel.

The Company designates certain derivatives as cash flow hedging instruments ("Gold, copper and fuel hedge contracts"). The effective portion of changes in the fair value of these derivatives is recognized in other comprehensive income and accumulated in OCI. Any ineffective portion of changes in the fair value of these derivatives is recognized immediately in the Statements of Earnings. Amounts previously recognized in other comprehensive income and accumulated in OCI are reclassified to the Statements of Earnings in the periods when the hedged item is recognized in earnings. These amounts are included within the same line of the Statements of Earnings as the hedged item.
Hedges that are expected to be highly effective in achieving offsetting changes in cash flows are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

On December 27, 2017 the Company announced that due to a lack of water resources, mill processing operations at the Mount Milligan mine had been temporarily suspended and were expected to recommence by the end of January 2018. As a result, the Company anticipated no concentrate shipments in the months of January and February 2018. In accordance with the Company's hedging policy and IFRS 9, if a hedged forecast transaction is no longer expected to occur within the original time period, then hedge accounting is terminated for the associated derivative instrument. As a result, a $4.3 million accumulated unrealized loss on these hedging instruments that was recognized in AOCI was reclassified to the Statements of Earnings.

The Company uses a selection of derivative instruments that are effective in achieving its risk management objectives, but are not designated under the hedge accounting criteria ("Non-hedge gold, copper and currency contracts"). Changes in fair value of these derivatives are recognized immediately in the Statements of Earnings.

As of December 31, 2017, the Company had nine counterparties (December 31, 2016 – four) to its derivative positions. On an ongoing basis, the Company monitors its exposures and ensures that the counterparties with which it holds outstanding contracts will continue to meet the credit rating requirements of the Company's risk management policy.

Gold, copper and fuel hedge contracts

The Company's hedging strategy for which hedge accounting is applied consists of the following:

Gold and copper contracts

The Company established a hedging strategy to manage cash flow streams by protecting against declining copper or gold prices. The Company hedged 75% of expected copper production and 50% of expected gold production at the Mount Milligan mine for a period of two years, ending on June 30, 2019.

The Company has designated fixed price forward sales contracts and zero-cost collars as cash flow hedges for the copper and gold component of its highly probable forecasted copper and gold sales**.** These derivatives meet the hedge effectiveness criteria and are designated in a hedge accounting relationship as a result of the following factors:

- Economic relationship exists between the hedged item (monthly gold and copper sales) and hedging instrument (derivatives), as notional amounts match and both the hedged item and hedging instrument fair values move in response to the same average price.

- The hedge ratio is 1.0 for this hedging relationship, as the hedged item and the hedging instrument are the same quantity.

- Credit risk is not dominant in the fair value of the hedging instrument.

The Company has identified two sources of potential ineffectiveness; 1) the timing of cash flow differences between the settlement of the concentrate sale and the related derivative and 2) the inclusion of credit risk in the fair value of the derivative not replicated in the hedged item. The Company expects the impact of these sources of hedge ineffectiveness to be minimal. The timing of hedge settlements and settlement of the concentrate sale are closely aligned, as they are expected to occur within 30 days of each other. As noted above, credit risk is not a material component of the fair value of the Company's hedging instruments, as all counterparties are reputable banking institutions and are highly rated.

As at December 31, 2017, the Company has in place derivatives for 33,021 metric tonnes (72.8 million pounds) of copper designated as cash flow hedges against forecasted production at the Company's Mount Milligan mine of which 3,039 metric tonnes are fixed price forwards and 29,982 metric tonnes are zero-cost collars. In addition, as at December 31, 2017, the Company has in place derivatives for 123,802 ounces of gold designated as cash flow hedges against forecasted production at the Company's Mount Milligan mine of which 39,097 ounces are fixed price forwards and 84,705 ounces are zero-cost collars.

Fuel hedge contracts

For the price risk relating to the consumption of diesel fuel, the Company believes that crude oil futures contracts are an appropriate way of managing the price risk of the cost of diesel fuel.

Crude oil is a component of diesel fuel purchased by the Company, such that changes in the price of Brent crude oil generally impacts diesel fuel prices. The Company established a hedging strategy to mitigate changes in diesel fuel prices on the cost of operations at the Kumtor mine. The diesel fuel hedging program is a 24-month rolling program and the Company targets to hedge up to 50% of monthly diesel purchases.

The Company has designated call options and collars as cash flow hedges for the crude oil component of its highly probable forecasted diesel fuel purchases. These derivatives meet the hedge effectiveness criteria and are designated in a hedge accounting relationship as a result of the following factors:

- Economic relationship exists between the hedged item and hedging instrument, as notional amounts match and both the hedged item and hedging instrument fair values move in response to the same price risk (crude oil). A comprehensive qualitative and quantitative analysis was performed in order to conclude that crude oil is a separately identifiable and reliably measurable risk component of the diesel purchases for the Kumtor mine. In considering the economic relationship qualitatively, the Company considered the Russian oil market and the approach to purchasing diesel fuel for the Kumtor mine. Quantitatively, the Company performed historical correlation analysis between prices of diesel fuel purchased at Kumtor and Brent crude oil prices.

