



## **Management’s Discussion and Analysis (“MD&A”) For the Period Ended March 31, 2018**

*This Management Discussion and Analysis (“MD&A”) has been prepared as of April 30, 2018, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. (“Centerra” or the “Company”) for the three months ended March 31, 2018 in comparison with the corresponding periods ended March 31, 2017. This discussion should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2018 prepared in accordance with International Financial Reporting Standards (“IFRS”). This MD&A should also be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended December 31, 2017 and 2016, the related MD&A and the Annual Information Form for the year ended December 31, 2017 (the “2017 Annual Information Form”). The Company’s unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2018, 2017 Annual Report and 2017 Annual Information Form are available at [www.centerragold.com](http://www.centerragold.com) and on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com). In addition, this discussion contains forward-looking information regarding Centerra’s business and operations. Such forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements. See “Risk Factors” and “Caution Regarding Forward-Looking Information” in this discussion. All dollar amounts are expressed in United States dollars (“USD”), except as otherwise indicated.*

**All references in this document denoted with <sup>NG</sup>, indicate a non-GAAP term which is discussed under “Non-GAAP Measures” and reconciled to the most directly comparable GAAP measure.**

### **1. Overview**

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

The Company’s significant wholly-owned subsidiaries include Kumtor Gold Company (“KGC” or “Kumtor”) in the Kyrgyz Republic, Thompson Creek Metals Company Inc. (“Thompson Creek”) and AuRico Metals Inc. (“AuRico”) in Canada, Langeloth Metallurgical Company LLC (“Langeloth”) and Thompson Creek Mining Co. in the United States of America, Öksüt Madencilik Sanayi vi Ticaret A.Ş. (“OMAS”) in Turkey and Boroo Gold LLC and Centerra Gold Mongolia LLC (“CGM”) in Mongolia. Additionally, the Company holds, through Thompson Creek, a 75% joint venture interest in the Endako Mine in British Columbia, Canada, and through AuRico a royalty portfolio which includes a 1.5% net smelter return (“NSR”) royalty on the Young-Davidson gold mine in Ontario and a 2.0% NSR royalty on the Fosterville mine in Australia. The Company also owns a 50% partnership interest in Greenstone Gold Mines LP (the “Greenstone Partnership”) which owns the Greenstone Gold development property including the Hardrock deposit, located in Ontario, Canada. See “Operating Mines and Facilities”, “Development Projects” and “Other Corporate Developments” for further details.

The Company has also entered into agreements to earn an interest in joint venture exploration properties located in Mexico, Sweden and Nicaragua. In addition, the Company has exploration properties in Armenia, Canada and Turkey.

Centerra's common shares are listed for trading on the Toronto Stock Exchange under the symbol CG. As of April 30, 2018, there are 291,822,674 common shares issued and outstanding and options to acquire 6,208,732 common shares outstanding under its stock option plan.

## **2. Market Conditions**

### **Gold Price**

During the first quarter of 2018, the spot gold price fluctuated between a low of \$1,308 per ounce and a high of \$1,341 per ounce. The average spot gold price for the first quarter was \$1,329 per ounce, an increase of \$110 per ounce from the first quarter of 2017 average (\$1,219 per ounce), and a \$54 per ounce increase compared to the fourth quarter of 2017 average (\$1,275 per ounce).

### **Copper Price**

The average spot copper price for the quarter was \$3.15 per pound, a \$0.50 per pound increase compared to the first quarter of 2017 average of \$2.65 per pound, and a \$0.06 per pound increase compared to the fourth quarter of 2017 average (\$3.09 per pound).

### **Molybdenum Price**

The average molybdenum price for the quarter was \$12.22 per pound, a \$4.92 per pound increase compared to the first quarter of 2017 average of \$7.30 per pound, and a \$3.47 per pound increase compared to the fourth quarter of 2017 average (\$8.75 per pound).

## **Foreign Exchange Rates**

### **USD to CAD**

The average U.S. dollar exchange rate for the first quarter of 2018 (1.26), although weakening towards the end of the quarter, was relatively flat when compared to the average of the fourth quarter of 2017 (1.25), with rates in the first quarter ranging from 1.23 to 1.31. The Bank of Canada executed one domestic interest rate hike in the first quarter of 2018, raising the key overnight rate target from 1.0% to 1.25%. The low point for the Canadian dollar was in mid-March, before slightly recovering and closing the quarter at 1.29.

### **USD to Kyrgyz Som**

The average U.S. dollar exchange rate for the first quarter of 2018 was relatively consistent with the average of the first quarter of 2017 (69.2), with rates in the quarter ranging from 67.9 to 69.4 and averaging 68.5. The Kyrgyz som continues to be influenced by currencies of the Kyrgyz Republic's main trading partners – mainly Russia.

## **Foreign Exchange Transactions**

The Company receives its revenues through the sale of gold, copper and molybdenum in U.S. dollars. The Company has operations in the Canada, where its corporate head office is also located, Kyrgyz Republic, Turkey, Mongolia and the United States of America. During the first three months of 2018, the Company incurred combined expenditures (excluding the purchase of AuRico and including capital) totalling approximately \$449 million. Approximately \$152 million of this (34%) was in currencies other than the U.S. dollar. Centerra's non-U.S. dollar costs includes 47% in Canadian dollars, 42% in Kyrgyz soms, 5% in Turkish lira, and 4% in Euros. The average value of the Canadian dollar and Turkish lira both depreciated against the U.S. dollar by approximately 1% from their value at December 31, 2017. The Euro and Kyrgyz

som appreciated against the U.S. dollar by approximately 2% and 1%, respectively, over the same period. The net impact of these movements in the three months ended March 31, 2018 was to decrease annual costs by \$0.1 million (increase of \$1.2 million in the three months ended March 31, 2017).

### 3. Consolidated Financial and Operational Highlights

<i>Unaudited (\$ millions, except as noted)</i>	Three months ended March 31,		
	2018	2017	% Change
<b>Financial Highlights</b>			
Revenue	\$ 235.4	\$ 285.3	(18%)
Cost of sales	152.8	171.9	(11%)
Standby costs	10.8	-	100%
Earnings from mine operations	68.9	109.3	(37%)
Finance costs	14.8	7.7	91%
<b>Net earnings (loss)</b>	\$ 9.0	\$ 57.0	(84%)
<b>Adjusted earnings<sup>(3)</sup></b>	13.5	57.0	(76%)
Cash provided by (used in) operations	(39.7)	72.5	(155%)
Cash provided by operations before changes in working capital <sup>(3)</sup>	66.6	118.1	(44%)
Capital expenditures (sustaining) <sup>(3)</sup>	24.7	18.6	33%
Capital expenditures (growth) <sup>(3)</sup>	3.4	4.0	(14%)
Capital expenditures (stripping)	38.5	62.5	(39%)
Total assets	\$ 2,862.9	\$ 2,686.1	7%
Long-term debt and lease obligation	313.4	380.0	(18%)
Cash, cash equivalents and restricted cash	123.4	357.8	(65%)
<b>Per Share Data</b>			
Earnings per common share - \$ basic <sup>(1)</sup>	\$ 0.03	\$ 0.20	(84%)
Earnings per common share - \$ diluted <sup>(1)</sup>	\$ 0.03	\$ 0.20	(84%)
Adjusted earnings per common share - \$ basic <sup>(1)(3)</sup>	\$ 0.05	\$ 0.20	(76%)
Adjusted earnings per common share - \$ diluted <sup>(1)(3)</sup>	\$ 0.05	\$ 0.20	(76%)
<b>Per Ounce Data (except as noted)</b>			
Average gold spot price - \$/oz <sup>(2)</sup>	1,329	1,219	9%
Average copper spot price - \$/lbs <sup>(2)</sup>	3.15	2.65	19%
Average realized gold price (Kumtor) - \$/oz <sup>(3)</sup>	1,309	1,219	7%
Average realized gold price (Mount Milligan - combined) - \$/oz <sup>(3)</sup>	1,037	1,054	(2%)
Average realized gold price (Consolidated) - \$/oz <sup>(3)</sup>	1,277	1,172	9%
Average realized copper price (Consolidated) - \$/lbs <sup>(3)</sup>	2.22	2.10	6%
<b>Operating Highlights</b>			
Gold produced – ounces	129,764	172,644	(25%)
Gold sold – ounces	132,432	187,914	(30%)
Payable Copper Produced (000's lbs)	6,143	12,595	(51%)
Copper Sales (000's payable lbs)	4,506	13,612	(67%)
Operating costs (on a sales basis) <sup>(3)(4)</sup>	111.5	117.6	(5%)
<b>Unit Costs</b>			
Operating costs (on a sales basis) - \$/oz sold <sup>(3)(4)</sup>	\$ 842	\$ 626	35%
Adjusted operating costs on a by-product basis - \$/oz sold <sup>(3)(4)</sup>	\$ 446	\$ 340	31%
Gold - All-in sustaining costs on a by-product basis – \$/oz sold <sup>(3)(4)</sup>	\$ 932	\$ 750	24%
Gold - All-in sustaining costs on a by-product basis (including taxes) – \$/oz sold <sup>(3)(4)</sup>	\$ 1,097	\$ 879	25%
Gold - All-in sustaining costs on a co-product basis (before taxes) – \$/oz sold <sup>(3)(4)</sup>	\$ 903	\$ 795	14%
Copper - All-in sustaining costs on a co-product basis (before taxes) – \$/pound sold <sup>(3)(4)</sup>	\$ 3.08	\$ 1.86	66%

