

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and any applicable state securities laws. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities within the United States. See “Plan of Distribution”.

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Centerra Gold Inc. at 1 University Avenue, Suite 1500, Toronto, Ontario M5J 2P1, telephone (416) 204-1953, which is its head and registered office, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

July 13, 2016



**\$170,005,500**

### **23,130,000 Subscription Receipts, each representing the right to receive one Common Share**

This short form prospectus qualifies the distribution (the “**Offering**”) of 23,130,000 subscription receipts of Centerra Gold Inc. (the “**Company**”, or “**Centerra**”) at a price of \$7.35 per subscription receipt (“**Subscription Receipt**”). Each Subscription Receipt will entitle the holder thereof to receive, upon the satisfaction of the Escrow Release Condition (as defined herein) and without payment of additional consideration or further action, one common share in the capital of the Company (a “**Common Share**”). The Offering is being underwritten by BMO Nesbitt Burns Inc. (“**BMO**”), Credit Suisse Securities (Canada), Inc. and Scotia Capital Inc. (collectively, with BMO, the “**Underwriters**”) pursuant to an underwriting agreement dated July 5, 2016 between the Company and the Underwriters (the “**Underwriting Agreement**”).

On July 5, 2016, the Company entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) with Thompson Creek Metals Company Inc. (“**Thompson Creek**” or “**TCM**”) whereby, subject to the terms and conditions of the Arrangement Agreement, the Company has agreed to acquire pursuant to a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia) (“**BCBCA**”) all of the common shares of Thompson Creek (the “**TCM Shares**”) issued and outstanding immediately prior to the closing of the Arrangement (the “**Arrangement Closing**”). Assuming the Arrangement becomes effective, the shareholders of Thompson Creek will receive 0.0988 Common Shares for each TCM Share held. The Arrangement Closing is expected to occur in fall 2016. See “*Details of the Arrangement*”. This short form prospectus includes consolidated financial statements of Thompson Creek that have been audited by KPMG LLP (United States) and for which the consent of KPMG LLP (United States) has been obtained. This short form prospectus also contains other disclosure regarding Thompson Creek that is based on information filed by Thompson Creek with securities commissions in Canada and with the United States Securities and Exchange Commission (“**SEC**”). The fact that information has been obtained by the Company from Thompson Creek does not relieve the Company of any liability it may be found to have in the event the disclosure in this short form prospectus based on such information were to contain a misrepresentation under applicable securities laws. See “— *Thompson Creek*” and “— *The Information relating to Thompson Creek*” under the heading “*Risk Factors — Risks Related to the Arrangement*”.

Upon closing of the Offering (the “**Offering Closing**”), the gross proceeds from the sale of the Subscription Receipts, less 50% of the Underwriters’ Fee (as defined herein) for the Subscription Receipts (the “**Escrowed Funds**”), and all interest thereon, will be held by CST Trust Company, as escrow agent (the “**Escrow Agent**”), and invested in short term obligations of, or guaranteed by, the Government of Canada, a province of Canada or a Canadian chartered bank with an S&P and Moody’s credit rating of A or A2, respectively, or higher (such obligations of, or guaranteed by, such a Canadian chartered bank, herein the “**Non-Governmental Investments**”), as directed in writing by the Company, pending the earlier of the satisfaction of the Escrow Release Condition (as defined herein) and the occurrence of a Termination Event (as defined herein).

If the Escrow Release Condition is satisfied prior to 5:00 p.m. (Toronto time) on December 31, 2016 (the “**Deadline**”), holders of Subscription Receipts will be entitled to receive, without payment of additional consideration or further action, one Common Share for each Subscription Receipt plus an amount (the “**Dividend Equivalent**”) equal to the amount per Common Share of any cash dividends declared thereon for which record dates have occurred on or after the date of the Offering Closing and before the date on which Common Shares underlying the Subscription Receipts are issued or deemed to be issued pursuant to the Subscription Receipt Agreement (as defined herein), less any withholding taxes. To the extent that Dividend Equivalents represent cash dividends declared on the Common Shares which have not been paid, but for which record dates have occurred, the Dividend Equivalents will not be payable to holders of Subscription Receipts, unless the Company otherwise elects, until the date that such related cash dividends are paid to shareholders of the Company. Upon the satisfaction of the Escrow Release Condition, the Escrowed Funds, together with the Earned Interest (if any) (as defined herein), less (i) 50% of the Underwriters’ Fee for the Subscription Receipts and (ii) the aggregate amount of all Dividend Equivalents, will be released to the Company and 50% of the Underwriters’ Fee for the Subscription Receipts will concurrently be remitted by the Escrow Agent to the Underwriters. The Company will use such amount to finance a portion of the amount required by Thompson Creek to redeem the outstanding TCM Notes (as defined herein). See “*Use of Proceeds*” and “*Financing the Arrangement*”. For purposes of this short form prospectus, “**Earned Interest**” means, interest actually earned on the investment of the Escrowed Funds from, and including, the date of the Offering Closing to, but excluding, the earlier of the date on which the Escrow Release Condition is satisfied and the Termination Date.

If (i) the Escrow Release Condition is not satisfied by 5:00 p.m. (Toronto time) on the Deadline or (ii) the Arrangement Agreement is terminated at any earlier time in accordance with its terms (in either case, a “**Termination Event**”, and the date upon which such event occurs, the “**Termination Date**”), holders of the Subscription Receipts shall, commencing on the third (3rd) business day following the Termination Date, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the Earned Interest, and their *pro rata* share of the interest that would have otherwise been earned on 50% of the Underwriters’ Fee for the Subscription Receipts paid to the Underwriters as if such fee had been held in escrow as part of the Escrowed Funds and not paid to the Underwriters on the date of the Offering Closing (the “**Deemed Interest**”), less applicable withholding taxes, if any. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Company has agreed and has undertaken to pay the Escrow Agent an amount equal to 50% of the Underwriters’ Fee for the Subscription Receipts plus the Deemed Interest such that 100% of the gross proceeds of the Offering, plus the Earned Interest and the Deemed Interest, would be returned to purchasers of the Subscription Receipts.

If the Arrangement Closing occurs prior to or concurrently with the Offering Closing or any Over-Allotment Closing (as defined herein), investors in the Offering will receive Common Shares on the date of the Offering Closing or on the date of any Over-Allotment Closing, as the case may be, instead of Subscription Receipts, in which case this short form prospectus will qualify the distribution of those Common Shares.

**There is currently no market through which the Subscription Receipts may be sold and investors may not be able to resell the Subscription Receipts purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See “*Risk Factors*”.**

The outstanding Common Shares of the Company are listed on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “CG”. On July 4, 2016, the last trading day before the announcement of the Offering, the closing price per Common Share on the TSX was \$8.02. On July 12, 2016, the last trading day before the filing of this short form prospectus, the closing price per Common Share on the TSX was \$7.29. The Company has received conditional approval from the TSX for the listing of the Subscription Receipts under the trading symbol “CG.R” and the Common Shares issuable pursuant to the terms of the Subscription Receipts. Such listing is subject to the Company fulfilling all of the listing requirements of the TSX on or before October 5, 2016.

**Price: \$7.35 per Subscription Receipt**

	Price to the Public <sup>(1)</sup>	Underwriters' Fee <sup>(2)</sup>	Net Proceeds to the Company <sup>(3)</sup>
Per Subscription Receipt.....	\$7.35	\$0.37	\$6.98
Total Subscription Receipts <sup>(4)</sup> .....	\$170,005,500	\$8,500,275	\$161,505,225

- (1) The price of the Subscription Receipts was established by arm's length negotiation between the Company and the Underwriters, with reference to the prevailing market price of the Common Shares.
- (2) The Company has agreed to pay the Underwriters an aggregate cash fee equal to 5% of the gross proceeds of the Offering (the "Underwriters' Fee"), being \$0.37 per Subscription Receipt. The Underwriters' Fee is payable as to 50% upon the Offering Closing and 50% upon satisfaction of the Escrow Release Condition. If a Termination Event occurs, the Underwriters' Fee for the Subscription Receipts will be reduced to the amount payable upon the Offering Closing. See "Plan of Distribution".
- (3) Exclusive of the expenses of the Offering, which are estimated to be approximately \$1.4 million.
- (4) The Company has granted the Underwriters an Over-Allotment Option (as defined herein), exercisable in whole or in part at any time and from time to time not later than the earlier of (i) the 30th day following the date of the Offering Closing and (ii) the occurrence of a Termination Event, to purchase up to an additional 3,469,500 Subscription Receipts or Common Shares, if the Escrow Release Condition has been met, on the same terms and conditions of the Offering, to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the "Price to the Public", the "Underwriters' Fee" and the "Net Proceeds to the Company" will be \$195,506,325.00, \$9,775,316.25 and \$185,731,008.75, respectively. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Subscription Receipts or Common Shares, as the case may be, offered upon the exercise of the Over-Allotment Option. A purchaser who acquires Subscription Receipts or Common Shares, as the case may be, forming part of the over-allocation position acquires such Subscription Receipts under this short form prospectus regardless of whether the over-allocation position is filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets forth the number of Subscription Receipts that may be offered by the Company pursuant to the Over-Allotment Option:

Underwriters' Position	Maximum size or number of securities held	Exercise period	Exercise price
Over-Allotment Option	Option to purchase up to 3,469,500 Subscription Receipts or Common Shares, as the case may be	Commencing on the date of the Offering Closing and ending not later than the earlier of (i) the 30th day following the Offering Closing, (ii) the occurrence of a Termination Event	\$7.35 per Subscription Receipt or Common Share, as the case may be

The Underwriters, as principals, conditionally offer the Subscription Receipts qualified under this short form prospectus, subject to prior sale, if, as and when issued by the Company and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP.

**An investment in the Subscription Receipts is highly speculative and involves a high degree of risk. Investors should carefully consider the risk factors described in this short form prospectus and in the documents incorporated by reference herein in connection with making an investment in the Subscription Receipts. See "Risk Factors" and "Forward Looking Information".**

Subject to applicable laws, in connection with the Offering, the Underwriters may over-allocate or effect transactions intended to stabilize or maintain the market price of the Subscription Receipts at levels other than those that might otherwise prevail on the open market. See "Plan of Distribution". **After the Underwriters have made reasonable efforts to sell the Subscription Receipts at the offering price referred to above, the Underwriters may offer the Subscription Receipts offered under this short form prospectus to the public at prices lower**

**than the offering price referred to above. Any such reduction will not affect the proceeds received by the Company. See “Plan of Distribution”.**

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. The Subscription Receipts will be registered and deposited directly with CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and held by, or on behalf of, CDS, as depository of the Subscription Receipts for the participants of CDS, on a non-certificated basis and no certificates evidencing Subscription Receipts will be issued to purchasers thereof. Purchasers of Subscription Receipts will receive only a customer confirmation or statement from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. The Offering Closing is expected to occur on July 20, 2016, or such later date as the Company and the Underwriters may agree, but in any event not later than August 3, 2016. See “Description of the Subscription Receipts” and “Plan of Distribution”.

**Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess income tax, legal and other aspects of this investment.**

Centerra may be considered to be a “connected issuer” of Scotia Capital Inc. under National Instrument 33-105 – *Underwriting Conflicts* since Scotia Capital Inc. is an affiliate of a Canadian financial institution which has committed to provide the New Credit Facilities (as defined herein) to the Company concurrently with the Arrangement Closing. To the extent any of the other Underwriters are affiliates of Canadian financial institutions that become lenders under the New Credit Facilities, Centerra may be considered to be a “connected issuer” of such Underwriters. In addition, Credit Suisse Securities (Canada), Inc. was retained by the Company for the provision of financial advice in connection with the Arrangement, and BMO was retained by Thompson Creek for the provision of financial advice in connection with the Arrangement. Accordingly, Centerra may be considered to be a “connected issuer” of BMO and Credit Suisse Securities (Canada), Inc. See “Financing the Arrangement — Credit Facilities”, “Use of Proceeds” and “Relationship Between the Company and the Underwriters”.

The following directors of the Company, Richard W. Connor, Eduard Kubatov, Nurlan Kyshtobaev, Stephen A. Lang, Sheryl Pressler, Terry V. Rogers and Bektur Sagynov, reside outside of Canada. Although each of the aforementioned individuals has appointed Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9, as their respective agent for service of process in Canada, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against these individuals.

The registered and head office of the Company is located at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1.

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## GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, “Centerra” or the “Company” refers to Centerra Gold Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them. A corporate chart setting forth the relationship between the Company and its subsidiary entities is contained in the Company’s AIF (as defined herein) which is incorporated by reference in this short form prospectus.

Prospective investors should rely only on the information contained in or incorporated by reference in this short form prospectus. Neither the Company nor the Underwriters have authorized any person to provide information that differs from the information contained herein. If anyone provides prospective investors with additional or different or inconsistent information, including information or statements in media articles about the Company and the Arrangement, prospective investors should not rely on it.

The Subscription Receipts being offered for sale under this short form prospectus may only be sold in those jurisdictions in which offers and sales of such securities are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Subscription Receipts in any jurisdiction where it is unlawful. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of the Subscription Receipts.

Certain capitalized terms and phrases used in this short form prospectus are defined in the “*Glossary of Terms*” beginning on page 61.

## CURRENCY AND EXCHANGE RATE INFORMATION

This short form prospectus contains references to the Canadian dollar and the United States dollar. All dollar amounts referenced in this short form prospectus, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to as “**U.S. dollars**” or “**US\$**”. References to dollar amounts contained in the Thompson Creek Documents and incorporated by reference into this short form prospectus are expressed in United States dollars, unless otherwise indicated. The following table reflects the high, low and average rates of exchange in United States dollars for one Canadian dollar for the periods noted, based on the Bank of Canada noon spot rate of exchange.

	Fiscal Year Ended		Three Months Ended	
	December 31, 2015	December 31, 2014	March 31, 2016	March 31, 2015
High.....	0.8527	0.9422	0.7715	0.8527
Low.....	0.7148	0.8589	0.6854	0.7811
Average.....	0.7820	0.9054	0.7282	0.8057

On July 12, 2016, the noon buying rate as reported by the Bank of Canada was \$1.00 = US\$0.7683 or US\$1.00 = \$1.3016.

## SCIENTIFIC AND TECHNICAL INFORMATION

The scientific and technical information with respect to Centerra’s Kumtor Project (as defined herein), Boroo, Öksüt, Gatsuurt and Greenstone projects and Thompson Creek’s Mount Milligan Mine (as defined herein) contained in and incorporated by reference in this short form prospectus is based on the Technical Reports (as defined herein). The scientific and technical information contained in and incorporated by reference in this short form prospectus has been updated with current information where applicable. The full text of the Technical Reports have been filed with Canadian securities regulatory authorities pursuant to National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) and are available for review under the Company and Thompson Creek’s SEDAR profiles at [www.sedar.com](http://www.sedar.com).

Gordon D. Reid, P.Eng., an employee of Centerra, has reviewed and approved the scientific and technical information in respect of Centerra contained in or incorporated by reference in this short form prospectus. Robert Clifford, an employee of Thompson Creek, has reviewed and approved the scientific and technical information in respect of Thompson Creek contained in or incorporated by reference in this short form prospectus. Each of Mr.

Reid and Mr. Clifford is considered, by virtue of their education, experience and professional association, to be a “qualified person” for purposes of NI 43-101. Mr. Reid is not independent of Centerra within the meaning of NI 43-101. See “*Interests of Experts*”.

### **THIRD PARTY INFORMATION**

This short form prospectus includes, or incorporates by reference, market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, none of the Company nor any Underwriter has independently verified any of the data from third party sources referred to in this short form prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this short form prospectus are not guaranteed and neither the Company nor any Underwriter makes any representation as to the accuracy of such information.

### **PRESENTATION OF FINANCIAL INFORMATION**

The financial statements of the Company included, or incorporated by reference, in this short form prospectus are reported in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. Such financial statements are subject to Canadian auditing and auditor independence standards.

The consolidated financial statements of Thompson Creek included, or incorporated by reference, in this short form prospectus are reported in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles (“**U.S. GAAP**”), and may not be comparable to financial statements of Canadian companies prepared in accordance with IFRS. Other than in the notes to the unaudited *pro forma* consolidated financial information of the Company, this short form prospectus does not include any explanation of the principal differences or any reconciliation between IFRS and U.S. GAAP.

### **CAUTION REGARDING UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

This short form prospectus contains unaudited *pro forma* consolidated financial information of the Company, consisting of the unaudited *pro forma* condensed consolidated statements of financial position as at March 31, 2016, and the unaudited *pro forma* condensed consolidated statements of earnings (loss) and comprehensive income (loss) for the three months’ ended March 31, 2016 and the year ended December 31, 2015. Such unaudited *pro forma* consolidated financial information has been prepared using certain of the Company’s financial statements as well as the consolidated financial statements of Thompson Creek as more particularly described in the notes to such unaudited *pro forma* consolidated financial information. In preparing such unaudited *pro forma* consolidated financial information, the Company has had limited access to the books and records of Thompson Creek and is not in a position to independently assess or verify the information provided by Thompson Creek, including the financial statements of Thompson Creek that were used to prepare the unaudited *pro forma* consolidated financial information. Such information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual results may differ from those presented in the unaudited *pro forma* consolidated financial information. In preparing such information, no adjustments have been made to reflect operating synergies, revenue opportunities and cost savings that could result from the operations of the combined company. The unaudited *pro forma* consolidated financial information excludes acquisition costs and costs of financing. Since such information has been developed to retroactively show the effect of transactions that have or are expected to occur at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* information. The information contained in the unaudited *pro forma* consolidated financial information is therefore subject to the limitations and the disclaimers set forth in the notes to such information. Undue reliance should not be placed on such information. See the notes to the unaudited *pro forma* condensed consolidated financial statements of the Company and “*Risk Factors*”.

## NON-IFRS AND NON-U.S. GAAP FINANCIAL MEASURES

The information presented, or incorporated by reference, in this short form prospectus with respect to Centerra includes the following non-IFRS financial measures: all-in sustaining costs, all-in costs, all-in costs (excluding growth projects), all-in costs including taxes, and adjusted operating costs in dollars (millions) and per ounce sold, as well as cost of sales per ounce sold, capital expenditures (sustaining), capital expenditures (growth) and average realized gold price. These financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers, even as compared to other issuers who may also be applying the World Gold Council (“WGC”) guidelines, which can be found at <http://www.gold.org>.

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

The following is a description of the non-IFRS measures presented, or incorporated by reference, in this short form prospectus. The definitions are consistent with the WGC’s guidelines on these non-IFRS measures:

- *Production costs* represent operating costs associated with the mining, milling and site administration activities at the Company’s operating sites, excluding costs unrelated to production such as mine standby and corporate social responsibility.
- *Operating costs* (on a sales basis) include mine operating costs such as mining, processing, site support, royalties and operating taxes (except at the Kumtor Project where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization (DD&A), reclamation costs, financing costs, capital development and exploration.
- *Adjusted operating costs per ounce sold* include operating costs (on a sales basis), regional office administration, mine standby costs, community and social development costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, corporate general and administrative expenses, accretion expenses, and sustaining capital. The measure incorporates costs related to sustaining production.
- *All-in costs per ounce sold* include all-in sustaining costs and additional costs for growth capital, global exploration expenses, business development costs and social development costs not related to current operations.
- *All-in costs per ounce sold* exclude the following:
  - Working capital (except for adjustments to inventory on a sales basis).
  - All financing charges (including capitalized interest).
  - Costs related to business combinations, asset acquisitions and asset disposals.
  - Other non-operating income and expenses, including interest income, bank charges, and foreign exchange gains and losses.
- *All-in costs per ounce sold (excluding development projects)* measure comprises all-in costs per ounce sold as described above and excludes the Company’s development projects.

- *All-in costs including taxes per ounce sold* measure includes revenue-based taxes at Kumtor and income taxes at the Boroo project.
- *Capital expenditure (Sustaining)* is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.
- *Capital expenditure (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Development projects* are defined as projects that are beyond the exploration stage but are pre-operational. For 2016, development projects include all spending at the Öksüt project, Gatsurt project and the Greenstone gold property.
- *Cost of sales per ounce sold* is calculated by dividing cost of sales by gold ounces sold.
- *Average realized gold price* is calculated by dividing revenue derived from gold sales by the number of ounces sold.

A reconciliation of the non-IFRS measures presented, or incorporated by reference, in this short form prospectus is contained in the Company's MD&A, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The information contained in the Thompson Creek Documents and incorporated by reference in this short form prospectus with respect to Thompson Creek includes the following non-U.S. GAAP financial measures: adjusted net income (loss) and adjusted net income (loss) per share; and unit cash cost and average realized price per payable pound or payable ounce sold. These financial measures do not have any standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. A reconciliation of such non-U.S. GAAP financial measures to the nearest comparable U.S. GAAP financial measures is contained under the heading "*Non-GAAP Financial Measures*" in each Thompson Creek Document.

## **FORWARD LOOKING INFORMATION**

Certain statements contained in this short form prospectus, or incorporated by reference herein, that are not current or historical factual statements constitute forward looking information or forward looking statements within the meaning of applicable securities laws ("**forward looking information**"). Statements concerning the Company's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of the Company and its subsidiaries are forward looking information. The words "*pro forma*", "believe", "expect", "anticipate", "estimate", "intend", "may", "will", "would" and similar expressions and the negative of such expressions are intended to identify forward looking information, although not all forward looking information contain these identifying words. Discussions containing forward looking information may be found, among other places, under "*Prospectus Summary*", "*Centerra*", "*Thompson Creek*", "*Rationale for the Arrangement*", "*Commitment Letter with Royal Gold*", "*Financing the Arrangement*", "*Use of Proceeds*", "*Risk Factors*" and in the documents incorporated by reference into this short form prospectus, including statements about the Company's business strategy and outlook, including forward looking information about the Company and its business; Thompson Creek and its business; the expectation that the Arrangement further establishes Centerra as a multi-asset company with production and operations in numerous jurisdictions worldwide and further diversifies production into geopolitically stable jurisdictions in locations with industry supportive infrastructure and prospective regional geology; management's belief that the Arrangement will result in a material increase in net asset value and the percentage of total mineral resources derived from North America; that Centerra will be successful in amending the Gold Stream Arrangement (as defined herein) to maximize Centerra's exposure to gold from the Mount Milligan Mine; management's expectation that the Arrangement will result in a diversified production profile and increased cash flow, a strong balance sheet, a development growth pipeline and create the potential for a re-valuation opportunity; and management's expectation that the Arrangement will result in Centerra appealing to a broader shareholder base, having increased analyst coverage and improved share trading liquidity; that the Arrangement will be completed on the anticipated schedule as disclosed in this short form prospectus, or at all; the ability of Centerra to maintain its current dividend level following the completion of the Arrangement; and

that the New Credit Facilities will be on terms that are exactly the same or substantially similar as disclosed in this short form prospectus.

With respect to forward-looking statements or information contained in or incorporated by reference in this short form prospectus, in making such statements or providing such information, the Company has made assumptions regarding, among other things: that general industry and economic conditions remain consistent with historical experience and management's expectations; the accuracy of the estimation of mineral reserves and mineral resources; that exploration activities and pre-feasibility and feasibility studies will provide results that support anticipated development and extraction activities; that studies of estimated mine life and production rates provide results that support anticipated development and extraction activities; that the Company will be able to obtain any additional financing on satisfactory terms; that infrastructure anticipated to be developed or operated by third parties will be developed and/or operated as currently anticipated; that contracts, laws, rules and regulations are fairly and impartially observed and enforced; that the market prices for relevant commodities remain at levels that justify development and/or operation of the Company's projects; that the Company will be able to successfully negotiate land access with holders of surface rights; that the Company will be able to obtain, maintain, renew or extend required permits; that nationalization, war, civil strife and/or insurrection do not impact the Company's exploration, development plans and mining activities; and that Centerra will be able to consummate the Arrangement as described in this short form prospectus and to achieve the expected benefits of the Arrangement. All other assumptions contained in or incorporated by reference in this short form prospectus constitute forward-looking information.

This short form prospectus also contains or incorporates by reference references to estimates of mineral reserves and mineral resources. The estimation of mineral reserves and mineral resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the Company's projects, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral reserve and mineral resource estimates may have to be re-estimated based on, among other things: fluctuations in gold, silver, copper or other mineral prices; results of drilling; metallurgical testing and other studies; proposed mining operations, including dilution; the evaluation of mine plans subsequent to the date of any estimates; and the possible failure to receive required permits, approvals and licences.

While the Company considers these factors and assumptions to be reasonable based on information currently available, there can be no assurance that actual results will be consistent with this forward looking information. Forward looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Centerra's business, Thompson Creek's business, or developments in the Company's industry, to differ materially from the anticipated results, performance, achievements, or developments expressed or implied by such forward looking information. Risks related to forward looking information includes, among other things, the Arrangement is not completed on the anticipated schedule or at all due to the failure by one or both parties to satisfy the conditions to closing, including obtaining the Key Regulatory Approvals and TCM Shareholder approval, the risk that following completion of the Arrangement, Centerra may not be able to successfully integrate Thompson Creek with Centerra's business, the risk that the Kyrgyz Republic government and Kyrgyz parliament may take actions prior to or following the consummation of the Arrangement with respect to the Kumtor Project that are inconsistent with the agreements governing the Kumtor Project which actions may be adverse to the Company, its shareholders and potential shareholders, as well as risks related to general market conditions, including economic, commodity price and interest rate dynamics.

Given these uncertainties, investors are cautioned not to place undue reliance on such forward looking information. The documents incorporated by reference herein also identify additional factors that could affect the operating results and performance of the Company and of Thompson Creek, including the operating results and performance the combined company following the completion of the Arrangement. Forward looking information is based on management's current plans, estimates, projections, beliefs and opinions, and the Company does not undertake any obligation to update forward looking information should assumptions related to these plans, estimates, projections, beliefs and opinions change except as required by applicable securities laws.

All of the forward looking information in this short form prospectus and the documents incorporated by reference herein are qualified by these cautionary statements and other cautionary statements or factors contained herein or therein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.

## **CAUTIONARY NOTICE TO U.S. INVESTORS**

### **Reserve and Resource Estimates**

The disclosure in this short form prospectus and the documents incorporated by reference in this short form prospectus uses mineral resource classification terms that comply with reporting standards in Canada, and certain mineral resource estimates are made in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in this short form prospectus and the documents incorporated by reference herein have been prepared in accordance with NI 43-101. These standards differ significantly from the mineral reserve disclosure requirements of the SEC as stated in Industry Guide 7. Consequently, reserve and resource information contained in this short form prospectus is not comparable to similar information that would generally be disclosed by U.S. companies in accordance with the rules of the SEC.

In particular, the SEC's Industry Guide 7 applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates contained in this short form prospectus may not qualify as "reserves" under SEC standards.

In addition, this short form prospectus and the documents incorporated by reference herein use the terms "mineral resources," "indicated mineral resources" and "inferred mineral resources" as permitted by the reporting standards in Canada. The SEC's Industry Guide 7 does not recognize mineral resources and U.S. companies are generally not permitted to disclose resources in documents they file with the SEC. Investors are specifically cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into SEC defined mineral reserves. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, investors are also cautioned not to assume that all or any part of an inferred resource exists. In accordance with Canadian rules, estimates of "inferred mineral resources" cannot form the basis of feasibility or pre-feasibility studies. It cannot be assumed that all or any part of "mineral resources," "measured mineral resources," "indicated mineral resources" or "inferred mineral resources" will ever be upgraded to a higher category. Investors are cautioned not to assume that any part of the reported "mineral resources," "measured mineral resources," "indicated mineral resources" or "inferred mineral resources" in this short form prospectus is economically or legally mineable. In addition, the definitions of "proven mineral reserves" and "probable mineral reserves" under reporting standards in Canada differ in certain respects from the standards of the SEC. For the above reasons, information contained in this short form prospectus that describes the Company's mineral reserve and resource estimates is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

The Company's and Thompson Creek's proven and probable reserve estimates contained in this short form prospectus and the documents incorporated by reference herein are as of December 31, 2015, except where otherwise stated.

Gordon D. Reid, P.Eng., an employee of Centerra, has reviewed and approved the scientific and technical information in respect of Centerra contained in or incorporated by reference in this short form prospectus. Robert Clifford, an employee of Thompson Creek, has reviewed and approved the scientific and technical information in respect of Thompson Creek contained in or incorporated by reference in this short form prospectus. Each of Mr. Reid and Mr. Clifford is considered, by virtue of their education, experience and professional association, to be a

“qualified person” for purposes of NI 43-101. Mr. Reid is not independent of Centerra within the meaning of NI 43-101. See “*Interests of Experts*”.

### **Enforceability of Civil Liabilities**

The Company is a company formed under the laws of Canada. Many of the Company’s directors and officers and the experts named in this short form prospectus are residents of Canada or otherwise reside outside of the United States and all or a substantial portion of their assets and the Company’s assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon those directors, officers and experts who are not residents of the United States or to enforce against them judgments of United States courts based upon civil liability under the United States federal securities laws or the securities laws of any state within the United States.

### **No Review by the SEC**

The information included in this short form prospectus does not conform to information that would be required if this offering was made pursuant to a registration statement filed with the SEC. See “*Cautionary Notice to U.S. Investors*” and “*Presentation of Financial Information*”. This short form prospectus, as well as any other documents in connection with this offering, will not be reviewed by the SEC.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Stikeman Elliott LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force as of the date hereof, the Subscription Receipts and the Common Shares issuable pursuant to the terms of the Subscription Receipts (collectively, the “**Offered Securities**”) will each be a qualified investment under the Tax Act at the time of their acquisition by a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, or a tax free savings account (“**TFSA**”), each as defined in the Tax Act (each a “**Plan**”) provided that, at the time of the acquisition, (i) in the case of Subscription Receipts, either the Subscription Receipts are listed on a “designated stock exchange” as defined in the Tax Act, (which includes the TSX) at that time, or the Common Shares are listed on a designated stock exchange at that time and the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer, a subscriber or holder under such Plan, and (ii) in the case of Common Shares, the Common Shares are listed on a designated stock exchange at that time.

Notwithstanding that the Offered Securities may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or an annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of such Offered Securities held in the TFSA, RRSP or RRIF, if such Offered Securities are a “prohibited investment” within the meaning of the Tax Act. The Offered Securities will generally not be a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Company for purposes of the Tax Act or (ii) has a “significant interest” in the Company as defined in the prohibited investment rules in the Tax Act. In addition, the Common Shares will not be a “prohibited investment” if the Common Shares are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold the Offered Securities in their TFSAs, RRSPs or RRIFs should consult their own tax advisors regarding their particular circumstances.