- The hedge ratio is 1.0 for this hedging relationship, as the hedged item is the specific crude oil risk component of the diesel purchases and matches the hedging instrument.

- Credit risk is not dominant in the fair value of the hedging instrument.

The Company has identified two sources of potential ineffectiveness; 1) the timing of cash flow differences between the diesel fuel purchases and the related derivative and 2) the inclusion of credit risk in the fair value of the derivative not replicated in the hedged item. The Company expects the impact of these sources of hedge ineffectiveness to be minimal. The timing of hedge settlements and purchases of diesel fuel are closely aligned, as they are expected to occur within 30 days of each other. As noted above, credit risk is not a material component of the fair value of the Company's hedging instruments, as all counterparties are reputable banking institutions and are highly rated.

Non-hedge gold, copper and currency contracts

The Company must satisfy its obligation under the streaming arrangement with Royal Gold by delivering gold and copper to Royal Gold after receiving payment from third-party customers, including offtakers and traders, which purchase concentrate from the Mount Milligan mine ("MTM Customers"). The Company delivers physical gold and copper warrants to Royal Gold based on a percentage of the gold ounces and copper pounds included in each final sale of concentrate to MTM Customers within two days of receiving a final payment. If the final payment from a MTM Customer is not received within five months of the provisional payment date, then the Company will deliver an estimated amount of gold ounces and copper warrants based on information that is available from the MTM Customer at that time.

The Company receives payment from MTM Customers in cash, thus requiring the purchase of physical gold and copper warrants in order to satisfy the obligation to pay Royal Gold. In order to hedge its gold and copper price risk that arises when physical purchase and concentrate sales pricing periods do not match, the Company has entered into certain forward gold and copper purchase and sales contracts pursuant to which it purchases gold and copper at an average price during a quotational period and sells gold and copper at a spot price. These contracts are treated as derivatives not designated as hedging instruments. The Company records its forward commodity contracts at fair value using a market approach based on observable quoted market prices and contracted prices.

As at December 31, 2017, the Company had forward contracts outstanding for 31,940 ounces of gold (December 31, 2016 – 35,000 ounces). As at December 31, 2017, the Company had forward contracts outstanding for 2,404 metric tonnes (5.3 million pounds) of copper (December 31, 2016 – nil).

Non-hedge foreign currency contracts are used to mitigate the variability of non-US dollar denominated exposures and do not meet the strict hedge effectiveness criteria.

Provisionally-priced contracts

Certain copper-gold concentrate sales contracts provide for provisional pricing. These sales contain an embedded derivative related to the provisional pricing mechanism and are marked to market at the end of each reporting period. As at December 31, 2017, the Company’s trade receivables with embedded derivatives had a fair value of $20.9 million (December 31, 2016 - $4.1 million), representing 17.6 million pounds of copper and 78,578 ounces of gold (December 31, 2016 – 6.5 million pounds of copper and 61,693 ounces of gold).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

The hedge positions outstanding for each of the type of commodity contracts as at December 31, 2017 are summarized as follows:

					Settlement		**As at December 31, 2017**
Contract	**Instrument**	**Unit**	**Average strike price**	**Type**	**2018**	**2019**	**Total position**
Fuel	Crude oil options (a)	Barrels	$64.60	Fixed	288,000	72,000	360,000
Fuel	Zero-cost collars (c)	Barrels	$46/$59	Fixed	-	23,000	23,000
Copper	Forward contracts (b)	Pounds	$2.90	Fixed	6.7 million	-	6.7 million
Copper	Zero-cost collars (c)	Pounds	$2.47/$3.22	Fixed	38.6 million	27.5 million	66.1 million
Gold	Forward contracts (b)	Ounces	$1,285	Fixed	39,097	-	39,097
Gold	Zero-cost collars (c)	Ounces	$1,247/$1,363	Fixed	47,906	36,799	84,705
Royal Gold deliverables							
Non-hedge gold	Forward contracts (d)	Ounces	ND	Float	31,940	-	31,940
Non-hedge copper	Forward contracts (d)	Pounds	ND	Float	5.3 million	-	5.3 million

ND = Contracts with floating terms, that are not defined as at December 31, 2017.

(a) Under the option contract, the Company has the option buy or sell specified assets, typically metals or currency, at a specified price at a certain future date.

(b) Under the forward contract, the Company will buy or sell specified assets, typically metals or currency, at a specified price to be settled at a certain future date.

(c) Under the zero-cost collar, the Company can put the number of gold ounces and copper pounds to the counterparty at the minimum price, if the price were to fall below the minimum, and the counterparty has the option to require the Company to sell to it the number of gold ounces and copper pounds at the maximum price, if the price were to rise above the maximum. Under the zero-cost collar for fuel, the Company can call the number of crude oil barrels from the counterparty at the maximum price, if the price were to increase above the maximum, and the counterparty has the option to require the Company to buy the number of crude oil barrels at the minimum price, if the price were to fall below the minimum.