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- (1) As at March 31, 2018, the Company had 291,785,970 common shares issued and outstanding (291,822,674 common shares as of April 30, 2018). As of April 30, 2018, Centerra had 6,208,732 share options outstanding under its share option plan with exercise prices ranging from Cdn\$2.83 per share to US\$36.74 per share, with expiry dates between 2018 and 2026.
  - (2) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate) and London Metal Exchange (LME). This is a non-GAAP measure and is discussed under “Non-GAAP Measures”.
  - (3) Non-GAAP measure. See discussion under “Non-GAAP Measures”.
  - (4) Excludes Molybdenum business.

## 4. Overview of Consolidated Results

### First Quarter 2018 compared to First Quarter 2017

The Company recorded net earnings of \$9.0 million in the first quarter of 2018, compared to \$57.0 million in the same period of 2017. The lower earnings in the first quarter of 2018 reflect the shutdown and partial restart of milling operations at Mount Milligan. Also negatively impacting earnings was lower gold production at Kumtor, due primarily to processing complex Sarytor ore with lower average mill gold head grades and lower recoveries, partially offset by higher realized gold prices. In addition, the first quarter of 2018 earnings include costs related to the AuRico Acquisition and integration of \$4.4 million. Excluding the costs related to the AuRico Acquisition, adjusted earnings<sup>NG</sup> in the first quarter of 2018 were \$13.5 million compared to \$57.0 million in the comparative period.

#### ***Production:***

Gold production in the first quarter of 2018 totaled 129,764 ounces compared to 172,644 ounces in the same period of 2017. Gold production at Kumtor was 100,220 ounces in 2018, 21% lower than the 127,400 ounces produced in 2017. The decrease in ounces poured at Kumtor is a result of milling lower grade and lower recovery ore from stockpiles (2.58 g/t and 72.2% recovery compared to 3.53 g/t and 76.0% recovery) compared to first quarter of 2017. During the first quarter of 2018, Mount Milligan produced 29,544 ounces of gold and 6.1 million pounds of copper, compared to 45,244 ounces of gold and 12.6 million pounds of copper in the first quarter of 2017. The lower production at Mount Milligan in the first quarter of 2018 is due to the shutdown and partial restart of milling operations due to the lack of fresh water and low water volumes used in processing.

#### ***Safety and Environment:***

Centerra had seven reportable injuries which included two lost time injuries, four medical aid injuries and one restricted work injury in the first quarter of 2018. On April 11, 2018, the Kumtor operation achieved one full year and 6 million man-hours without incurring a lost time injury.

During the first quarter of 2018 there were no reportable release to the environment.

#### ***Financial Performance:***

Revenue decreased to \$235.4 million in the first quarter of 2018 from \$ 285.3 million in the same period of 2017, as a result of lower sales at Mount Milligan (15,513 gold ounces compared to 53,232 gold ounces and 4.5 million pounds of copper compared to 13.6 million pounds of copper) and 13% fewer gold doré ounces sold at Kumtor. The decrease in sales in the first quarter of 2018 reflects lower production as described above. However, the decrease in overall revenue was partially offset by a 4% higher combined average realized gold price<sup>NG</sup> during the first quarter of 2018 (\$1,204 per ounce compared to \$1,154 per ounce in the first quarter of 2017).

Cost of sales decreased in the first quarter of 2018 to \$152.8 million compared to \$171.9 million in the same period of 2017, mainly resulting from the lower number of gold ounces and copper pounds sold. Depreciation, depletion and amortization associated with production was \$41.3 million in 2018 as compared to \$54.3 million in the first quarter of 2017 due to lower sales volumes in the first quarter of 2018.

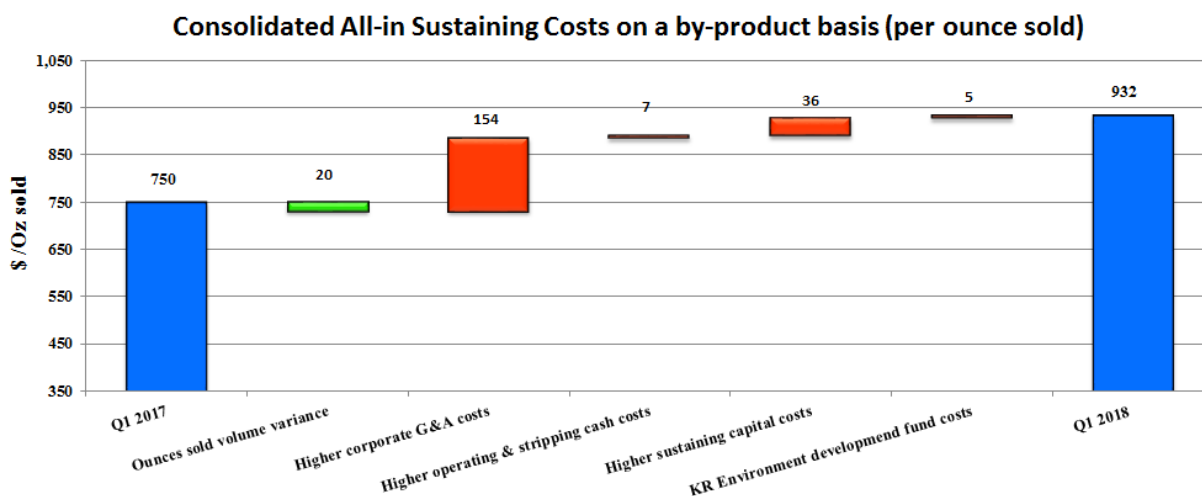
Standby costs of \$10.7 million recorded in the first quarter of 2018 represent overhead costs at Mount Milligan during the mill shutdown and ramp-up period that were unrelated to normal processing volumes.

Financing costs in the first quarter of 2018 totalled \$14.8 million, including a charge of \$4.9 million for the write-off of the unamortized deferred financing costs associated with the Centerra B.C. Facility, EBRD Facility and the AuRico Acquisition Facility settled in the quarter. Financing costs in the comparative quarter of 2017 totalled \$7.7 million, representing interest paid and amortization of deferred financing costs on the Centerra B.C. Facility and the EBRD Facility.

### **Operating Costs:**

Operating costs (on a sales basis)<sup>NG</sup> decreased to \$111.5 million in the first quarter of 2018 compared to \$117.6 million in the same period of 2017. The decrease in costs is primarily due to lower sales volumes for gold and copper, partially offset by higher molybdenum sales and prices.

Centerra’s all-in sustaining costs on a by-product basis per ounce of gold sold<sup>NG</sup>, which excludes revenue-based tax and income tax, increased to \$932 in 2018 from \$750 in the comparative period mainly as a result of 30% fewer gold ounces sold, higher sustaining capital<sup>NG</sup>, increased administration costs, as a result of the AuRico Acquisition, partially offset by lower capitalized stripping costs at Kumtor.



## **5. Liquidity and Capital Resources**

The Company believes its cash on hand and working capital as at March 31, 2018, together with future cash flows from operations and cash provided by the Company’s existing credit facilities will be sufficient to fund its anticipated operating cash requirements, although there can be no assurance of this.