## **DOCUMENTS INCORPORATED BY REFERENCE**

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company’s Corporate Secretary at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1, telephone (416) 204-1953.

Certain information in this short form prospectus pertaining to Thompson Creek, including, but not limited to, information pertaining to Thompson Creek under the headings “*Thompson Creek*”, “*Rationale for the Arrangement*” and “*Details of the Arrangement*” has been filed with securities commissions or similar authorities in

Canada and with the SEC by Thompson Creek and, for purposes of this short form prospectus, by the Company under its SEDAR profile as “Other Documents”, all or parts of which are expressly incorporated by reference into this short form prospectus. While the Company and the Underwriters have no reason to believe the information taken from the public disclosure record is misleading, untrue or incomplete, they cannot assure the accuracy or completeness of such information nor can they compel Thompson Creek to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Company or the Underwriters.

The following documents, filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this short form prospectus:

- the annual information form of the Company dated March 31, 2016 for the fiscal year ended December 31, 2015 (the “**Company’s AIF**”);
- the audited consolidated financial statements of the Company, for the years ended December 31, 2015 and 2014, together with the notes thereto and the independent auditors’ report thereon;
- management’s discussion and analysis of the Company for the fiscal year ended December 31, 2015 (the “**Company’s MD&A**”);
- the unaudited condensed consolidated interim financial statements of the Company for the quarter ended March 31, 2016;
- management’s discussion and analysis of the Company for the period ended March 31, 2016;
- the management information circular of the Company dated April 4, 2016 distributed in connection with the Company’s annual meeting of shareholders held on May 17, 2016 (the “**Company’s Circular**”);
- the amendment to the Company’s Circular dated April 28, 2016; and
- the “template version” (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of: (i) the term sheet for the Offering dated July 5, 2016 (the “**Term Sheet**”); and (ii) the investor presentation for the Offering dated July 5, 2016 (the “**Investor Presentation**”, and together with the Term Sheet, the “**Marketing Materials**”).

The following documents of Thompson Creek, which have been filed with the securities commissions or similar authorities in each of the provinces and territories of Canada for purposes of this short form prospectus by the Company under its SEDAR profile as “Other Documents”, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- the sections entitled “Part I – Items 1. and 2. Business and Properties”, “Part I – Item 1A. Risk Factors”, “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” (except for the section titled “Outlook”), “Part II – Item 8. Financial Statements and Supplementary Data”, “Part II – Item 9A. Controls and Procedures”, “Part III – Item 10. Directors, Executive Officers and Corporate Governance” and “Part III – Item 13. Certain Relationships and Related Transactions, and Director Independence” from the Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as filed February 24, 2016, as amended April 29, 2016 (the “**Thompson Creek Annual Report**”); and
- the sections entitled “Part I – Item 1. Financial Statements (unaudited)”, “Part I – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” (except for the section title “Outlook”), “Part I – Item 4. Controls and Procedures” and “Part II – Item 1A. Risk Factors” from the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, as filed May 4, 2016 (the “**Thompson Creek Quarterly Report**”, and together with the Thompson Creek Annual Report, the “**Thompson Creek Documents**”).

Any documents of the foregoing type, and all other documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, which may be filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this short form prospectus and before completion or withdrawal of the Offering will be deemed to be incorporated by reference into this short form prospectus.

**Notwithstanding anything herein to the contrary, any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this short form prospectus, except as so modified or superseded.**

#### **MARKETING MATERIALS**

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of “marketing materials” (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this short form prospectus.

## PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this short form prospectus. Please refer to the “*Glossary of Terms*” beginning on page 61 of this short form prospectus for a list of defined terms used herein.

### CENTERRA GOLD

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

### THE ARRANGEMENT

On July 5, 2016, the Company entered into the Arrangement Agreement with Thompson Creek whereby the Company will acquire all of the TCM Shares issued and outstanding immediately prior to the Arrangement Closing. See “*Details of the Arrangement*”.

### THOMPSON CREEK

Thompson Creek is a North American mining company engaged in the full mining cycle, which includes acquisition, exploration, development and operation of mineral properties. In the past several years, Thompson Creek has evolved from being a major primary molybdenum producer to becoming a copper and gold mining company with the construction and development of its principal operating asset, the open-pit copper-gold mine and concentrator in British Columbia, Canada (“**Mount Milligan Mine**”). Mount Milligan Mine commenced commercial production in February 2014 and achieved design capacity at year-end 2015. At December 31, 2015, the combined proven and probable estimated mineral reserves for Mount Milligan Mine totaled 2.2 billion pounds of contained copper and 5.7 million ounces of contained gold (506.4 million tonnes at 0.196% copper and 0.349 grams per tonne gold).

### RATIONALE FOR THE ARRANGEMENT

The Company believes the Arrangement represents a unique and strategic acquisition opportunity, as Thompson Creek’s Mount Milligan Mine is a premier low-cost asset with more than two decades of profitable production expected from the current reserve base. Centerra believes that the Mount Milligan Mine, as well as Thompson Creek’s other assets, will complement Centerra’s current mining projects, establishing the combined company as a low-cost gold producer with a geographically diversified footprint and industry-leading margins. In addition, the combined company will possess a high quality pipeline of development opportunities and is well positioned to sustain and grow its production base.

### THE OFFERING

<b>Offering:</b>	23,130,000 Subscriptions Receipts (26,599,500 Subscription Receipts, assuming full exercise of the Over-Allotment Option).
<b>Price:</b>	\$7.35 per Subscription Receipt.
<b>Gross Proceeds of the Offering:</b>	\$170,005,500 from the offering of the Subscription Receipts (\$195,506,325 assuming full exercise of the Over-Allotment Option).
<b>Use of Proceeds:</b>	The estimated net proceeds from the Offering, after deducting the Underwriters’ Fee, will be approximately \$161,505,225, assuming no exercise of the Over-Allotment Option. The net proceeds of the Offering will be used to finance a portion of the amount required by Thompson Creek to redeem the outstanding TCM Notes. See “ <i>Financing the Arrangement</i> ”.

If the Over-Allotment Option is exercised in full, the additional net proceeds to the Company, after deducting the Underwriters' Fee in respect of the Over-Allotment Option, will be approximately \$24,225,784.75. In the event that all or part of the Over-Allotment Option is exercised, subject to the Arrangement Closing, the additional net proceeds received from the exercise of such option will be used to finance a greater portion of the amount required by Thompson Creek to redeem the outstanding TCM Notes, to pay fees and expenses incurred in connection with the Arrangement or for general corporate purposes. The proceeds received from the offering of Subscription Receipts (and from the Over-Allotment, if exercised), net of 50% of the related Underwriters' Fee, will be held in escrow until the satisfaction of the Escrow Release Condition. See "*Description of the Subscription Receipts*".

**Listing and Trading:**

The Company has received conditional approval from the TSX for the listing of the Subscription Receipts under the trading symbol "CG.R" and the Common Shares issuable pursuant to the terms of the Subscription Receipts. Such listing will be subject to the Company fulfilling all of the listing requirements of the TSX on or before October 5, 2016.

**Offering Closing Date:**

On or about July 20, 2016.

**Investment of Escrowed Funds:**

The Escrowed Funds will be held by the Escrow Agent and invested in short term obligations of, or guaranteed by, the Government of Canada, a province of Canada or Non-Governmental Investments, as directed in writing by the Company.

**Release of Escrowed Funds:**

If the Escrow Release Condition is satisfied prior to 5:00 p.m. (Toronto time) on the Deadline, holders of Subscription Receipts will be entitled to receive, without payment of additional consideration or further action, one Common Share for each Subscription Receipt plus a Dividend Equivalent, less any withholding taxes. To the extent that Dividend Equivalents represent cash dividends declared on the Common Shares which have not been paid, but for which record dates have occurred, the Dividend Equivalents will not be payable to holders of Subscription Receipts, unless the Company otherwise elects, until the date that such related cash dividends are paid to shareholders of the Company. Upon the satisfaction of the Escrow Release Condition, the Escrowed Funds, together with the Earned Interest (if any), less (i) 50% of the Underwriters' Fee for the Subscription Receipts and (ii) the aggregate amount of all Dividend Equivalents, will be released to the Company and 50% of the Underwriters' Fee for the Subscription Receipts will concurrently be remitted by the Escrow Agent to the Underwriters.

If a Termination Event occurs, holders of the Subscription Receipts shall, commencing on the third (3rd) business day following the Termination Date, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the Earned Interest, and their *pro rata* share of Deemed Interest, less applicable withholding taxes, if any. In the event that the gross proceeds of the Offering are required to be remitted to purchasers of the Subscription Receipts, the Company has agreed and has undertaken to pay the Escrow Agent an amount equal to 50% of the Underwriters' Fee for the Subscription Receipts plus the Deemed Interest such that 100% of the gross proceeds of the Offering, plus the Earned Interest and the Deemed Interest, would be returned to purchasers of the Subscription Receipts.

If the Arrangement Closing occurs prior to or concurrently with the Offering Closing or any Over-Allotment Closing, investors in the Offering will receive Common Shares on the date of the Offering Closing or on the date of any Over-Allotment Closing, as the case may be, instead of Subscription Receipts, in which case this short form prospectus will qualify for distribution those Common Shares.

See "*Plan of Distribution*" and "*Description of the Subscription Receipts*".

## CENTERRA

Centerra was incorporated under the *Canada Business Corporations Act* by articles of incorporation dated November 7, 2002 under the name 4122216 Canada Limited. Centerra changed its name on December 13, 2002 to Kumtor Mountain Holdings Corporation and on December 5, 2003 to Centerra Gold Inc.

The Company's head office and registered office is located at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1.

The Common Shares are posted and listed for trading on the TSX under the symbol "CG".

### **Summary Description of the Business**

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

Centerra focuses its business and efforts on producing gold mines in the Kyrgyz Republic and Mongolia (up to the end of 2015), the Öksüt development property in Turkey, the Gatsuurt development property in Mongolia, and an advanced exploration project in Canada (Greenstone project). Centerra also has exploration interests in Portugal, Nicaragua, Canada, Mexico and Mongolia.

Centerra believes that its experience in successfully acquiring, financing, developing and operating significant gold mines in Asia and the former Soviet Union provides it with a significant competitive advantage in pursuing opportunities in these regions and other emerging markets worldwide. Centerra also evaluates attractive opportunities in other areas of the world that would benefit from its exploration, development and operating expertise.

Centerra's objective is to continue to build shareholder value and to establish Centerra as a major gold producer by maximizing the potential of its current properties and leveraging its experience and financial strength to develop new projects.

### **Recent Developments**

#### ***Arrangement of Thompson Creek***

On July 5, 2016 the Company announced the entering into of the Arrangement Agreement. See "*Details of the Arrangement - The Arrangement*".

#### ***Kumtor Permitting and Regulatory Matters***

On June 23, 2016, the Company received its 2016 maximum allowable emissions ("MAE") permit for its Kumtor Project from the Kyrgyz Republic State Agency for Environmental Protection and Forestry ("SAEPF"), which permit is valid until December 31, 2016. In addition, Kumtor Project also received approval from SAEPF for its 2016 maximum allowable discharge ("MAD") permit which allows for discharge of treated effluent. On June 27, 2016, SAEPF issued its official environmental expertise (approval) on the 2016 mine plan for the Kumtor Project. Centerra now has all the necessary permits and approvals in place for continuous operations at the Kumtor Project throughout the second half of 2016.

As noted in the Company's AIF, KGC has been working with SAEPF to renew its Ecological Passport for the Kumtor Project mine site. On July 11, 2016, SAEPF again expressed concerns to KGC about approving the Ecological Passport due to the application of the 2005 Kyrgyz Republic Water Code and would not provide the renewed Ecological Passport. KGC continues to be in discussions with SAEPF.

While KGC management will continue to work closely with SAEPF and the Kyrgyz State Agency for Geology and Mineral Resources to obtain all necessary permits and approvals for continued operation of the Kumtor Project beyond December 31, 2016, Centerra can provide no assurance that such permits and approvals will be granted in a timely fashion or at all. Failure to obtain the necessary permits and approvals in a timely fashion could

lead to suspension of Kumtor Project operations until such permits and approvals are obtained. See “*The Company’s planned activities are dependent upon receipt of permits and licenses*” in the Company’s AIF.

### ***Election of Directors***

On May 17, 2016 the Company announced that each of the eleven nominees listed in the Company’s Circular were elected as directors of Centerra.

### ***Draft Bill on Nationalization***

On June 28, 2016, the Kyrgyz Republic Parliament posted a draft bill, for public comment, of the “Law on Nationalization of Kumtor Gold Company CJSC’s Property,” (the “**Draft Nationalization Bill**”), which was proposed by deputies of the Ata-Meken political party, a ruling coalition party in the Kyrgyz Republic parliament. The Draft Nationalization Bill proposes the nationalization of all assets of Kumtor Gold Company, a wholly-owned subsidiary of Centerra (“**KGC**”), and the suspension of the effect of the 2009 Restated Investment Agreement, among other laws and agreements relating to the Kumtor Project.

As discussed in the Company’s public disclosure, the Kumtor Project has in recent years been threatened with proposed Parliamentary decrees and draft laws that would have the effect of nationalization. See “*Risks that can affect our business - Resource nationalism could adversely impact Centerra’s business*” in the Company’s AIF. While the Company believes that it is unlikely that the Draft Nationalization Bill will be adopted, it cannot predict with certainty the likelihood of adoption. If the Draft Nationalization Bill were passed, it would have a material adverse impact on the Company’s interest in the Kumtor Project, future cash flows, earnings, results of operations and financial condition.

### ***Öksüt Project Financing Facility***

On April 5, 2016, Centerra announced that its wholly-owned Turkish subsidiary, Öksüt Madencilik Sanayi ve Ticaret A.S. (“**OMAS**”), entered into a project financing term loan facility for the Öksüt project in Turkey (the “**Facility**”). The Facility is secured by the Öksüt assets and is non-recourse to Centerra. The 5.75-year term facility of up to US\$150 million is fully underwritten by UniCredit Bank AG as sole mandated lead arranger and bookrunner. The interest rate is LIBOR plus 2.65% to 2.95% (depending on project completion status) with no mandatory gold hedging requirements. Advances under the Facility are subject to customary conditions precedent including receipt of applicable project permits and approvals. OMAS will use the Facility to finance a substantial portion of the construction, development and operation of the Öksüt gold mine and its related infrastructure in the Kayseri region of central Turkey.

### ***Legal Proceedings***

On May 25, 2016, the Bishkek Inter-District Court in the Kyrgyz Republic ruled against Kumtor Operating Company (“**KOC**”), Centerra’s wholly-owned subsidiary, on two claims made by the State Inspectorate Office for Environmental and Technical Safety of the Kyrgyz Republic (“**SIETS**”) in relation to the placement of waste rock at the Kumtor waste dumps and unrecorded wastes from Kumtor’s effluent and sewage treatment plants. The Inter-District Court awarded damages of 6,698,878,290 Kyrgyz soms (approximately US\$99.4 million, based on an exchange rate of 67.4 Kyrgyz soms per US\$1.00) and 663,839 Kyrgyz soms (approximately US\$10,000), respectively. On June 1, 2016, the Inter-District Court ruled against KOC on two other claims made by SIETS in relation to alleged land damage and failure to pay for water use. The Inter-District Court awarded damages of 161,840,109 Kyrgyz soms (approximately US\$2.4 million) and 188,533,730 Kyrgyz soms (approximately US\$2.8 million), respectively. Centerra and KOC strongly dispute the SIETS claims and have appealed the decisions to the Bishkek City Court and will, if necessary, appeal to the Kyrgyz Republic Supreme Court. Centerra and KOC also intend to add these SIETS claims to the claims asserted in the arbitration, discussed below, if the appeals of the judgments are unsuccessful.

On May 30, 2016, Centerra delivered a notice of arbitration to the Kyrgyz Republic government in connection with certain ongoing disputes relating to the Kumtor Project. These include, among other things: (i) each of the environmental claims brought by SIETS and SAEPF and the decisions of the Kyrgyz Republic courts related thereto; and (ii) the previously announced claims of the Kyrgyz Republic General Prosecutor’s Office (“**GPO**”)

seeking to unwind a US\$200 million inter-corporate dividend paid by KGC to Centerra in December 2013 and the related search of KGC's Bishkek office conducted on April 28, 2016. Under Centerra's Restated Investment Agreement with the Kyrgyz Republic dated as of June 6, 2009 (the "**2009 Restated Investment Agreement**"), the arbitration will be determined by a single arbitrator. Centerra has proposed the name of an arbitrator and, failing agreement, will apply to the Permanent Court of Arbitration in The Hague, the Netherlands to appoint an arbitrator. The arbitration will be conducted under UNCITRAL Arbitration Rules in Stockholm, Sweden, and disputes arising out of the 2009 Restated Investment Agreement will be governed by the law of the State of New York, USA and the conduct and operations of the parties will be governed by the 2009 Restated Investment Agreement, the 2009 Restated Concession Agreement and the laws of the Kyrgyz Republic.

Even if the Company is successful in convincing the arbitrator to reduce the amounts claimed or overturn the claims brought by SIETS, SAEPF or other matters which the Company believes are subject to the notice of arbitration, there are no assurances that such an arbitration award would be recognized and enforced by courts in the Kyrgyz Republic, as the courts of the Kyrgyz Republic have held that certain environmental claims brought by SIETS and SAEPF are not within the scope of the arbitration provision of the 2009 Restated Investment Agreement. See "*Legal and Other—Centerra may be unable to enforce its legal rights in certain circumstances*" in the Company's AIF. Accordingly, the Company may be obligated to pay part of or the full amounts of, among others, the SIETS and SAEPF claims regardless of the action taken by the arbitrator. The Company may not have sufficient insurance to cover these costs and there are no litigation reserves for such amounts. See "*Risks that affect our business—Insurance—Centerra may not be adequately insured for certain risks*" in the Company's AIF. If the Company were obligated to pay these amounts, it would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

On May 30, 2016, a new criminal case was opened by the GPO against unnamed KGC managers alleging that such managers engaged in transactions that deprived KGC of its assets or otherwise abused their authority, causing damage to the Kyrgyz Republic. Specifically, the case appears to be focused on the commercial reasonableness of certain of KGC's commercial transactions and in particular, the purchase of goods and supplies in the normal course of its business operations and the expenses relating to the relocation of the Kumtor Project's camp in 2014 and 2015. Further to such investigation, the GPO has carried out searches of KGC's offices and seized documents and records. The Company and KGC strongly dispute the allegation that any such commercial transactions or the actions of KGC managers were in any way improper. The Company and KGC will challenge the actions of the GPO in the courts of the Kyrgyz Republic as well as in international arbitration.

On June 3, 2016, the Inter-District Court held a hearing in respect of the claim made by SAEPF alleging that Kumtor owes additional environmental pollution fees in the amount of approximately US\$220 million. The court did not issue a decision on the merits of the claim itself. However, at the request of SAEPF, the court granted an interim order against KGC, to secure SAEPF's claim. The interim order prohibits KGC from taking any actions relating to certain financial transactions including, transferring property or assets, declaring or paying dividends or making loans. The injunction is effective immediately. KGC appealed the Inter-District Court's order to Bishkek City Court in the Kyrgyz Republic on June 7, 2016 and has added the dispute to the international arbitration proceeding against the Kyrgyz Republic. As a result of the appeal by KGC, the proceedings on the merits of the SAEPF claim at the Bishkek Inter-District Court to be held on June 21, 2016 were suspended pending resolution of the appeal by the Bishkek City Court. The next hearing at the Bishkek City Court is scheduled for July 19, 2016.

On June 3, 2016, the Inter-District Court also renewed a claim previously commenced by the GPO seeking to unwind the \$200 million dividend paid by KGC to Centerra in December 2013 (the "**2013 Dividend**"). The Company also understands that the GPO has initiated a criminal proceeding against executives of the Company and KGC in respect of the 2013 Dividend and that Kyrgyz Republic State National Security Committee ("**SNSC**") is investigating in relation to that proceeding.

In connection with the foregoing criminal investigations, restrictions have been imposed on certain KGC managers and employees which prohibit them from leaving the Kyrgyz Republic.

On June 14, 2016, according to reports in the Kyrgyz Republic, the Kyrgyz Republic President instructed the GPO to investigate the legality of the agreements relating to the Kumtor Project which were entered into in 2003, 2004 and 2009. The 2009 Restated Investment Agreement governing the Kumtor Project which was entered into in 2009 superseded entirely the 2003 and 2004 agreements. The 2009 Restated Investment Agreement was

negotiated with the Kyrgyz Republic government, Kyrgyzaltyn JSC and their international advisers, and approved by all relevant Kyrgyz Republic state authorities, including the Kyrgyz Republic Parliament and any disputes under the 2009 Restated Investment Agreement are subject to resolution by international arbitration.

On June 16, 2016, the Investigator of the Jety-Oguz District Department of Interior Affairs initiated criminal proceedings against two KGC managers in relation to the death of a KGC employee due to an industrial accident which occurred in January 2016.

The Company remains committed to working with Kyrgyz Republic authorities to resolve these issues in accordance with the agreements governing the Kumtor Project (“**Kumtor Project Agreements**”), which provide for all disputes to be resolved by international arbitration, if necessary. Although the Company has reviewed the various claims discussed above and believes that all disputes related to the 2009 Restated Investment Agreement should be determined in arbitration, there is a risk that the arbitrator may reject the Company’s claims. There are also risks that an arbitrator will determine it does not have jurisdiction and/or may stay the arbitration pending determination of certain issues by the Kyrgyz Republic courts. These claims include, but are not limited to, (i) the validity or enforceability of the 2009 Restated Investment Agreement itself, (ii) criminal claims and (iii) any claims that a non-party to the 2009 Restated Investment Agreement has brought in Kyrgyz Republic courts. There is also risk that a Kyrgyz Republic court would not confirm and/or enforce an arbitration award issued by the arbitrator. See “*Risks that affect our business—Legal and Other—Centerra may be unable to enforce its legal rights in certain circumstances*” in the Company’s AIF. There are also no assurances that: (i) the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project; (ii) any discussions between the Kyrgyz Republic government and Centerra will result in a mutually acceptable solution regarding the Kumtor Project Agreements; (iii) Centerra will receive the necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law; or (iv) the Kyrgyz Republic government and/or Parliament will not take actions that are inconsistent with the government’s obligations under the Kumtor Project Agreements, including adopting a law “denouncing” or purporting to cancel or invalidate the Kumtor Project Agreements or laws enacted in relation thereto, including the Draft Nationalization Bill. The inability to successfully resolve all such matters could lead to suspension of operations of the Kumtor Project and would have a material adverse impact on the Company’s future cash flows, earnings, results of operations and financial condition.

In addition, since 2011, there have been four applications commenced in the Ontario courts by different applicants against the Kyrgyz Republic and Kyrgyzaltyn JSC, 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 Common Shares held by Kyrgyzaltyn JSC, 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 as to whether the Kyrgyz Republic has an exigible ownership interest in the Common Shares held by Kyrgyzaltyn JSC. The Ontario Superior Court of Justice held 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 JSC.

## THOMPSON CREEK

### Company Overview

Thompson Creek was incorporated in 2000 under the laws of Ontario, Canada by articles of incorporation, and continued as a corporation under the laws of British Columbia, Canada in 2008. Thompson Creek is governed by the BCBCA.

In October 2006, Thompson Creek acquired Thompson Creek Metals Company USA, then a privately-held company incorporated and headquartered in the United States, and in so doing acquired the Thompson Creek Mine (the “**TC Mine**”) (mine and mill) in Idaho, USA, the Endako molybdenum mine joint venture (the “**Endako Mine**”) (mine, mill and roaster) in British Columbia, Canada, and the Langeloth Metallurgical Roasting Facility (the “**Langeloth Facility**”) in Pennsylvania, USA. In October 2010, Thompson Creek acquired Terrane Metals Corp. and in so doing acquired the Mount Milligan development project, which is now the Mount Milligan Mine. Through

the Terrane Metals Corp. acquisition, Thompson Creek also acquired a copper, molybdenum and silver exploration property located in British Columbia, Canada.

Thompson Creek's primary executive offices are located at 26 West Dry Creek Circle, Suite 810, Littleton, Colorado 80120.

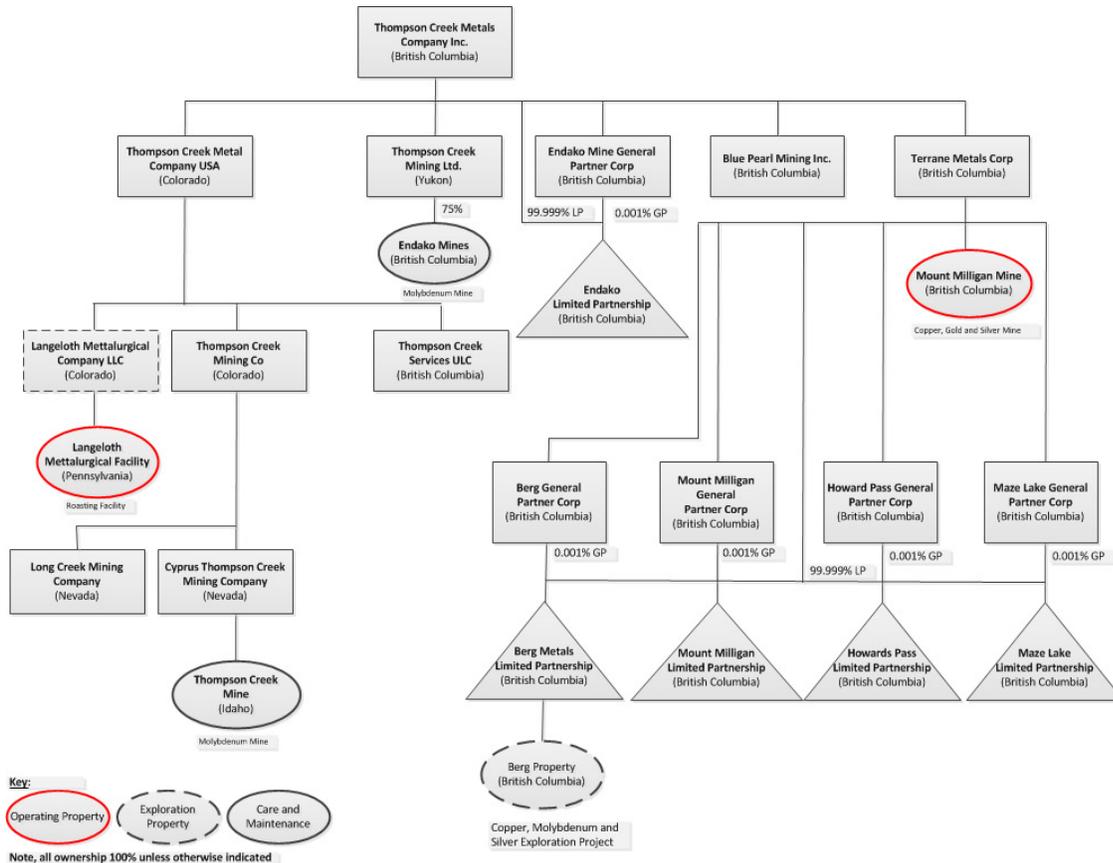
The TCM Shares are listed and posted for trading on the TSX under the symbol "TCM" and trade on the OTCQX under the stock symbol "TCPTF". Thompson Creek's common shares are registered under the U.S. Exchange Act and Thompson Creek is subject to US securities law reporting requirements. Following the completion of the Arrangement it is anticipated that Thompson Creek's common shares will be delisted from the TSX and the OTCQX and that Thompson Creek will deregister under the U.S. Exchange Act.

The following map sets forth the locations of the mines, metallurgical facility, exploration properties and corporate office of Thompson Creek:



## Corporate Structure

The following is a simplified diagram of Thompson Creek's ownership structure, including key operating subsidiaries:



## Business Overview

### General

Thompson Creek is a North American mining company engaged in the full mining cycle, which includes acquisition, exploration, development and operation of mineral properties. In the past several years, Thompson Creek has evolved from being a major primary molybdenum producer to becoming a copper and gold mining company with the construction and development of its principal operating asset, the Mount Milligan Mine. The Mount Milligan Mine commenced commercial production in February 2014 and achieved design capacity at year-end 2015. At December 31, 2015, the combined proven and probable estimated mineral reserves for Mount Milligan Mine totaled 2.2 billion pounds of contained copper and 5.7 million ounces of contained gold (506.4 million tonnes at 0.196% copper and 0.349 grams per tonne gold).

In 2015, Thompson Creek shifted the core focus of its business away from molybdenum to copper and gold while at the same time developing a strategy to maintain the optionality of its molybdenum business. This shift in core focus was primarily the result of expected ongoing weakness in the molybdenum market due to an overall weak global economy for molybdenum products. During 2015, Thompson Creek sold inventory produced at its molybdenum mines in 2014 and continued to operate the Langeloth Facility, roasting third-party molybdenum concentrate and other metals. In 2016, Thompson Creek expects to generate sufficient revenue from the Langeloth Facility to substantially cover care and maintenance costs of its molybdenum mines.

## ***Gold and Copper Business***

In August 2013, the start-up of operations began at the Mount Milligan Mine with the first feed to the concentrator, and in September 2013, the first copper-gold concentrate was produced. Mount Milligan Mine reached commercial production as of February 18, 2014, defined as operation of the mill at 60% of design capacity mill throughput for 30 days. At year-end 2015, Thompson Creek achieved and on occasion exceeded design mill throughput of 60,000 tonnes per day (“**tpd**”). In 2015, Thompson Creek utilized a temporary secondary crushing facility to help achieve design throughput at the Mount Milligan Mine. Thompson Creek determined that a permanent secondary crushing circuit will provide more reliable throughput levels for the long-term at lower cost than what it can achieve with the temporary secondary crushing circuit. Consequently, it commenced the construction of the permanent secondary crushing circuit which is expected to enable Thompson Creek to consistently achieve average daily throughput of approximately 62,500 tpd at the Mount Milligan Mine. The permanent secondary crushing circuit is expected to be completed in the fourth quarter of 2016.

Thompson Creek’s principal products in 2015 were copper and gold. In 2015, Thompson Creek produced 75.2 million pounds of copper in concentrate, containing 71.4 million pounds of payable copper, and 225,992 ounces of gold in concentrate, containing 218,081 ounces of payable gold. In 2015, 2014 and 2013 approximately 33%, 22% and 2%, respectively, of the product sales of Thompson Creek were attributable to copper, and approximately 45%, 22% and 1%, respectively, of the product sales of Thompson Creek were attributable to gold.