(d) Regarding sales to Royal Gold, the Company has entered into forward gold and copper contracts pursuant to which it purchases gold copper at an average price during a quotational period and sells gold or copper at the spot price. These derivative contracts are not designated as hedging instruments.

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

(Expressed in thousands of United States Dollars, except where otherwise indicated)

The following table is an analysis of the derivative instruments recorded in the Statements of Earnings:

		2017		**2016**
Cash flow hedges				
Gold, copper and fuel contracts				
Cash flow hedges - effective portion of changes in fair value	**$**	**(25,356)**	$	(428)
Cash flow hedges - reclassified to Statement of Earnings		**11,213**		41
Net loss included in AOCI, net of tax (a)	**$**	**(14,143)**	$	(387)
Cash flow hedges - reclassified from AOCI (b)	**$**	**(11,213)**		-
Loss recognized on derivative instruments (c)		**(2,120)**		-
Total loss included in Statements of Earnings	**$**	**(13,333)**	$	-
Non-hedge derivatives				
Non-hedge gold, non-hedge copper and currency contracts				
Total gain included in revenue	**$**	**4,063**	$	**(2,011)**
Total gain (loss) included in other income, net	**$**	**1,562**	$	**524**

(a) Includes tax for the year ended December 31, 2017 of nil (December 31, 2016 – nil).
(b) Includes $4.3 million loss recognized in other income, net (note 23).
(c) Represents the total fair value movement of certain gold and copper derivative instruments reclassified to the Statements of Earnings that no longer qualify for hedge accounting.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

The following table is an analysis of where derivative instruments are recorded in the Statements of Financial Position:

		2017		2016
Cash flow hedge				
Gold, copper and fuel contracts				
Prepaid expenses and other current assets	**$**	**908**	$	750
Other non-current assets		**545**		904
Current portion of derivative liabilities		**(15,870)**		-
Non-current derivative liabilities		**(7,273)**		-
	$	**(21,690)**	$	1,654
Non-hedge derivatives				
Non-hedge gold, non-hedge copper and currency contracts				
Prepaid expenses and other current assets	**$**	**1,055**	$	-
Current portion of derivative liabilities		**(187)**		(1,512)
	$	**868**	$	(1,512)

The following table is a sensitivity analysis of the impact on the Statements of Earnings of an increase or a decrease of 10% of the price of the hedged item:

Sensitivity table						
		Fair value as at December 31, 2017		**Increase of 10%**		**Decrease of 10%**
Fuel contracts	**$**	1,452	**$**	3,076	**$**	494
Gold (Hedge)		(2,810)		(11,629)		10,834
Copper (Hedge)		(20,332)		(28,230)		(2,013)
Gold and Copper (Non-hedge)		1,035		6,671		(4,603)
Currency contracts (Non-hedge)		(167)		1,902		(1,276)

Fair value measurement

All financial instruments measured at fair value are categorized into one of three hierarchy levels for which the financial instruments must be grouped based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions. These two types of inputs create the following fair value hierarchy:

(Expressed in thousands of United States Dollars, except where otherwise indicated)

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

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

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

Classification and the fair value measurement by level of the financial assets and liabilities in the Statements of Financial Position were as follows:

December 31, 2017

	Amortized cost	Assets/liabilities at fair value through earnings	Assets/liabilities at fair value through OCI
Financial assets			
Cash and cash equivalents	$ 415,891	$ -	$ -
Restricted cash	687	-	-
Amounts receivable	43,012	-	-
Provisionally-priced receivables - Level 2	-	20,890	-
Taxes receivable	21,302	-	-
Long-term receivables	2,649	-	-
Derivative assets - Level 2	-	1,055	1,453
	$ 483,541	$ 21,945	$ 1,453
Financial liabilities			
Trade creditors and accruals	$ 122,101	$ -	$ -
Amount due to Royal Gold - Level 2	-	50,650	-
Lease obligations	31,986	-	-
Debt	260,147	-	-
Revenue-based taxes payable	15,953	-	-
Derivative liabilities - Level 2	-	187	23,143
	$ 430,187	$ 50,837	$ 23,143

(Expressed in thousands of United States Dollars, except where otherwise indicated)

December 31, 2016

	Amortized cost	Assets/liabilities at fair value through earnings	Assets/liabilities at fair value through OCI
Financial assets			
Cash and cash equivalents	$ 160,091	$ -	$ -
Restricted cash	248,668	-	-
Amounts receivable	43,949	-	-
Provisionally-priced receivables - Level 2	-	4,148	-
Long-term receivables	6,326	-	-
Fuel derivative assets - Level 2	-	-	1,654
	$ 459,034	$ 4,148	$ 1,654
Financial liabilities			
Trade creditors and accruals	$ 92,715	$ -	$ -
Amount due to Royal Gold - Level 2	-	29,170	-
Lease obligations	29,901	-	-
Debt	465,132	-	-
Revenue-based taxes payable	19,202	-	-
Commodity derivative liability - Level 2	-	1,512	-
	$ 606,950	$ 30,682	$ -

The recorded value of restricted short-term investments, amounts receivable, taxes receivable, long-term receivables, accounts payable and accrued liabilities, lease obligation, debt and revenue-based taxes payable approximate their relative fair values.