As at March 31, 2018, the Company held cash, cash equivalents, restricted cash and short-term investments of \$123 million and undrawn credit facilities of \$335 million.

## Cash generation and capital management:

### Cashflow

<i>Unaudited (\$ millions, except as noted)</i>	<b>Three Months ended March 31,</b>		
	<b>2018</b>	2017	% Change
<b>Cash provided by operations before changes in working capital<sup>NG</sup></b>	<b>66.6</b>	118.1	(44%)
- Changes in working capital	<b>(106.3)</b>	(45.6)	133%
<b>Cash (used in) provided by operating activities</b>	<b>(39.7)</b>	72.5	(155%)
Cash used in investing activities:			
- Capital additions (cash)	<b>(59.0)</b>	(69.0)	(14%)
- Short-term investment net redeemed (net purchased)	-	(25.0)	(100%)
- Payment to AuRico shareholders	<b>(247.0)</b>	-	(100%)
- Cash received on AuRico acquisition	<b>20.2</b>	-	100%
- Increase in restricted cash	<b>(2.3)</b>	(2.7)	(14%)
- Other investing items	<b>(6.0)</b>	(8.2)	(27%)
<b>Cash used in investing activities</b>	<b>(294.1)</b>	(104.9)	180%
Cash received from (used in) financing activities:			
- Proceeds from (repayment of) debt	<b>49.1</b>	(37.5)	(231%)
- Payment of interest and borrowing costs and other	<b>(10.7)</b>	(8.7)	22%
<b>Cash provided by (used in) financing activities</b>	<b>38.4</b>	(46.2)	(183%)
<b>Decrease in cash and cash equivalents</b>	<b>(295.4)</b>	(78.7)	275%

**Cash provided by operations** before working capital changes<sup>NG</sup> decreased to \$66.6 million in first quarter of 2018, compared to \$118.1 million in the comparative period, as a result of lower earnings in the current year and higher working capital levels. Working capital movements in the first quarter of 2018 reflect increased levels at Mount Milligan due to the timing of payments to Royal Gold and increased receivable levels at Kumtor due to timing of shipments, partially offset by reduced levels in the molybdenum business.

The Company used \$39.7 million in cash from operations in the first quarter of 2018 as compared to generating \$72.5 million in the same period of 2017. Mount Milligan used \$42.4 million in the first quarter of 2018, as a result of the mill processing disruptions discussed previously (compared to \$2.8 million used in the comparative period), while Kumtor generated \$43.1 million as compared to \$91.6 million for the comparative period in 2017, a decrease related to lower production and the timing of shipments.

**Cash used in investing activities** increased to \$294.1 million in the first quarter of 2018 as compared to \$104.9 million in the same period of 2017, reflecting in 2018 the AuRico Acquisition for net cash outlays of \$226.8 million.

**Cash provided by financing activities** of \$38.4 million in the first quarter of 2018 represents the drawdown of \$125 million under the AuRico Acquisition Facility (which was later replaced by the Corporate Facility), the repayment of the EBRD Facility of \$76 million and payment of interest and borrowing costs. In the comparative quarter of 2017, the Company used \$46.2 million from its financing activities, including principal repayments of \$25 million on its EBRD Facility and \$12.5 million on the Centerra B.C. Facility, in addition to normal payments for interest and borrowing costs.

Cash, cash equivalents, restricted cash and short-term investments at March 31, 2018 decreased to \$123.4 million from \$416.6 million at December 31, 2017.

## **Credit Facilities**

Centerra was in compliance with the terms of all of its credit facilities at March 31, 2018.

### *Centerra Revolving Term Corporate Facility*

On February 1, 2018, the Company entered into a new \$500 million four-year senior secured revolving credit facility (the "Corporate Facility").

The Corporate Facility is held at the corporate level and is an amendment and restatement of a credit facility entered into by Centerra B.C. Holdings Inc. (the "Centerra B.C. Facility"), which had an outstanding balance owed of \$190 million at the time of the amendment. The Corporate Facility also replaced the AuRico Acquisition Facility and the EBRD Facility (discussed below).

The Corporate Facility is for general corporate purposes, including working capital, investments, acquisitions and capital expenditures and as at March 31, 2018 had a drawn balance of \$315 million.

### *OMAS Facility*

In 2016, OMAS, a wholly-owned subsidiary of the Company, entered into a \$150 million five-year revolving credit facility (the "OMAS Facility"). In April 2018, the OMAS Facility was amended, and among other things, extended the expiry of the facility from December 30, 2021 to March 31, 2024. The purpose of the OMAS Facility is to assist in financing the construction of the Company's Öksüt Project.

Availability of the OMAS Facility is subject to customary conditions precedent, with a deadline for completion of June 30, 2018. If the conditions are not satisfied, waived or amended by such deadline, the commitments under the OMAS Facility will be cancelled. The Company expects that such conditions will be satisfied in the normal course.

As part of the April 2018 amendment to the OMAS Facility, OMAS agreed to apply all excess cash flow towards debt prepayment until the Öksüt Project's mining license is extended beyond its current expiry date of January 16, 2023. OMAS intends to apply for the extension of its mining license when permitted under Turkish legislation, which is two years prior to its expiry. In addition, Centerra will provide a limited guarantee of a portion of OMAS' obligations under the OMAS Facility and will agree to comply with certain covenants which are consistent with the covenants under the Corporate Facility. The guarantee will be callable under certain limited circumstances – primarily if the Öksüt mining license is not extended beyond January 16, 2023. The guarantee provided by Centerra as at January 16, 2023 will be limited to the OMAS facility balance outstanding at that time.

As at March 31, 2018, \$4.9 million (December 31, 2017 - \$4.8 million) of OMAS Facility deferred financing fees were included in prepaid expenses as the Company has yet to draw from the facility. The deferred financing fees are being amortized over the term of the OMAS Facility. The Company expects to be in a position to draw on the OMAS Facility in the second quarter of 2018. See "Caution Regarding Forward Looking information".

### *AuRico Metals Inc. Acquisition Facility*

Subsequent to the end of the year, on January 8, 2018, the Company announced it had acquired all of the issued and outstanding common shares of AuRico. The purchase was funded, in part, by a \$125 million acquisition facility ("AuRico Acquisition Facility"). The AuRico Acquisition Facility was repaid and cancelled when the Company entered into the Corporate Facility, noted above.

## *Centerra EBRD Corporate Facility*

In 2016, the Company entered into a five-year \$150 million revolving credit facility (the “EBRD Facility”) with EBRD. In the first quarter of 2018, in connection with the entering into of the Corporate Facility, the Company repaid the \$76 million principal amount outstanding under the EBRD Facility and subsequently cancelled the EBRD Facility.

### ***Capital Expenditure (spent and accrued)***

<i>\$ millions</i>	<b>Three Months ended March 31,</b>		
	<b>2018</b>	2017	Change
<b>Consolidated:</b>			
Sustaining capital <sup>NG</sup>	<b>24.7</b>	19.8	4.9
Capitalized stripping <sup>(1)</sup>	<b>38.5</b>	62.5	(24.0)
Growth capital <sup>NG</sup>	<b>3.4</b>	0.9	2.5
Öksüt Project development	<b>5.4</b>	2.1	3.3
Greenstone Gold Property capital <sup>(2)</sup>	<b>1.8</b>	1.0	0.8
Kemess Underground Project development	<b>0.2</b>	-	0.2
Gatsuurt Project development	-	0.5	(0.5)
<b>Total</b>	<b>74.0</b>	86.8	(12.8)

<sup>(1)</sup>Includes cash component of \$28.7 million in the first quarter ended March 31, 2018 (2017: \$46.7 million).

In accordance with the Company's accounting policy, the 50% share paid on behalf of Premier Gold Mines Limited in the project is capitalized  
<sup>(2)</sup>as part of mineral properties in Property, Plant & Equipment.

Capital expenditures in the first quarter of 2018 totaled \$74.0 million compared to \$86.8 million in the same period of 2017, resulting mainly from reduced spending on capitalized stripping at Kumtor, higher spending on the Company's development projects (mainly at Öksüt), partially offset by higher sustaining capital<sup>NG</sup> for equipment rebuilds and overhauls.

## **6. Financial Instruments**

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

### *Fuel Hedges:*

In 2016, the Company established a diesel fuel price hedging strategy using derivative instruments to manage the risk associated with changes in diesel fuel prices to the cost of operations at the Kumtor Mine. The diesel fuel hedging program is a 24-month rolling program and the Company targets to hedge up to 50% of monthly diesel purchases. The Company hedges its exposure with crude oil futures contracts, as the price of diesel fuel closely correlates to the price of crude oil.