Thompson Creek produces copper and gold in a saleable concentrate at the Mount Milligan Mine and sells the concentrate to third parties, including smelters and traders. Thompson Creek is currently party to four multi-year concentrate sales agreements. Pursuant to these agreements, Thompson Creek has agreed to sell an aggregate of approximately 120,000 tonnes in 2016, 60,000 tonnes in 2017 and 40,000 tonnes in 2018. The commitments under the current multi-year concentrate sales agreements cover approximately 90% of Thompson Creek’s expected concentrate production in 2016 and are also less than the total expected production in 2017 and beyond.

Pursuant to the Gold Stream Arrangement, Thompson Creek agreed to sell to Royal Gold 52.25% of the refined gold production from Mount Milligan Mine for a total upfront payment of US\$781.5 million, plus US\$435 per ounce, or the prevailing market rate if lower than US\$435 per ounce, when the gold is delivered. The funds that Thompson Creek received from Royal Gold were used to purchase Terrane Metals Corp. and in the construction of the Mount Milligan Mine. The Company and Royal Gold have agreed to certain amendments to the Gold Stream Arrangement in connection with the Arrangement. See “*Commitment Letter with Royal Gold*”.

## ***Molybdenum Business***

Prior to December 31, 2014, Thompson Creek sourced molybdenum from its two primary mines, the TC Mine and the Endako Mine, and from third-party producers. As of January 1, 2015, Thompson Creek’s principal source for molybdenum concentrate was sourced from by-product production from copper mines in North and South America. In addition to toll converting such concentrate for third party suppliers, Thompson Creek also purchases this concentrate to upgrade and sell to other customers.

## **Employees**

As of December 31, 2015, Thompson Creek employed approximately 700 people (approximately 475 in Canada and 225 in the United States).

Approximately 66% of employees at the Langeloth Facility are members of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America union through its Local 1311. On March 11, 2016, a collective agreement was reached with the union at the Langeloth Facility for the period from March 11, 2016 to March 11, 2019. Approximately 18% of Endako Mine’s employees are members of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union through its Local 1-424. In January 2014, a collective agreement was reached with the union at Endako Mine for the period from April 1, 2013 to March 31, 2015. The collective agreement automatically renewed and will continue under existing terms, unless either party gives 90 days’ written notice prior to the expiration of the then-current term requiring the other party to commence collective bargaining for a renewal agreement.

## **Environmental**

Thompson Creek's mining and exploration activities are subject to extensive federal, provincial, state and local laws, regulations and permits governing protection of the environment. Among other requirements, the Canadian operations of Thompson Creek must comply with authorizations issued under the Mines Act and the Environmental Management Act. Thompson Creek also implements Fish Habitat Compensation Plans at the Mount Milligan Mine under the Fisheries Act and the Metal Mining Effluent Regulations. In the United States, the TC Mine has permits issued under the federal Clean Water Act and Clean Air Act. The tailings storage facility at the TC Mine is governed by an Idaho statute and dam safety permit administered by the Idaho Department of Water Resources. The primary permits at the Langeloth Facility are issued under the federal Clean Water Act and Clean Air Act, both of which are implemented in Pennsylvania by the state Department of Environmental Protection.

### **Mount Milligan Mine (Gold and Copper)**

The Mount Milligan Mine is a conventional truck-shovel open-pit gold and copper mine and concentrator with a 60,000 tpd design capacity copper flotation processing plant. A permanent secondary crushing circuit is currently under construction.

Mount Milligan Mine has an estimated life of approximately 21 years (based on metal prices of US\$2.95 per pound copper and US\$1,250 per ounce gold for reserve calculation purposes) and estimated average annual production of 84 million pounds of copper and 185,000 ounces of gold in 159,000 tonnes of concentrate, over the life of the mine. On January 21, 2015, Thompson Creek filed an updated NI 43-101 technical report for Mount Milligan Mine. Please see the heading "Mineral Reserves" of the Thompson Creek Annual Report for more information, including a discussion of certain factors taken into consideration in determining the economic viability of the mine.

On August 15, 2013, the start-up of the mine operation began with the first feed to the concentrator, and in September 2013, the first copper-gold concentrate was produced at the mine. Mount Milligan Mine reached commercial production as of February 18, 2014, defined as operation of the mill at 60% of design capacity mill throughput for 30 days. At year-end 2015, Thompson Creek achieved and on occasion exceeded design mill throughput of 60,000 tpd at the Mount Milligan Mine.

Mount Milligan Mine is located within the Omenica Mining Division in North Central British Columbia, Canada, approximately 153 kilometers northwest of Prince George, 80 kilometers north of Fort St. James and 97 kilometers west of Mackenzie. The Mount Milligan Mine includes 107 claims and one mining lease with a combined area of 49,726 hectares. The single mining lease that was issued to Terrane on September 9, 2009, expires on September 9, 2029, and requires a lease payment of approximately US\$102,000, due annually on September 9. Mineral claims are subject to exploration expenditure obligations, or payment of annual fees to the Province of British Columbia in lieu of exploration expenditures. All mineral claims are in good standing with expiry dates of March 2017 and March 2018.

A 2% net smelter return royalty, commencing in the third year of commercial production, is payable to a previous owner of property comprising a portion of the Mount Milligan Mine. Thompson Creek has a right of first refusal on any proposed disposition of the net smelter return royalty by H.R.S. Resources Corp.

Thompson Creek also agreed to make certain payments to the McLeod Lake Indian Band over the life of the mine. The terms of this socio-economic agreement under which Thompson Creek makes payments are confidential.

### **Other Mines, Operating Properties and Exploration Properties**

#### ***Thompson Creek Mine***

The TC Mine is an open-pit molybdenum mine and concentrator located approximately 48 kilometers southwest of the town of Challis, Idaho, USA. The TC Mine land holdings comprise of 1,589 patented and unpatented lode, mill site and placer claims along with fee owned property totaling approximately 9,955 hectares.

All current resources are located on patented mineral claims and are not expected to be subject to any US federal government royalties that could be enacted in the future.

Due to declines in molybdenum prices and projected operating costs at the TC Mine, Thompson Creek put TC Mine on care and maintenance in December 2014. During the first seven months of 2015, Thompson Creek conducted limited stripping of waste at the mine for the next phase of mining; however, due to the continued weakness in the molybdenum market, Thompson Creek stopped the stripping project in early August 2015.

### ***Endako Mine***

The Endako Mine is an open-pit molybdenum mine, concentrator and roaster located approximately 161 kilometers west of Prince George, British Columbia, Canada. The Endako Mine is operated as a joint venture (the “**Endako Mine Joint Venture**”) between Thompson Creek Mining Ltd., a company incorporated under the laws of the Yukon and a wholly-owned subsidiary of Thompson Creek, which holds a 75% interest, and Sojitz Moly Resources, Inc., a subsidiary of Sojitz Corporation, which holds the remaining 25% interest. Please see the heading “Endako Mine Joint Venture” in the Thompson Creek Annual Report for further details regarding the Endako Mine Joint Venture.

The Endako Mine Property currently comprises a contiguous group of 59 mineral tenures containing 33 claims and 26 leases, covering approximately 12,797 hectares. In addition, the Endako Mine Joint Venture holds surface rights to a portion of the mine site area. The mineral leases are subject to annual fees, and the mineral claims are subject to exploration expenditure obligations. Thompson Creek may choose to pay annual fees to the Province of British Columbia in lieu of exploration expenditures.

The Endako Mine was placed on care and maintenance effective July 1, 2015, due to continued weakness in the molybdenum market.

### ***Langeloth Facility***

Thompson Creek wholly-owns the Langeloth Facility, which is located in Langeloth, Pennsylvania, approximately 40 kilometers west of Pittsburgh, on land Thompson Creek owns in fee simple. The facility operates both as a toll processor and as a purchaser of molybdenum concentrate from third parties and provides tolling services for converting molybdenum concentrates to molybdenum oxide powder or briquettes, and to ferromolybdenum. It is one of the largest toll conversion plants in the world with an annual capacity of 36 million pounds of roasted molybdenum and more than 9 million pounds of molybdenum as ferromolybdenum. The facility currently purchases molybdenum concentrate from third party producers to convert to upgraded products, which are sold to the metallurgical and speciality markets. The facility produces and sells ammonium perrenate and rhenium metal pellets as well as sulfuric acid all recovered as by-products of processing the molybdenum disulfide. In addition, the Langeloth Facility calcines other metal containing materials from various third-party operations. Cash flows from the Langeloth operations are expected to cover the care and maintenance costs associated with Thompson Creek’s idled molybdenum mines.

### ***Other Exploration Properties***

Thompson Creek also has a 100% interest in a copper and molybdenum exploration property located in British Columbia (the Berg property) and a 0.51% net smelter return royalty and a 10.2% net profits interest in a zinc and lead exploration project located in Canada (the Howards Pass property).

Thompson Creek also has the option to acquire an initial 20% interest in the IKE project through staged investments totalling \$15 million on or before December 21, 2019, of which \$3 million was completed in 2015. Subsequently, Thompson Creek can acquire an additional 20% interest, subject to certain conditions including completing a feasibility study within a two year period that can be extended to three years in certain circumstances.

## RATIONALE FOR THE ARRANGEMENT

The Company believes the Arrangement represents a unique and strategic acquisition opportunity, as Thompson Creek's Mount Milligan Mine is a premier low-cost asset with more than two decades of profitable production expected from the current reserve base. Centerra believes that the Mount Milligan Mine, as well as Thompson Creek's other assets, will complement Centerra's current mining projects, establishing the combined company as a low-cost gold producer with a geographically diversified footprint and industry-leading margins. In addition, the combined company will possess a high quality pipeline of development opportunities and is well positioned to sustain and grow its production base.

The following are the highlights of the Arrangement:

- **Stable free cash flow and mine life:** The Mount Milligan Mine is a low cost producing asset with an approximately 21 year mine life. Centerra management believes that the Arrangement will lower Centerra's overall all in sustaining costs per ounce and add incremental free cash flows while still maintaining a strong balance sheet;
- **Platform transformation and geopolitical diversification:** The Arrangement further establishes Centerra as a multi-asset company with production and operations in numerous jurisdictions worldwide and further diversifies production into geopolitically stable jurisdictions (with material increases in the percentage of net asset value and percentage of total mineral resources derived from North America) in locations with industry supportive infrastructure and prospective regional geology;
- **Increased gold exposure:** Centerra has entered into the Letter of Intent with Royal Gold pursuant to which it intends to increase Centerra's exposure to gold from the Mount Milligan Mine through a reduction in the gold stream from 52.25% to 35.00% in exchange for a new 18.75% copper stream. See "*Commitment Letter with Royal Gold*";
- **Re-valuation opportunity:** A diversified production profile and increased cash flow, a strong balance sheet, a development growth pipeline and a proven operating team, provides a possible re-valuation opportunity; and
- **Enhanced market capitalization:** Expected to appeal to a broader shareholder base, increase analyst coverage and improve share trading liquidity.

See "*Risk Factors*".

## FAIRNESS OPINION

Centerra entered into an agreement with Cormark Securities Inc. ("**Cormark**") pursuant to which, among other things, Cormark agreed to provide the Board with an opinion in accordance with its customary practice as to the fairness to Centerra of the consideration to be paid by Centerra under the Arrangement. At a meeting held on July 5, 2016, Cormark provided the Board with an oral opinion, which will be subsequently confirmed in writing to the Board, to the effect that, based upon and subject to the various assumptions, explanations and limitations set forth therein, the consideration to be paid by Centerra pursuant to the Arrangement was fair, from a financial point of view, to Centerra (the "**Fairness Opinion**").

The Fairness Opinion was one of a number of factors taken into consideration by the Board in considering the Arrangement. The Fairness Opinion was rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date of the Fairness Opinion and the conditions, prospects, financial and otherwise, of Centerra and Thompson Creek, as applicable, as they are reflected in the information and documents reviewed by Cormark and as they were presented to Cormark. Subsequent developments may affect the Fairness Opinion. Cormark has disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of Cormark after the date of the Fairness Opinion.

Under its engagement letter with Cormark, Centerra has agreed to pay Cormark a fixed fee for rendering the Fairness Opinion. Cormark will not be paid an additional fee that is contingent upon the completion of the Arrangement or any alternative transaction. The Board took this fee structure into account when considering the Fairness Opinion. Centerra has also agreed to indemnify Cormark and certain related persons against certain liabilities in connection with its engagement.

Neither Cormark nor any of its affiliates is an “issuer insider”, “associated entity” or “affiliated entity” (as those terms are defined in the Securities Act) of Centerra, Thompson Creek, or any of their respective associates or affiliates. In the ordinary course of its business, Cormark may trade in the securities of Centerra and/or Thompson Creek for its own account or for the account of its clients and, accordingly, may at any time hold a long or short position in such securities.

## DETAILS OF THE ARRANGEMENT

### The Arrangement

On July 5, 2016, the Company entered into the Arrangement Agreement whereby, subject to the terms and conditions of the Arrangement Agreement, the Company agreed to acquire all of the issued and outstanding TCM Shares pursuant to the Arrangement under the BCBCA. Assuming the Arrangement becomes effective, the holders of TCM Shares (“**TCM Shareholders**”) will receive 0.0988 Common Shares for each TCM Share held.

The purpose of the Arrangement is to effect the acquisition of Thompson Creek by Centerra. Upon completion of the Arrangement, Centerra will indirectly acquire all of the issued and outstanding TCM Shares, and Thompson Creek will become an indirect wholly-owned subsidiary of Centerra. As a result of the Arrangement, each TCM Shareholder (other than a dissenting TCM Shareholder) will receive 0.0988 Common Shares for each TCM Share held. The Arrangement is to be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement.

At the Effective Time, the following transactions will occur in the following sequence:

- each TCM Option will be exchanged for an option (each a, “**Centerra Replacement Option**”) to purchase from Centerra the number of Common Shares equal to: (A) 0.0988, multiplied by (B) the number of TCM Shares subject to such TCM Option immediately prior to the Effective Time. Such Centerra Replacement Option shall provide for an exercise price per Common Share equal to (Y) the exercise price per TCM Share otherwise purchasable pursuant to such TCM Option immediately prior to the Effective Time, divided by (Z) 0.0988;
- the vesting of each TCM PSU will be accelerated and the holder will receive the number of TCM PSUs assuming target performance as set out in his or her agreement; each TCM PSU will be surrendered by the TCM PSU holder for one TCM Share less any amounts withheld subject to the terms of the Arrangement Agreement;
- the vesting of each TCM RSU will be accelerated and each TCM RSU will be surrendered by the TCM RSU holder for one TCM Share less any amounts withheld subject to the terms of the Arrangement Agreement;
- each TCM Share held by a dissenting TCM Shareholder shall be deemed to be transferred to TCM and TCM will be obliged to pay the amount determined under the Arrangement;
- each issued TCM Share held by a former TCM Shareholder (other than a dissenting TCM Shareholder or Centerra or any subsidiary of Centerra) shall be transferred to Centerra in exchange for the Share Consideration; and
- all TCM Shares, each of which is now held by Centerra, will be contributed by Centerra to Centerra Holdco in consideration for a corresponding number of common shares in the capital of Centerra Holdco.

As of the date of this short form prospectus, there are 222,782,042 TCM Shares and 5,763,851 securities exercisable or convertible for TCM Shares issued and outstanding. Assuming no issuance of additional TCM Shares, Centerra will issue approximately 22,438,349 Common Shares in exchange for the TCM Shares. Centerra will reserve 112,830 Common Shares for issuance on the exercise of Centerra Replacement Options.

Following the completion of the Arrangement, former TCM Shareholders will hold approximately 8% of the then outstanding Common Shares (on a fully-diluted in-the-money basis, assuming completion of the Offering).

### **Treatment of Centerra Replacement Options**

All terms and conditions of a Centerra Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the TCM Option for which it was exchanged, and shall be governed by the terms of the Long Term Incentive Plan and any document evidencing a TCM Option shall thereafter evidence and be deemed to evidence such Centerra Replacement Option.

### **Redemption of TCM 2017 Notes, TCM 2018 Notes and TCM 2019 Notes**

Pursuant to the Arrangement Agreement and the Arrangement, at the time of the Arrangement Closing, Centerra or one or more of its subsidiaries shall contribute to Thompson Creek by way of non-interest bearing loan in order for Thompson Creek to pay or, to the extent Thompson Creek has immediately available funds at such time, Thompson Creek shall pay, the amount of cash necessary to redeem or otherwise satisfy and discharge each of the outstanding TCM 2017 Notes, TCM 2018 Notes and TCM 2019 Notes, in all in accordance with the Arrangement. See “*Financing the Arrangement*”.

### **Shareholder and Court Approvals**

The BCBCA requires that TCM Shareholders approve the Arrangement by passing the Arrangement Resolution by at least two-thirds of the votes cast by TCM Shareholders, in person or represented by proxy, at the TCM Meeting. In addition, the BCBCA requires that the Supreme Court of British Columbia approve the Arrangement. There can be no assurances that TCM Shareholders will approve the Arrangement at the TCM Meeting nor that the Supreme Court of British Columbia will approve the Arrangement as required by the BCBCA. See “*Risk Factors*”.

### **Arrangement Agreement**

The following is a summary of certain terms of the Arrangement Agreement and the Arrangement. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to the provisions of the Arrangement Agreement, a copy of which has been filed with Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Mutual Covenants Regarding the Arrangement***

Each of the Parties has given usual and customary mutual covenants for an agreement of the nature of the Arrangement Agreement, including a mutual covenant (i) to use all of their respective commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to their respective obligations under the Arrangement Agreement, (ii) to take, or cause to be taken, all other action and to do, or cause to be done, all things necessary and commercially reasonable to permit the completion of the Arrangement in accordance with the Arrangement Agreement, the Plan of Arrangement and applicable laws and (iii) to cooperate with the other Party in connection therewith.

### ***Covenants of Centerra***

Centerra has given, in favour of TCM, usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including: (i) a covenant to effect all necessary registrations, filing and submissions of information required by Governmental Authorities from Centerra relating to the Arrangement; (ii) a covenant to use its commercially reasonable efforts to obtain all required Regulatory Approvals, including the Key Regulatory Approvals; (iii) a covenant to oppose any injunction, restraining or other order seeking to adversely affect the consummation of the Arrangement; (iv) a covenant to defend any proceedings against Centerra or its directors or

officers challenging or affecting the Arrangement Agreement or the completion of the Arrangement; (v) a covenant to use its reasonable commercial efforts to obtain approval of the listing and posting for trading on the TSX of the Share Consideration; (vi) a covenant to use commercially reasonable efforts to complete the Equity Financing and the Debt Financing in a timely manner and on terms consistent with the Commitment Letters; and (vii) notify TCM forthwith if either of the Equity Financing or the Debt Financing is terminated.

### ***Covenants of TCM***

TCM has given, in favour of Centerra, usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including: (i) a covenant to conduct business in the ordinary course of business and in accordance with applicable law during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms; (ii) covenants not to undertake certain actions without prior written consent of Centerra; (iii) a covenant to use its commercially reasonable efforts to obtain all required Regulatory Approvals, including the Key Regulatory Approvals; (iv) a covenant to use commercially reasonable efforts to cause all directors and officers of TCM and its subsidiaries to provide resignations or terminate such directors and officers effective as at the Effective Time; (v) a covenant to perform, subject to certain conditions, pre-acquisition reorganizations of its corporate structure, capital structure, business, operations and assets as Centerra may request, acting reasonably; (vi) a covenant to oppose any injunction, restraining or other order seeking to adversely affect the consummation of the Arrangement; and (vii) a covenant to defend any proceedings against TCM challenging or affecting the Arrangement Agreement or the completion of the Arrangement.

### ***Covenants of TCM Regarding Non-Solicitation***

TCM has provided certain non-solicitation covenants (the “**Non-Solicitation Covenants**”) in favour of Centerra, as set forth below.

1. Except as permitted in the Arrangement Agreement, from and after the date of the Arrangement Agreement and until the earlier of the Effective Time or the date on which the Arrangement Agreement is terminated in accordance with its terms, TCM and its subsidiaries shall not, directly or indirectly, through any of their Representatives or otherwise, and shall not permit any such person to:
  - (a) make, initiate, solicit or encourage (including by way of furnishing or affording access to information or any site visit), or otherwise take any other action that facilitates, directly or indirectly, any inquiry, proposal or offer that constitutes, or that could reasonably be expected to lead to, an Acquisition Proposal;
  - (b) enter into or otherwise engage or participate in any discussions or negotiations with, furnish information to, or otherwise co-operate in any way with, any person (other than Centerra and its subsidiaries) regarding an Acquisition Proposal or any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal;
  - (c) take no position or remain neutral with respect to, or agree to, accept, approve, endorse or recommend, or propose publicly to agree to accept, approve, endorse or recommend any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period exceeding five Business Days after such Acquisition Proposal has been publicly announced shall be deemed to constitute a violation of the Non-Solicitation Covenants), provided the TCM Board has rejected such Acquisition Proposal and affirmed its recommendation to all TCM Shareholders that they vote in favour of the Arrangement Resolution before the end of such five Business Day period (or in the event that the TCM Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the TCM Meeting);
  - (d) make or propose publicly to make a Change of Recommendation;

- (e) accept, enter into, or propose publicly to accept or enter into, any agreement, understanding or arrangement effecting or related to any Acquisition Proposal or potential Acquisition Proposal (other than an Acceptable Confidentiality Agreement permitted by and in accordance with the Non-Solicitation Covenants); or
  - (f) make any public announcement or take any other action inconsistent with the approval, recommendation or declaration of advisability of the TCM Board of the transactions contemplated hereby.
2. TCM and its Representatives will, and will cause its subsidiaries and their Representatives, to immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion or negotiations with any person (other than Centerra and its Representatives) with respect to any Acquisition Proposal or inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal and, in connection therewith, TCM will: (i) immediately discontinue access of any such person to any confidential information concerning TCM and its subsidiaries, including access to any data room, virtual or otherwise; and (ii) within two Business Days after the date of the Arrangement Agreement, to the extent such information has not previously been returned or destroyed, promptly request, and exercise all rights it has to require, the return or destruction of all copies of any confidential information regarding TCM and its subsidiaries provided to any person other than Centerra and its Representatives and the return or destruction of all material including or incorporating or otherwise reflecting such confidential information regarding TCM or its subsidiaries, using commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights.
  3. TCM will (i) not release (or allow any of its subsidiaries to release) any person from, grant any permission under or terminate, modify, amend or waive the terms of, any confidentiality agreement or standstill agreement or standstill or similar provisions in any such confidentiality agreement (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of the entering into and announcement of the Arrangement Agreement shall not be a violation of the Non-Solicitation Covenants) and (ii) take, and will cause each of its subsidiaries to take, all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which TCM or any subsidiary is a party.
  4. TCM will promptly (and, in any event, within 24 hours) notify Centerra, at first orally and thereafter in writing, of any Acquisition Proposal (whether or not in writing), any inquiry, proposal or offer that could reasonably be expected to lead to an Acquisition Proposal, and any request received by TCM or any of its subsidiaries or any of their Representatives for non-public information relating to TCM (or any of its subsidiaries) or for access to the properties, books or records of TCM (or any of its subsidiaries) by any person in connection with, or that could reasonably be expected to result in, an Acquisition Proposal, including a copy of the Acquisition Proposal, inquiry, proposal, offer or request a description of its material terms and conditions and the identity of all persons making such Acquisition Proposal, inquiry, proposal, offer or request, copies of all written documents, correspondences and other materials received in respect of, from or on behalf of any such persons, and promptly provide to Centerra such other information concerning such Acquisition Proposal, inquiry, proposal, offer or request as Centerra may reasonably request. TCM will keep Centerra promptly and fully informed of the status and details (including all amendments, changes or other modifications) of any such Acquisition Proposal, inquiry, proposal, offer or request and will provide to Centerra copies of all materials or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to or by TCM by or on behalf of or to any persons making any such Acquisition Proposal, inquiry, proposal, offer or request.
  5. Notwithstanding anything to the contrary contained in Item 1 above in this section, in the event that TCM receives a *bona fide* written Acquisition Proposal from any person after the date of the Arrangement Agreement and prior to the TCM Meeting that did not otherwise result from a breach of Item 1 above in this section, and subject to the TCM's compliance with Item 4 above in this section, TCM and its Representatives may (i) contact such person solely to clarify the terms and conditions of such Acquisition Proposal, (ii) furnish information with respect to it to such person pursuant to an Acceptable

Confidentiality Agreement, and (iii) participate in discussions or negotiations regarding such Acquisition Proposal, if and only if:

- (a) prior to taking any action described in clauses (ii) or (iii) above, the TCM Board determines, in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal is or could reasonably be expected to result in a Superior Proposal;
  - (b) such person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality agreement, standstill, use, business purpose or similar restriction with TCM or any of its subsidiaries or Representatives;
  - (c) TCM has been, and continues to be, in compliance with its obligations under the non-solicitation provisions of the Arrangement Agreement; and
  - (d) prior to or concurrently with providing any such copies, access, or disclosure, (a) TCM enters into and provides a copy of an Acceptable Confidentiality Agreement to Centerra promptly (and in any event within 24 hours thereafter) upon its execution and (b) TCM contemporaneously provides to Centerra any non-public information concerning TCM that is provided to such person which was not previously provided to Centerra or its Representatives.
6. Except as expressly permitted by the Arrangement Agreement, neither the TCM Board, nor any committee thereof will permit TCM to accept or enter into any Acquisition Agreement requiring TCM to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any person proposing an Acquisition Proposal in the event that TCM completes the transactions contemplated by the Arrangement Agreement or any other transaction with Centerra or any of its affiliates.
7. In the event TCM receives a *bona fide* Acquisition Proposal that is a Superior Proposal from any person after the date of the Arrangement Agreement and prior to the TCM Meeting, then the TCM Board may, prior to the TCM Meeting, withdraw, modify, qualify or change in a manner adverse to Centerra its approval or recommendation of the Arrangement and/or approve or recommend such Superior Proposal and/or enter into an Acquisition Agreement with respect to such Superior Proposal if and only if:
- (a) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, use, business purpose or similar restriction with TCM or any of its subsidiaries (it being agreed that the automatic termination of any standstill provisions as the result of entering into and announcement of the Arrangement Agreement shall not be a violation of this Item 6);
  - (b) TCM did not breach any non-solicitation provisions of the Arrangement Agreement in connection with the preparation or making of such Acquisition Proposal and TCM has been and continues to be in compliance with the non-solicitation provisions of the Arrangement Agreement;
  - (c) TCM has given written notice to Centerra that it has received such Superior Proposal and that the TCM Board has determined that (x) such Acquisition Proposal constitutes a Superior Proposal and (y) the TCM Board intends to withdraw, modify, qualify or change in a manner adverse to Centerra its approval or recommendation of the Arrangement (including the recommendation that the TCM Shareholders vote in favour of the Arrangement Resolution), and/or enter into an Acquisition Agreement with respect to such Superior Proposal, in each case, promptly following the making of such determination, together with written notice from the TCM Board regarding the value and financial terms that the TCM Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under any such Acquisition Proposal);

- (d) TCM has provided Centerra a copy of the proposed Acquisition Agreement and all supporting materials, including any financing documents supplied to TCM in connection therewith;
  - (e) a period of at least five full Business Days (such period being the “**Superior Proposal Notice Period**”) shall have elapsed from the later of the date Centerra received the notice from TCM referred to in Item 6(c) above in this section and the date on which Centerra received the materials set out in Item 6(d) above in this section;
  - (f) during any Superior Proposal Notice Period, Centerra has had the opportunity, but not the obligation, to propose to amend the terms of the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
  - (g) after the Superior Proposal Notice Period, the TCM Board shall have determined, in accordance with Item 7 below in this section, that such Acquisition Proposal remains a Superior Proposal compared to the Arrangement as proposed to be amended by Centerra and that the failure by the TCM Board to recommend that TCM enter into the Acquisition Agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties;
  - (h) the Company concurrently terminates the Arrangement Agreement in accordance with its terms; and
  - (i) TCM has previously, or concurrently will have, paid to Centerra the Termination Fee.
8. During the Superior Proposal Notice Period, the TCM Board will review in good faith any offer made by Centerra to amend the terms of the Arrangement Agreement and the Arrangement in order to determine, in consultation with its financial advisors and outside legal counsel, whether the proposed amendments would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal. TCM agrees that, subject to TCM’s disclosure obligations under applicable securities laws, the fact of the making of, and each of the terms of, any such proposed amendments shall be kept strictly confidential and shall not be disclosed to any person (including without limitation, the person having made the Superior Proposal), other than TCM’s Representatives, without Centerra’s prior written consent. If the TCM Board determines that such Acquisition Proposal would cease to be a Superior Proposal as a result of the amendments proposed by Centerra, TCM will forthwith so advise Centerra and will promptly thereafter accept the offer by Centerra to amend the terms of the Arrangement Agreement, and the Arrangement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing. If the TCM Board continues to believe in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal remains a Superior Proposal and therefore rejects Centerra’s offer to amend the Arrangement Agreement and the Arrangement, if any, TCM may, subject to compliance with the other provisions of the Arrangement Agreement, terminate the Arrangement Agreement in accordance with its terms to enter into an Acquisition Agreement in respect of such Superior Proposal.
9. Each successive modification of any Superior Proposal shall constitute a new Superior Proposal for the purposes of Item 7 above in this section and shall require a new five full Business Day Superior Proposal Notice Period from the later of the date on which Centerra received the notice from TCM referred to in Item 6(c) above in this section and the date on which Centerra received the materials set out in Item 6(d) in this section. If the TCM Meeting is scheduled to occur during a Superior Proposal Notice Period, TCM shall, upon the request of Centerra, adjourn or postpone the TCM Meeting to a date specified by Centerra that is not later than ten Business Days after the date on which the TCM Meeting was originally scheduled to be held.

### ***Representations and Warranties***

Each of TCM and Centerra made certain customary representations and warranties in the Arrangement Agreement, including representations and warranties related to their due organization and qualification and authorization to enter into the Arrangement Agreement and carry out its obligations thereunder. In addition, TCM

and Centerra have each made certain representations and warranties particular to such Party including, in the case of TCM, representations and warranties in respect of TCM's business, operations and assets. Centerra has represented and warranted to TCM that sufficient funds are available to pay the cash portion of the Consideration payable by Centerra pursuant to the Arrangement and the Arrangement Agreement.