The fair value of gold, copper, diesel and currency derivative instruments, classified within Level 2, is determined using derivative pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The fair value of the Company's derivative contracts includes an adjustment for credit risk.

Forward commodity contracts and provisionally priced contracts, are classified within Level 2 because they are valued using a market-based-approach, other than observable quoted prices included within Level 1, other inputs from published market prices and contracted prices and terms.

30. Financial risk exposure and risk management

The Company is exposed in varying degrees to certain financial risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The Board of Directors has a responsibility to ensure that an adequate financial risk management policy is established. Financial risk management is carried out by the Company's treasury department in accordance with the Board of Directors' approved policy. The treasury department identifies and evaluates financial risks, establishes controls and procedures to ensure financial risks are mitigated in accordance with the approved policy and programs, and that risk management activities comply thereto.

The Company's Audit Committee oversees management's compliance with the Company's financial risk management policy, approves financial risk management programs, and receives and reviews reports on management compliance with the policy and programs. The internal audit department assists in undertaking its oversight of financial risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company is exposed to the following types of risk and manages them as follows:

a. Currency risk

The Company's operations are located in various geographic locations, exposing the Company to potential foreign exchange risk in its financial position and cash flows. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the U.S. dollar. The operating results and financial position of the Company are reported in U.S. dollars in the Company's consolidated financial statements. The fluctuation of the U.S. dollar in relation to other currencies will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets.

To mitigate this risk, the Company makes purchases in foreign currencies at the prevailing spot price to fund corporate activities or enters into short-term forward contracts or zero-cost collar contracts to purchase foreign currencies. During the year ended December 31, 2017, total Canadian dollars and Euros purchased were Cdn$521.0 million and €23.9 million, respectively, (year ended December 31, 2016 - Cdn$130.0 million and €22.2 million), including executed forward contracts of Cdn$56.6 million (year ended December 31, 2016 - Cdn$11.5 million and €0.5 million) and exercised zero-cost collar contracts of Cdn$14.0 million (year ended December 31, 2016 - nil).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

The exposure of the Company's monetary assets and liabilities to currency risk is as follows:

December 31, 2017

	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	European Euro	Turkish Lira	Other
Financial Assets						
Cash and cash equivalents	$ 295	$ 204	$ 155,734	$ 1,289	$ 63	$ 22
Restricted cash	-	-	301	-	-	-
Amounts receivable	152	288	2,355	2	2,080	33
Other assets	-	-	73	-	16	-
	$ 447	$ 492	$ 158,463	$ 1,291	$ 2,159	$ 55
Financial Liabilities						
Accounts payable and accrued liabilities	$ 12,426	$ 421	$ 47,846	$ 1,298	$ 330	$ 657
Taxes payable	6	72	1,376	1,050	79	9
Other liabilities	91	-	6,932	-	-	-
	$ 12,523	$ 493	$ 56,154	$ 2,348	$ 409	$ 666

December 31, 2016

	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	European Euro	Turkish Lira	Other
Financial Assets						
Cash and cash equivalents	$ -	$ 1,581	$ 16,679	$ 91	$ 52	$ 212
Restricted cash	442	-	639	697	550	-
Amounts receivable	192	485	4,108	-	1,835	5
Other assets	-	750	2,635	-	-	-
	$ 634	$ 2,816	$ 24,061	$ 788	$ 2,437	$ 217
Financial Liabilities						
Accounts payable and accrued liabilities	$ 8,063	$ 364	$ 38,175	$ 476	$ 98	$ 112
Taxes payable	929	54	233	1,050	23	13
Other liabilities	-	-	14,291	-	-	-
	$ 8,992	$ 418	$ 52,699	$ 1,526	$ 121	$ 125

Based on the above net exposures at December 31, 2017, a 10% devaluation or appreciation of the above currencies against the U.S. dollar, with all other variables held constant would have led to additional income or loss before tax of $9.0 million (December 31, 2016 - $3.3 million).

b. Interest rate risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to risk of changes in cash flows. The Company's cash and cash equivalents include highly liquid investments that earn interest at market rates. As at December 31, 2017, the majority of the $416.6 million in cash and cash equivalents and current and non-current restricted cash and short-term investments (December 31, 2016 - $408.8 million) were comprised of interest-bearing assets. Based on amounts as at December 31, 2017, a 100 basis point change in interest rates would result in a $4.2 million adjustment to interest income (December 31, 2016 - $4.1 million).

Additionally, the interest rates on $292.1 million of debt and lease obligations include a variable rate component referenced to LIBOR (December 31, 2016 - $465.1 million). Based on the amount drawn as at December 31, 2017, a 100 basis point change in LIBOR would result in a $3.0 million adjustment to interest expenses (December 31, 2016 - $1.1 million).