### *Gold and Copper Derivative Contracts:*

The Company must satisfy its obligation under the Mount Milligan Streaming Arrangement by delivering refined physical gold and LME copper warrants to Royal Gold at the time of receiving payment from third-party purchasers who purchase concentrate from the Mount Milligan mine. In order to hedge the metal price risk that arises when physical purchase and concentrate sales pricing periods do not match, the Company has entered into certain forward gold and copper purchases and forward sales contracts pursuant to which



it purchases gold or copper at an average price during a future quotational period and sells gold or copper at the current spot price. These derivative contracts are not designated as hedging instruments.

*Mount Milligan Gold and Copper Facility Hedges:*

As part of an amendment to the Centerra B.C. Facility in August 2017, a condition precedent to draw funds from the facility required the Company to enter into a hedging program to cover the period from July 2017 to June 2019. The amendment required hedging 50% of future un-streamed gold and 75% of un-streamed copper production at the Mount Milligan mine at a minimum average floor price of \$1,200 per gold ounce and minimum average floor price of \$2.50 per copper pound.

The hedge positions for each of these programs as at March 31, 2018 are summarized as follows:

Program	Instrument	Unit	Average strike price	Type	Settlement		As at March 31, 2018	
					2018	2019	Total position	Fair value gain (loss) ('000')
Fuel Hedges	Crude oil options <sup>(1)</sup>	Barrels	\$65	Fixed	225,000	72,000	297,000	\$1,584
Fuel Hedges	Zero-cost collars <sup>(2)</sup>	Barrels	\$46/\$59	Fixed	-	23,000	23,000	\$185
<b>Centerra B.C. Facility Hedging Program (Strategic Hedges):</b>								
Copper Hedges	Forward contracts <sup>(1)</sup>	Pounds	\$2.95	Fixed	3.6 million	-	3.6 million	\$(342)
Copper Hedges	Zero-cost collars <sup>(2)</sup>	Pounds	\$2.49/\$3.25	Fixed	32.9 million	27.5 million	60.4 million	\$(6,245)
Gold Hedges	Forward contracts <sup>(1)</sup>	Ounces	\$1,286	Fixed	26,045	-	26,045	\$(1,087)
Gold Hedges	Zero-cost collars <sup>(2)</sup>	Ounces	\$1,248/\$1,362	Fixed	44,806	36,799	81,605	\$(2,296)
<b>Gold/Copper Hedges (Royal Gold deliverables):</b>								
Gold Derivative Contracts	Forward contracts <sup>(1)</sup>	Ounces	ND <sup>(3)</sup>	Float	18,809	-	18,809	\$(123)
Copper Derivative Contracts	Forward contracts <sup>(1)</sup>	Pounds	ND <sup>(3)</sup>	Float	5.3 million	-	5.3 million	\$(173)
<b>FX Hedges</b>								
USD/CAD Derivative Contracts	Zero-cost collars <sup>(2)</sup>	CAD Dollars	1.23/1.311	Fixed	37 million	-	37 million	\$(428)

(1) Under the forward contracts (including crude oil options), the Company can buy and sell specified assets, typically metals or currency, at a specified price at a certain future date.

(2) Under the zero-cost collar: (i) the Company can put the number of gold ounces or copper pounds to the counterparty at the minimum price, if the price were to fall below the minimum, and (ii) the counterparty has the option to require the Company to sell to it the number of gold ounces or copper pounds at the maximum price, if the price were to rise above the maximum.

(3) ND = Royal Gold hedging program with floating terms, that are not defined as at March 31, 2018.

As part of the amendment of the Corporate Facility in the first quarter of 2018, the hedging program is no longer required. In early April 2018, the Company unwound a selection of hedges that were scheduled to settle in the second quarter of 2018. The unwound hedges included copper forward contracts with an average strike price of \$2.95 per pound, copper zero-cost collars with a ceiling of \$2.73 per pound and gold forward contracts with an average strike price of \$1,285 per oz. The cost to unwind these instruments was \$2.8 million. The following table outlines the March 31, 2018 hedge program positions excluding the contracts that were unwound in April 2018:

							As at March 31, 2018	
Program	Instrument	Unit	Average strike price	Type	2018	2019	Total position	Fair value gain (loss) ('000')
<b>Centerra B.C. Facility Hedging Program (Strategic Hedges):</b>								
Copper Hedges	Zero-cost collars <sup>(2)</sup>	Pounds	\$2.50/\$3.30	Fixed	27.6 million	27.5 million	55.1 million	\$(4,599)
Gold Hedges	Forward contracts <sup>(1)</sup>	Ounces	\$1,286	Fixed	18,862	-	18,862	\$(803)
Gold Hedges	Zero-cost collars <sup>(2)</sup>	Ounces	\$1,248/\$1,362	Fixed	44,806	36,799	81,605	\$(2,296)

The remaining gold hedging program in 2018 consists of 63,668 gold ounces, including 18,862 ounces sold under forward contracts at an average strike price of \$1,286 per ounce and 44,806 ounces of zero-cost collars at an average strike price range of \$1,246 to \$1,358 per ounce. The remaining copper hedging program in 2018 consists of 27.6 million copper pounds of zero-cost collars at an average strike price range of \$2.50 to \$3.30 per pound.

The gold hedging program is more heavily weighted to zero cost collars in the second half of the program in 2018 and 2019 with 70% and 100% collars, respectively. This hedging strategy has also been adopted for copper hedges with 100% collars remaining in 2018 and 2019.

Centerra does not enter into off-balance sheet arrangements with special purpose entities in the normal course of its business, nor does it have any unconsolidated affiliates.

## 7. Operating Mines and Facilities

### Kumtor Mine

The Kumtor open pit mine, located in the Kyrgyz Republic, is one of the largest gold mines in Central Asia. It has been in production since 1997 and has produced over 11.6 million ounces of gold to March 31, 2018.

### Developments in 2018

- The Company continued to work with the Government of the Kyrgyz Republic to satisfy the conditions precedent to completion of the comprehensive settlement agreement entered into with the Government on September 11, 2017. In April 2018, the longstop date for completion of all such conditions has again been extended and has now been set at May 31, 2018. See “Other Corporate Developments – Kyrgyz Republic”.
- On April 19, 2018, the Kyrgyz Republic Government was dismissed following a vote of no confidence in the Kyrgyz Republic Parliament. We understand that a new government has been formed and Centerra will continue to work with the Government of the Kyrgyz Republic to ensure the satisfaction of the remaining conditions precedent to completion of the Strategic Agreement.

## Kumtor Operating Results

(\$ millions, except as noted)	Three months ended March 31,		
	2018	2017	% Change
<b>Financial Highlights:</b>			
Revenue - \$ millions	153.0	164.1	(7%)
Cost of sales (cash)	42.6	35.2	21%
Cost of sales (non-cash)	35.6	37.2	(4%)
Cost of sales (total)	78.2	72.4	8%
Cost of sales - \$/oz sold <sup>(1)</sup>	669	537	24%
Cash provided by operations	43.1	91.6	(53%)
Cash provided by operations before changes in working capital <sup>(1)</sup>	84.6	102.4	(17%)
<b>Operating Highlights:</b>			
Tonnes mined - 000s	47,314	39,003	21%
Tonnes ore mined - 000s	1,405	-	0%
Average mining grade - g/t	2.02	-	0%
Tonnes milled - 000s	1,668	1,536	9%
Average mill head grade - g/t	2.58	3.53	(27%)
Mill Recovery - %	72.2%	76.0%	(5%)
Mining costs - total (\$/t mined material)	1.08	1.23	(12%)
Milling costs (\$/t milled material)	9.26	10.05	(8%)
Gold produced - ounces	100,220	127,400	(21%)
Gold sold - ounces	116,919	134,682	(13%)
Average realized gold price <sup>(1)</sup> - \$/oz sold	\$ 1,309	\$ 1,219	7%
Capital Expenditures (sustaining) <sup>(1)</sup> - cash	11.3	15.2	(26%)
Capital Expenditures (growth) <sup>(1)</sup> - cash	3.4	0.9	281%
Capital Expenditures (stripping) - cash	28.7	46.7	(39%)
Capital Expenditures (stripping) - non-cash	9.7	15.8	(38%)
Capital expenditures (total)	53.2	78.7	(32%)
Operating Costs (on a sales basis) <sup>(2)</sup>	42.6	35.2	21%
All-in sustaining costs (including taxes) <sup>(1)</sup>	88.6	102.7	(14%)
Adjusted operating costs <sup>(1)</sup> - \$/oz sold	\$ 412	\$ 300	37%
Operating Costs (on a sales basis) - \$/oz sold <sup>(1)</sup>	\$ 365	\$ 261	40%
Gold - All-in sustaining costs on a by-product basis - \$/oz sold <sup>(1)</sup>	\$ 758	\$ 763	(1%)
Gold - All-in sustaining costs on a by-product basis (including taxes) - \$/oz sold <sup>(1)</sup>	\$ 942	\$ 935	1%

(1) Non-GAAP measure. See discussion under "Non-GAAP Measures"

(2) Operating costs (on a sales basis) is a non-GAAP measure and is comprised of mine operating costs such as mining, processing, administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes reclamation costs and depreciation, depletion and amortization.