The representations and warranties made by TCM and Centerra were made by and to TCM and Centerra, as applicable, for the purposes of the Arrangement Agreement (and not to other parties such as shareholders) and are subject to qualifications and limitations agreed to by TCM and Centerra in connection with negotiating and entering into the Arrangement Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to shareholders, or may have been used for the purpose of allocating risk between the Parties instead of establishing such matters as facts.

### ***Conditions of Closing***

#### ***Mutual Conditions***

The Arrangement Agreement provides that the respective obligations of the Parties to complete the Arrangement are subject to the satisfaction, or mutual waiver by the Parties, of the following conditions on or before the Effective Time:

1. the Arrangement Resolution will have been approved by the TCM Shareholders at the TCM Meeting in accordance with the Interim Order and applicable laws;
2. each of the Interim Order and Final Order will have been obtained in form and substance satisfactory to each of TCM and Centerra, each acting reasonably, and will not have been set aside or modified in any manner unacceptable to either TCM or Centerra, each acting reasonably, on appeal or otherwise;
3. the necessary conditional approvals or equivalent approvals, as the case may be, of the TSX will have been obtained, including in respect of the listing of the Share Consideration thereon;
4. the issuance of the Share Consideration shall be exempt from the registration requirements under the U.S. Securities Act pursuant to Section 3(a)(10) thereof and the registration and qualification requirements of all applicable United States securities laws, and the Share Consideration shall not be subject to resale restrictions in the United States under the U.S. Securities Act;
5. the Key Regulatory Approvals will have been obtained and be in full force and effect and not modified;
6. the records, information and filings to be sent to the BCBCA Registrar of Companies in accordance with the Arrangement Agreement and the BCBCA are in form and content satisfactory to Thompson Creek and Centerra, each acting reasonably; and
7. the Arrangement Agreement shall not have been terminated in accordance with its terms.

#### ***Additional Conditions Precedent to the Obligations of TCM***

The Arrangement Agreement provides that the obligations of TCM to complete the Arrangement are subject to the satisfaction, or waiver by TCM, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of TCM:

1. Centerra shall have complied in all material respects with its obligations, covenants and agreements in the Arrangement Agreement to be performed and complied with on or before the Effective Date;
2. the representations and warranties of Centerra set forth in the Arrangement Agreement shall be true and correct (disregarding for this purpose all materiality or Centerra Material Adverse Effect qualifications contained therein) at and as of the date of the Arrangement Agreement and Effective Date as if made on and as of such date (except for such representations and warranties which are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date)

except for breaches of representations and warranties which have not had and would not reasonably be expected to have, individually or in the aggregate, a Centerra Material Adverse Effect or prevent, significantly impede or materially delay the completion of the Arrangement;

3. other than a Kyrgyz Republic Matter, no law will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no claim, action, suit, demand, arbitration, charge, indictment, hearing, demand letter or other similar civil, quasi-criminal or criminal, administrative or investigative matter or proceeding, including by any third party whatsoever (collectively, “**Proceedings**”), will otherwise have been taken, or are pending or threatened under any laws or by any Governmental Authority (whether temporary, preliminary or permanent) that makes the Arrangement illegal or otherwise directly or indirectly cease trades, enjoins, restrains or otherwise prohibits completion of the Arrangement;
4. Centerra shall have complied with its payment of Consideration obligations under the Arrangement Agreement and any obligations in relation to the TCM Notes and the Depositary and the trustees for each class of TCM Notes shall have confirmed receipt of the Share Consideration and the amount of cash necessary to redeem each of the outstanding TCM Notes on the Effective Date or otherwise satisfy and discharge TCM’s obligations under the TCM Note Indentures as of the Effective Date, respectively;
5. TCM shall have received a certificate of Centerra signed by a senior officer of Centerra and dated the Effective Date certifying that the conditions set out in Items 1 and 2 above in this section have been satisfied, which certificate will cease to have any force and effect after the Effective Time; and
6. there shall not have occurred, prior to the date of the Arrangement Agreement, a Centerra Material Adverse Effect or any event, occurrence, circumstance or development that could reasonably be expected to have a Centerra Material Adverse Effect.

***Additional Conditions Precedent to the Obligations of Centerra***

The Arrangement Agreement provides that the obligations of Centerra to complete the Arrangement are subject to the satisfaction, or waiver by Centerra, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of Centerra:

1. TCM shall have complied in all material respects with its obligations, covenants and agreements in the Arrangement Agreement to be performed and complied with on or before the Effective Date, except where the failure to comply with such covenants, individually or in the aggregate, would not materially impede completion of the Arrangement and the transactions contemplated in the Arrangement Agreement;
2. the representations and warranties of TCM set forth in the Arrangement Agreement shall be true and correct (disregarding for this purpose all materiality or TCM Material Adverse Effect qualifications contained therein) at and as of the date of the Arrangement Agreement and the Effective Date as if made on and as of such date (except for such representations and warranties which are made as of another specified date, in which case such representations and warranties shall have been true and correct as of that date) except for breaches of representations and warranties (other than the Fundamental Representations) which have not had and would not reasonably be expected to have, individually or in the aggregate, a TCM Material Adverse Effect or prevent, significantly impede or materially delay the completion of the Arrangement, it being understood that it is a separate condition precedent to the obligations of Centerra hereunder that the Fundamental Representations must be accurate in all respects when made and as of the Effective Date;
3. Centerra shall have received a certificate of TCM signed by a senior officer of TCM and dated the Effective Date certifying that the conditions set out in Items 1, 2, 4 and 10 in this section have been satisfied, which certificate will cease to have any force and effect after the Effective Time;
4. other than a Kyrgyz Republic Matter, no law will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no Proceeding will otherwise have been taken, or be pending or threatened under any laws or by any Governmental Authority (whether temporary, preliminary or permanent) that:

- (a) makes the Arrangement illegal or otherwise directly or indirectly cease trades, enjoins, restrains or otherwise prohibits completion of the Arrangement or the payment of the Share Consideration or amounts contemplated payable under the Arrangement Agreement;
  - (b) prohibits, restricts or imposes terms or conditions beyond those terms and conditions which Centerra is required to accept pursuant to the terms of the Arrangement Agreement, or the ownership or operation by Centerra of the business or assets of Centerra, its affiliates and related entities, TCM or any of its subsidiaries and related entities, or compels Centerra to dispose of or hold separate any of the business or assets of Centerra, its affiliates and related entities, TCM or any of its subsidiaries and related entities as a result of the Arrangement; or
  - (c) prevents or materially delays the consummation of the Arrangement, or if the Arrangement were to be consummated, have a TCM Material Adverse Effect;
5. TCM Shareholders shall not have exercised dissent rights, or have instituted proceedings to exercise dissent rights, in connection with the Arrangement (other than TCM Shareholders representing not more than 5% of the common shares of TCM then outstanding); and
6. there shall not have occurred, prior to the date of the Arrangement Agreement, a TCM Material Adverse Effect or any event, occurrence, circumstance or development that could reasonably be expected to have a TCM Material Adverse Effect.

***Termination of the Arrangement Agreement***

The Arrangement Agreement may be terminated in the following circumstances by:

- 1. the mutual written consent of the Parties at any time prior to the Effective Time;
- 2. either TCM or Centerra at any time prior to the Effective Time if:
  - (a) the Effective Time does not occur on or before the Outside Date, except that the right to terminate the Arrangement Agreement under this Item 2(a) shall not be available to any Party whose failure to fulfil any of its covenants or obligations or breach of any of its representations and warranties under the Arrangement Agreement has been a principal cause of, or resulted in, the failure of the Effective Time to occur by such date;
  - (b) the TCM Meeting is held and the Arrangement Resolution is not approved by TCM Shareholders in accordance with applicable laws and the Interim Order;
  - (c) any law is enacted, made, enforced or amended, as applicable, that makes the completion of the Arrangement or the transactions contemplated by the Arrangement Agreement illegal or otherwise prohibited, and such law has become final and non-appealable, except that the right to terminate the Arrangement Agreement under this Item 2(c) shall not be available to any Party unless such Party has used its commercially reasonable efforts to, as applicable, appeal or overturn such law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or
  - (d) at any time prior to the Effective Time, the Equity Financing is terminated or escrowed proceeds are returned to investors or the Debt Financing is terminated.
- 3. Centerra at any time prior to the Effective Time if:
  - (a) either (A) the TCM Board or any committee thereof fails to publicly make a unanimous recommendation (other than, in the case of the TCM Board, the abstention of a single director) that the TCM Shareholders vote in favour of the Arrangement Resolution as contemplated in the Arrangement Agreement or TCM or the TCM Board or any committee thereof, withdraws, modifies, qualifies or changes, in a manner adverse to Centerra, its approval or recommendation of the Arrangement or endorses or recommends any Acquisition Proposal or take no position or remains neutral with respect to any publicly announced or otherwise publicly disclosed

Acquisition Proposal for a period exceeding five Business Days (or, in the event the TCM Meeting is scheduled to occur within such five Business Day period, for a period beyond the third Business Day prior to the date of the TCM Meeting), (B) the TCM Board or any committee thereof fails to unanimously (other than, in the case of the TCM Board, the abstention of a single director) reaffirm its unanimous recommendation (other than, in the case of the TCM Board, the abstention of a single director) that the TCM Shareholders vote in favour of the Arrangement Resolution by the fifth Business Day following receipt of a request by Centerra to do so (and in the event that the TCM Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the TCM Meeting) (each of the foregoing a “**Change of Recommendation**”), (C) TCM and/or the TCM Board accepts, approves, endorses or recommends any Acquisition Proposal, (D) TCM enters into an Acquisition Agreement in respect of any Acquisition Proposal (other than an Acceptable Confidentiality Agreement permitted by the Non-Solicitation Covenants), or (E) TCM or the TCM Board publicly proposes or announces its intention to do any of the foregoing;

- (b) TCM intentionally and materially breaches any of its material obligations or material covenants under the Arrangement Agreement;
- (c) subject to compliance with the terms of the Arrangement Agreement, TCM breaches any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breach would cause any of the conditions set forth in “*Mutual Conditions*” above or in “*Additional Conditions Precedent to the Obligations of Centerra*” above not to be satisfied, and such breach is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement, provided, however, that Centerra is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in “*Mutual Conditions*” above or “*Additional Conditions Precedent to the Obligations of TCM*” above not to be satisfied; or
- (d) a TCM Material Adverse Effect or any event, occurrence, circumstance or development that could reasonably be expected to be a TCM Material Adverse Effect has occurred and is continuing.

4. TCM:

- (a) at any time prior to the approval of the Arrangement Resolution, if the TCM Board approves, and authorizes TCM to enter into, a definitive agreement providing for the implementation of a Superior Proposal in accordance with Item 6 under “*Covenants of TCM Regarding Non-Solicitation*” above, subject to TCM complying with the Non-Solicitation Covenants and paying the Termination Fee;
- (b) at any time prior to the Effective Time, subject to compliance with the terms of the Arrangement Agreement, if Centerra breaches any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement, which breach would cause any of the conditions set forth in “*Mutual Conditions*” above or “*Additional Conditions Precedent to the Obligations of TCM*” above not to be satisfied, and such breach is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement, provided, however, that TCM is not then in breach of the Arrangement Agreement so as to cause any of the conditions set forth in “*Mutual Conditions*” above or “*Additional Conditions Precedent to the Obligations of Centerra*” above not to be satisfied; or
- (c) if a Centerra Material Adverse Effect or any event, occurrence, circumstance or development that could reasonably be expected to be a Centerra Material Adverse Effect has occurred and is continuing.

In the event of termination the Arrangement Agreement shall forthwith become void and of no further force or effect and no Party will have any liability or further obligation to any other Party to the Arrangement Agreement, except as expressly provided in the Arrangement Agreement.

### ***Termination Fee***

The Arrangement Agreement specifies that TCM shall pay Centerra a termination fee of \$35 million (the “**Termination Fee**”), as liquidated damages, upon termination of the Arrangement Agreement:

1. by Centerra pursuant to Item 3(a) under “- *Termination of Arrangement Agreement*” above;
2. by Centerra pursuant to Item 3(b) under “*Termination of Arrangement Agreement*” above;
3. by TCM pursuant to Item 4(a) under “*Termination of Arrangement Agreement*” above;
4. pursuant to any Item under “*Termination of Arrangement Agreement*” above if at such time Centerra is entitled to terminate the Arrangement Agreement pursuant to Item 3(a) or Item 3(b), all under “*Termination of Arrangement Agreement*” above and so long as Centerra has notified TCM of Centerra’s right to terminate the Arrangement Agreement pursuant to Item 3(a) or Item 3(b), all under “*Termination of Arrangement Agreement*” above, as the case may be, within five Business Days of Centerra becoming aware of the action or event underlying Centerra’s right to terminate;
5. by TCM or Centerra pursuant to Item 2(a) or Item 2(b), all under “*Termination of Arrangement Agreement*” above where:
  - (a) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any person (other than Centerra or any of its affiliates) or any person (other than Centerra or any of its affiliates) shall have publicly announced an intention to make an Acquisition Proposal; and
  - (b) within 365 days following the date of such termination: (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in Item 5(a) above) is consummated or effected; or (B) TCM or one or more of its subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in Item 5(a) above) and such Acquisition Proposal is subsequently consummated at any time thereafter.

For the purposes of the discussion above, the term “**Acquisition Proposal**” has the meaning described under “*Glossary of Terms*” in this short form prospectus, except that references to “20% or more” are deemed to be references to “50% or more”.

### ***Amendment***

Pursuant to the Arrangement Agreement, the Arrangement Agreement and the Plan of Arrangement may, before or after the holding of the TCM Meeting but not later than the Effective Time, be amended by written agreement of the Parties without, subject to applicable laws, further notice to or authorization on the part of the TCM Shareholders, and any such amendment may, without limitation: (i) change the time for performance of any of the obligations or acts of the Parties; (ii) waive any inaccuracies or modify any representation, term or provision contained in the Arrangement Agreement or in any document delivered pursuant thereto; or (iii) waive compliance with or modify any of the conditions precedent or any of the covenants contained in the Arrangement Agreement or waive or modify performance of any of the obligations of the Parties, provided, however, that no such amendment may reduce or materially affect the Consideration to be received by the TCM Shareholders under the Arrangement without their approval at the TCM Meeting or, following the TCM Meeting, without their approval given in the same manner as required by applicable laws for the approval of the Arrangement as may be required by the Supreme Court of British Columbia, or other court as applicable.

## FINANCING THE ARRANGEMENT

Centerra intends to finance the redemption of the TCM Notes pursuant to the Arrangement Agreement and the Arrangement and to pay fees and expenses incurred in connection with the Arrangement with a combination of the proceeds of the Offering, the new US\$325 million secured credit facilities and available cash on hand. See “*Details of the Arrangement*”.

### Overview

Set forth below is an illustrative description of the proposed sources and uses of funds relating to the Arrangement, transaction costs and the redemption of the TCM Notes under the 2017 Note Indenture, 2018 Note Indenture and 2019 Note Indenture. Certain of the amounts below are estimated and necessarily will be subject to change prior to the Arrangement Closing. See “*Forward Looking Information*” and “*Risk Factors*”.

Sources (millions of U.S. dollars)		Uses (millions of U.S. dollars)	
Centerra cash available for Arrangement	\$384	Redemption of the TCM 2017 Notes <sup>(5)</sup>	\$336
Thompson Creek cash available post-closing of Arrangement <sup>(1)</sup>	\$100	Redemption of the TCM 2018 Notes <sup>(6)</sup>	\$348
New Credit Facilities <sup>(2)</sup>	\$300	Redemption of the TCM 2019 Notes <sup>(7)</sup>	\$205
Proceeds from the Offering <sup>(3)</sup>	\$125	Estimated transaction expenses <sup>(8)</sup>	\$20
Common Shares issued to TCM Shareholders under Arrangement <sup>(4)</sup>	\$133	Common Shares received by TCM Shareholders under Arrangement <sup>(4)</sup>	\$133
Stock options issued to TCM Shareholders under Arrangement	\$1	Stock options issued to TCM Shareholders under Arrangement	\$1
<b>Total Sources:</b>	<b>\$1,043</b>	<b>Total Uses:</b>	<b>\$1,043</b>

- (1) The final cash available may change depending on Thompson Creek cash available following the Arrangement Closing. Centerra does not and will not have control of Thompson Creek’s cash prior to the Arrangement Closing.
- (2) Centerra intends to draw down an aggregate of US\$300 million under the New Credit Facilities on the date of the Arrangement Closing, leaving approximately US\$25 million available and undrawn under the New Credit Facilities. See “*Financing the Arrangement – Credit Facilities*”.
- (3) This amount does not assume the exercise (in whole or in part) of the Over-Allotment Option.
- (4) The value of the Common Shares to be issued to TCM Shareholders is calculated on the basis of \$7.30 per Common Share.
- (5) Represents the aggregate of (i) a redemption call price of US\$331 million, and (ii) accrued and unpaid interest of US\$5 million, all pursuant to the 2017 Note Indenture.
- (6) Represents the aggregate of (i) a redemption call price of US\$340 million, and (ii) accrued and unpaid interest of US\$8 million, all pursuant to the 2018 Note Indenture.
- (7) Represents the aggregate of (i) a redemption call price of US\$195 million, and (ii) accrued and unpaid interest of US\$10 million, all pursuant to the 2019 Note Indenture.
- (8) Includes Underwriters’ Fee, advisory fees and financing expenses.

### Credit Facilities

Centerra has obtained a commitment letter from The Bank of Nova Scotia (“BNS”), an affiliate of Scotia Capital Inc., for new credit facilities in an aggregate amount of US\$325 million (collectively, the “**New Credit Facilities**”). Centerra intends to use the New Credit Facilities, together with the proceeds of the Offering and available cash on hand to finance the redemption of the TCM Notes pursuant to the Arrangement Agreement and the Plan of Arrangement and to pay fees and expenses incurred in connection with the Arrangement. Centerra intends to contribute to Thompson Creek the amount of cash required to redeem or otherwise satisfy and discharge the TCM 2017 Notes, the TCM 2018 Notes and the TCM 2019 Notes at their respective call prices (plus accrued and unpaid interest) in accordance with the terms of the respective TCM Note Indentures. The following is a summary of the material terms of the proposed Credit Facilities based on the commitment letter obtained by Centerra in respect of the New Credit Facilities.

The New Credit Facilities will be comprised of a US\$75 million senior secured revolving credit facility and a US\$250 million senior secured amortizing non-revolving term facility. The senior secured revolving credit facility shall have a term to maturity of five years (with no mandatory repayment or amortization) and the senior secured amortizing non-revolving term facility shall have a term to maturity of five years with a mandatory US\$12.5 million per fiscal quarter repayment obligation commencing on the later of: (i) March 31, 2017; and (ii) the end of the first full fiscal quarter following the date of the Arrangement Closing, with the balance due and payable on the maturity date.

The borrower under the New Credit Facilities will be Centerra Holdco, a newly formed wholly-owned Canadian subsidiary of the Company (the “**Borrower**”) (which upon completion of the Arrangement will acquire 100% of the TCM Shares pursuant to the Arrangement). All obligations of the Borrower will be guaranteed on a full recourse basis by all present and future directly or indirectly owned material subsidiaries of the Borrower, including, following completion of the Arrangement, Thompson Creek (the Borrower and such subsidiaries, the “**obligors**”). The New Credit Facilities will be secured by a perfected first-ranking security interest in all present and future assets, both real and personal, of the obligors under the New Credit Facilities, including a pledge of the issued and outstanding shares in the capital of Thompson Creek, with the exception of a first-ranking charge granted to Royal Gold limited to its percentage interest in production from the Mount Milligan Mine, over which the lenders under the New Credit Facilities shall have a second-ranking security interest.

The revolving credit facility shall be used for general corporate and working capital purposes and for the issuance of letters of credit and the term credit facility shall be used to partially finance the Arrangement and the redemption of the TCM Notes, as well as to pay related fees and expenses incurred by the Company in connection with the Arrangement. The Company will be subject to certain covenants under the terms of the New Credit Facilities which include, but are not limited to, the maintenance of the following financial covenants: (i) a total debt to EBITDA ratio of less than or equal to 3.00x; (ii) an EBITDA to interest expense ratio of greater than or equal to 4.00x; and (iii) a total debt to total capitalization ratio of less than or equal to 50.0%.

BNS will serve as administrative agent and sole lead arranger and book runner for the New Credit Facilities. BNS, in its capacity as sole lead arranger and book runner, intends to syndicate the New Credit Facilities to one or more financial institutions prior to the Arrangement Closing.

The entry into the New Credit Facilities is subject to completion of definitive documentation that shall contain other customary representations and warranties and restrictive covenants and restrictions on further borrowing, acquisitions and dispositions, restrictions on granting liens and other restrictions and other customary closing conditions. The entry into the New Credit Facilities is also subject to completion of a definitive intercreditor agreement with Royal Gold, substantially in the form and on the terms of the existing intercreditor agreement between Royal Gold and the trustees of the TCM Notes, with necessary changes to conform any amendments to the Gold Stream Arrangement and to the New Credit Facilities. See “*Commitment Letter with Royal Gold*”.

#### COMMITMENT LETTER WITH ROYAL GOLD

In connection with the Arrangement, Centerra has entered into a binding commitment letter (the “**Royal Gold Letter of Intent**”) with RGLD Gold AG and Royal Gold, Inc. (collectively, “**Royal Gold**”) dated July 5, 2016 pursuant to which Centerra and Royal Gold have agreed to modify certain aspects of the existing Gold Stream Arrangement in respect of the Mount Milligan Mine.

Pursuant to the Royal Gold Letter of Intent, Centerra and Royal Gold have agreed to amend the Gold Stream Arrangement, among other things, as follows:

- *Designated percentage of produced gold delivered*: the designated percentage of produced gold delivered to Royal Gold will be reduced from 52.25% to 35.00%. The delivery mechanism provided in the Gold Stream Arrangement will remain unaltered;
- *Gold fixed price*: the fixed price remains unchanged at the lesser of US\$435 per ounce or the prevailing market price for each payable ounce of gold delivered;

- *Designated percentage of produced copper delivered:* the designated percentage of produced copper delivered to Royal Gold will be increased to 18.75% (previously nil). The delivery mechanism for produced copper is to be negotiated and determined; and
- *Copper fixed price:* the fixed price will be equal to 15% of the prevailing market price of copper for each payable pound of copper delivered.

In addition to Royal Gold's existing security interest in the Mount Milligan Mine assets, Royal Gold will obtain a first-priority interest in 18.75% of the produced copper from the Mount Milligan Mine. The Royal Gold Letter of Intent and the completion of the amendments to the Gold Stream Arrangement contemplated therein is subject to and effective contemporaneously with completion of the Arrangement. The amendment of the Gold Stream Arrangement is also subject to (i) completion of definitive documentation that shall contain other customary representations and warranties and covenants as Centerra and Royal Gold may agree in writing, (ii) completion of a definitive intercreditor agreement with Royal Gold, substantially in the form and on the terms of the existing intercreditor agreement between Royal Gold and the trustees of the TCM Notes, with necessary changes to conform any amendments to the Gold Stream Arrangement and to the New Credit Facilities and (iii) other customary closing conditions.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Centerra as at the dates indicated before and after giving effect to: (i) the Offering (assuming no exercise of the Over-Allotment Option), (ii) the New Credit Facilities to be drawn at the Arrangement Closing, (iii) the Arrangement and (iv) post-Arrangement related costs. This table should be read in conjunction with the financial statements of the Company incorporated by reference into this short form prospectus and the unaudited *pro forma* condensed consolidated financial statements of the Company included in this short form prospectus.

<u>(millions of United States dollars)</u>	<u>As at March 31, 2016</u>	<u>As at March 31, 2016 after giving effect to items (i) through(vi) above</u>
<b>Cash, cash equivalents and investments</b> <sup>(1)</sup> .....	502	170
<b>Total Short-term Debt</b> .....	74	100
<b>Total Long-term Debt</b> .....	0	315
<b>Total Debt</b> .....	74	415
<b>Total Shareholders' Equity</b> .....	1,452	1,684
<b>Total Capitalization</b> .....	1,526	2,099

(1) *Pro forma* receipt by Centerra of the net proceeds of the Offering, after deducting the Underwriters' Fee.

### PRICE RANGE AND TRADING VOLUME

The Common Shares are listed and posted for trading on the TSX under the trading symbol "CG". The following table shows the monthly ranges of high and low prices per Common Share as well as total monthly volumes traded on the TSX during the preceding twelve month period.

<u>Month</u>	<u>Share Price (\$)</u>		<u>Total Trading Volume (thousands of Common Shares)</u>
	<u>Monthly High</u>	<u>Monthly Low</u>	
July 2015 .....	\$7.39	\$5.51	12,219
August 2015 .....	\$7.98	\$6.15	15,107
September 2015 .....	\$7.87	\$6.18	17,378
October 2015 .....	\$8.67	\$7.21	14,098
November 2015 .....	\$7.63	\$6.82	11,479
December 2015 .....	\$8.22	\$6.50	27,988

January 2016.....	\$7.98	\$6.02	20,651
February 2016.....	\$7.81	\$6.10	20,397
March 2016.....	\$7.73	\$5.64	27,792
April 2016.....	\$7.25	\$5.93	12,646
May 2016.....	\$7.92	\$6.57	14,290
June 2016.....	\$7.77	\$6.39	36,927
July 1 to 12, 2016 .....	\$8.13	\$7.20	13,304

On July 4, 2016, being the last day on which the Common Shares traded prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$8.02. On July 12, 2016, the last trading day before the filing of this short form prospectus, the closing price per Common Share on the TSX was \$7.29.

### PRIOR SALES

Other than as described below or in the documents incorporated by reference herein, during the 12 month period before the date of this short form prospectus, the Company has not issued any Common Shares or any securities that are convertible into Common Shares:

<u>Date</u>	<u>Type of Security</u>	<u>Number of Securities</u>	<u>Issuance/Exercise Price per Security</u>
June 30, 2015	Restricted share units ("RSUs")	30,619	-
August 14, 2015	Common Shares (redemption of RSUs)	2,775	-
August 19, 2015	Common Shares (redemption of RSUs)	70	-
August 27, 2015	RSUs (payment of dividend)	1,058	-
September 24, 2015	Common Shares (exercise of Options)	4,754	\$6.78
September 29, 2015	Common Shares (exercise of Options)	8,685	\$5.04
September 30, 2015	RSUs	29,334	-
October 14, 2015	Common Shares (exercise of Options)	63,086	\$5.62
November 5, 2015	Options granted	52,621	\$7.33
November 16, 2015	Common Shares (redemption of RSUs)	2,742	-
December 3, 2015	RSUs (payment of dividend)	1,544	-
December 8, 2015	Common Shares (redemption of RSUs)	48,713	-
December 11, 2015	Common Shares (exercise of Options)	3,877	\$5.04
December 11, 2015	Common Shares (exercise of Options)	18,711	\$4.81
December 11, 2015	Common Shares (exercise of Options)	34,612	\$4.81
		73,136	\$6.78
		56,564	\$5.04
December 18, 2015	Common Shares (to purchase a royalty)	962,542	-
December 31, 2015	RSUs	33,061	-
January 18, 2016	Common Shares (to satisfy trade payable)	1,500,000	\$6.90
February 16, 2016	Common Shares (redemption of RSUs)	3,034	-
March 4, 2016	Common Shares (to purchase a royalty)	546,703	\$7.3186
March 7, 2016	Options granted	1,066,307	\$7.32
March 11, 2016	Common Shares (to satisfy trade payable)	1,000,000	\$6.6832

<u>Date</u>	<u>Type of Security</u>	<u>Number of Securities</u>	<u>Issuance/Exercise Price per Security</u>
March 24, 2016	RSUs (payment of dividend)	466	-
March 28, 2016	Common Shares (to satisfy a trade payable)	1,070,417	\$5.6154
March 31, 2016	RSUs	38,431	-
March 30, 2016	Options granted	71,044	\$5.99
May 16, 2016	Common Shares (redemption of RSUs)	942	-
May 19, 2016	Common Shares (exercise of Options)	42,096	\$5.04
June 2, 2016	RSUs (payment of dividend)	21,221	\$6.05
June 6, 2016	Common Shares (exercise of Options)	785	-
		7,484	\$6.78
		3,877	\$5.04
June 21, 2016	Common Shares (exercise of Options)	3,747	\$6.05
		21,048	\$5.04
June 27, 2016	Common Shares (exercise of Options)	42,442	\$6.05
June 30, 2016	RSUs	12,000	\$7.29
		34,002	-

#### USE OF PROCEEDS

The estimated net proceeds from the Offering, after deducting the Underwriters' Fee, will be approximately \$161,505,225, assuming no exercise of the Over-Allotment Option. All of the net proceeds of the Offering will be used to finance a portion of the amount required by Thompson Creek to redeem the outstanding TCM Notes. Centerra intends to cause Thompson Creek to redeem the TCM 2017 Notes, the TCM 2018 Notes and the TCM 2019 Notes at their respective call prices (plus accrued and unpaid interest) in accordance with the terms of the respective TCM Note Indentures. See "*Financing the Arrangement*".

If the Over-Allotment Option is exercised in full, the additional net proceeds to the Company, after deducting the Underwriters' Fee in respect of the Over-Allotment Option, will be approximately \$24,225,784.75. In the event that all or part of the Over-Allotment Option is exercised, subject to the Arrangement Closing, all of the additional net proceeds received from the exercise of such option will be used to finance a greater portion of the amount required by Thompson Creek to redeem the outstanding TCM Notes, to pay fees and expenses incurred in connection with the Arrangement or for general corporate purposes. The proceeds received from the offering of Subscription Receipts (including under the Over-Allotment Option, if exercised prior to the Arrangement Closing) will be held in escrow until the Arrangement Closing and the satisfaction of the other conditions to the exchange of the Subscription Receipts. See "*Financing the Arrangement*" and "*Description of the Subscription Receipts*".

#### DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

##### General

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the agreement to be dated the date of the Offering Closing, between the Company, the Underwriters, and the Escrow Agent, governing the terms of the Subscription Receipts (the "**Subscription Receipt Agreement**").

##### Escrowed Funds

The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short term obligations of, or guaranteed by, the Government of Canada, a province of Canada or Non-Governmental Investments, as directed in writing by the Company, pending the earlier of the satisfaction of the Escrow Release

Condition and the occurrence of a Termination Event. Provided that the Escrow Release Condition is satisfied by the Deadline, the Escrowed Funds, together with the Earned Interest (if any), will be released to the Company and the Common Shares will be issued to holders of Subscription Receipts who will receive, without payment of additional consideration or further action, one Common Share for each Subscription Receipt held, plus any additional amounts as described below.