The Company's policy limits the investment of excess funds to liquid term deposits, treasury bills, banker's acceptances, bearer's deposit notes and corporate direct credit having a single "A" rating or greater.

c. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises principally from the Company's receivables from customers and on cash and cash equivalents and short-term investments and restricted cash and short-term investments.

The Company's exposure to credit risk, in respect of gold sales, is influenced mainly by the individual characteristics of each customer. Kyrgyzaltyn is the sole customer of gold doré from the Kumtor mine and is a shareholder of Centerra. Gold and copper concentrate from Mount Milligan are sold to four multi-national off-takers with limited credit risk.

To partially mitigate exposure to potential credit risk related to Kumtor sales, the Company has an agreement in place whereby Kyrgyzaltyn has pledged 2,850,000 Centerra common shares it owns as security against unsettled gold shipments, in the event of default on payment (note 27).

Based on movements in Centerra's share price and the value of individual or unsettled gold shipments over the course of 2017, the maximum exposure during the year, reflecting the shortfall in the value of the security as compared to the value of any unsettled shipments, was approximately $86.6 million (year ended December 31, 2016 - $24.0 million).

Mount Milligan and Langeloth manage their credit risk from accounts receivable through their collection activities. Mount Milligan's collection risk is further reduced by the nature of the concentrate sales contracts, as they are structured for the Company to collect 90% of the provisional sales price upon shipment. As of December 31, 2017, Mount Milligan's trade receivables included two multi-national customers with a combined balance owing of $25.0 million, representing 73% of the mine's trade receivables (December 31, 2016 - one multi-national customer with a balance owing of $11.6 million representing 84% of the mine's trade receivables). In accordance with IFRS 9, Langeloth's receivables are provided for based on lifetime expected credit losses, which are established by considering historical credit loss experience with each customer.

The Company manages counterparty credit risk, in respect of short-term investments, by maintaining bank accounts with highly-rated U.S. and Canadian banks and investing only in highly-rated Canadian and U.S. Government bills, term deposits or banker's acceptances with highly-rated financial institutions and corporate direct credit issues that can be promptly liquidated. As at December 31, 2017, the Company's short-term investments are maintained with Canadian Schedule I banks with a minimum of an A1/P1 rating.

d. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company finances its operations through a combination of operating cash flows, short and long-term debt and, from to time, through the issuance of equity. The Company primarily uses funds generated from operating activities to fund operational expenses, sustaining and development capital spending, and interest and principal payments on its loans and borrowings. The Company continuously monitors and reviews its actual and forecasted cash flows and manages liquidity risk by maintaining adequate cash and cash equivalents, by utilizing debt and by monitoring developments in the capital markets.

As at December 31, 2017, cash and cash equivalents were $415.9 million compared to $160.1 million at December 31, 2016. At December 31, 2016, $247.8 million of cash held by Kumtor Gold Company was restricted under a Kyrgyz Republic court order (note 21).

The Company believes its cash on hand, available cash from the Company's existing credit facilities, and cash flow from the Company's operations will be sufficient to fund its anticipated operating cash requirements and development expenditures through to the end of 2018.

A maturity analysis of the Company's financial liabilities, contractual obligations, other fixed operating and capital commitments, excluding asset retirement obligations, is set out below:

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Year ended December 31, 2017

(Millions of U.S. Dollars)	Total	Due In Less Than One Year	Due In One to Three Years	Due In Four to Five Years	Due After Five Years
Accounts payable and accrued liabilities	**$ 181.8**	**$ 181.8**	**$ -**	**$ -**	**$ -**
Debt	**266.0**	**50.0**	**100.0**	**116.0**	
Reclamation trust fund	**42.6**	**6.0**	**18.0**	**12.0**	**6.6**
Capital equipment	**4.4**	**4.4**	**-**	**-**	**-**
Operational supplies	**48.4**	**48.4**	**-**	**-**	**-**
Project development	**49.9**	**22.0**	**27.9**	**-**	**-**
Deferred vendor payables (a)	**6.9**	**6.9**	**-**	**-**	**-**
Equipment Promissory Note (principal + interest)	**34.1**	**34.1**	**-**	**-**	**-**
Lease of premises	**3.2**	**0.8**	**1.0**	**0.7**	**0.7**
Derivative liability	**23.3**	**16.0**	**7.3**	**-**	**-**
Total contractual obligations	**$ 660.6**	**$ 370.4**	**$ 154.2**	**$ 128.7**	**$ 7.3**

Year ended December 31, 2016

(Millions of U.S. Dollars)	Total	Due In Less Than One Year	Due In One to Three Years	Due In Four to Five Years	Due After Five Years
Accounts payable and accrued liabilities	$ 130.3	$ 130.3	$ -	$ -	$ -
Debt	474.4	75.0	100.0	299.4	-
Reclamation trust fund	32.2	4.2	12.2	9.4	6.4
Capital equipment	4.7	4.7	-	-	-
Operational supplies	34.5	34.5	-	-	-
Project development	51.4	15.3	36.1	-	-
Deferred vendor payables (a)	14.3	-	-	-	14.3
Equipment Promissory Note (principal + interest)	31.7	1.3	30.4	-	-
Lease of premises	4.4	1.7	1.1	0.8	0.8
Derivative liability	1.5	1.5	-	-	-
Total contractual obligations	$ 779.4	$ 268.5	$ 179.8	$ 309.6	$ 21.5