### Production

During the first quarter of 2018, Kumtor focused on developing the Central Pit through mining cut-backs 18 and 19 and the unloading of ice. In addition, Kumtor carried out preparation works to access cut-back 20B.

Total waste and ore mined in the first quarter of 2018 was 47.3 million tonnes compared to 39.0 million tonnes in the first quarter of 2017, representing an increase of 21%. The main reasons for this increase were due to favourable weather conditions in 2018 compared to 2017, which resulted in fewer delays, 9% shorter average haulage distance compared to 2017, and various process improvements that increased truck payloads.

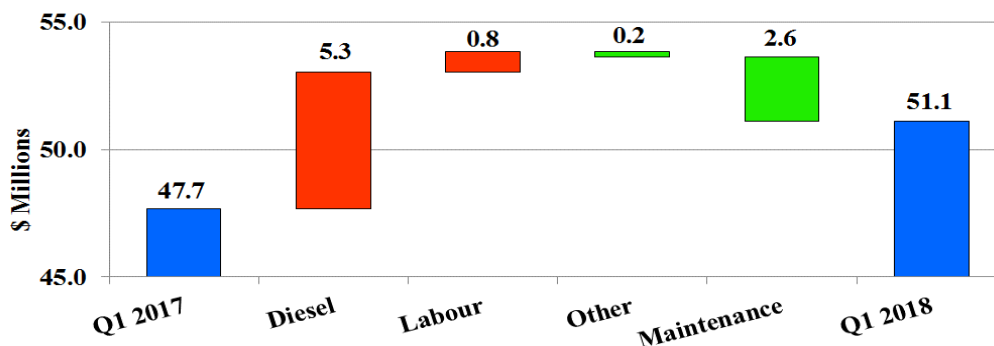
Kumtor produced 100,220 ounces of gold in the first quarter of 2018 compared to 127,400 ounces of gold in the same period of 2017. The decrease in ounces poured in the first quarter of 2018 is a result of processing the stockpiled ore from the Sarytor pit which is lower grade and more metallurgically complex, as compared to the stockpiled ore processed from cut-back 17 in the comparative period of 2017. During

the first quarter of 2018, Kumtor’s average mill head grade was 2.58 g/t with a recovery of 72.2% compared to 3.53 g/t and a recovery of 76.0% for the same period in 2017.

**Operating costs and All-in Measures:**

Operating costs (on a sales basis)<sup>NG</sup>, including capitalized stripping, decreased in the first quarter of 2018 by \$10.6 million to \$ 71.3 million compared to \$81.9 million in the same period of 2017. The movements in the major components of operating costs (mining, milling and site support), including capitalized stripping but before changes in inventory, is explained below:

**Mining Costs, including capitalized stripping (First Quarter 2018 compared to First Quarter 2017):**



Mining costs, including capitalized stripping, totaled \$51.1 million in the first quarter of 2018, which was \$3.4 million higher than the comparative quarter in 2017. Increased costs for first quarter of 2018 includes higher diesel costs (\$5.3 million), which was due to higher consumption resulting from an increase in tonnes mined and higher fuel prices, as well as higher labour costs (\$0.8 million) mainly due to unfavorable exchange rate fluctuation. Higher costs were partially offset by lower maintenance costs (\$2.6 million) resulting from increased work on the Hitachi shovels and haul trucks conducted in the first quarter of 2017, as compared to the first quarter of 2018.

**Milling Costs (First Quarter 2018 compared to First Quarter 2017):**

Milling costs amounted to \$15.5 million in the first quarter of 2018 compared to \$15.4 million in the comparative quarter of 2017. Higher mill reagent costs (\$0.7 million) were mainly due to increased processed tonnes in the mill. This was offset by lower liner costs (\$0.7 million) resulting from liner replacements in March 2017, which replacements were not performed during the first quarter of 2018.

**Site support Costs (First Quarter 2018 compared to First Quarter 2017):**

Site support costs in the first quarter of 2018 totalled \$12.9 million compared to \$10.7 million in 2017. The increase is attributable primarily to higher costs for food supplies and other miscellaneous costs.

**Other Cost movements**

Depreciation, depletion and amortization (“DD&A”) associated with sales decreased to \$ 35.6 million in the first quarter of 2018 from \$ 37.2 million in the comparative period, mainly due to fewer ounces sold.

All-in sustaining costs on a by-product basis per ounce sold<sup>NG</sup>, which excludes revenue-based tax, was \$758 in the first quarter of 2018 compared to \$763 in the same period of 2017. The decrease was mainly due to

lower pre-strip capitalized costs incurred, as a result of higher mining costs expensed in the first quarter of 2018, partially offset by lower ounces sold.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold<sup>NG</sup> was \$942 in the first quarter of 2018 compared to \$935 in the same period of 2017. The increase is mainly due to higher all-in sustaining costs<sup>NG</sup> (explained above).

## **Mount Milligan Mine**

The Mount Milligan Mine is an open pit mine located in north central British Columbia, Canada producing a gold and copper concentrate. Production at Mount Milligan is subject to a streaming arrangement with Royal Gold, Inc. and RGLD GOLD AG (collectively, “Royal Gold”) referred to hereafter as the “Mount Milligan Streaming Arrangement” pursuant to which Royal Gold is entitled to purchase 35% of the gold produced and 18.75% of the copper production at the Mount Milligan mine for \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered.

## **Recent Developments – Water Balance**

As previously discussed:

- On December 27, 2017, milling operations were suspended at Mount Milligan resulting from lower than expected fresh reclaim water volumes in the tailings storage facility (TSF), which is used for mill processing operations.
- On February 5, 2018, the Company reported that its Mount Milligan operation restarted mill operations at a reduced capacity, utilizing one ball mill to minimize water requirements. Mill operations achieved sustainable mill throughput levels of approximately 30,000 tonnes per day (tpd) by mid-February.
- The Company received an amendment to the Mount Milligan Environmental Assessment Certificate that allows for limited withdrawal of water from Philip Lake until October 2018. Mount Milligan began drawing water from the lake in early March 2018. The Company expects to carry out the necessary studies, and to consult with affected First Nations groups to work toward a further long-term amendment to the Environmental Assessment Certificate.
- On March 23, 2018, the second ball mill was started, with throughput steadily increasing to 40,000 tpd by end of March.
- After the freshet (spring melt) the mill throughput is planned to be steadily increased and is expected to average 55,000 tonnes per calendar day for the second half of 2018.