### **Terms of Subscription Receipts**

Forthwith upon the satisfaction of the Escrow Release Condition, the Company will issue and deliver to the Escrow Agent, without payment of additional consideration or further action, one Common Share for each Subscription Receipt then outstanding. Contemporaneously with the satisfaction of the Escrow Release Condition, the Company will issue a press release disclosing that the Arrangement has been completed and that the Common Shares have been issued. At such time, the holders of Subscription Receipts will receive, without payment of additional consideration or further action, one Common Share for each Subscription Receipt plus a Dividend Equivalent amount equal to the amount per Common Share of any cash dividends declared thereon for which record dates have occurred on or after the date of the Offering Closing and before the date on which Common Shares underlying the Subscription Receipts are issued or deemed to be issued pursuant to the Subscription Receipt Agreement, less any withholding taxes. To the extent that Dividend Equivalents represent cash dividends declared on the Common Shares which have not been paid, but for which record dates have occurred, the Dividend Equivalents will not be payable to holders of Subscription Receipts, unless the Company otherwise elects, until the date that such related cash dividends are paid to shareholders of the Company. When so paid, the Dividend Equivalent will be satisfied by the payment of such amount by the Escrow Agent to former holders of Subscription Receipts (the “**Dividend Equivalent Payment**”). The Dividend Equivalent Payment shall be made first out of the former holder of Subscription Receipt’s share of Earned Interest. If such share is less than the Dividend Equivalent Payment, the amount of the shortfall will be paid by the Escrow Agent out of the remaining Escrowed Funds as a partial refund of the subscription price of the Subscription Receipts, provided however that in no event shall the aggregate amount paid to a former holder of Subscription Receipts in respect of a Subscription Receipt exceed the amount of such Dividend Equivalent Payment. If any withholding tax is applicable to the Dividend Equivalent Payment to a particular former holder of Subscription Receipts, the amount paid in cash to such former holder will be reduced accordingly and the applicable withholding tax will be remitted to the appropriate taxation authority.

Forthwith upon the satisfaction of the Escrow Release Condition, the Escrowed Funds, together with the Earned Interest (if any), less (i) 50% of the Underwriters’ Fee for the Subscription Receipts and (ii) the aggregate amount of all Dividend Equivalents, will be released to the Company, and 50% of the Underwriters’ Fee for the Subscription Receipts will concurrently be remitted by the Escrow Agent to the Underwriters.

If the Arrangement Closing occurs prior to or concurrently with the Offering Closing or any Over-Allotment Closing, investors in the Offering will receive Common Shares on the date of the Offering Closing or on the date of any Over-Allotment Closing, as the case may be, instead of Subscription Receipts, in which case this short form prospectus will qualify for distribution those Common Shares.

If a Termination Event occurs, the Company will forthwith notify the Escrow Agent and the Underwriters, and promptly issue a press release specifying the Termination Event. Upon the occurrence of a Termination Event, the subscription evidenced by each Subscription Receipt will be automatically terminated and cancelled, and each Subscription Receipt will entitle the holder thereof to receive an amount equal to the full subscription price and its *pro rata* share of the Earned Interest and the Deemed Interest, less applicable withholding taxes, if any, within three (3) business days of the Termination Date. For greater certainty, despite the fact that 50% of the Underwriters’ Fee for the Subscription Receipts will be paid by the Company to the Underwriters upon the Offering Closing (and each Over-Allotment Closing prior to the Arrangement Closing), the Company will nonetheless, following a Termination Event, be responsible to compensate each holder of a Subscription Receipt for an amount equal to the full subscription price and his or her *pro rata* share of the Earned Interest and the Deemed Interest, less applicable withholding taxes, if any.

## **Contractual Right of Rescission**

Under the Subscription Receipt Agreement, a purchaser of Subscription Receipts to whom this short form prospectus was sent or delivered and who was the original purchaser of the Subscription Receipts (collectively, the “**Original Purchasers**”), will have a contractual right of rescission entitling the Original Purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Common Shares, as applicable, if this short form prospectus and any amendment contains a misrepresentation, as such term is defined in the Securities Act, provided such remedy for rescission is exercised within 180 days of the date of the Offering Closing. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under part XXIII of the Securities Act, and is in addition to any other right or remedy available to Original Purchasers of Subscription Receipts under section 130 of the Securities Act or otherwise at law. For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces and territories of Canada. In no event shall the Company be liable if the Original Purchaser purchased the Subscription Receipts with knowledge of the misrepresentation.

## **Amendments, Modifications or Alterations**

From time to time while the Subscription Receipts are outstanding, the Company, the Underwriters and the Escrow Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Escrow Agent, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of a special resolution. The term “special resolution” is defined in the Subscription Receipt Agreement to mean a resolution passed by the affirmative votes of the holders of not less than 66 $\frac{2}{3}$ % of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders or an instrument or instruments in writing signed by the holders of not less than 66 $\frac{2}{3}$ % of the number of outstanding Subscription Receipts.

## **Book Entry, Delivery and Form of Subscription Receipts and Common Shares**

The Subscription Receipts will be issued and delivered electronically through the non-certificated inventory (“**NCI**”) system of CDS in “book-entry” form and must be purchased or transferred through a participant in the depository services of CDS. Unless the book-entry or electronic settlements systems of CDS are terminated, a purchaser acquiring a beneficial interest in the Subscription Receipts will not be entitled to receive a certificate for Subscription Receipts.

Each purchaser acquiring a beneficial interest in a Subscription Receipt will receive a customer confirmation of purchase from the Underwriter from whom the beneficial interest is purchased in accordance with the practices and procedures of the selling Underwriter. Registration of ownership and transfers of Subscription Receipts may be effected through the book-based system administered by CDS or its nominees (with respect to interests of participants of CDS) and on the records of participants of CDS (with respect to interests of persons other than participants of CDS). The ability of an owner of a beneficial interest in a Subscription Receipt to pledge such Subscription Receipt or otherwise take action with respect to such owner’s interest in such Subscription Receipt (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Common Shares issued upon the exchange of the Subscription Receipts will be delivered electronically through the NCI system of CDS. On the date the Escrow Release Condition is satisfied, the Company, via its transfer agent, will electronically deliver the Common Shares registered to CDS or its nominee. Transfers of ownership of Common Shares in Canada must be effected through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Common Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled, will be made or delivered by CDS or the CDS participant through which the shareholder holds such Common Shares. A holder of a Common Share participating in the NCI system will not be entitled to a certificate or other instrument from the Company or the Company’s transfer agent evidencing that person’s interest in or ownership of Common Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent

who is a CDS participant. The ability of a beneficial owner of Common Shares to pledge such Common Shares or otherwise take action with respect to such owner's interest in such Common Shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

### **Holders of Subscription Receipts are Not Shareholders**

Holders of Subscription Receipts are not shareholders of the Company and will not have any voting or pre-emptive rights or other rights as shareholders, including any direct or indirect entitlement whatsoever relating to or arising from any dividends declared or paid on the Common Shares prior to the satisfaction of the Escrow Release Condition, other than to any Dividend Equivalent. From and after the date the Escrow Release Condition is satisfied, the former holders of Subscription Receipts will be entitled as holders of Common Shares to receive dividends from the Company, to vote and to all other rights available to holders of Common Shares.

## **GENERAL DESCRIPTION OF SHARE CAPITAL**

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of Class A non-voting shares and an unlimited number of preference shares, issuable in series. There are no constraints on the ownership of Centerra's shares, except as set out in the restated shareholders agreement dated as of June 6, 2009 entered into among Centerra, Cameco Corporation and Kyrgyzaltyn JSC. The summary below of the rights, privileges, restrictions and conditions attaching to the Common Shares and to the preferred shares, respectively, is subject to, and qualified in its entirety by reference to, the Company's articles and by laws which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Common Shares**

Each Common Share is entitled to: (a) one vote at meetings of shareholders, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series; (b) receive dividends if, as, and when declared by the Board; and (c) participate in any distribution of Centerra's net assets upon liquidation, dissolution or winding-up on an equal basis per share but subject to the rights of the holders of preference shares. There are no pre-emptive, redemption, purchase or conversion rights attached to the Common Shares.

For a description of the Company's dividend policy, see "*Dividend Policy*".

### **Class A Non-Voting Shares**

The Class A non-voting shares have the same terms and conditions as the Common Shares, except: (a) they will be non-voting; and (b) they will not be entitled to any dividends or distributions that can be attributed reasonably to Kumtor Gold Company (a wholly-owned subsidiary of the Company) or its assets or operations. There are currently no Class A non-voting shares outstanding as they have been created solely for the purposes of the insurance risk rights plan described in the Company's AIF.

### **Preference Shares**

Preference shares may be issued at any time or from time to time in one or more series as may be determined by the Board. The Board is authorized to fix before issue: the number, the consideration per share and the designation of and, subject to the special rights and restrictions attached to all preference shares, the rights and restrictions attached to the preference shares of each series. The preference shares of each series rank on a parity with the preference shares of each other series with respect to the payment of dividends and the return of capital on liquidation, dissolution or winding-up. The preference shares are entitled to a preference over the common shares and any other shares ranking junior to the preference shares with respect to the payment of dividends and the return of capital.

The special rights and restrictions attaching to the preference shares as a class may not be amended without any approval as may then be required by law, subject to a minimum approval requirement of at least two thirds of the votes cast at a meeting of the holders of preference shares to be called and held for that purpose. There are currently no preference shares outstanding.

## DIVIDEND POLICY

In July 2010, Centerra adopted a dividend policy whereby the decision to pay dividends, the timing and the quantum thereof is to be determined by the Board from time to time based on, among other things, the Company's cash balance, operating cash flows, anticipated capital requirements for future growth and the yields of comparable companies' dividend rates.

Pursuant to the terms of the Company's existing credit facilities with the European Bank for Reconstruction and Development, Centerra is restricted from declaring dividends during the term of such credit facilities, provided however that so long as an event of default is not occurring, Centerra can declare dividends (subject to compliance with certain other provisions in the such credit facilities, including a cap on the cumulative dividend amount). The amount and timing of the payment of any dividends are not guaranteed and are subject to the discretion of the Board. See "*Risk Factors*".

The holders of Subscription Receipts are not shareholders of the Company and will not have any direct or indirect entitlement whatsoever relating to or arising from any dividends declared or paid on the Common Shares prior to the Arrangement Closing other than any Dividend Equivalent Payment.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement between the Company and the Underwriters, the Company has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the Offering Closing, being on or about July 20, 2016 or any other date as may be agreed upon by the Company and the Underwriters, but in any event not later than August 3, 2016, subject to the conditions stipulated in the Underwriting Agreement 23,130,000 Subscription Receipts offered hereby at a price of \$7.35 per Subscription Receipt for total gross proceeds of \$170,005,500, payable in cash to the Escrow Agent (less 50% of the Underwriters' Fee for the Subscription Receipts). The Subscription Receipts are being offered to the public in all of the provinces and territories of Canada, other than the province of Québec. The terms of the Offering and the offering prices of the Subscription Receipts were determined by negotiation between the Company and the Underwriters.

If the Arrangement Closing occurs prior to or concurrently with the Offering Closing or any Over-Allotment Closing, investors in the Offering will receive Common Shares on the date of the Offering Closing or on the date of any Over-Allotment Closing, as the case may be, instead of Subscription Receipts, in which case this short form prospectus will qualify the distribution of those Common Shares.

The Company has agreed to pay the Underwriters the Underwriters' Fee equal to 5% of the gross proceeds of the Offering, being \$0.37 per Subscription Receipt. The Underwriters' Fee is payable as to 50% upon the Offering Closing (and, as applicable, upon each Over-Allotment Closing) and 50% upon satisfaction of the Escrow Release Condition. If a Termination Event occurs, the Underwriters' Fee for the Subscription Receipts will be reduced to the amount payable upon the Offering Closing (and, as applicable, upon each Over-Allotment Closing). If the Arrangement Closing occurs on or prior to the Offering Closing, or any Over-Allotment Closing, as the case may be, the Underwriters' Fee shall be paid in full to the Underwriters at the Offering Closing, or any Over-Allotment Closing, as the case may be.

The obligations of the Underwriters under the Underwriting Agreement are several and neither joint nor joint and several and may be terminated at their sole option on the basis of a regulatory proceeding out, disaster out or material change out or change in material fact out and may also be terminated upon the occurrence of certain stated events. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Company against certain liabilities, including liabilities for misrepresentations in this short form prospectus. If an Underwriter fails to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase those Subscription Receipts. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any Subscription Receipts are purchased under the Underwriting Agreement.

There is currently no market through which the Subscription Receipts may be sold and investors may not be able to resell the Subscription Receipts purchased under this short form prospectus. The Company has received conditional approval from the TSX for the listing of the Subscription Receipts under the trading symbol "CG.R" and

the Common Shares issuable pursuant to the terms of the Subscription Receipts. Such listing is subject to the Company fulfilling all of the listing requirements of the TSX on or before October 5, 2016.

After the Underwriters have made reasonable efforts to sell the Subscription Receipts at the offering price referred to above, the Underwriters may decrease the offering price for the Subscription Receipts and may further change the price from time to time to amounts no greater than that set forth above. In the event the offering price of the Subscription Receipts is reduced, the compensation received by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Company for the Subscription Receipts. Any such reduction will not affect the proceeds received by the Company.

The Company has granted to the Underwriters an option (the “**Over-Allotment Option**”), exercisable in whole or in part at any time and from time to time not later than the earlier of (i) the 30th day following the date of the Offering Closing and (ii) the occurrence of a Termination Event, to purchase up to an additional 3,469,500 Subscription Receipts at a price of \$7.35 per Subscription Receipt on the same terms and conditions as under the Offering (the closing of each such purchase, an “**Over-Allotment Closing**”), solely to cover over-allocations, if any. This short form prospectus qualifies the distribution of the Subscription Receipts issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Subscription Receipts forming part of the over-allocation position acquires such Subscription Receipts under this short form prospectus regardless of whether the over-allocation position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Company has agreed that it will not until 90 days after the date of the Offering Closing, directly or indirectly, sell, agree, offer or announce an intention to sell, negotiate or enter into any agreement to sell or issue, grant any option, right or warrant to purchase, or otherwise lend, pledge, assign, transfer or dispose of any Common Shares or securities convertible or exchangeable into Common Shares or other securities of the Company, without the prior written consent of BMO, except for (i) the issuance of Common Shares in connection with the exercise of any options of the Company outstanding on the date of the Underwriting Agreement, (ii) the grant of options to acquire Common Shares pursuant to any equity incentive plan in effect on the date of the Underwriting Agreement, (iii) the issuance of the Subscription Receipts pursuant to the terms of the Offering, including the issuance of the underlying Common Shares in accordance with the Subscription Receipt Agreement and (iv) the issuance of Common Shares in connection with the Arrangement.

Pursuant to the rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Subscription Receipts ends and all stabilization arrangements relating to the Subscription Receipts are terminated, bid for or purchase securities of the Company for their own account or for accounts over which they exercise control or direction. The foregoing restrictions are subject to certain exceptions including a bid for or purchase of securities of the Company: (i) if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) made for or on behalf of a client, other than certain prescribed clients, provided that the client’s order was not solicited by the Underwriters, or if the client’s order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) to cover a short position entered into prior to the commencement of a prescribed restricted period.

In connection with this Offering, the Underwriters may, subject to applicable laws, effect transactions which stabilize or maintain the market price of the Subscription Receipts or Common Shares at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Subscription Receipts and the Common Shares issuable in exchange for the Subscription Receipts have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, accordingly, such securities may not be offered, sold or delivered, directly or indirectly, in the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Underwriters have agreed that they will not offer or sell the Subscription Receipts within the United States except to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act and pursuant to similar exemptions under applicable state securities laws. This short form prospectus does not constitute an offer to sell, or a

solicitation of an offer to buy, any securities in the United States. The Underwriters may also offer and sell Subscription Receipts outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the Offering Closing, an offer or sale of Subscription Receipts within the United States by any dealer (whether or not participating in the Offering) may violate the registration provisions of the U.S. Securities Act unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

## RELATIONSHIP BETWEEN THE COMPANY AND THE UNDERWRITERS

Centerra may be considered to be a “connected issuer” of Scotia Capital Inc. under National Instrument 33-105 – *Underwriting Conflicts* since Scotia Capital Inc. is an affiliate of BNS, which has committed to provide the New Credit Facilities to the Company concurrently with the Arrangement Closing. To the extent any of the other Underwriters are affiliates of Canadian financial institutions that become lenders under the New Credit Facilities, Centerra may be considered to be a “connected issuer” of such Underwriters.

BNS was not involved in the decision to make the Offering nor were they involved in the determination of the terms of the Offering, including structure and pricing. As a consequence of the Offering, the Underwriters will receive the Underwriters’ Fee in respect of the Subscription Receipts or Common Shares sold through the Underwriters. See “*Use of Proceeds*”.

In addition, Credit Suisse Securities (Canada), Inc. was retained by the Company for the provision of financial advice in connection with the Arrangement, and BMO was retained by Thompson Creek for the provision of financial advice in connection with the Arrangement, for which they each received or will receive customary fees. Accordingly, Centerra may be considered to be a “connected issuer” of BMO and Credit Suisse Securities (Canada), Inc.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a holder (i) who acquires the Offered Securities, as beneficial owner, pursuant to this Offering, (ii) who, for purposes of the Tax Act and at all relevant times, holds the Offered Securities as capital property, and (iii) who deals at arm’s length with the Company, the Underwriters and each issuer of the Non-Governmental Investments, and is not affiliated with the Company or the Underwriters. Generally, Offered Securities will be considered to be capital property to a holder provided the holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who are residents of Canada and who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have their Common Shares, and all other “**Canadian securities**” (as defined in the Tax Act) owned by such holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election is not available in respect of Subscription Receipts. Canadian resident holders should consult their own tax advisors regarding this election.

This summary is not applicable to (i) a holder that is a “financial institution” (as defined in the Tax Act for the purposes of the mark to market rules), (ii) a holder an interest in which would be a “tax shelter investment” (as defined in the Tax Act), (iii) a holder that is a “specified financial institution” (as defined in the Tax Act), (iv) a holder that has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency, or (v) a holder who enters into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Offered Securities. Additional considerations, not discussed herein, may be applicable to a holder that is a corporation resident in Canada, and that is, or becomes, controlled by a non-resident corporation, for purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. **Any such holder should consult its own tax advisor with respect to an investment in Offered Securities.**

This summary is based upon (i) the provisions of the Tax Act in force as of the date hereof, (ii) all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “**Proposed Amendments**”) and (iii) Stikeman Elliott LLP and Davies Ward Phillips & Vineberg’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. This summary assumes the Proposed Amendments will be enacted in the form proposed;

however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of Offered Securities, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of Offered Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Offered Securities pursuant to this Offering, having regard to their particular circumstances.**

### **Holders Resident in Canada**

The following discussion applies to a holder of Offered Securities who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a “**Canadian Holder**”).

#### *Taxation of Canadian Holders of Subscription Receipts*

##### *Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts*

A Canadian Holder of Subscription Receipts will not realize any capital gain or capital loss upon the exchange of Subscription Receipts for Common Shares pursuant to the terms of Subscription Receipts.

The cost of a Common Share received pursuant to the terms of a Subscription Receipt will be the subscription price thereof, subject to any reduction as a consequence of the receipt of a Dividend Equivalent Payment, if any, as described under “— *Dividend Equivalent Payment*”. The adjusted cost base to a Canadian Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base immediately before that time of any other Common Shares owned by the Canadian Holder as capital property at such time.

##### *Other Dispositions of Subscription Receipts*

A disposition or deemed disposition by a Canadian Holder of a Subscription Receipt (other than on the exchange of a Subscription Receipt for a Common Share pursuant to the terms of Subscription Receipts as discussed above) will generally result in the Canadian Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition. The cost to a Canadian Holder of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt. Such capital gain (or capital loss) will be subject to the tax treatment described below under “— *Taxation of Canadian Holders of Common Shares — Taxation of Capital Gains and Capital Losses*”.

In the event that a Canadian Holder becomes entitled to the repayment of the subscription price of a Subscription Receipt as a consequence of a Termination Event, any amount that is paid to the holder by the Company as, or on account of, Earned Interest and Deemed Interest and that is included in the Canadian Holder’s income, will be excluded from the holder’s proceeds of disposition of the Subscription Receipt. A Canadian Holder will not generally realize any income, gain or loss on the repayment to the Canadian Holder of the subscription price.

##### *Pro Rata Share of Interest*

If a Termination Event occurs, holders of Subscription Receipts shall be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of Earned Interest and Deemed Interest.

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any

Earned Interest accrued to the Canadian Holder to the end of the Canadian Holder's taxation year, or that is receivable or received by the Canadian Holder before the end of that taxation year, except to the extent that such interest was included in computing the Canadian Holder's income for a preceding taxation year.

Any other Canadian Holder that is entitled to receive its share of Earned Interest will be required to include in computing its income for a taxation year such interest that is receivable or received by the Canadian Holder in that taxation year, depending upon the method regularly followed by the Canadian Holder in computing income, except to the extent that such interest was included in computing the Canadian Holder's income for a preceding taxation year.

In the event of a Termination Event, a Holder will be required to include in computing its income for a taxation year that includes the Termination Event the amount of the Deemed Interest.

A Canadian Holder that is, throughout the relevant taxation year, a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include interest income.

#### *Dividend Equivalent Payment*

As described above under the heading "*Description of Subscription Receipts*", if (i) the Escrow Release Condition is satisfied prior to 5:00 p.m. (Toronto time) on the Deadline and (ii) a cash dividend has been declared by the Company on the Common Shares to holders of record on a date that has occurred on or after the date of the Offering Closing and before the date on which Common Shares underlying the Subscription Receipts are issued or deemed to be issued pursuant to the Subscription Receipt Agreement, the holders of Subscription Receipts will be entitled to receive an amount per Subscription Receipt equal to the per share amount of such dividend. The Dividend Equivalent Payment, if any, will be paid first by way of a *pro rata* share of Earned Interest. The amount of such interest will generally be included in computing the Canadian Holder's income as described above under "*— Pro Rata Share of Interest*".

If the amount of the Earned Interest is less than the Dividend Equivalent Payment, the shortfall amount will be paid out of the Escrowed Funds as a partial refund of the subscription price of the Subscription Receipts. Such shortfall amount generally will reduce the cost to the Canadian Holder of the Common Shares acquired on the exchange of the Subscription Receipts.

#### *Taxation of Canadian Holders of Common Shares*

##### *Disposition of Common Shares*

A disposition or a deemed disposition of a Common Share by a Canadian Holder (except to the Company) will generally result in the Canadian Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceeds (or are less than) the aggregate of the adjusted cost base to the Canadian Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*— Taxation of Capital Gains and Capital Losses*".

##### *Taxation of Capital Gains and Capital Losses*

Generally, one half of any capital gain (a "**taxable capital gain**") realized by a Canadian Holder in a taxation year must be included in the Canadian Holder's income for the year, and one half of any capital loss (an "**allowable capital loss**") realized by a Canadian Holder in a taxation year must be deducted from taxable capital gains realized by the Canadian Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the

circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Canadian Holder that is, throughout the relevant taxation year, a “Canadian controlled private corporation”, as defined in the Tax Act, may be liable to pay the refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

#### *Receipt of Dividends on Common Shares*

Dividends received or deemed to be received on Common Shares held by a Canadian Holder will be included in the Canadian Holder’s income for the purposes of the Tax Act.

Such dividends received by a Canadian Holder that is an individual (other than certain trusts) will be subject to the gross up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross up and dividend tax credit in respect of dividends designated by the Company as “eligible dividends”. There may be limitations on the ability of the Company to designate dividends as “eligible dividends”.

Taxable dividends received by a Canadian Holder who is an individual (other than certain trusts) may result in such Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. Canadian Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Canadian Holder that is a “private corporation” or “subject corporation” (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Canadian Holder’s taxable income.

#### **Holders Not Resident in Canada**

The following summary applies to a holder of Offered Securities who, at all relevant times, for purposes of the Tax Act, (i) is neither resident nor deemed to be resident in Canada, and (ii) does not, and is not deemed to, use or hold Offered Securities in carrying on a business in Canada (a “**Non-Canadian Holder**”). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere.

#### *Taxation of Non-Canadian Holders of Subscription Receipts*

##### *Acquisition of Common Shares pursuant to terms of the Subscription Receipts*

A Non-Canadian Holder of Subscription Receipts will not realize any capital gain or capital loss upon the exchange of Subscription Receipts for Common Shares pursuant to the terms of Subscription Receipts.

##### *Other Dispositions of Subscription Receipts*

On a disposition or deemed disposition of a Subscription Receipt (other than on the exchange of a Subscription Receipt for a Common Share pursuant to the terms of Subscription Receipts as discussed above), a Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder, unless the Subscription Receipt constitutes “taxable Canadian property” (as defined in the

Tax Act) of the Non-Canadian Holder at the time of disposition and the holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are listed on a designated stock exchange (which currently includes the TSX), the Subscription Receipts will generally not constitute taxable Canadian property of a Non-Canadian Holder unless at any time during the 60 month period immediately preceding the disposition of the Subscription Receipt: (i) (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm's length, (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnership, or (d) the Non-Canadian Holder together with such persons, owned 25% or more of the issued shares of any class of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) Canadian resource properties; (c) timber resource properties; and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c) (the "**TCP Conditions**"). **A Non-Canadian Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.**

#### *Pro Rata Share of Interest*

If a Termination Event occurs, holders of Subscription Receipts shall be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of Earned Interest and Deemed Interest. A Non-Canadian Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited as, on account or in lieu of payment of, or in satisfaction of, any such Earned Interest or Deemed Interest.

#### *Dividend Equivalent Payment*

As described above under the heading "*Description of Subscription Receipts*", if (i) the Escrow Release Condition is satisfied prior to 5:00 p.m. (Toronto time) on the Deadline and (ii) a cash dividend has been declared by the Company on the Common Shares to holders of record on a date that has occurred on or after the date of the Offering Closing and before the date on which Common Shares underlying the Subscription Receipts are issued or deemed to be issued pursuant to the Subscription Receipt Agreement, the holders of Subscription Receipts will be entitled to receive an amount per Subscription Receipt equal to the per share amount of such dividend. The Dividend Equivalent Payment, if any, will be paid first by way of a *pro rata* share of Earned Interest. The amount of such interest payable to a Non-Canadian Holder will not be subject to tax under the Tax Act provided that such interest is not "participating debt interest" (within the meaning of the Tax Act). If such interest is considered to be participating debt interest, the amount paid to a Non-Canadian Holder would be subject to Canadian withholding tax at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Canadian Holder's country of residence). In this respect, it is uncertain whether or not such interest would constitute "participating debt interest" for purposes of the Tax Act. Stikeman Elliott LLP and Davies Ward Phillips & Vineberg LLP have been advised by management of the Company that it intends to withhold at the statutory rate of 25% (subject to reduction under an applicable income tax convention between Canada and the Non-Canadian Holder's country of residence) on the portion of any Dividend Equivalent Payment which is paid by way of a *pro rata* share of Earned Interest that is paid to a Non-Canadian Holder.

If the amount of the Earned Interest is less than the Dividend Equivalent Payment, the shortfall amount will be paid out of the Escrowed Funds as a partial refund of the subscription price of the Subscription Receipts. Such shortfall amount generally will reduce the cost to the Non-Canadian Holder of the Common Shares acquired on the exchange of the Subscription Receipts and will not be subject to Canadian withholding tax.

Non-Canadian Holders are advised to consult their own tax advisors regarding the tax consequences of the receipt of a Dividend Equivalent Payment.

#### *Taxation of Non-Canadian Holders of Common Shares*

##### *Disposition of Common Shares*

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition or deemed disposition of a Common Share issuable pursuant to the

terms of the Subscription Receipts, unless the Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are then listed on a designated stock exchange (which currently includes the TSX), Common Shares issuable pursuant to the terms of the Subscription Receipts generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60 month period immediately preceding the disposition of the Common Shares the TCP Conditions are met. **A Non-Canadian Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.**

#### *Receipt of Dividends on Common Shares*

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Canadian Holder’s country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to full benefits under the Canada United States Income Tax Convention (1980) as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

### **RISK FACTORS**

Any investment in the Subscription Receipts involves a high degree of risk. Before investing, prospective purchasers of Subscription Receipts should carefully consider, in light of their own financial circumstances, the factors set out below as well as the information contained in or incorporated by reference in this short form prospectus, including those risk factors included in the Company’s AIF which are incorporated herein by reference.

If any of the risks set out below actually occur, Centerra’s business, financial condition, prospects, results of operations or cash flow could be materially and adversely affected. Additional risks or uncertainties not currently known to us, or that the Company currently deems immaterial, may also impair Centerra’s business operations. The Company cannot provide any assurance that any of the events discussed in the risk factors below will not occur. If any of such events does occur, you may lose all or part of your original investment in the Subscription Receipts.

#### **Risks Relating to the Arrangement**

*Centerra may not be able to successfully integrate Thompson Creek with Centerra’s business, which could cause its business to suffer.*

The acquisition of Thompson Creek is significant, and Centerra may not be able to successfully integrate and combine the operations, personnel and infrastructure of Thompson Creek with Centerra’s existing operations. If integration is not executed successfully by management, Centerra may experience interruptions in business activities, a deterioration in Centerra’s employee and commercial relationships, increased costs of integration and harm to Centerra’s reputation, all of which could have a material adverse effect on Centerra’s business, financial condition and results of operations. While management believes Centerra’s corporate culture and that of Thompson Creek are generally aligned, Centerra may still experience some difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration with Thompson Creek may also impose substantial demands on Centerra’s management and the management of Thompson Creek. There is no assurance that improved operating results will be achieved as a result of the Arrangement or that the businesses of the Company and Thompson Creek will be successfully integrated in a timely manner. The challenges involved in the integration may include, among other things, the following:

- retaining key personnel during the period between execution of the Arrangement Agreement and the Arrangement Closing, including addressing the uncertainties of key employees regarding their future;

- integrating Thompson Creek into the Company's accounting system and adjusting the Company's internal control environment to cover Thompson Creek's operations;
- unforeseen expenses or delays associated with the Arrangement;
- performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the Arrangement; and
- unplanned costs required to integrate the businesses and achieve any synergies.