(a) Deferred vendor payable represents amounts due to BC Hydro and Power Authority. Repayment for deferred energy costs is dependent on average monthly copper prices and the average monthly Cdn$/USD exchange rate. If the average copper price for the month exceeds C$3.40/pound, then a portion of the deferred energy liability is due and payable in the subsequent month.

e. Commodity price risk

The profitability of the Company's operations and mineral resource properties relates primarily to the market price and outlook of gold and copper. Adverse changes in the price of certain raw materials can also significantly affect the Company's cash flows.

Gold and copper prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial, residential and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative or hedging activities, macro-economic variables, geopolitical events and certain other factors related specifically to gold (including central bank reserves management).

Provisional pricing mechanisms embedded within the Company's Mount Milligan sales contracts have the character of a commodity derivative and are carried at fair value as part of accounts receivables. As at December 31, 2017, the Company's trade receivable balance included four provisionally priced shipments with a combined carrying value of $20.9 million (December 31, 2016 – three provisionally priced shipments with a combined carrying value of $4.1 million). A 10% change in the forward copper and gold prices used to fair value this provision would have a $14.8 million impact on the receivable and related revenue recorded at December 31, 2017 (December 31, 2016 - $6.0 million). Additionally, as a result of the Royal Gold stream, when a gold and copper concentrate receivable is recorded, a corresponding provisionally priced liability to Royal Gold is generated. As at December 31, 2017, $50.7 million is owed to Royal Gold (December 31, 2016 - $29.2 million). A 10% change in the forward copper and gold prices used to fair value this provision would have a $6.9 million impact on the payable and related revenue recorded at December 31, 2017 (December 31, 2016 - $4.4 million).

To the extent that the price of gold and copper increase over time, the fair value of the Company's mineral assets increases and cash flows will improve; conversely, declines in the price of gold will reduce the fair value of mineral assets and cash flows. A protracted period of depressed prices could impair the Company's operations and development opportunities, and significantly erode shareholder value. To the extent there are adverse changes to the price of certain raw materials (e.g. diesel fuel), the Company's profitability and cash flows may be impacted.

The Company enters into hedging arrangements to mitigate commodity price risk (see note 29).

(Expressed in thousands of United States Dollars, except where otherwise indicated)

31. Supplemental disclosure

a. Changes in operating working capital

		2017		2016
(Increase) decrease in amounts receivable	**$**	**(14,396)**	$	10,971
Decrease (increase) in inventory - ore and metal		**39,504**		(63,350)
(Increase) decrease in inventory - supplies		**(4,935)**		16,278
Increase in prepaid expenses		**(2,265)**		(688)
Increase in trade creditors and accruals		**44,532**		7,634
(Decrease) increase in revenue-based tax payable		**(3,249)**		10,050
(Decrease) increase in depreciation and amortization included in inventory (note 11)		**(69,644)**		52,076
Increase in accruals included in additions to PP&E		**(340)**		(1,261)
(Decrease) increase in other taxes payable		**(900)**		948
	$	**(11,693)**	$	32,658

b. Investment in PP&E

		2017		2016
Additions to PP&E during the period (note 11)	**$**	**(334,146)**	$	(260,023)
Greenstone Gold Property translation adjustment		**2,530**		(2,523)
Capitalized parts		**6,769**		-
Purchase of Teck royalty via share issuance		**-**		2,955
Impact of revisions to asset retirement obligation included in PP&E		**5,153**		9,238
Depreciation and amortization included in additions to PP&E (note 11)		**51,056**		36,260
Capitalization of OMAS financing costs		**1,444**		-
Increase in accruals related to additions to PP&E		**340**		1,261
	$	**(266,854)**	$	(212,832)

(Expressed in thousands of United States Dollars, except where otherwise indicated)

c. Changes in liabilities arising from financing activities

	Debt[b]	**Interest payable[a]**
Opening balance	**465,132**	**4,783**
Changes due to:		
Repayments	**(208,363)**	**(27,407)**
Financing costs deferred	**(896)**	**-**
Amortization of deferred financing costs	**4,274**	**-**
Interest expense	-	**20,362**
Capitalized financing costs and other (c)	-	**3,813**
Balance at December 31, 2017	**260,147**	**1,551**

(a) Included within "Accounts payable and accrued liabilities".
(b) Includes short term debt ($48,536) and long term debt ($211,611).
(c) Includes costs associated with the Promissory Note and OMAS Facility.

32. Subsequent events

AuRico Metals Inc. acquisition

On January 8, 2018, the Company completed the acquisition of 100% of the outstanding shares of AuRico Metals Inc. (“AuRico”) (“the Acquisition”). AuRico was a North American-based mining development and royalty company with interest in a feasibility stage underground gold-copper project in British Columbia, Canada.