## Mount Milligan Operating Results

(\$ millions, except as noted)	Three months ended March 31,		
	2018	2017	% Change
<b>Financial Highlights:</b>			
Gold sales	16.1	56.1	(71%)
Copper sales	10.0	28.6	(65%)
<b>Total Revenues</b>	<b>26.1</b>	<b>84.7</b>	<b>(69%)</b>
Cost of sales (cash)	19.9	50.7	(61%)
Cost of sales (non-cash)	4.3	15.0	(71%)
<b>Cost of sales (total)</b>	<b>24.2</b>	<b>65.7</b>	<b>(63%)</b>
Cash used in operations	(42.4)	(2.8)	1417%
Cash provided by (used in) operations before changes in working capital <sup>(1)</sup>	(6.7)	32.0	(121%)
<b>Operating Highlights:</b>			
Tonnes mined - 000s	7,572	11,181	(32%)
Tonnes ore mined - 000s	2,230	5,865	(62%)
Tonnes milled - 000s	1,738	4,744	(63%)
Mill Head Grade Copper (%)	0.20%	0.17%	23%
Mill Head Grade Gold (g/t)	0.79	0.52	51%
Copper Recovery - %	83.6%	76.2%	10%
Gold Recovery - %	69.9%	58.5%	19%
Mining costs - total (\$/t mined material)	\$ 2.37	\$ 1.65	44%
Milling costs - total (\$/t milled material)	\$ 4.96	\$ 4.35	14%
Concentrate Produced (dmt)	13,536	27,751	(51%)
Payable Copper Produced (000's lbs) <sup>(4)</sup>	6,143	12,595	(51%)
Payable Gold Produced (oz) <sup>(4)</sup>	29,544	45,244	(35%)
Gold Sales (payable oz) <sup>(4)</sup>	15,513	53,232	(71%)
Copper Sales (000's payable lbs) <sup>(4)</sup>	4,506	13,612	(67%)
Average Realized Price - Gold (combined) - \$/oz <sup>(1)(3)</sup>	\$ 1,037	\$ 1,054	(2%)
Average Realized Price - Copper (combined) - \$/lb <sup>(1)(3)</sup>	\$ 2.22	\$ 2.10	6%
Capital Expenditures (sustaining) <sup>(1)</sup> - cash	12.8	4.5	181%
<b>Capital expenditures (total)</b>	<b>12.8</b>	<b>4.5</b>	<b>181%</b>
<b>Operating Costs (on a sales basis) ('000s)<sup>(2)</sup></b>	<b>19.9</b>	<b>50.7</b>	<b>(61%)</b>
Adjusted Operating costs- \$/oz sold <sup>(1)</sup>	702	443	59%
Gold - All in Sustaining costs on a by-product basis - \$/oz sold <sup>(1)</sup>	1,554	530	193%
Gold - All in Sustaining costs on a by-product basis (including taxes) - \$/oz sold <sup>(1)</sup>	1,565	549	185%
Gold - All in Sustaining costs on a co-product basis - \$/oz sold <sup>(1)</sup>	1,303	667	95%
Copper - All in Sustaining costs on a co-product basis - \$/pound sold <sup>(1)</sup>	3.08	1.86	66%

<sup>(1)</sup> Non-GAAP measure. See discussion under "Non-GAAP Measures"

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

<sup>(3)</sup> The average realized price of gold is a combination of market price paid by third parties and \$435 per ounce paid by Royal Gold, while the average realized price of copper is a combination of market price paid by third parties and 15% of the spot price per metric tonne of copper delivered paid by Royal Gold, in each case under the Mount Milligan Streaming Arrangement.

<sup>(4)</sup> Mount Milligan payable production and sales are presented on a 100% basis (the Mount Milligan Streaming Agreement entitles it to 35% and 18.75% of gold and copper sales, respectively). Under the Mount Milligan Streaming Arrangement, Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95% for copper and 97.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.

### Production

During the first quarter of 2018, mining was focused on phases 3 and 4. Road construction to access phase 8 was completed, and stripping of waste from phase 8 is expected to start in the second quarter of 2018. Total waste and ore mined in the first quarter of 2018 was 7.6 million tonnes and total tonnes moved was 8.1 million. Due to the mill shutdown in the first quarter of 2018 and the resulting change in the mining focus including pulling forward shovel maintenance, the comparative quarter of 2017 saw higher total waste and ore mined of 11.1 million tonnes and higher total tonnes moved of 11.8 million. Mine production averaged 90,000 tpd while it was 131,000 tpd in the comparative quarter of 2017.

Total mill throughput was 1.7 million tonnes in the first quarter of 2018 compared to 4.7 million tonnes in the same quarter of 2017. For the quarter ended March 31, 2018, mill throughput averaged 19,000 tonnes per calendar day (roughly 30,000 tonnes per operating day), compared to 53,000 tpd in the same quarter of 2017.

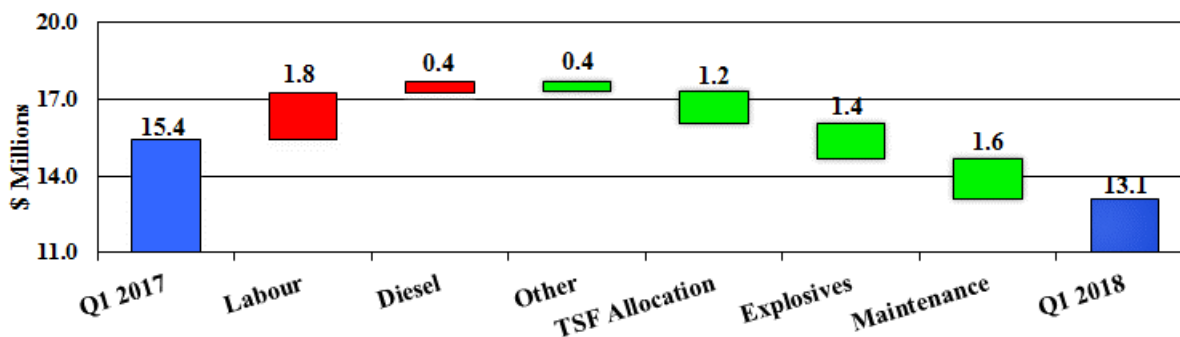
For the first quarter of 2018, total payable gold production was 29,544 ounces compared to 45,244 ounces in the comparative quarter of 2017. Total payable copper was 6.1 million pounds in the first quarter of 2018 compared to 12.6 million pounds in the same quarter of 2017.

### ***Operating costs and All-in Measures***

Operating cost (on a sales basis)<sup>NG</sup>, including standby costs, in the first quarter of 2018 was \$30.6 million compared to \$50.7 million in the same quarter of 2017. Operating costs in the first quarter of 2018 were lower than the same quarter of 2017 mainly due to lower sales volumes.

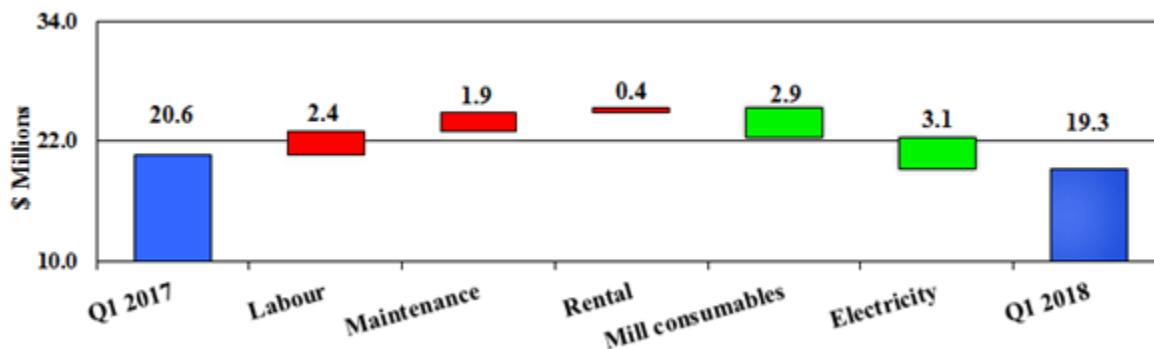
The movements in the major components of operating costs (mining, milling and site support), before changes in inventory, is explained below:

### **Mining Costs (First Quarter 2018 compared to First Quarter 2017):**



Mining costs totalled \$13.1 million in the first quarter of 2018, which was \$2.3 million lower than the comparative quarter of 2017. The decrease in costs for the first quarter of 2018 includes lower maintenance cost (\$1.6 million) resulting from a settlement of a long term maintenance agreement, lower explosive costs (\$1.4 million) due to lower tonnes mined (7.6 million tonnes versus 11.1 million tonnes), impact of a reduced power factor, higher TSF allocation costs (\$1.2 million) due to higher waste mined and moved to the TSF and lower other mining costs (\$0.4 million). This was partially offset by higher labour cost (\$1.8 million) due to an increase in manpower, higher diesel costs (\$0.4 million) due to higher prices, and higher costs for other operating material and supplies (\$0.4 million).