Even if Centerra is able to integrate these businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth opportunities Centerra currently expects within the anticipated time frame or at all. While Centerra anticipates that certain expenses will be incurred, such expenses are difficult to estimate accurately, and may exceed current estimates. Accordingly, the benefits from the proposed Arrangement may be offset by unexpected costs incurred or delays in integrating the companies.

***The Kyrgyz Republic Government and Kyrgyz Parliament may take actions prior to or following the consummation of the Arrangement with respect to the Kumtor Project.***

As described in the Company's AIF, in December 2015, the Kyrgyz Republic Government withdrew from discussions relating to the Heads of Agreement on the Kumtor Project Restructuring among the Kyrgyz Republic Government, Kyrgyzaltyn JSC and Centerra dated January 18, 2014. Since that time, there have been a number of developments relating to the Kumtor Project which are described in the Company's AIF under the heading "Centerra Gold – Recent Developments" and in this short form prospectus under the heading "Centerra – Recent Developments".

There can be no assurances that, following the announcement of the Arrangement and prior to or following the consummation of the Arrangement, and whether as a result of the announcement or consummation of the Arrangement or otherwise, the Kyrgyz Republic government, the parliament of the Kyrgyz Republic and/or any government officials in the Kyrgyz Republic will not take further actions that are inconsistent with the Kyrgyz Republic's obligations under the Kumtor Project Agreements or cancel government decrees, orders, concessions and/or permissive documents under which the Kumtor Project currently operates. Any such action or actions, including adopting the Draft Nationalization Bill, could have a material adverse impact on the Company's interest in the Kumtor Project, its operations and/or the future cash flows, earnings, results of operations and financial condition of the Company.

***Centerra may not be successful in completing the Arrangement.***

The Arrangement is subject to completion of the conditions described herein and the Arrangement Agreement and commercial risk that the Arrangement may not be completed on the terms negotiated or at all. For example, the Acquisition requires approval under the Key Regulatory Approvals and there can be no assurance that such approvals will be obtained, or will be obtained on terms and conditions satisfactory to the Company. In addition, if Arrangement Closing does not take place as contemplated, the Company could suffer adverse consequences, including possibly the loss of investor confidence.

***Centerra may not be successful in retaining the services of certain key personnel of Thompson Creek following the Arrangement.***

The Company currently intends to retain certain key personnel of Thompson Creek following the completion of the Arrangement to continue to manage and operate the assets of Thompson Creek. The Company will compete with other potential employers for employees, and it may not be successful in keeping the services of the executives and other employees that it needs to realize the anticipated benefits of the Arrangement. The Company's failure to retain key personnel of Thompson Creek to remain as part of the management team in the period following the Arrangement could have a material adverse effect on the business and operations of Thompson Creek.

***There are certain factors beyond the Company's control which may jeopardize the debt financing necessary for the Arrangement.***

The proposed New Credit Facilities have not yet been finalized. The Company's ability to complete the proposed debt financing on acceptable terms or at all will depend on a number of factors beyond the Company's control, including general conditions affecting the debt markets from time to time and, accordingly, there can be no assurance that any such transaction will be completed. The *pro forma* consolidated financial statements have been prepared on the assumption that the New Credit Facilities will be completed on terms and at an interest rate estimated by management. Actual terms, including the applicable interest rate, of the New Credit Facilities, if they are consummated, may differ materially from those estimated for the purposes of preparing the *pro forma* consolidated financial statements. See "*Financing the Arrangement — Credit Facilities*".

***Certain terms of the debt financing for the Arrangement may not be as favourable to the Company as those in the commitments of the lenders and the terms of the resulting indebtedness will contain restrictions that will limit the Company's flexibility in operating its business.***

The commitment of the lenders to enter into the New Credit Facilities are subject to certain standard conditions. As such, there is no assurance that the New Credit Facilities will be on terms that are exactly the same as disclosed in this short form prospectus. Obtaining the New Credit Facilities on terms less favourable to the Company could adversely impact the Company's financial condition and decrease the amount of cash available in the future. Additionally, the New Credit Facilities are subject to certain restrictive conditions that limit the discretion of management with respect to certain business matters, including financial covenants that require the Company to meet certain financial ratios, financial condition tests and other restrictive covenants. A failure to comply with the obligations in the New Credit Facilities could result in a default which, if not cured or waived, could result in a termination of the New Credit Facilities. See "*Financing the Arrangement — Credit Facilities*".

***Centerra will have a substantial amount of indebtedness which may limit the amount of cash on hand and adversely affect cash flow and Centerra's ability to operate its business.***

After giving effect to the Arrangement, Centerra will have a significant amount of indebtedness and less cash on hand than had it otherwise not completed the Arrangement. As of March 31, 2016, on a *pro forma* basis after giving effect to the Arrangement, details of which are included in the Consolidated Capitalization table provided herein, Centerra would have approximately US\$415 million of total indebtedness outstanding.

The Company's degree of leverage, particularly if a significant portion of the New Credit Facilities are drawn to complete the Arrangement, could have adverse consequences for the Company, including: limiting the Company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; restricting the Company's flexibility and discretion to operate its business following the Arrangement; limiting the Company's ability to declare dividends on its Common Shares; having to dedicate a portion of the Company's cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes; exposing the Company to increased interest expense on borrowings at variable rates; limiting the Company's ability to adjust to changing market conditions; placing the Company at a competitive disadvantage compared to its competitors that have less debt; making the Company vulnerable in a downturn in general economic conditions; and making the Company unable to make important expenditures.

In addition, the instruments governing Centerra's debt contains financial and other restrictive covenants, which limit Centerra's operating flexibility and could prevent the Company from taking advantage of business opportunities. The failure of the Company to comply with these covenants may result in an event of default. If such event of default is not cured or waived, Centerra may suffer adverse effects on its operations, business or financial condition, including acceleration of its indebtedness.

***There are certain factors beyond the Company's control which may jeopardize the proposed amendment to the Gold Stream Arrangement.***

The proposed amendment to the Gold Stream Arrangement has not yet been finalized. The Company's ability to complete the proposed amendment to the Gold Stream Arrangement on acceptable terms or at all will depend on a number of factors beyond the Company's control and, accordingly, there can be no assurance that any such transaction will be completed. Actual terms of the proposed amendment to the Gold Stream Arrangement may differ materially from those estimated for the purposes of preparing the *pro forma* consolidated financial statements. See "*Commitment Letter with Royal Gold*".

***Centerra does not currently control Thompson Creek and its subsidiaries and will not control Thompson Creek and its subsidiaries until completion of the Arrangement and the Thompson Creek business and results of operations may be adversely affected by events that are outside of the Company's control.***

Historic and current performance of Thompson Creek's business and operations may not be indicative of success in future periods. The future performance of Thompson Creek's business and operations may be influenced by, among other factors, the risk factors set out below under "*Risk Factors — Risks Relating to the Post Arrangement Business and Operations of Thompson Creek*". As a result of any one or more of these factors, among others, the operations and financial performance of Thompson Creek may be negatively affected which may adversely affect future financial results.

The Arrangement may be delayed as a result of the time it takes to obtain necessary shareholder approval and regulatory approvals and the satisfaction of other closing conditions which may have adverse consequences on the Company's and Thompson Creek's businesses.

The closing of the Offering will occur before the Arrangement Closing and the Arrangement Closing is subject to the receipt of required court, shareholder, regulatory approvals and the satisfaction of certain closing conditions. There is no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining court, shareholder or regulatory approvals or the imposition of unfavourable terms or conditions in these approvals could have a material adverse effect on the Company's ability to complete the Arrangement and on the Company's or Thompson Creek's business, financial condition or results of operations. The Company intends to complete the Arrangement as soon as practicable after obtaining the required court, Thompson Creek shareholder approval and regulatory approvals and satisfying the required closing conditions. If the Arrangement Closing does not take place as contemplated, the Company could suffer adverse consequences, including the loss of investor confidence. See "*Details of the Arrangement*".

***In addition to gold, Centerra will be exposed to the prices of copper and molybdenum and fluctuations or extended declines in the prices of copper and molybdenum may cause significant volatility in, and materially adversely affect, our financial performance.***

Following the Arrangement, Centerra will be exposed to the prices of copper and molybdenum, which are volatile and are affected by numerous factors beyond its control. Any sustained decline in the prices of copper could adversely impact Centerra's revenues, net income, cash flows, and credit quality. Further, the ability to recommence operations at the molybdenum projects acquired pursuant to the Arrangement will depend on the price of molybdenum, which has declined in recent years.

***The assumption of unknown liabilities in the Arrangement may harm the Company's financial condition and future prospects.***

Following the Arrangement, the Company will be responsible for any historical liabilities of Thompson Creek. There may be liabilities that the Company failed to discover or was unable to quantify accurately or at all in the due diligence review that it conducted prior to the execution of the Arrangement Agreement which could have a material adverse effect on the Company's business, financial condition or future prospects.

***Acquisitions require geologic, metallurgic, engineering, title, environmental, economic, financial and other assessments that maybe materially incorrect and may not produce as expected.***

Acquisitions of mining properties or mining companies are based in large part on geologic, metallurgic, engineering, title, environmental, economic and financial assessments made by the acquirer and its personnel as well as independent consultants and advisors it may hire. These assessments include a series of assumptions regarding such factors as the ore bodies, grades, recoverability, regulatory and environmental restrictions, future prices of metals and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the mineral reserves and mineral resources. Many of these factors are subject to change and are beyond the Company's control. All such assessments involve a measure of geologic, metallurgic, engineering, environmental, regulatory, political, economic and financial uncertainty that could result in lower production and lower mineral reserves and mineral resources or higher operating or capital expenditures than anticipated or unanticipated difficulty in obtaining required permits or complying with regulatory or environmental requirements. Failure to obtain or maintain title to TCM's properties may adversely affect the production and mineral reserves and mineral resources associated with therewith and the Company's ability in the future to increase production and mineral reserves and mineral resources.

***The Company will assume pension and other employee benefit obligations from Thompson Creek that will negatively impact the Company's income or cash flow if they materially increase following the Arrangement.***

Following the Arrangement, the Company will assume Thompson Creek's employee future benefit obligations. Economic fluctuations could adversely impact the funding and expenses associated with these obligations and there can be no assurance that these pension and employee benefit obligations will not increase materially in the future, thereby negatively impacting the Company's income or cash flow.

***Certain third parties Thompson Creek has contracts with have termination rights resulting from the Arrangement or other specified events which, if exercised, may have material adverse effects on the Company's and Thompson Creek's operations.***

The Arrangement will constitute a change of control of Thompson Creek which may require the consent of certain third parties in respect of certain of the agreements to which Thompson Creek is a party. To the extent that any such consents cannot be obtained, or cannot be obtained on commercially reasonable terms, the business and financial condition of the Company may be materially and adversely impacted. Pursuant to the Arrangement Agreement, Thompson Creek is required to use commercially reasonable efforts to obtain such consents but such consents and waivers are not conditions to the Arrangement Closing, except for the Key Consents disclosed in the Centerra Disclosure Letter which must be obtained and be in full force and effect and not modified as a condition to the Arrangement Closing.

***Centerra's historical and pro forma combined financial information may not be representative of Centerra's results as a combined company with Thompson Creek.***

The *pro forma* combined financial information included in this short form prospectus is constructed from the consolidated financial statements of the Company and from the consolidated financial statements of Thompson Creek and does not purport to be indicative of the financial information that will result from operations of the combined company. In addition, the *pro forma* combined financial information included in this short form prospectus is based in part on certain assumptions regarding the Arrangement that the Company believes are reasonable. The Company cannot provide any assurances that its assumptions will prove to be accurate over time. Accordingly, the historical and *pro forma* financial information included in this short form prospectus does not purport to be indicative of what the Company's results of operations and financial condition would have been had Centerra and Thompson Creek been a combined entity during the periods presented, or what the Company's results of operations and financial condition will be in the future. The challenge of integrating previously independent businesses makes evaluating the Company's business and the Company's future financial prospects difficult. The Company's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently combined companies.

In preparing the *pro forma* financial information in this short form prospectus, the Company has given effect to, among other items, the Offering, the New Credit Facilities and the completion of the Arrangement. While management believes that the estimates and assumptions underlying the *pro forma* financial information are reasonable, such assumptions and estimates may be materially different to the Company's actual experience going forward following the Arrangement. Certain terms of the debt financing for the Arrangement may not be as favourable to the Company as those in the commitments of the lenders and the terms of the resulting indebtedness will contain restrictions that will limit the Company's flexibility in operating its business.

***Centerra will incur significant transaction and related costs in connection with the Arrangement.***

Centerra expects to incur a number of costs associated with completing the Arrangement and integrating the operations of the Company and Thompson Creek. The substantial majority of these costs will be non-recurring expenses resulting from the Arrangement and will consist of transaction costs related to the Arrangement and employment related costs. Additional unanticipated costs may be incurred in the integration of the Company's and Thompson Creek's business. Although the Company expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger related costs over time, this net benefit may not be achieved in the near term or at all.

***The information relating to Thompson Creek in this short form prospectus has been obtained from Thompson Creek or its public disclosure record and may be inaccurate or incomplete.***

All information relating to Thompson Creek or its affiliates contained in this short form prospectus has been provided to the Company by Thompson Creek or taken from Thompson Creek's public disclosure record. While the Company and the Underwriters have no reason to believe the information provided by Thompson Creek or taken from the public disclosure record is misleading, untrue or incomplete, they cannot assure the accuracy or completeness of such information nor can they compel Thompson Creek to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Company or the Underwriters.

***Thompson Creek has a limited right to solicit other potential buyers following execution of the Arrangement Agreement which may prevent the closing of the Arrangement or materially impact the terms of the Arrangement.***

The Arrangement Agreement provides that, at any time prior to the approval of the Arrangement Resolution, if the TCM Board approves, and authorizes Thompson Creek to enter into, a definitive agreement providing for the implementation of a Superior Proposal, Thompson Creek may terminate the Arrangement Agreement and enter into the Superior Proposal, subject to Thompson Creek complying with the Non-Solicitation Covenants and paying the Termination Fee. See "*Details of the Arrangement*".

***Centerra may have reporting obligations under applicable United States securities laws following completion of the Arrangement***

As a result of the issuance of Common Shares to TCM Shareholders pursuant to the Arrangement, Centerra may be required to comply with the reporting and disclosure requirements arising under the U.S. Exchange Act and SEC rules and regulations, and would also become subject to liability under applicable United States federal and state securities laws, which compliance costs and potential liabilities could have a material adverse effect on the business of the Company.

**Risks Relating to the Offering**

***There is no prior public market for the Subscription Receipts.***

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this short form prospectus. The Company has received conditional approval for the listing of the Subscription Receipts and the Common Shares issuable upon the exchange of the Subscription Receipts on the TSX. Such listing will be subject to the fulfillment of all listing conditions of the TSX, and there can be no assurance that these conditions will be met. There can be no assurance that an active

trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the price level of the Offering. To the extent that an active trading market for the Subscription Receipts does not develop, the liquidity and trading prices of the Subscription Receipts may be adversely affected.

***The share price of the Company may be volatile.***

The market price of the Common Shares may be volatile. This volatility may affect the ability of holders of Subscription Receipts to sell the Subscription Receipts at an advantageous price.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of future results of operations by the Company or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- change of the Company's executive officers and other key personnel;
- release or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected. These broad market fluctuations may adversely affect the market prices of the Subscription Receipts and Common Shares.

***Positive Return not Guaranteed***

A positive return on an investment in the Subscription Receipts is not guaranteed. There is no guarantee that an investment in the Subscription Receipts will earn any positive return in the short term or long term. An investment in the Subscription Receipts involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Subscription Receipts is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

***The Escrow Release Condition may not be satisfied prior to the Deadline.***

The Subscription Receipts will be automatically exchanged for Common Shares upon the satisfaction of the Escrow Release Condition. The Company may, in its sole discretion, waive certain closing conditions in its favour in the Arrangement Agreement or agree with Thompson Creek to amend the Arrangement Agreement and consummate the Arrangement on terms that may be substantially different from those contemplated in this short form prospectus. See “*Details of the Arrangement*”.

There can also be no assurance that the Escrow Release Condition will be satisfied on or prior to 5:00 p.m. (Toronto time) on the Deadline. Each subscriber’s subscription proceeds will be held in escrow pending a Termination Event or the satisfaction of the Escrow Release Condition, and accordingly subscribers will not be able to use such funds to take advantage of other investment opportunities that occur prior to the Termination Event or the satisfaction of the Escrow Release Condition. Holders of Subscription Receipts have only the rights described under “*Description of the Subscription Receipts*”.

***Use of Proceeds***

The Company intends to use the net proceeds from the Offering as described under “*Use of Proceeds*”. However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from the description under “*Use of Proceeds*” if it believes that it would be in the best interests of the Company to do so or if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

**Other Risks Relating to Centerra and Thompson Creek**

***Previously Disclosed Risk Factors***

An investment in the Subscription Receipts is subject to the numerous risks related to the business and operations of each of the Company and Thompson Creek, including all of the risks factors specifically incorporated by reference in this short form prospectus and described under the heading “Risks that can affect our business” in the Company’s AIF beginning on page 115 thereof and all of the risk factors described under the headings “Part I – Item 1A. Risk Factors” in the Thompson Creek Annual Report on page 27 thereof and “Part II – Item 1A. Risk Factors” in the Thompson Creek Quarterly Report on page 55 thereof. The risks relating to the Company include:

- Centerra’s principal operations and mineral resources are subject to country risk;
- Resource nationalism could adversely impact Centerra’s business;
- Changes in, or more aggressive enforcement of, laws, regulations and government practices could adversely impact Centerra’s business;
- Community activism may influence laws and regulations, result in increased contributory demands, or in business interruption;
- The Kyrgyz Republic government and Kyrgyz parliament may take actions in connection with the State Commission Report and the Parliamentary Decree adopted on February 21, 2013;
- The purported cancellation of the Kumtor’s Project land use rights could adversely impact the Kumtor Project’s operations;
- If the environmental laws and regulations relating to the Company’s operations were to change, or the enforcement of such laws and regulations were to become more rigorous, the Company could be required to incur significant capital and operating expenditures;
- The Companies planned activities are dependent upon receipt of permits and licenses;

- Centerra may not be able to successfully negotiate a deposit development agreement, community development agreement, and/or an investment agreement for its Gatsuurt project;
- The expected royalty payment for the Gatsuurt project may increase significantly beyond the control of the Company;
- Current and future litigation may impact the revenue and profits of the Company;
- Centerra's properties may be subject to defects in title;
- Centerra may be unable to enforce its legal rights in certain circumstances;
- Centerra's largest shareholder is a state-owned entity of the Kyrgyz Republic government;
- Artisanal mining is occurring and may continue to occur on the Gatsuurt property;
- Centerra's directors may have conflicts of interest;
- Centerra is subject to anti-corruption legislation;
- Concentration of assets;
- Centerra's future exploration and development activities may not be successful;
- Centerra's mineral reserves may not be replaced;
- Centerra may experience difficulties with its partners;
- Centerra's mineral reserve and resource estimates may be imprecise;
- Centerra's production and cost estimates may be inaccurate;
- Aboriginal claims and consultation issues;
- Centerra may experience further ground movements at the Kumtor Project;
- Centerra will experience further ice movement at the Kumtor Project;
- Centerra's operations and projects in the Kyrgyz Republic, Mongolia and Turkey are located in areas of seismic activity;
- Centerra's future prospects may suffer due to increased competition for mineral acquisition opportunities;
- Centerra's business is sensitive to the volatility of gold prices;
- Centerra's operations are sensitive to fuel price volatility;
- Currency fluctuations;
- Global financial conditions;
- Centerra may experience reduced liquidity and difficulty in obtaining future financing;
- Restrictive covenants in Centerra's revolving credit facility may prevent the Company from pursuing business activities;
- Short-term investment risks;

- As a holding company, Centerra's ability to make payments depends on the cash flows of its subsidiaries;
- Centerra is subject to environmental, health and safety risks;
- Centerra's workforce may be exposed to widespread pandemic;
- The Kumtor Project is subject to significant claims of environmental damage;
- Centerra's operations use cyanide;
- There is currently a capacity shortfall of the tailings management facility at the Kumtor Project;
- Centerra faces substantial decommissioning and reclamation costs;
- Centerra may experience mechanical breakdowns;
- Both the Kumtor Project and the Boroo project are unionized and may be subject to labour disturbances;
- Centerra's success depends on its ability to attract and retain qualified personnel;
- Centerra's properties are located in remote locations and require a long lead time for equipment and supplies;
- Centerra's operations may be impacted by supply chain disruptions;
- Centerra's critical operating systems may be compromised; and
- Centerra may not be adequately insured for certain risks.

***Failure to comply with applicable anti-corruption legislation, could result in fines, criminal penalties and materially adversely affect our business, financial condition and results of operations.***

Centerra is required to comply with anti-corruption and anti-bribery laws in the jurisdictions in which we operate, including the *Corruption of Foreign Public Officials Act* (Canada), and as a result of the Arrangement, the Foreign Corrupt Practices Act in the United States, as well as other similar laws in other countries in which Centerra does business. Centerra operates in a number of countries that are recognized to have a reputation for corruption and pose an increased risk of corrupt practices. The anti-corruption and anti-bribery laws to which Centerra is subject generally prohibit companies and their intermediaries from making improper payments to foreign officials or other persons for the purposes of influencing official decisions or obtaining or retaining business and/or other benefits. These laws also require Centerra to make and keep books and records that accurately and fairly reflect Centerra's transactions and to devise and maintain an adequate system of internal accounting controls. As part of Centerra's business, Centerra deals with state-owned business enterprises, the employees and representatives of which may be considered foreign officials for purposes of applicable anti-corruption laws.

Although the Company has adopted policies and procedures designed to ensuring that the Company, the Company's employees and third party agents will comply with such laws, there can be no assurance that such policies or procedures will work effectively at all times or protect the Company against liability under these or other laws for actions taken by our employees, partners and other third parties with respect to our business. If the Company is not in compliance with anti-corruption laws and other laws governing the conduct of business with government entities and/or officials (including local laws), Centerra may be subject to criminal and civil penalties and other remedial measures, which could harm our business, financial condition, results of operations, cash flows and prospects. Investigations of any actual or alleged violations of such laws or policies related to Centerra could harm Centerra's business, financial condition, results of operations, cash flows and prospects.

***The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.***

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict Centerra's access to capital, which could have a material adverse effect on Centerra's business, financial condition and results of operations and reduce the price of Centerra's securities.

### ***Potential Dilution***

The Company's constating documents allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Board, in many cases, without the approval of the Company's shareholders. The Company may issue Common Shares in offerings from treasury (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of stock options or other securities exercisable for Common Shares. The Company cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

### ***Dividends***

There can be no assurance that the Company will continue to pay dividends at the current level or at all. Dividend payments are at the discretion of the Board of Directors and depend on the financial condition of the Company and other factors.

## **INTERESTS OF EXPERTS**

With respect to scientific and technical information, the following is a list of persons or companies named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in this short form prospectus either directly or in a document incorporated by reference herein and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- Gordon D. Reid, P.Eng., Judy Wong, P.Geo., Tommaso Roberto Raponi, P. Eng., Kevin D'Souza, MEng, ARSM, CEng, FIMMM, FRGS, Pierre Landry, P. Geo., Jack Seto, P. Eng. and Al Chance, P. Eng. prepared the Kumtor Technical Report (as defined in the Company's AIF) and reviewed the related disclosure in the Company's AIF. Each of these persons was a qualified person for purposes of NI 43-101 at the time of the filing of the Kumtor Technical Report. Mr. Landry was an employee of Roscoe Postle Associates Inc., Mr. Seto was an employee of BGC Engineering Inc. and Mr. Chance was an employee of Golder Associates Ltd. at the time of the filing of the Kumtor Technical Report and so each of these individuals was independent of Centerra at such time. None of the other individuals were independent of Centerra at the time of the filing of the Kumtor Technical Report as they were each an employee of Centerra or an affiliate of Centerra at such time;
- Tommaso Roberto Raponi, P. Eng. and Daniel Redmond, P. Geo. prepared the Boroo Technical Report (as defined in the Company's AIF) and reviewed the related disclosure in the Company's

AIF. Each of these persons was a qualified person for purposes of NI 43-101 at the time of the filing of the Boroo Technical Report. None of these individuals were independent of Centerra at the time of the filing of the Kumtor Technical Report as they were each an employee of Centerra or an affiliate of Centerra at such time;

- Gordon D. Reid, P.Eng., Peter Woodhouse, P.Eng., Malcolm Stallman, MAIG, Mustafa Cihan, MAIG, Pierre Landry, P.Geo., Tyler Hilkewich, P.Eng., Tommaso Roberto Raponi, P. Eng., Kevin D'Souza, MEng, ARSM, CEng, FIMMM, FRGS and Chris Sharpe, P.Eng. prepared the Öksüt Technical Report (as defined in the Company's AIF) and reviewed the related disclosure in the Company's AIF. Each of these persons was a qualified person for purposes of NI 43-101 at the time of the filing of the Öksüt Technical Report. None of these individuals were independent of Centerra at the time of the filing of the Öksüt Technical Report as they were each an employee of Centerra or an affiliate of Centerra at such time;
- James W. Hendry, William E. Roscoe, P. Eng. and David A. Ross, P. Geo. prepared the Gatsuurt Technical Report (as defined in the Company's AIF) and reviewed the related disclosure in the Company's AIF. Each of these individuals was a qualified person for the purposes of NI 43-101 at the time of the filing of the Gatsuurt Technical Report. Each of these individuals was an employee of Roscoe Postle Associates Inc. at the time of the filing of the Gatsuurt Technical Report and so each of these individuals was independent of Centerra at such time;
- Karine Brousseau, P.Eng., Sylvie Poirier, P.Eng., Carl Pelletier, P.Geo., Mike St-Laurent, P.Eng., Jeffrey Barrett, P.Eng., Mark Hatton, P.Eng., Julie Fournier, Eng. and Charley Murahwi, P.Geo. prepared the Greenstone Gold Technical Report (as defined in the Company's AIF) and reviewed the related disclosure in the Company's AIF. Each of these persons was a qualified person for the purposes of NI 43-101 at the time of the filing of the Greenstone Gold Technical Report. Ms. Brousseau, Poirier and Mr. Pelletier were employees of InnovExplo Inc. (InnovExplo), Messrs. St-Laurent, Barrett and Hatton were employees of Stantec Consulting Ltd., Ms. Fournier was an employee of BBA Inc. and Mr. Murahwi was an employee with Micon International Ltd. (MICON) at the time of the filing of the Greenstone Gold Technical Report and so each of these individuals were independent of Centerra at such time; and
- Robert Clifford and Doug Berthelsen, P. Geo. prepared the technical report entitled "NI 43-101 Technical Report - Mount Milligan Mine, Northern Central British Columbia" with an effective date of January 21, 2015 (the "**Mount Milligan Technical Report**") in respect of the Mount Milligan Mine and Robert Clifford reviewed the related disclosure in the Thompson Creek Annual Report. Each of these persons was a qualified person for purposes of NI 43-101 and each of these individuals were independent of Centerra at the time of the filing of the Mount Milligan Technical Report as they were each an employee of Thompson Creek or an affiliate of Thompson Creek at such time.

Gordon D. Reid, P.Eng., an employee of Centerra, has reviewed and approved the scientific and technical information in respect of Centerra contained in or incorporated by reference in this short form prospectus. Robert Clifford, an employee of Thompson Creek, has reviewed and approved the scientific and technical information in respect of Thompson Creek contained in or incorporated by reference in this short form prospectus. Each of Mr. Reid and Mr. Clifford is considered, by virtue of their education, experience and professional association, to be a "qualified person" for purposes of NI 43-101. Mr. Reid is not independent of Centerra within the meaning of NI 43-101.

To the Company's knowledge, each of the aforementioned firms or persons held less than 1% of the outstanding securities of the Company or of any associate or affiliate of the Company when they prepared the reports referred to above or following the preparation of such reports. Except as otherwise disclosed in this short form prospectus, none of the aforementioned firms or persons received any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such reports.

Based on information provided by the relevant persons, none of the aforementioned firms or persons, nor any directors, officers or employees of such firms, is currently or is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company except for as described above.

#### **AGENT FOR SERVICE OF PROCESS**

The following directors of the Company, Richard W. Connor, Eduard Kubatov, Nurlan Kyshtobaev, Stephen A. Lang, Sheryl Pressler, Terry V. Rogers and Bektur Sagynov, reside outside of Canada. Although each of the aforementioned individuals has appointed Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9, as their respective agent for service of process in Canada, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against these individuals.

#### **LEGAL MATTERS**

The matters referred to under “*Eligibility for Investment*” and certain other legal matters relating to the Subscription Receipts offered by this short form prospectus will be passed upon on the Offering Closing on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP.

As of the date hereof, the partners and associates of each of Stikeman Elliott LLP and Davies Ward Phillips & Vineberg LLP own beneficially, directly or indirectly, less than 1% of the outstanding Common Shares.

#### **AUDITORS, TRANSFER AGENT AND ESCROW AGENT**

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, in Toronto, Ontario, Canada. KPMG LLP is independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The consolidated financial statements of Thompson Creek as of December 31, 2015 and 2014, and for each of the years and in the three-year period ended December 31, 2015, incorporated by reference in this short form prospectus, and the effectiveness of internal control over financial reporting as of December 31, 2015, have been audited by KPMG LLP (United States), independent registered public accounting firm, as stated in their reports incorporated by reference herein. KPMG LLP (United States) is independent of Thompson Creek within the meaning of the U.S. Securities Act and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States).

The Escrow Agent for the Subscription Receipts and the transfer agent and registrar for the Common Shares is CST Trust Company at its principal office in Toronto, Ontario.

#### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor. In addition, Original Purchasers of Subscription Receipts under the Offering will have the benefit of a contractual right of rescission following the issuance of Common Shares to such purchasers.

See “*Description of the Subscription Receipts - Contractual Right of Rescission*”.

## GLOSSARY OF TERMS

The following terms used in this short form prospectus have the meanings set forth below, unless otherwise indicated.

**“2009 Restated Concession Agreement”** means the restated concession agreement between KGC and the Kyrgyz Republic, effective June 6, 2009.