The Acquisition was completed by way of a Plan of Arrangement under the Business Corporations Act (Ontario), whereby the Company acquired all of the issued and outstanding AuRico common shares for Cdn$1.80 per share in cash consideration, representing an aggregate transaction value of approximately Cdn$307 million ($247 million).

Concurrently with the closing of the Acquisition, the Company entered into a credit facility (“AuRico Facility”) with The Bank of Nova Scotia, as administrative agent, lead arranger and lender, providing for a $125 million senior secured non revolving term credit facility to finance a portion of the Acquisition and to pay certain related costs.

The Company determined that the Acquisition was a business combination in accordance with the definition in IFRS 3, *Business Combinations*, and as such has accounted for it in accordance with this standard, with Centerra being the accounting acquirer on the acquisition date of January 8, 2018.

(Expressed in thousands of United States Dollars, except where otherwise indicated)

The Company engaged an external third party valuator to assist in the determination of the fair value of the acquired assets and liabilities.

The following table summarizes the preliminary fair value of the identified assets acquired and liabilities assumed from AuRico:

		January 8, 2018
Total consideration		
Cash paid to shareholders	$	246,961
	$	246,961
Assets acquired		
Current assets		
Cash and cash equivalents	$	20,161
Marketable investments		2,254
Amounts receivable		4,005
Inventories		3,000
Prepaid expenses and other assets		375
	$	29,795
Non-current assets		
Property, plant and equipment	$	171,264
Intangible assets (Royalties)		129,223
Total assets	$	330,282
Liabilities assumed		
Accounts payable and accrued liabilities	$	5,955
Asset retirement obligations		13,795
Deferred tax liability		63,576
Total liabilities	$	83,326
Net assets acquired	$	246,956
Goodwill	$	5

Borrowings

EBRD Facility

On January 29, 2018, the EBRD Facility was repaid in full and subsequently cancelled. All associated unamortized capitalized deferred financing fees were expensed in the Statements of Earnings in January 2018.

CGI Credit Facility

On February 1, 2018, the Company entered into a $500 million four-year senior secured revolving credit facility (the "CGI Credit Facility") with a lending syndicate led by The Bank of Nova Scotia and National Bank of Canada.

The CGI Credit Facility is held at the corporate level and replaces the Credit Facility, which had an outstanding balance owed of $190 million and the $125 million AuRico Facility. The Credit Facility was deemed to be extinguished and all associated unamortized capitalized deferred financing fees were expensed into the Statements of Earnings in February 2018.

The CGI Credit Facility is for general corporate purposes, including working capital, investments, acquisitions and capital expenditures.

Öksüt Project

On January 11, 2018, the Company announced it had received approval for the last remaining outstanding permit (pastureland permit) and construction of the Öksüt Project could proceed upon receipt of approval from the Company’s Board of Directors.

33. Segmented Information

In accordance with IFRS 8, *Operating Segments*, the Company’s operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The Chief Executive Officer has authority for resource allocation and assessment of the Company’s performance and is therefore the CODM. Information presented in the table below is shown at the level at which it is reviewed by the CODM in his decision making process.

The Company manages its reportable operating segments by a combination of geographic location and products. The Kyrgyz Republic segment includes the operations of the Kumtor Gold Project. The Mongolian segment includes the operations of the Boroo Gold Project, activities related to the Gatsuurt Project and local exploration activities. The Turkish segment represents the development of the Öksüt Project. The North America Gold-Copper segment represents the operations of the Mount Milligan Mine. The North America Molybdenum segment includes the operations of the

Langeloth processing facility and care and maintenance activities of the Endako and Thompson Creek Mines. The Corporate and other segment include the head office located in Toronto, the corporate office located in Denver, Colorado, the Greenstone Gold Property and other international exploration projects. The segments' accounting policies are consistent with those described in note 3.

Segment Revenues and Results

The following table reconciles segment operating profit to the consolidated operating profit in the Statements of Earnings:

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Year ended December 31, 2017