## Milling Costs, including standby costs (First Quarter 2018 compared to First Quarter 2017):



Milling costs (including standby costs) totalled \$19.3 million in the first quarter of 2018 compared to \$20.6 million in the comparative quarter of 2017. The decrease in operating costs was due to lower electricity costs (\$3.1 million) and milling consumable costs (\$2.9 million), partially offset by higher labour costs (\$2.4 million) due to an increase in manpower with the addition of a maintenance night shift crew and higher maintenance materials costs (\$1.9 million) as the opportunity was taken to bring forward maintenance work during the mill suspension. In addition, rental costs were higher (\$0.4 million) due to additional pumps and generators to proceed with water resources management.

### *Other Cost movements*

Site support costs in the first quarter of 2018 totaled \$10.5 million versus \$9.8 million in comparative quarter of 2017. The increase in site support costs include higher administration costs for materials and supplies (\$0.7 million), higher labour costs (\$0.5 million) due to increased manpower, higher environmental consultants costs (\$0.4 million) associated with EA expansion and other various cost increases. This was partially offset by lower royalties costs (\$1.5 million) resulting from lower product sales.

DD&A was \$4.3 million in the first quarter of 2018 compared \$15.9 million in the comparative quarter of 2017, reflecting decreased production and sales levels.

All-in sustaining costs before tax on a by-product basis per ounce sold<sup>NG</sup> was \$1,554 for the first quarter of 2018 compared to \$530 in the first quarter of 2017. The unit cost increase results from recording only one concentrate shipment in the first quarter of 2018 (due to the reduced mill production) compared to three concentrate shipments in the same period of 2017 (15,513 ounces versus 53,232 ounces).

All-in sustaining costs after tax on a by-product basis per ounce sold<sup>NG</sup> was \$1,565 for the first quarter of 2018 compared to \$549 in the first quarter of 2017.

Capital expenditure in the first quarter of 2018 was \$12.8 million which includes tailings storage facility (\$4.7 million), major repair of mining equipment (\$3.4 million), Philip Lake infrastructure development (\$2.0 million), purchase of milling equipment (\$1.0 million), development of additional water wells (\$0.8 million) and purchase of upper camp trailers and other projects (\$0.8 million). Sustaining capital<sup>NG</sup> expenditures in the comparative quarter of 2017 was \$4.5 million including spending on the tailings storage facility (\$3.4 million), major repair of mining equipment (\$0.4 million), purchase of mining equipment (\$0.4 million) and other projects (\$0.3 million).



## Molybdenum Business

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

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

## Molybdenum Operating Results

(\$ millions, except as noted)	Three months ended March 31,		
	2018	2017	% Change
<b>Financial Highlights:</b>			
Molybdenum (Mo) Sales - \$ millions	54.1	34.3	58%
Tolling, Calcining and Other	2.2	2.2	(1%)
<b>Total Revenues and Other Income</b>	<b>56.3</b>	<b>36.5</b>	<b>54%</b>
Cost of sales - cash	48.9	31.6	55%
Cost of sales - non-cash	1.4	2.0	(34%)
<b>Cost of Sales - Total</b>	<b>50.3</b>	<b>33.7</b>	<b>49%</b>
Care & Maintenance costs - Molybdenum mines	2.6	3.3	(21%)
Total capital expenditure	0.2	-	354%
Cash used in operations	(9.2)	(2.3)	294%
Cash provided by operations before changes in working capital <sup>(1)</sup>	4.3	1.7	145%
<b>Production Highlights:</b>			
Mo purchased	4,034	2,826	43%
Mo oxide roasted	4,307	4,734	(9%)
Mo sold	4,431	4,023	10%
Toll roasted and upgraded Mo	1,241	1,689	(27%)

<sup>(2)</sup> Cash (used in) provided by operations before changes in working capital, is a non-GAAP measure and is discussed under "Non-GAAP Measures".

### Production:

A total of 4.4 million pounds of molybdenum were sold and 1.2 million pounds were tolled during the first quarter of 2018 resulting in sales revenue of \$56.3 million. In the first quarter of 2018, the molybdenum business generated \$4.3 million of cash from the operations before changes in working capital<sup>NG</sup>, net of \$2.6 million in care and maintenance expenses at the two molybdenum mines. Total capital spending was \$0.2 million.

## **8. Development Projects**

### **Öksüt Project:**

At the Öksüt Project in Turkey, the Company spent \$5.4 million during the first quarter of 2018 (\$2.1 million during the first quarter of 2017) on fees payable in connection with the pastureland permit and further development activities to enable commencement of the construction phase of the project.

In January 2018, OMAS received approval of its pastureland permit for the Öksüt Project and construction activities at the Öksüt Project commenced in late March 2018 with the mobilizing of construction crews and construction of the main access road started. The first gold pour is expected to occur in the first quarter of 2020. OMAS is expected to invest approximately \$220 million over 22 months to bring the Öksüt Project into production.

In February 2018, OMAS received an Investment Incentive Certificate (“IIC”) from the Turkish Ministry of Economy for the development of the Company’s Öksüt Project. The IIC provides tax related advantages such as a decrease of corporate income tax rate from 20% to 2%, VAT and customs duty exemptions, and government support for social security premiums and interest payments on loans.

### **Kemess Underground Project:**

On January 8, 2018, the Company completed the AuRico Acquisition, which has a 100% interest in the Kemess Project located in north-central British Columbia, Canada. The Kemess Project site (or “Kemess”) includes infrastructure from the past producing Kemess South mine. There are currently no mining operations or mine development activities at the Kemess site and on-site activities are restricted to care and maintenance activities until such time when a decision is made to proceed with the development of the proposed Kemess Underground Project.

During the first quarter of 2018, the Company spent \$1.4 million and \$0.6 million on care and maintenance and pre-development activities at Kemess, respectively. Pre-development spending at Kemess included responding to questions from regulators and stakeholders on project permit applications, engineering and various testwork for the project, as well as continued spend on project engineering and tendering of various contracts.

The Company continues to work at advancing the final normal course permits for the underground access and construction and expects to receive those permits in the second half of 2018. No construction decision has, as yet, been made on the Kemess Project.

During the quarter, the Centerra board approved an updated development program of \$48 million for 2018 to further advance the project. The program is expected to focus on pre-construction activities (totalling \$31 million), including the purchase of a water treatment and water discharge system, \$11 million to be spent on care & maintenance on the property and \$4 million to be recognized as pre-development expense.

### **Greenstone Gold Property:**

As previously disclosed, the Greenstone Partnership has not made a development or construction decision on the Hardrock Project. The Greenstone Partnership completed and submitted the Environmental Impact Study and Environmental Assessment (“EIS/EA”) to the Canadian Environmental Assessment Agency

(“CEAA”) and Ministry of the Environment and Climate Change (“MOECC”) in July 2017, and anticipates a decision by year-end.

The Greenstone Partnership undertook other activities in the first quarter of 2018 to de-risk the profile of the project.

The Company spent \$3.3 million in the first quarter of 2018 (\$2.3 million in 2017) addressing comments on the EIS/EA, permitting work, engineering on public infrastructure programs and engineering to support permit applications, and continued engagement with Aboriginal communities in negotiating impact benefit agreements.

To date, Centerra’s funding towards its C\$185 million commitment in the Greenstone Partnership totals C\$71.9 million (\$55.3 million).

## 9. Quarterly Results – Previous Eight Quarters

Over the last eight quarters, Centerra’s results reflect the impact of decreasing input costs (mainly for consumables) which have seen a continued decrease since 2016, except for diesel prices which increased in 2017 and into the first quarter of 2018. Over the same periods, gold prices progressively increased over the first three quarters of 2016, until dropping in the fourth quarter and resumed a steady increase over the 2017 year and into the first quarter of 2018. In 2017, the Euro, Canadian dollar, Mongolian tugrik and Kyrgyz som appreciated against the U.S. dollar thereby putting pressure on operating costs spent in these currencies. These currencies held their own in the first quarter of 2018. Comparatively, most currencies weakened in 2016 as compared to the U.S. dollar which had a positive impact on foreign-denominated costs (such as labour). The Company reduced its carrying value of its Mongolian assets by \$41.3 million (pre-tax) in the second quarter of 2017 and recorded a provision of \$60 million in connection with the Strategic Agreement in the third quarter of 2017. The quarterly production profile at Kumtor for 2017 was more consistent across each quarter, while the production profile in 2016 was more concentrated in the last nine months of the year. Non-cash costs have progressively increased at Kumtor due to its expanded mining fleet and the increased amortization of capitalized stripping resulting from increased stripping as the Central pit has become larger. The addition of Mount Milligan’s results began with the closing of the acquisition of Thompson Creek on October 20, 2016. The quarterly financial results for the last eight quarters are shown below:

\$ million, except per share data Quarterly data unaudited	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	235	358	276	279	285	306	220	162
Net earnings (loss)	9	130	(1)	23	57	64	67	3
Basic earnings (loss) per share	0.03	0.45	-	0.08	0.20	0.23	0.28	0.01
Diluted earnings (loss) per share	0.03	0.43	-	0.08	0.20	0.23	0.28	-

## 10. Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries. Readers are cautioned that there are a number of legal and regulatory matters that are currently affecting the Company and that the following is only a brief summary of such matters. For a more complete discussion of these matters, see the Company’s news releases and its 2017 Annual Information

Form and specifically the section entitled “Risks that can affect our business” therein available on SEDAR at [www.sedar.com](http://www.sedar.com). The following summary also contains forward-looking statements and readers are referred to “Caution Regarding Forward-looking Information”.