**“2009 Restated Investment Agreement”** has the meaning attributed thereto under the heading *“Centerra –Recent Developments”*;

**“2013 Dividend”** has the meaning attributed thereto under the heading *“Centerra Gold – Recent Developments”*;

**“2017 Note Indenture”** means the Indenture in respect of the TCM 2017 Notes between TCM and Wells Fargo Bank, National Association, as U.S. Trustee, dated as of May 11, 2012, as supplemented by the First Supplemental Indenture, dated as of May 11, 2012 among TCM, the guarantors party thereto and the U.S. trustee and the Fifth Supplemental Indenture dated as of November 27, 2012 among TCM and Wells Fargo Bank, National Trust Association, as U.S. trustee and U.S. collateral agent and Valiant Trust Company, as Canadian co-trustee and Canadian collateral agent;

**“2018 Note Indenture”** means the Indenture in respect of the TCM 2018 Notes among TCM, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee, dated as of May 20, 2011;

**“2019 Note Indenture”** means the Indenture in respect of the TCM 2019 Notes among TCM and Wells Fargo Bank, National Association, as U.S. trustee and Valiant Trust Company, as Canadian trustee, as supplemented by the First Supplemental Indenture thereto, dated as of May 11, 2012, among TCM, the guarantors party thereto and the U.S. trustee, as further supplemented by the Second Supplemental Indenture thereto, dated as of May 11, 2012, among TCM, the guarantors party thereto, the U.S. trustee and the Canadian co-trustee, dated as of May 11, 2012, and as further supplemented by the Fourth Supplemental Indenture, thereto, dated as of June 21, 2012, among TCM, the U.S. trustee and Valiant Trust Company as Canadian co-trustee;

**“Acceptable Confidentiality Agreement”** means a confidentiality agreement between TCM and a third party other than Centerra that taken as a whole, is substantially similar to the Confidentiality Agreement and that contains (a) confidentiality restrictions that are no less favourable to TCM than those set out in the Confidentiality Agreement including any waivers thereto and (b) a standstill or similar provision that restricts the making, or amendment, of an Acquisition Proposal, except that such provision may include an exception solely to the extent necessary to allow a person to make a non-public proposal to the TCM Board;

**“Acquisition Agreement”** means any letter of intent, memorandum of understanding or other contract, agreement in principle, acquisition agreement, merger agreement or similar agreement or understanding with respect to any Acquisition Proposal but does not include an Acceptable Confidentiality Agreement;

**“Acquisition Proposal”** means, at any time after the entering into of the Arrangement Agreement, whether or not in writing, any (a) proposal with respect to: (i) any direct or indirect acquisition, take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in any person or group of persons other than Centerra (or any affiliate of Centerra) beneficially owning TCM Shares (or securities convertible into or exchangeable or exercisable for TCM Shares) representing 20% or more of TCM Shares then outstanding (assuming, if applicable, the conversion, exchange or exercise of such securities convertible into or exchangeable or exercisable for TCM Shares), 20% or more of the TCM 2017 Notes, 20% or more of the TCM 2018 Notes or 20% or more of the TCM 2019 Notes; (ii) any plan of arrangement, amalgamation, merger, share exchange, consolidation, reorganization, recapitalization, liquidation, dissolution, winding up, exclusive license, business combination or other similar transaction in respect of TCM or any of its subsidiaries; (iii) any direct or indirect acquisition by any person or group of persons of any assets of TCM and/or any interest in one or more of its subsidiaries (including shares or other equity interest of subsidiaries) that are or that hold TCM Material Property or that individually or in the aggregate or contribute 20% or more of the consolidated revenue of TCM and its subsidiaries or represent 20% or more of the voting, equity or other securities of any such subsidiary (or rights or

interests therein or thereto) or constitute or hold 20% or more of the fair market value of the assets of TCM and its subsidiaries (taken as a whole) based on the financial statements of TCM most recently filed prior to such time as part of the TCM Public Disclosure Record (or any sale, disposition, lease, license, royalty, alliance or joint venture, long-term supply agreement or other arrangement having a similar economic effect), whether in a single transaction or a series of related transactions; or (iv) any other similar transaction or series of transactions involving TCM or any of its subsidiaries, (b) inquiry, expression or other indication of interest or offer to, or public announcement of or of an intention to do any of the foregoing, (c) modification or proposed modification of any such proposal, inquiry, expression or indication of interest; or (d) any transaction or agreement, the consummation of which could reasonably be expected to impede, prevent or delay the transactions contemplated by the Arrangement Agreement or completion of the Arrangement; in each case excluding the Arrangement and the other transactions contemplated by the Arrangement Agreement;

“**allowable capital loss**” has the meaning attributed thereto under the heading “*Certain Canadian Federal Income Tax Considerations — Taxation of Canadian Holders of Common Shares — Taxation of Capital Gains and Capital Losses*”;

“**Arrangement Agreement**” has the meaning attributed thereto on the cover page;

“**Arrangement Closing**” has the meaning attributed thereto on the cover page;

“**Arrangement Conditions**” mean all conditions precedent to the completion of the Arrangement pursuant to the Arrangement Agreement (other than payment of the consideration to be paid in connection with the Arrangement) have been satisfied or waived, without amendment or waiver materially adverse to the Company, and the Company has delivered to the Underwriters, and the Escrow Agent, a certificate, in accordance with the Subscription Receipt Agreement, confirming such satisfaction or waiver;

“**Arrangement Resolution**” means the special resolution approving the Arrangement to be considered and, if thought fit, passed by the TCM Shareholders;

“**Arrangement**” means an arrangement under the provisions of Section 288 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement as amended or varied from time to time in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Supreme Court of British Columbia in the Final Order;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) including all regulations made thereunder, as promulgated or amended from time to time;

“**BMO**” has the meaning attributed thereto on the cover page;

“**BNS**” has the meaning attributed thereto under the heading “*Financing the Arrangement - Credit Facilities*”;

“**Board**” or “**Board of Directors**” means the board of directors of Centerra;

“**Borrower**” has the meaning attributed thereto under the heading “*Financing the Arrangement - Credit Facilities*”;

“**Business Day**” means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Vancouver, British Columbia, Toronto, Ontario or the State of Colorado are authorized or required by applicable law to be closed;

“**Canadian Holder**” has the meaning attributed thereto under the heading “*Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada*”;

“**CDS**” has the meaning attributed thereto on the cover page;

“**Centerra Disclosure Letter**” means the disclosure letter date of the Arrangement Agreement regarding the Arrangement Agreement that has been executed by TCM and delivered to and accepted by Centerra prior to the execution of the Arrangement Agreement;

“**Centerra Holdco**” means a corporation to be incorporated under the laws of the Province of British Columbia as a wholly-owned subsidiary of Centerra pursuant to the Arrangement Agreement;

“**Centerra Material Adverse Effect**” means any result, fact, change, effect, event, circumstance, occurrence or development that, individually or taken together with all other results, facts, changes, effects, events, conditions, circumstances, occurrences or developments, has or would reasonably be expected to have a material and adverse effect on the business, operations, results of operations, capitalization, assets, liabilities (contingent or otherwise), obligations (whether absolute, accrued, conditional or otherwise), condition (financial or otherwise) of Centerra and its subsidiaries, taken as a whole, except any result, fact, change, proposed change, effect, event, circumstance, occurrence or development resulting from: (a) any change in general political, economic or financial or capital market conditions in Canada or the United States; (b) any change in Laws; (c) any change affecting the global mining industry in general; (d) any change affecting securities or commodity markets in general; (e) the price of gold; (f) any change relating to currency exchange, interest rates or rates of inflation; (g) any change in IFRS; (h) any Kyrgyz Republic Matter; (i) any failure by Centerra or any of its subsidiaries to meet any public estimates or expectations regarding its revenues, earnings or other financial performance or results of operations; (j) anything that has been disclosed in Centerra’s Public Disclosure Record or in the Centerra Disclosure Letter; (k) any securityholder class action, or other litigation, arising from allegations of a breach of fiduciary duty with respect to this Agreement; or (l) a change as a result of the announcement of the execution of the Arrangement Agreement or of the transactions contemplated hereby (including changes in the market price of Centerra’s securities); provided, however, that each of clauses (a) through (g) above shall not apply to the extent that any of the changes, developments, conditions or occurrences referred to therein disproportionately adversely affect Centerra and its subsidiaries taken as a whole in comparison to other comparable persons who operate in the gold mining industry; and provided further, however, that references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a Centerra Material Adverse Effect has occurred;

“**Centerra Public Disclosure Record**” means all documents filed or furnished under applicable laws by or on behalf of Centerra on SEDAR between January 1, 2015 and the date of the Arrangement Agreement;

“**Centerra Replacement Option**” has the meaning attributed thereto under “*Details of the Arrangement – The Arrangement*”;

“**Change of Recommendation**” has the meaning ascribed thereto under “*Details of the Arrangement - Arrangement Agreement – Termination of the Arrangement Agreement*”;

“**commercially reasonable efforts**” with respect to any Party means the cooperation of such Party and the use by such Party of its reasonable efforts consistent with reasonable commercial practice without payment or incurrence of any material liability or obligation;

“**Common Shares**” has the meaning attributed thereto on the cover page;

“**Company’s AIF**” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“**Company’s Circular**” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“**Company’s MD&A**” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“**Company**” or “**Centerra**” has the meaning attributed thereto on the cover page;

“**Competition Act Approval**” means: (a) the Commissioner of Competition or his delegate shall have issued an advance ruling certificate under Section 102 of the Competition Act with respect to the transactions contemplated by

the Arrangement Agreement; or (b) both of (i) the Commissioner of Competition or his delegate shall have advised Centerra in writing that he does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the transactions contemplated herein and (ii) the applicable waiting period under the Competition Act shall have expired or been terminated or the obligation to file merger notifications under Part IX of the Competition Act shall have been waived;

“**Competition Act**” means *Competition Act* (Canada), as amended;

“**Confidentiality Agreement**” means the confidentiality agreement dated as of February 26, 2016 between TCM and Centerra;

“**Consideration Shares**” means the Common Shares to be issued as Consideration pursuant to the Plan of Arrangement;

“**Consideration**” means (a) cash required to redeem the TCM 2017 Notes, the TCM 2018 Notes and the TCM 2019 Notes and (b) the Share Consideration;

“**Cormark**” means Cormark Securities Inc.

“**Debt Financing**” means the New Credit Facilities, comprised of the fully committed \$250 million term credit facility and \$75 million revolving facility to be entered into between the Company and BNS on the Arrangement Closing;

“**Deemed Interest**” has the meaning attributed thereto on the cover page;

“**Depository**” means any trust company, bank or other financial institution agreed to in writing by each of the Parties for the purpose of, among other things, exchanging certificates representing TCM Shares for the Consideration in connection with the Arrangement;

“**Dividend Equivalent Payment**” has the meaning attributed thereto under the heading “*Description of the Subscription Receipts — Terms of Subscription Receipts*”;

“**Dividend Equivalent**” has the meaning attributed thereto on the cover page;

“**Draft Nationalization Bill**” has the meaning attributed thereto under the heading “*Centerra —Recent Developments*”;

“**Earned Interest**” has the meaning attributed thereto on the cover page;

“**EDGAR**” means the United States Securities and Exchange Commission’s Electronic Data Gathering Analysis and Retrieval system;

“**Effective Date**” means the date upon which all of the conditions to completion of the Arrangement as set forth in the Arrangement Agreement have been satisfied or waived and all documents agreed to be delivered hereunder have been delivered to the satisfaction of the parties thereto, acting reasonably;

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time as Thompson Creek and Centerra may agree upon in writing;

“**Endako Mine Joint Venture**” has the meaning attributed thereto under the heading “*Thompson Creek – Other Mines, Operating Properties and Exploration Properties – Thompson Creek Mine*”;

“**Endako Mine**” has the meaning attributed thereto under the heading “*Thompson Creek – Business Overview – General*”;

“**Equity Financing**” means this Offering by the Company of Subscription Receipts;

“**Escrow Agent**” means CST Trust Company;

“**Escrow Release Condition**” means (i) satisfaction Arrangement Conditions and (ii) the Company and the Underwriters, acting reasonably, having delivered a joint notice to the Escrow Agent confirming that the Arrangement Conditions have been satisfied;

“**Escrowed Funds**” has the meaning attributed thereto on the cover page;

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

“**Facility**” has the meaning attributed thereto under the heading “*Centerra Gold – Recent Developments – Öksüt Project Financing Facility*”;

“**Fairness Opinion**” has the meaning attributed thereto under the heading “*Fairness Opinion*”;

“**Final Order**” means the order of the Supreme Court of British Columbia approving the Arrangement under Section 291 of the BCBCA, in form and substance acceptable to TCM and Centerra, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Supreme Court of British Columbia (with the consent of both TCM and Centerra, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment, modification, supplement or variation is acceptable to both TCM and Centerra, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;

“**forward looking information**” has the meaning attributed thereto under the heading “*Forward Looking Information*”;

“**Fundamental Representations**” means the representations and warranties of TCM regarding its capitalization and interest in properties;

“**Gold Stream Arrangement**” means the amended and restated purchase and sale agreement, dated December 14, 2011, as amended by a first amending agreement, dated August 8, 2012, and a second amending agreement, dated December 11, 2014, pursuant to which Thompson Creek agreed to sell to Royal Gold 52.25% of the refined gold production from Mount Milligan Mine for a total upfront payment of US\$781.5 million, plus US\$435 per ounce, or the prevailing market rate if lower than US\$435 per ounce, when the gold is delivered;

“**Governmental Authority**” means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, minister, agency, commission, commissioner, bureau, board or authority of any government, governmental body, quasi-governmental or private body (including the TSX or any other stock exchange) exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing;

“**HSR Approval**” means the expiration or earlier termination of the applicable statutory waiting periods under the United States *Hart-Scott-Rodino Antitrust Improvements Act* of 1976;

“**IFRS**” means the International Financial Reporting Standards;

“**Interim Order**” means the interim order of the Supreme Court of British Columbia to be issued following the application therefor submitted to the Supreme Court of British Columbia after the execution of the Arrangement Agreement, in form and substance acceptable to TCM and Centerra, each acting reasonably, providing for, among other things, the calling and holding of the TCM Meeting, as such order may be affirmed, amended, modified, supplemented or varied by the Supreme Court of British Columbia with the consent of both TCM and Centerra, each acting reasonably;

**“Investment Canada Act Approval”** means that the responsible Minister under the *Investment Canada Act* (Canada) shall have sent a notice to Centerra stating that the Minister is satisfied that the transactions contemplated by the Arrangement Agreement are likely to be of net benefit to Canada;

**“Key Consents”** means the consents specified in the TCM Disclosure Letter;

**“Key Regulatory Approvals”** means Competition Act Approval, the Investment Canada Act Approval and the HSR Approval;

**“KGC”** has the meaning attributed thereto under the heading “*Centerra —Recent Developments*”;

**“KOC”** has the meaning attributed thereto under the heading “*Centerra —Recent Developments*”;

**“Kumtor Project Agreements”** means the 2009 agreements governing the Kumtor Project;

**“Kumtor Project”** means the Kumtor gold mine and all associated activities;

**“Kyrgyz Parties”** means Kyrgyzaltyn JSC and/or the Kyrgyz Republic government, including any persons acting as Representatives thereof;

**“Kyrgyz Republic Matter”** means any result, fact, change, proposed change, effect, event, circumstance, occurrence, development or other matter of any nature whatsoever with respect to, or arising out or in connection with, the Kumtor Project, the business and/or operations of Kumtor Gold Company, the ownership, direction or control, directly or indirectly, by the Kyrgyz Parties, by way of securities ownership, or otherwise of Centerra or any of its subsidiaries, the membership of nominees of the Kyrgyz Parties on the board of directors of Centerra, the Kumtor Project Agreements, and/or any dispute or disagreement (including Proceedings) related to, or arising out of or in connection with, any of the foregoing, including the impact of any of the foregoing on the prospects of Kumtor Gold Company or the cash flows of Centerra derived from the Kumtor Project and/or the Kumtor Gold Company;

**“Langeloth Facility”** has the meaning attributed thereto under the heading “*Thompson Creek – Business Overview – General*”;

**“Long Term Incentive Plan”** means Thompson Creek’s Amended and Restated Company 2010 Long-Term Incentive Plan approved by TCM Shareholders on May 13, 2014;

**“Mount Milligan Mine”** has the meaning attributed thereto under the heading “*Thompson Creek*”;

**“New Credit Facilities”** has the meaning attributed thereto under the heading “*Financing the Arrangement — Credit Facilities*”;

**“NI 43-101”** has the meaning attributed thereto under the heading “*Scientific and Technical Information*”;

**“Non-Canadian Holder”** has the meaning attributed thereto under the heading “*Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada*”;

**“Non-Governmental Investments”** has the meaning attributed thereto on the cover page;

**“Non-Solicitation Covenants”**: has the meaning ascribed thereto under “*Details of the Arrangement - Arrangement Agreement*”;

**“Offered Securities”** has the meaning attributed thereto under the heading “*Eligibility for Investment*”;

**“Offering Closing”** has the meaning attributed thereto on the cover page;

**“Offering”** has the meaning attributed thereto on the cover page;

“**OMAS**” has the meaning attribute thereto under the heading “*Centerra – Recent Developments – Öksüt Project Financing Facility*”;

“**Original Purchasers**” has the meaning attributed thereto under the heading “*Description of the Subscription Receipts — Contractual Right of Rescission*”;

“**Outside Date**” means October 31, 2016, subject to the right of Centerra or TCM to postpone the Outside Date for up to an additional 30 days (in increments of at least 15 days, as specified by the postponing Party) if one or more Key Regulatory Approvals have not been obtained in sufficient time to allow the Effective Date to occur by October 31, 2016 (or any subsequent Outside Date) and any such remaining Key Regulatory Approvals are reasonably likely to be obtained within such additional 30 day period, by giving written notice to the other Party to such effect no later than 5:00 p.m. (Vancouver time) on the date that is not less than seven days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Parties;

“**Over Allotment Option**” has the meaning attributed thereto on the cover page;

“**Over-Allotment Closing**” has the meaning attributed thereto under the heading “*Plan of Distribution*”;

“**Parties**” means the parties to the Arrangement Agreement and “**Party**” means any one of them;

“**Plan of Arrangement**” means the plan of arrangement attached to the Arrangement Agreement, as amended, modified or supplemented from time to time in accordance with the Arrangement Agreement or the Plan of Arrangement or at the direction of the Supreme Court of British Columbia in the Final Order, with the consent of TCM and Centerra, each acting reasonably;

“**Plan**” has the meaning attributed thereto under the heading “*Eligibility for Investment*”;

“**Proceedings**” has the meaning attributed thereto under the heading “*Details of the Arrangement – Arrangement Agreement – Additional Conditions Precedent to the Obligations of TCM*”;

“**Proposed Amendments**” has the meaning attributed thereto under the heading “*Certain Canadian Federal Income Tax Considerations*”;

“**Purchase Price**” has the meaning attributed thereto on the cover page;

“**Regulatory Approvals**” means sanctions, rulings, consents, orders, exemptions, permits, waivers, early termination authorizations, clearances, written confirmations of no intention to initiate legal proceedings and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities and relating to the Arrangement, and includes the Key Regulatory Approvals;

“**Representatives**” means, collectively, with respect to a Party, that Party’s officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors) and in the case of Centerra, BNS and Credit Suisse Securities (Canada) Inc. in their role as lenders and underwriters in connection with the Debt Financing and Equity Financing, respectively;

“**Royal Gold Letter of Intent**” has the meaning ascribed thereto under the heading “*Commitment Letter with Royal Gold*”;

“**Royal Gold**” has the meaning ascribed thereto under the heading “*Commitment Letter with Royal Gold*”;

“**RRIF**” has the meaning attributed thereto under the heading “*Eligibility for Investment*”;

“**RRSP**” has the meaning attributed thereto under the heading “*Eligibility for Investment*”;

“**SAEPF**” means the Kyrgyz Republic State Agency for Environmental Protection and Forestry.

“SEC” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“Securities Act” means the *Securities Act* (Ontario);

“Share Consideration” means 0.0988 of a Common Share for each TCM Share;

“SIETS” has the meaning attributed thereto under the heading “*Centerra – Recent Developments*”;

“SNSC” has the meaning attributed thereto under the heading “*Centerra – Recent Developments*”;

“Subscription Receipt Agreement” has the meaning attributed thereto under the heading “*Description of the Subscription Receipts – General*”;

“Subscription Receipts” means the subscription receipts of the Company offered pursuant to the Offering;

“Superior Proposal Notice Period” has the meaning ascribed thereto in the “*Details of the Arrangement - Arrangement Agreement*”;

“Superior Proposal” means an unsolicited *bona fide* Acquisition Proposal made in writing on or after the date of the Arrangement Agreement by a person or persons acting jointly (other than Centerra and its affiliates) that: (a) is to acquire not less than all of the outstanding TCM Shares or all or substantially all of the assets of TCM on a consolidated basis; (b) complies with securities laws and did not result from, or arise in connection with, a breach of Article 5 of the Arrangement Agreement or any agreement between the person making such Acquisition Proposal and Thompson Creek; (c) the TCM Board has determined, in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction which is more favourable to the TCM Shareholders and equal to or more favourable to TCM Noteholders from a financial point of view than the Arrangement (taking into account any amendments to the Arrangement Agreement and the Arrangement proposed by Centerra pursuant to Section 5.1(g) of the Arrangement Agreement); and for the purposes of this clause (c), the amount or value of the consideration payable to, or to be received by TCM Noteholders will not be required to be considered so long as such Acquisition Proposal (i) provides for TCM Noteholders to be treated in accordance with the TCM Note Indentures without any amendment, waiver or elimination of any terms or conditions of any TCM Note Indenture existing, or in effect, as of July 5, 2016, (ii) does not provide for any tender or exchange offer for any or all of the TCM Notes (other than as required under the TCM Note Indentures following a “Change of Control” (as defined in each of the TCM Note Indentures)), and (iii) results in the redemption or pay-out in full of all of the TCM Notes within 60 days of the completion of such Acquisition Proposal; (d) is made available to all TCM Shareholders and to all TCM Noteholders of a series, as applicable, on the same terms and conditions; (e) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds to complete such Acquisition Proposal will be available; (f) is not subject to any due diligence and/or access condition; and (g) the TCM Board has determined, in good faith, after consultation with its financial advisors and outside legal counsel is reasonably capable of being completed in accordance with its terms, without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal;

“Tax Act” means the *Income Tax Act* (Canada);

“taxable capital gain” has the meaning attributed thereto under the heading “*Certain Canadian Federal Income Tax Considerations – Taxation of Canadian Holders of Common Shares – Taxation of Capital Gains and Capital Losses*”;

“TCM 2017 Notes” means the 9.75% senior secured first priority notes of the Company due December 1, 2017 issued pursuant to the 2017 Note Indenture;

“TCM 2018 Notes” means the 7.375% senior notes of TCM due June 1, 2018 issued pursuant to the 2018 Note Indenture;

“**TCM 2019 Notes**” means the 12.5% senior notes of TCM due May 1, 2019 issued pursuant to the 2019 Note Indenture;

“**TCM Board**” means the board of directors of TCM;

“**TCM Disclosure Letter**” means the disclosure letter dated the date of the Arrangement Agreement regarding the Arrangement Agreement that has been executed by TCM and delivered to and accepted by Centerra prior to the execution of the Arrangement Agreement;

“**TCM Material Adverse Effect**” means any result, fact, change, effect, event, circumstance, occurrence or development that, individually or taken together with all other results, facts, changes, effects, events, circumstances, occurrences or developments, has or would reasonably be expected to have a material and adverse effect on the business, operations, results of operations, capitalization, assets, liabilities (contingent or otherwise), obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of TCM and its subsidiaries, taken as a whole, except any result, fact, change, proposed change, effect, event, circumstance, occurrence or development resulting from: (a) any change in general political, economic or financial or capital market conditions in Canada or the United States; (b) any change in laws; (c) any change affecting the global mining industry in general; (d) any change affecting securities or commodity markets in general; (e) the price of copper, gold or molybdenum; (f) any change relating to currency exchange, interest rates or rates of inflation; (g) any change in U.S. GAAP; (h) any failure by Thompson Creek or any of its subsidiaries to meet any public estimates or expectations regarding its revenues, earnings or other financial performance or results of operations; (i) anything that has been disclosed in the TCM Public Disclosure Record or in the TCM Disclosure Letter; (j) a change as a result of the announcement of the execution of the Arrangement Agreement or of the transactions contemplated thereby (including changes in the market price of the Company’s securities); or (k) any securityholder class action, or other litigation arising from allegations of a breach of fiduciary duty with respect to the Arrangement Agreement.

“**TCM Material Property**” means TCM’s open-pit copper-gold mine and concentrator in British Columbia known as the Mount Milligan Mine;

“**TCM Meeting**” means the special meeting of TCM Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought fit, approving the Arrangement Resolution;

“**TCM Note Indentures**” means, collectively, the 2017 Note Indenture, the 2018 Note Indenture and the 2019 Note Indenture;

“**TCM Notes**” means, collectively, the TCM 2017 Notes, the TCM 2018 Notes and the TCM 2019 Notes;

“**TCM Option**” means, at any time, options to acquire TCM Shares granted pursuant to Thompson Creek’s Long Term Incentive Plan or a stock option inducement award agreement disclosed to Centerra in writing which are, at such time, outstanding and unexercised, whether or not vested;

“**TCM PSUs**” means the performance share units of Thompson Creek granted under the Long Term Incentive Plan;

“**TCM Public Disclosure Record**” means all documents filed or furnished under applicable securities laws by or on behalf of TCM on SEDAR or EDGAR between January 1, 2015 and the date of the Arrangement Agreement;

“**TCM RSUs**” means the restricted share units of Thompson Creek granted under the Long Term Incentive Plan or under a restricted share unit inducement award agreement;

“**TCM Shareholder**” means a holder of one or more TCM Shares;

“**TCM Shares**” means the common shares without par value in the capital of Thompson Creek;

“**TCP Conditions**” has the meaning attributed thereto under the heading “*Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Taxation of Non-Canadian Holders of Subscription Receipts — Other Dispositions of Subscription Receipts*”;

“**Technical Reports**” means, collectively, the Kumtor Technical Report, the Boroo Technical Report, the Öksüt Technical Report, the Greenstone Gold Technical Report and the Mount Milligan Technical Report;

“**Termination Date**” means the date on which a Termination Event occurs;

“**Termination Event**” has the meaning attributed thereto on the cover page;

“**Termination Fee**” has the meaning ascribed thereto under “*Details of the Arrangement – Arrangement Agreement*”;

“**TFSA**” has the meaning attributed thereto under the heading “*Eligibility for Investment*”;

“**Thompson Creek Annual Report**” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“**Thompson Creek Documents**” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“**Thompson Creek Quarterly Report**” has the meaning attributed thereto under the heading “*Documents Incorporated by Reference*”;

“**Thompson Creek**” has the meaning attributed thereto on the cover page;

“**TSX**” has the meaning attributed thereto on the cover page;

“**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

“**U.S. GAAP**” means United States generally accepted accounting principles;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**Underwriters’ Fee**” has the meaning attributed thereto under the heading “*Plan of Distribution*”;

“**Underwriters**” has the meaning attributed thereto on the cover page;

“**Underwriting Agreement**” has the meaning attributed thereto on the cover page;

“**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia; and

“**WGC**” has the meaning attributed thereto under the heading “*Non-IFRS And Non-U.S. GAAP Financial Measures*”.

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**SCHEDULE "F"**  
**PRO FORMA FINANCIAL STATEMENTS**

Centerra Gold Inc.