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Turkey	North America Gold-Copper	North America Molybdenum	Corporate and other	Total
Gold sales	$ 685.2	$ -	$ -	$ 242.9	$ -	$ -	$ 928.1
Copper sales	-	-	-	125.9	-	-	125.9
Molybdenum sales	-	-	-	-	136.8	-	136.8
Tolling, calcining and other	-	-	-	-	8.2	-	8.2
Revenue	685.2	-	-	368.8	145.0	-	1,199.0
Cost of sales	291.7	-	-	253.6	136.8	-	682.1
Standby costs, net	-	6.4	-	-	-	-	6.4
Regional office administration	18.2	-	-	-	-	-	18.2
Earnings (loss) from mine operations	375.3	(6.4)	-	115.2	8.2	-	492.3
Revenue-based taxes	96.7	-	-	-	-	-	96.7
Other operating expenses	3.7	0.9	-	6.9	2.3	-	13.8
Care and maintenance	-	-	-	-	13.2	-	13.2
Pre-development project costs	-	-	-	-	-	4.8	4.8
Exploration expenses and business development	-	0.7	-	0.3	-	10.4	11.4
TCM acquisition and integration expenses	-	-	-	-	-	2.4	2.4
AuRico acquisition and integration expenses	-	-	-	-	-	1.5	1.5
Corporate administration	0.3	0.4	0.2	-	-	37.0	37.9
Asset impairment	-	42.0	-	-	-	-	42.0
Kyrgyz Republic settlement	60.0	-	-	-	-	-	60.0
Earnings (loss) from operations	214.6	(50.4)	(0.2)	108.0	(7.3)	(56.1)	208.6
Other income, net							(13.3)
Finance costs							30.6
Earnings before income tax							191.3
Income tax recovery							(18.2)
Net earnings							$ 209.5
Capital expenditure for the year	$ 279.7	$ -	$ 9.0	$ 33.2	$ 4.0	$ 8.2	$ 334.1
Goodwill	$ -	$ -	$ -	$ 16.1	$ -	$ -	$ 16.1
Total assets (excluding goodwill)	$ 1,106.4	$ 66.7	$ 47.5	$ 933.7	$ 227.7	$ 374.1	$ 2,756.1
Total liabilities	$ 187.0	$ 26.9	$ 0.6	$ 171.6	$ 76.3	$ 284.3	$ 746.7

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Year ended December 31, 2016

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Turkey	North America Gold-Copper	North America Molybdenum	Corporate and other	Total
Gold sales	$ 683.3	$ -	$ -	$ 29.4	$ -	$ -	$ 712.7
Copper sales	-	-	-	26.0	-	-	26.0
Molybdenum sales	-	-	-	-	16.8	-	16.8
Tolling, calcining and other	-	-	-	-	2.2	-	2.2
Revenue	683.3	-	-	55.4	19.0	-	757.7
Cost of sales	347.3	-	-	44.7	19.6	-	411.6
Standby costs, net	-	0.3	-	-	-	-	0.3
Regional office administration	14.5	-	-	0.2	-	-	14.7
Earnings (loss) from mine operations	321.5	(0.3)	-	10.5	(0.6)	-	331.1
Revenue-based taxes	96.3	-	-	-	-	-	96.3
Other operating expenses	1.2	0.4	-	0.9	0.2	-	2.7
Care and maintenance	-	-	-	-	1.8	-	1.8
Pre-development project costs	-	-	-	-	-	10.7	10.7
Exploration expenses and business development	-	1.8	-	0.1	-	11.1	13.0
TCM acquisition and integration expenses	-	-	-	-	-	12.0	12.0
Corporate administration	0.2	0.2	0.1	-	-	27.1	27.6
Earnings (loss) from operations	223.8	(2.7)	(0.1)	9.5	(2.6)	(60.9)	167.0
Finance costs							11.0
Earnings before income tax							156.0
Income tax expense							4.5
Net earnings							$ 151.5
Capital expenditure for the year	$ 222.3	$ 6.8	$ 12.0	$ 6.5	$ 0.3	$ 12.1	$ 260.0
Capital additions from acquisition of Thompson Creek (note 6)	$ -	$ -	$ -	$ 764.9	$ 126.1	$ 14.6	$ 905.6
Goodwill	$ -	$ -	$ -	$ 16.1	$ -	$ -	$ 16.1
Total assets (excluding goodwill)	$ 1,148.2	$ 112.0	$ 30.2	$ 912.4	$ 200.2	$ 235.7	$ 2,638.7
Total liabilities	$ 116.9	$ 31.3	$ 0.9	$ 118.7	$ 66.4	$ 496.3	$ 830.5

(Expressed in thousands of United States Dollars, except where otherwise indicated)

Geographical Information

The following table details the Company's revenue by the location of the customers and information about the Company's non-current assets by location of the assets.

	Revenue		Non-current assets	
	Year ended December 31,		As at December 31,	
(Millions of U.S. Dollars)	**2017**	**2016**	**2017**	**2016**
Kyrgyz Republic	**$ 685.2**	$ 683.3	**$ 621.9**	$ 471.8
South Korea	**284.8**	56.0	**-**	-
United States	**123.9**	16.6	**112.1**	122.1
Japan	**59.3**	0.9	**-**	-
China	**32.1**	-	**-**	-
Canada	**3.6**	-	**937.9**	921.2
Mongolia	**-**	-	**48.5**	93.4
Turkey	**-**	-	**31.8**	21.1
Other	**10.1**	0.9	**8.0**	9.9
Total	**$ 1,199.0**	$ 757.7	**$ 1,760.2**	$ 1,639.5

Customer information

The following table presents sales to individual customers exceeding 10% of annual sales for the years ended December 31, 2017 and 2016. The following three customers represent 77% (2016 – 98%) of the Company's sales revenue:

(Millions of U.S. Dollars)			
Customer	**Reporting segment**	**2017**	**2016**
1	Kyrgyz Republic	**$ 685.2**	$ 683.3
2	North America - Gold-Copper	**118.3**	27.0
3	North America - Gold-Copper	**115.5**	28.9
Total sales to customers exceeding 10% of annual sales		**$ 919.0**	$ 739.2