Pro Forma Condensed Consolidated Interim Statement of Financial Position as at March 31, 2016

(Unaudited)

(In thousands of US dollars)

	Centerra Gold Inc. (IFRS)	Thompson Creek Metals Company Inc. (US GAAP)	Adjustments to IFRS to conform to accounting policies with Centerra Gold Inc.	Note	Thompson Creek Metals Company Inc. (IFRS)	Pro Forma Adjustments	Note	Pro-Forma Consolidated Centerra Gold Inc. March 31, 2016
	(A)	(B)	(C)		(D)=(B)+(C)	(E)		(F)=(A)+(D)+(E)
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 339,767	\$ 139,103	\$ -		\$ 139,103	\$ (470,467)	(i)	\$ 8,403
Short-term investments	\$ 162,035	\$ -	\$ -		\$ -	\$ -		\$ 162,035
Accounts receivable	\$ 3,147	\$ 60,269	\$ -		\$ 60,269	\$ (2,153)	3	\$ 61,263
Inventories	\$ 411,205	\$ 106,210	\$ -		\$ 106,210	\$ 32,844	5(h)	\$ 550,259
Taxes receivable	\$ -	\$ 6,182	\$ -		\$ 6,182	\$ -		\$ 6,182
Prepaid expenses and other current assets	\$ 9,503	\$ 9,735	\$ -		\$ 9,735	\$ -		\$ 19,238
	\$ 925,657	\$ 321,499	\$ -		\$ 321,499	\$ (439,776)		\$ 807,380
Property, plant and equipment	\$ 705,255	\$ 1,962,896	\$ 45,063	4(a)	\$ 2,007,959	\$ (1,163,829)	5(g)	\$ 1,549,385
Restricted cash	\$ 13,188	\$ 10,085	\$ -		\$ 10,085	\$ -		\$ 23,273
Other assets	\$ 30,090	\$ 22,444	\$ -		\$ 22,444	\$ -		\$ 52,534
Deferred income tax assets	\$ -	\$ 156,311	\$ 16,160	4(c)	\$ 172,471	\$ (172,471)	5(o)	\$ -
	\$ 748,533	\$ 2,151,736	\$ 61,223		\$ 2,212,959	\$ (1,336,300)		\$ 1,625,192
<b>Total assets</b>	<b>\$ 1,674,190</b>	<b>\$ 2,473,235</b>	<b>\$ 61,223</b>		<b>\$ 2,534,458</b>	<b>\$ (1,776,076)</b>		<b>\$ 2,432,572</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
<b>Current liabilities</b>								
Accounts payable and accrued liabilities	\$ 61,446	\$ 76,720	\$ -		\$ 76,720	\$ 10,037	5(i)	\$ 148,203
Current portion of Gold Stream deferred revenue	\$ -	\$ 46,368	\$ -		\$ 46,368	\$ (46,368)	5(g)	\$ -
Current portion of long-term lease obligations	\$ -	\$ 25,326	\$ -		\$ 25,326	\$ -		\$ 25,326
Short-term debt	\$ 74,198	\$ -	\$ -		\$ -	\$ 12,500	5(b)	\$ 86,698
Current portion of provision for reclamation	\$ 1,062	\$ -	\$ -		\$ -	\$ -		\$ 1,062
Taxes payable	\$ 5,052	\$ 1,283	\$ -		\$ 1,283	\$ -		\$ 6,335
Other current liabilities	\$ -	\$ 3,126	\$ -		\$ 3,126	\$ -		\$ 3,126
	\$ 141,758	\$ 152,823	\$ -		\$ 152,823	\$ (23,831)		\$ 270,750
Gold stream deferred revenue	\$ -	\$ 672,424	\$ -		\$ 672,424	\$ (672,424)	5(g)	\$ -
Dividend payable to related party	\$ 12,186	\$ -	\$ -		\$ -	\$ -		\$ 12,186
Long-term debt	\$ -	\$ 822,979	\$ -		\$ 822,979	\$ (541,979)	(ii)	\$ 281,000
Long-term lease obligations	\$ -	\$ 21,392	\$ -		\$ 21,392	\$ -		\$ 21,392
Other liabilities	\$ -	\$ 14,172	\$ -		\$ 14,172	\$ -		\$ 14,172
Provision for reclamation	\$ 65,419	\$ 35,721	\$ 45,063	4(a)	\$ 80,784	\$ -		\$ 146,203
Deferred income tax liabilities	\$ 2,899	\$ 72,294	\$ 16,160	4(c)	\$ 88,454	\$ (88,454)	5(o)	\$ 2,899
	\$ 80,504	\$ 1,638,982	\$ 61,223		\$ 1,700,205	\$ (1,302,857)		\$ 477,852
<b>Total liabilities</b>	<b>\$ 222,262</b>	<b>\$ 1,791,805</b>	<b>\$ 61,223</b>		<b>\$ 1,853,028</b>	<b>\$ (1,326,688)</b>		<b>\$ 748,601</b>
<b>Shareholders' Equity</b>								
Share capital	\$ 688,577	\$ 1,197,653	\$ -		\$ 1,197,653	\$ (939,714)	(iii)	\$ 946,516
Contributed surplus	\$ 24,775	\$ 82,656	\$ -		\$ 82,656	\$ (82,030)	5(j)	\$ 25,401
Accumulated other comprehensive (loss) income	\$ (11)	\$ (252,281)	\$ -		\$ (252,281)	\$ 252,281	5(j)	\$ (11)
Retained earnings (deficit)	\$ 738,587	\$ (346,598)	\$ -		\$ (346,598)	\$ 320,075	(iv)	\$ 712,064
Total equity	\$ 1,451,928	\$ 681,430	\$ -		\$ 681,430	\$ (449,388)		\$ 1,683,970
<b>Total liabilities and Shareholders' equity</b>	<b>\$ 1,674,190</b>	<b>\$ 2,473,235</b>	<b>\$ 61,223</b>		<b>\$ 2,534,458</b>	<b>\$ (1,776,076)</b>		<b>\$ 2,432,572</b>

(i) Note 5(a) \$125 million + (b) \$293.5 million + (c) \$(889) million = \$(470.5) million

(ii) Note 5(b) \$(281) million + (c) \$823 million = \$(542) million

(iii) Note 5(a) \$125 million + (d) \$129.4 million + (e) \$3.5 million less TCM Share capital balance (\$1,197.6 million) = \$(939.7) million

(iv) TCM IFRS deficit \$346.6 million less costs associated with transaction costs (\$26.5 million) = \$320.1 million

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Centerra Gold Inc.  
Pro Forma Condensed Consolidated Interim Statement of Comprehensive Income  
For the three months ended March 31, 2016  
(Unaudited)  
(In thousands of US dollars, except share amounts)

	Centerra Gold Inc. (IFRS)	Thompson Creek Metals Company Inc. (US GAAP)	Adjustments to IFRS to conform to accounting policies with Centerra Gold Inc.	Note	Thompson Creek Metals Company Inc. (IFRS)	Pro Forma Adjustments	Pro-Forma Consolidated Centerra Gold Inc. March 31, 2016
	(A)	(B)	(C)		(D)=(B)+(C)	(E)	(F)=(A)+(D)+(E)
Revenues	\$ 73,221	\$ 97,402	\$ -		\$ 97,402	\$ (6,000) <b>5(l)</b>	\$ 164,623
Cost of sales	\$ 31,452	\$ 75,307	\$ -		\$ 75,307	\$ (12,501) <b>(i)</b>	\$ 94,258
Standby costs, net	\$ (57)	\$ -	\$ 2,362	<b>4(b)</b>	\$ 2,362	\$ -	\$ 2,305
Regional office administration	\$ 3,341	\$ 1,978	\$ -		\$ 1,978	\$ -	\$ 5,319
Earnings from mine operations	\$ 38,485	\$ 20,117	\$ (2,362)		\$ 17,755	\$ 6,501	\$ 62,741
Revenue-based taxes	\$ 10,251	\$ -	\$ -		\$ -	\$ -	\$ 10,251
General and administrative	\$ 5,829	\$ 9,713	\$ -		\$ 9,713	\$ (3,400) <b>5(n)</b>	\$ 12,142
Other operating expenses (Income)	\$ 561	\$ -	\$ -		\$ -	\$ -	\$ 561
Pre-development project costs	\$ 1,297	\$ -	\$ -		\$ -	\$ -	\$ 1,297
Exploration and business development	\$ 2,041	\$ 16	\$ -		\$ 16	\$ -	\$ 2,057
Costs for idle mining operations	\$ -	\$ 2,362	\$ (2,362)	<b>4(b)</b>	\$ -	\$ -	\$ -
Earnings (loss) from operations	\$ 18,506	\$ 8,026	\$ -		\$ 8,026	\$ 9,901	\$ 36,433
Finance costs	\$ 1,246	\$ 24,633	\$ -		\$ 24,633	\$ (13,029) <b>5(k)</b>	\$ 12,850
Other expenses (income)	\$ (1,267)	\$ (59,273)	\$ -		\$ (59,273)	\$ -	\$ (60,540)
Earnings before income taxes	\$ 18,527	\$ 42,666	\$ -		\$ 42,666	\$ 22,930	\$ 84,123
Total current income taxes	\$ 94	\$ (447)	\$ -		\$ (447)	\$ -	\$ (353)
Total deferred income taxes	\$ 375	\$ 7,982	\$ -		\$ 7,982	\$ 6,914 <b>5(p)</b>	\$ 15,271
Income tax expense	\$ 469	\$ 7,535	\$ -		\$ 7,535	\$ 6,914	\$ 14,918
Net earnings	\$ 18,058	\$ 35,131	\$ -		\$ 35,131	\$ 16,016	\$ 69,205
<b>Items that may be subsequently reclassified to earnings:</b>							
Net (loss) gain on translation of foreign operation	\$ (231)	\$ 69,576	\$ -		\$ 69,576	\$ -	\$ 69,345
Total other comprehensive (loss) income	\$ (231)	\$ 69,576	\$ -		\$ 69,576	\$ -	\$ 69,345
<b>Total comprehensive income</b>	<b>\$ 17,827</b>	<b>\$ 104,707</b>	<b>\$ -</b>		<b>\$ 104,707</b>	<b>\$ 16,016</b>	<b>\$ 138,550</b>

(i) Note 5(l) \$(9.8) million + (m) \$(2.7) million = \$(12.5) million

**Earnings per common share**

Basic earnings per common share	\$ 0.08	\$ 0.24
Diluted earnings per common share	\$ 0.07	\$ 0.24

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

Centerra Gold Inc.  
**Pro Forma Condensed Consolidated Statement of Comprehensive Income (Loss)**  
For the year ended December 31, 2015  
(Unaudited)  
(In thousands of US dollars, except share amounts)

	Centerra Gold Inc. (IFRS)	Thompson Creek Metals Company Inc. (US GAAP)	Adjustments to IFRS to conform to accounting policies with Centerra Gold Inc. Note	Thompson Creek Metals Company Inc. (IFRS)	Pro Forma Adjustments	Note	Pro-Forma Consolidated Centerra Gold Inc. December 31, 2015
	(A)	(B)	(C)	(D)=(B)+(C)	(E)		(F)=(A)+(D)+(E)
Revenues	\$ 623,950	\$ 494,095	\$ (43,476)	\$ 450,619	\$ (36,700)	5(l)	\$ 1,037,869
Cost of sales	\$ 384,459	\$ 394,223	\$ (36,743)	\$ 357,480	\$ (83,507)	(i)	\$ 658,432
Standby costs, net	\$ 5,684	\$ -	\$ 16,897	\$ 16,897	\$ -		\$ 22,581
Regional office administration	\$ 19,068	\$ 9,917	\$ -	\$ 9,917	\$ -		\$ 28,985
Earnings from mine operations	\$ 214,739	\$ 89,955	\$ (23,630)	\$ 66,325	\$ 46,807		\$ 327,871
Revenue-based taxes	\$ 84,633	\$ -	\$ -	\$ -	\$ -		\$ 84,633
General and administrative	\$ 35,781	\$ 30,521	\$ -	\$ 30,521	\$ (713)	5(n)	\$ 65,589
Impairment of goodwill	\$ 18,705	\$ -	\$ -	\$ -	\$ -		\$ 18,705
Other operating expenses (Income)	\$ 1,870	\$ -	\$ -	\$ -	\$ -		\$ 1,870
Pre-development project costs	\$ 13,252	\$ -	\$ -	\$ -	\$ -		\$ 13,252
Exploration and business development	\$ 10,619	\$ 2,522	\$ -	\$ 2,522	\$ -		\$ 13,141
Costs for idle mining operations	\$ -	\$ 23,630	\$ (23,630)	\$ 0	\$ -		\$ 0
Earnings (loss) from operations	\$ 49,879	\$ 33,282	\$ -	\$ 33,282	\$ 47,520		\$ 130,681
Finance costs	\$ 4,426	\$ 87,358	\$ -	\$ 87,358	\$ (58,081)	5(k)	\$ 33,703
Other expenses (income)	\$ 3,375	\$ 168,352	\$ -	\$ 168,352	\$ -		\$ 171,727
Earnings (loss) before income taxes	\$ 42,078	\$ (222,428)	\$ -	\$ (222,428)	\$ 105,601		\$ (74,749)
Total current income taxes	\$ 191	\$ (11,740)	\$ -	\$ (11,740)	\$ -		\$ (11,549)
Total deferred income taxes	\$ 258	\$ (75,769)	\$ -	\$ (75,769)	\$ 32,028	5(p)	\$ (43,483)
Income tax expense (recovery)	\$ 449	\$ (87,509)	\$ -	\$ (87,509)	\$ 32,028		\$ (55,032)
Net earnings (loss)	\$ 41,629	\$ (134,919)	\$ -	\$ (134,919)	\$ 73,573		\$ (19,717)
<b>Items that may be subsequently reclassified to earnings:</b>							
Net (loss) gain on translation of foreign operation	\$ 220	\$ (182,539)	\$ -	\$ (182,539)	\$ -		\$ (182,319)
Unrealized loss on available for sale securities	\$ -	\$ (1,033)	\$ -	\$ (1,033)	\$ -		\$ (1,033)
Total other comprehensive (loss) income	\$ 220	\$ (183,572)	\$ -	\$ (183,572)	\$ -		\$ (183,352)
<b>Total comprehensive income (loss)</b>	<b>\$ 41,849</b>	<b>\$ (318,491)</b>	<b>\$ -</b>	<b>\$ (318,491)</b>	<b>\$ 73,573</b>		<b>\$ (203,069)</b>

(i) Note 5(l) \$(78.9) million + (m) \$(4.6) million = \$(83.5) million

Earnings (loss) per common share		
Basic earnings (loss) per common share	\$ 0.18	\$ (0.07)
Diluted earnings per (loss) common share	\$ 0.18	\$ (0.07)

See accompanying notes to the unaudited pro forma condensed consolidated financial statements.

**Notes to the Pro Forma Condensed Consolidated Financial Statements**  
**As at and for the three months ended March 31, 2016 and for the year ended December 31, 2015**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars, except where otherwise indicated)**

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**1) Basis of presentation**

The unaudited pro forma condensed consolidated financial statements have been prepared in connection with the proposed acquisition of Thompson Creek Metals Company Inc. (“TCM”) by Centerra Gold Inc. (“Centerra” or the “Company”). The unaudited pro forma condensed consolidated financial statements have been prepared for illustrative purposes and give effect to the acquisition and other transactions pursuant to the assumptions described in Notes 3, 4 and 5 to these unaudited pro forma condensed consolidated financial statements. The unaudited pro forma condensed consolidated statement of financial position as at March 31, 2016 gives effect to the proposed acquisition by Centerra as if it had occurred as at March 31, 2016. The unaudited pro forma condensed consolidated statements of comprehensive income (loss) for the year ended December 31, 2015 and for the three months ended March 31, 2016 gives effect to the acquisition as if it had occurred as at January 1, 2015 and January 1, 2016, respectively. TCM’s financial statements are prepared using United States Generally Accepted Accounting Principles (“US GAAP”) and have been conformed to International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) for inclusion in these pro forma condensed consolidated financial statements. These adjustments are discussed in Note 4.

The historical financial statements have been adjusted in the pro forma financial statements to give effect to events that are (1) directly attributable to the pro forma events, (2) factually supportable, and (3) with respect to the statement of comprehensive income (loss), expected to have a continuing impact on the combined company. The unaudited pro forma condensed consolidated statements of comprehensive income (loss) do not reflect any non-recurring charges directly related to the pro forma events that may be incurred upon completion of the acquisition.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the operating results or financial condition that would have been achieved if the proposed acquisition had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or financial position of the consolidated entities for any future period or as of any future date.

The unaudited pro forma condensed consolidated financial statements do not reflect any cost savings, operating synergies or enhancements that the combined company may achieve as a result of the acquisition or for liabilities resulting from integration planning and severance costs related to employees of TCM. However, liabilities ultimately may be recorded for severance, relocation or retention costs in subsequent periods related to employees of both companies, as well as the costs of vacating certain leased facilities of either company or other costs associated with exiting or transferring activities between the companies. The ultimate recognition of such costs and liabilities would affect amounts in the unaudited pro forma condensed consolidated financial statements, and such costs and liabilities could be material. Further, the unaudited pro forma condensed consolidated financial statements do not reflect any regulatory actions that may impact the unaudited pro forma condensed consolidated financial statements when the acquisition is completed.

**Notes to the Pro Forma Condensed Consolidated Financial Statements**  
**As at and for the three months ended March 31, 2016 and for the year ended December 31, 2015**  
**(Unaudited)**  
**(Expressed in thousands of United States Dollars, except where otherwise indicated)**

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The pro forma adjustments and allocations of the purchase price for TCM are based on preliminary estimates of the fair value of the consideration paid and the fair value of the assets acquired and liabilities to be assumed. The final purchase price allocation will be completed after the asset and liability valuations are finalized.

In preparing the unaudited pro forma condensed consolidated statement of financial position and the unaudited pro forma condensed consolidated statements of income (loss), the following historical information was used:

1. Pro forma condensed statement of financial position as at March 31, 2016 combining the unaudited condensed consolidated statement of financial position of Centerra as at March 31, 2016, which was prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and the unaudited consolidated balance sheet of TCM as at March 31, 2016 prepared in accordance with US GAAP as adjusted for IFRS and Centerra’s accounting policies.
2. Pro forma condensed statement of comprehensive income (loss) for the year ended December 31, 2015 combining the audited consolidated statement of comprehensive income of Centerra for the year ended December 31, 2015, which was prepared in accordance with IFRS, and the audited consolidated statements of comprehensive loss of TCM for the year ended December 31, 2015 prepared in accordance with US GAAP and adjusted for IFRS and Centerra’s accounting policies.
3. Pro forma condensed statement of comprehensive income for the three months ended March 31, 2016 combining the unaudited condensed consolidated statement of comprehensive income of Centerra for the three months ended March 31, 2016, which was prepared in accordance with IAS 34, and the unaudited condensed consolidated statements of comprehensive income of TCM for three months ended March 31, 2016 prepared in accordance with US GAAP and adjusted for IFRS and Centerra’s accounting policies.

The unaudited pro forma condensed consolidated statement of financial position and the unaudited pro forma condensed consolidated statements of comprehensive income (loss) should be read in conjunction with the above noted financial statements, including the notes thereto. Certain reclassifications have been made to TCM’s financial statements to conform to the financial statement presentation by Centerra.

## **2) Significant accounting policies**

The accounting policies used in preparing the unaudited pro forma condensed consolidated financial statements are set out in Centerra’s audited consolidated financial statements for the year ended December 31, 2015. In preparing the unaudited pro forma condensed consolidated financial statements, a review was undertaken by management of Centerra to identify accounting

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policy differences where the impact was potentially material and could be reasonably estimated, and to identify TCM's application of US GAAP for material differences compared to IFRS. The Company has adjusted TCM's financial statements to conform to IFRS and to Centerra's accounting policies and these adjustments are discussed in Note 5. Additional accounting differences may be identified after consummation of the proposed acquisition.

### **3) Details of the Proposed Acquisition**

Pursuant to an Arrangement Agreement (the "Agreement") entered into between the Company and TCM on July 5, 2016, the Company has agreed to acquire all of the outstanding common shares of TCM by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement") in consideration for the issuance of 22,467,504 common shares (valued at \$132.9 million) and 112,830 options to acquire common shares of Centerra (valued at \$0.6 million). Immediately prior to closing of the Arrangement, the Company expects to retire TCM's Senior Secured Notes due in 2017 and TCM's Unsecured Notes due in 2018 and 2019 for cash in accordance with their terms, including accrued interest, for approximately \$889 million (the "Redemption" and, together with the Arrangement, the "Transaction").

To finance the Transaction, Centerra expects to:

- a) enter into a Cdn\$170 million (\$125.0 million – \$131.6 million less transaction costs of \$6.6 million) bought-deal equity financing with a syndicate of investment dealers;
- b) secure a new, fully committed \$325 million (\$318.5 million net of transaction costs of \$6.5 million) term loan facility and revolving facility with the Bank of Nova Scotia ("Scotiabank"), to be applied towards the transaction costs (\$6.5 million) and debt repayment (\$293.5 million) and the remaining \$25 million is available to be used for working capital purposes;
- c) utilize approximately \$100 million of cash available at TCM, and
- d) fund the remaining \$370.5 million through Centerra's existing cash and short-term investments (excluding the payment of transaction costs).

The new 5-year term loan facility (the "Facility") is expected to be signed between Scotiabank and a newly formed subsidiary of the Company that will own 100% of the TCM acquired net assets. The aggregate principal amount available under the Facility of \$325 million, comprises a \$250 million term loan facility to be used for the acquisition and a \$75 million revolving facility, \$50 million of which was used towards the Transaction, with the remainder to be used for general corporate purposes, working capital and the issuance of letters of credit. The principal amount of the term loan 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 5 year term. The interest rate applicable on this Facility is variable depending on certain financial ratios of the borrowing entity. In addition, the Facility includes customary underwriting, stand-by and letter of credit fees.

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Holder of TCM's stock options will receive \$0.6 million of the Company's options to acquire common shares, issued with terms comparable to TCM's stock option program. Holders of TCM preferred share units ("PSUs") and restricted share units ("RSUs") will receive an equivalent number of TCM common shares. Subsequently, all holders of TCM common shares will receive common shares of Centerra valued using an exchange conversion ratio of 0.0988 Centerra share for each outstanding TCM share, equivalent to \$132.9 million (including \$3.5 million relating to the settled PSUs and RSUs – Note 5(e)) using the five day volume weighted average price of \$7.60 as at June 30, 2016.

The following weighted average assumptions were used for the Black-Scholes option pricing model to calculate the \$0.6 million of fair value of the 112,830 options to be issued by Centerra in connection with the acquisition.

Risk-free rate	0.52 – 0.59%
Expected life	2 – 4 years
Expected volatility	63.45 – 72.53%
Expected dividend yield	2.67%
Expected forfeiture rate	1.00%

Under the Agreement, a current member of the TCM board of directors is to be appointed to the Company's board. The Transaction has been accounted for as a business combination, as TCM meets the definition of a business under IFRS 3, *Business Combinations*. In accordance with IFRS 3, Centerra has been deemed to be the acquirer, owing to the fact that post-transaction, Centerra will control the board of directors, a majority of senior management posts, and has overall control of the day-to-day activities of the combined entities.

The net asset values presented are based on a preliminary fairness evaluation which could differ materially with the signing of the final agreement and with a final assessment of fair value.

The preliminary allocation of fair values assumed in these unaudited pro forma consolidated financial statements as of March 31, 2016 is subject to change and summarized as follows:

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	<b>Fair Value</b>		
	<b>Carrying Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
<b>Purchase price</b>	<b>(Under IFRS)</b>		
Cash			\$ 889,000
Issuance of 22,467,504 common shares of Centerra			\$ 132,906
Issuance of 112,830 options to acquire common shares of Centerra			\$ 626
			<b>\$ 1,022,532</b>
<b>Fair value of assets and liabilities acquired</b>			
Cash and cash equivalents	\$ 139,103	\$ -	\$ 139,103
Accounts receivable	\$ 60,269	\$ (2,153)	\$ 58,116
Inventories	\$ 106,210	\$ 32,844	\$ 139,054
Prepaid expenses and other current assets	\$ 9,735	\$ -	\$ 9,735
Taxes receivable, net	\$ 4,899	\$ -	\$ 4,899
Property, plant and equipment	\$ 2,007,959	\$ (1,163,829)	\$ 844,130
Restricted cash	\$ 10,085	\$ -	\$ 10,085
Other assets	\$ 22,444	\$ -	\$ 22,444
Deferred income tax assets	\$ 172,471	\$ (172,471)	\$ -
Accounts payable and accrued liabilities	\$ (76,720)	\$ 16,486	\$ (60,234)
Other current liabilities	\$ (3,126)	\$ -	\$ (3,126)
Lease obligations	\$ (46,718)	\$ -	\$ (46,718)
Gold stream deferred revenue	\$ (718,792)	\$ 718,792	\$ -
Other liabilities	\$ (14,172)	\$ -	\$ (14,172)
Asset retirement obligations	\$ (80,784)	\$ -	\$ (80,784)
Deferred income tax liabilities	\$ (88,454)	\$ 88,454	\$ -
			<b>\$ 1,022,532</b>

**4) Adjustments to conform TCM's financial statements to IFRS and Centerra's accounting policies**

Centerra's management reviewed the historic accounting records and financial statements of TCM for the periods from January 1, 2015 to March 31, 2016 and identified certain material differences between IFRS and US GAAP. Centerra's accounting policies are described in the Company's consolidated financial statements for the year ended December 31, 2015.

To conform to IFRS and Centerra's accounting policies, the following adjustments were made:

- a) Adjustment to increase decommissioning liabilities by \$45.1 million due to a change in assumptions regarding discount rates in accordance with IFRS;
- b) Reclassification adjustment to reflect revenue generated and costs incurred on a net basis, in the three months ended March 31, 2016 and year ended December 31, 2015, from TCM's two mines which are under care and maintenance, the Endako Mine and the Thompson Creek Mine. The results for these operations are netted on one line in the costs

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of sales section of the pro forma condensed statement of comprehensive income (loss), consistent with Centerra's accounting policies under IFRS;

- c) An increase of \$16.2 million to both the deferred tax asset and deferred tax liability balances to record the impact of the adjustment outlined in Note 4(a).

**5) Pro forma assumptions and adjustments**

The unaudited pro forma condensed consolidated financial statements reflect the following adjustments to give effect to the Transaction described in Note 3:

- a) To reflect the issuance of 23,130,000 common shares via a bought-deal financing for cash of \$125.0 million (\$131.6 million net of transaction costs of \$6.6 million), for proceeds to be held in escrow and used toward the redemption of debentures held by TCM's bondholders as a condition precedent of the Transaction;
- b) To reflect the credit facilities entered into by Centerra to raise \$300 million of cash (\$293.5 million net of transaction costs of \$6.5 million) with proceeds to be held in escrow and used by Centerra toward the redemption of debentures held by TCM's bondholders as a condition precedent of the Transaction: \$12.5 million of this facility is due to be repaid on March 31, 2017 (see Note 3);
- c) To reflect the redemption of the debentures held by TCM's bondholders for \$889 million by Centerra, consisting of the March 31, 2016 principal amount of the debentures of \$823 million plus an early redemption premium of \$42.9 million and accrued interest payable of \$23.1 million;
- d) To reflect the issuance of 22,010,866 common shares of Centerra for 100% of the common shares of TCM at a fair value of \$129.4 million;
- e) To reflect the Company's exchange of the TCM common shares, that had been issued to settle TCM's 3,184,751 outstanding performance share units and 1,437,095 restricted share units (Note 3), for 456,638 common shares of Centerra (at a fair value of \$3.5 million);
- f) To reflect the issuance of 112,830 Centerra stock options, valued at \$0.6 million, in exchange for the outstanding stock options of TCM, using an exchange conversion ratio of 0.0988 as described above;
- g) An adjustment to decrease property, plant and equipment by \$1,163.8 million to record TCM's streaming arrangement as a reduction in the carrying amount of property, plant and equipment, and reflect the decrease in the carrying value of property, plant and equipment including mineral properties under IFRS to its estimated fair value. The

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estimated fair value was determined using a discounted cash flow model and other assumptions.

Key assumptions used in the preliminary calculation of the fair value of the property, plant and equipment included: discount rates, gold, copper and molybdenum prices, future timing of production volumes, and future operating costs, including Canadian Dollar to US Dollar exchange rates. The Company's estimate of future metals prices and discount rate were based on an analysis prepared by investment advisors of the Company, who used a consensus long-term gold price of \$1,270, long-term copper price of \$2.69 and an after-tax real discount rate of 5%.

The adjustment to property, plant and equipment was net against the fair value increase in TCM's obligation to deliver gold production in accordance with the streaming arrangement with a subsidiary of Royal Gold, Inc;

- h) To reflect a fair value adjustment increasing TCM's inventory by \$32.8 million;
- i) To reflect an adjustment to increase accounts payable and accrued liabilities by \$10.0 million as a result of recording \$33.3 million of transaction costs net of a \$23.3 million adjustment to reflect the payment of accrued interest associated with TCM's debentures. The \$33.3 million increase represents Centerra's (\$8.5 million) and TCM's (\$18.0 million) estimated transaction costs incurred from April 1, 2016 to the close of the acquisition, in addition to \$6.8 million change of control payments immediately triggered by the acquisition. Through March 31, 2016, Centerra and TCM incurred transaction costs of \$4.1 million, as discussed in Note 5(n);
- j) To record the elimination of the historical equity accounts of TCM;
- k) A \$13.0 million reduction of finance costs to reverse \$20.3 million of interest expense associated with TCM's debentures and record \$7.3 million relating to interest expense on the Company's term loan facility and revolving facility with Scotiabank for the three months ended March 31, 2016. A similar reduction was also made for the year ended December 31, 2015 for \$58.1 million, representing a reversal of \$83.0 million interest expense of TCM offset by \$24.9 million of interest expense from the borrowings by Centerra made in connection with the acquisition;
- l) An adjustment to reduce gold sales by \$6.0 million in the three months ended March 31, 2016 and \$36.7 million in the year ended December 31, 2015 to reflect a reclassification of the amortization of the streaming arrangement recorded by TCM to cost of sales.

A subsequent adjustment to decrease cost of sale by \$3.8 million in the three months ended March 31, 2016 and \$42.2 million in the year ended December 31, 2015 to reflect amortization of the fair value adjustment to TCM's streaming arrangement, as discussed

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in Note 5(g). The total adjustment to cost of sales was \$9.8 million and \$78.9 million in the three months ended March 31, 2016 and year ended December 31, 2015, respectively.

- m) An adjustment to reduce cost of sales by \$2.7 million in the three months ended March 31, 2016 and by \$4.6 million in the year ended December 31, 2015 to reflect the change in depreciation resulting from the fair value decrease of TCM's property, plant and equipment, as discussed in Note 5(g);
- n) An adjustment to remove \$3.4 million of general and administrative expenses for transaction related costs incurred in the three months ended March 31, 2016 and \$0.7 million for the year ended December 31, 2015 as these are non-recurring;
- o) Adjustments were made at March 31, 2016 to the deferred tax assets and deferred tax liabilities balances to record the related tax effect of the fair market value adjustments to each asset and liability and to record the related tax effect of the pro forma adjustments detailed above. The impact of the adjustments reduced TCM's deferred tax assets and deferred tax liabilities to nil;
- p) Adjustments made to the pro forma condensed consolidated statement of comprehensive income (loss) for the year ended December 31, 2015 and for the three months ended March 31, 2016, to record the impact of the above adjustments and to reflect the related tax effect. The adjustments result in an additional deferred tax expense of \$6.9 million in the three months ended March 31, 2016 and a reduction of the deferred tax recovery of \$32.0 million in the year ended December 31, 2015.

The final purchase price allocations may differ materially from the allocations included herein.

**6) Pro forma weighted average number of common shares**

Pro forma basic and diluted weighted average number of common shares of Centerra outstanding for the respective periods are as follows:

<i>In 000s</i>	<b>Three Months Ended March 31, 2016</b>	<b>Year Ended December 31, 2015</b>
Basic weighted average shares outstanding of Centerra	239,656	236,592
Shares issued related to the acquisition	45,598	45,598
<b>Pro forma basic weighted average shares of Centerra</b>	<b>285,254</b>	<b>282,190</b>
Diluted weighted average shares of Centerra	285,714	282,549
Adjustment for issuance of Purchaser Replacement Options	-	-
<b>Pro forma diluted weighted average shares of Centerra</b>	<b>285,714</b>	<b>282,549</b>

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For the three months ended March 31, 2016 and the year ended December 31, 2015, all potentially dilutive common shares relating to the acquisition are deemed to be anti-dilutive and thus diluted pro forma loss per share is equal to the basic pro forma loss per share for both periods.

**CERTIFICATE OF THE COMPANY**

Date: July 13, 2016

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than the province of Québec.

(Signed) SCOTT G. PERRY  
Chief Executive Officer

(Signed) DARREN J. MILLMAN  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) STEPHEN A. LANG  
Director

(Signed) MICHAEL S. PARRETT  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: July 13, 2016

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than the province of Québec.

**BMO NESBITT BURNS INC.**

(Signed) Joshua Goldfarb  
Director

**CREDIT SUISSE SECURITIES  
(CANADA), INC.**

(Signed) Matthew Hind  
Managing Director, Head of  
Canadian Metals & Mining

**SCOTIA CAPITAL INC.**

(Signed) Peter Collibee  
Managing Director – Industry Head,  
Global Mining & Metals

centerra**GOLD**