## **Kyrgyz Republic**

### Strategic Agreement

As previously disclosed, Centerra and its Kyrgyz subsidiaries (Kumtor Gold Company (“KGC”) and Kumtor Operating Company) entered into a comprehensive settlement agreement (the “Strategic Agreement”) with the Government of the Kyrgyz Republic (the “Government”) on behalf of the Kyrgyz Republic on September 11, 2017. The Strategic Agreement includes, among other things:

- (i) full and final reciprocal releases and resolution of all existing arbitral and environmental claims, disputes, proceedings and court orders, and releases of the Company and its Kyrgyz subsidiaries from future claims covering the same subject matter as the existing environmental claims arising from approved mine activities;
- (ii) the agreement of KGC to:
  - a. make a one-time lump sum payment totaling \$57 million to a new, government-administered Nature Development Fund (\$50 million) following closing and to a new, government administered Cancer Care Support Fund (\$7 million) which was paid in 2017;
  - b. within 12 months of closing make a further one-time payment of \$3 million to the new, government administered Cancer Care Support Fund;
  - c. make annual payments of \$2.7 million to the Nature Development Fund, conditional on the Government continuing to comply with its obligations under the Strategic Agreement; and
  - d. accelerate its annual payments to Kumtor’s Reclamation Trust Fund in the amount of \$6 million a year until the total amount contributed by KGC reaches the total estimated reclamation cost for the Kumtor Project (representing the independent assessment of Kumtor’s current reclamation costs) subject to a minimum total reclamation cost of \$69 million (which is broadly in line with KGC’s current estimated reclamation cost for the Kumtor Project);

The releases of liability and outstanding payments are subject to a range of initial conditions precedent designed to protect Centerra, KGC and KOC, including (i) the approval by the Government of various outstanding items, including the Kumtor life-of-mine (LOM) plan, official reserves report and the tailings dam expansion, (ii) compliance by the Government with its obligations under the project agreements entered into by the Government, KOC and KGC in 2009 (the “Kumtor Project Agreements”), (iii) continued operation of the Kumtor Mine by KGC and KOC with all necessary permits, (iv) no expropriatory action having been taken by the Government, and (v) termination of the environmental disputes and the civil and criminal proceedings instigated by the Kyrgyz General Prosecutor’s Office on terms satisfactory to Centerra. The Government approvals conditions noted in (i) above all been obtained and the Company is continuing to work closely with the Government to expeditiously satisfy the remaining conditions precedent to the Strategic Agreement, which are expected to be completed in the second quarter of 2018. The initial

longstop date for the satisfaction of all of the conditions precedent to completion of the Strategic Agreement has been extended to May 31, 2018.

In connection with the Strategic Agreement, the arbitration previously commenced by Centerra, KGC and KOC against the Government of the Kyrgyz Republic and Kyrgyzaltyn will be suspended until May 31, 2018. During the suspension, the parties will work towards completing the Strategic Agreement and the resolution of all outstanding matters affecting the Kumtor Project.

On April 19, 2018, the Kyrgyz Republic Government was dismissed following a vote of no confidence in the Kyrgyz Republic Parliament. The Company understands that a new government has been formed and Centerra will continue to work with the Government of the Kyrgyz Republic to ensure the satisfaction of the remaining conditions precedent to completion of the Strategic Agreement.

#### Kyrgyz Republic Claims

The following is a summary of the claims in the Kyrgyz Republic against the Kumtor Project, including those made by Kyrgyz Republic state environmental agencies and the General Prosecutor's office.

#### SAEPF Claims

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

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

#### SIETS Claims

As previously disclosed, on May 25, 2016, the Bishkek Inter-District Court in the Kyrgyz Republic ruled against Kumtor Operating Company ("KOC"), Centerra's wholly-owned subsidiary, on two claims made by the State Inspectorate Office for Environmental and Technical Safety of the Kyrgyz Republic ("SIETS") in relation to the placement of waste rock at the Kumtor waste dumps and unrecorded wastes from Kumtor's effluent and sewage treatment plants. The Inter-District Court awarded damages of 6,698,878,290 Kyrgyz soms (approximately \$94.4 million at current exchange rates) and 663,839 Kyrgyz soms (approximately \$9,300 at current exchange rates), respectively. On June 1, 2016, the Inter-District Court ruled against KOC on two other claims made by SIETS in relation to alleged land damage and failure to pay for water use. The Inter-District Court awarded damages of 161,840,109 Kyrgyz soms (approximately \$2.3 million) and 188,533,730 Kyrgyz soms (approximately \$2.7 million), respectively.

On March 27, 2018, upon the application of SIETS, the Bishkek City Court terminated each of the SIETS claims noted above, though we understand that SIETS has subsequently filed applications to re-open those claims.

### *Kyrgyz Republic General Prosecutor's Office Proceedings*

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

#### *Criminal Proceedings Against Unnamed KGC Managers*

On May 30, 2016, a criminal case was opened by the Kyrgyz Republic General Prosecutor's Office ("GPO") against unnamed KGC managers alleging that such managers engaged in transactions that deprived KGC of its assets or otherwise abused their authority, causing damage to the Kyrgyz Republic. Specifically, the case appears to be focused on the reasonableness of certain of KGC's commercial transactions and in particular, the purchase of goods and supplies in the normal course of its business operations and the expenses relating to the relocation of the Kumtor Project's camp in 2014 and 2015. Further to such investigation, the GPO has carried out searches of KGC's offices and seized documents and records. The Company has received notice that this proceeding has been terminated as of March 15, 2018.

#### *2013 KGC Dividend Civil and Criminal Proceeding*

On June 3, 2016, the Inter-District Court renewed a claim previously commenced by the GPO seeking to unwind the \$200 million dividend paid by KGC to Centerra in December 2013 (the "2013 Dividend"). On September 14, 2017, the Bishkek Inter-District Court determined to leave the claim without review and, accordingly, the claim has been terminated. The Company understands that the GPO also initiated a criminal investigation of executives of the Company and KGC in respect of the 2013 Dividend but that investigation was terminated on February 28, 2018.

#### *Criminal Investigation into Environmental Matters*

KGC is also aware of an outstanding criminal investigation in the Kyrgyz Republic which concerns the same subject matter as the SIETS claims described above. The Company expects that this investigation will be terminated in connection with the Strategic Agreement.

#### *Land Use Claim*

As previously noted, KGC had challenged the purported 2012 cancellation of its land use (surface) rights over the Kumtor concession areas in the Kyrgyz Republic courts as well as in its arbitration claim (described above). On August 28, 2017, the Bishkek Inter-District Court terminated the proceeding commenced by the GPO in respect of Kumtor's land use rights over the Kumtor concession area. The Company expects that new land use certificates will be issued to Kumtor prior to completion of the Strategic Agreement.

#### *KGC Employee Movement Restrictions*

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

#### *GPO Review of Kumtor Project Agreements*

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

#### *Criminal Charges Regarding 2016 Casualty at Kumtor Mill*

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

#### Management Assessment of Outstanding Kumtor Matters

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

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

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

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

or litigation reserves to cover these costs. If the Company were obligated to pay these amounts, it would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

## **Mongolia**

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

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

## **11. Accounting Estimates, Policies and Changes**

### **Accounting Estimates**

The preparation of the Company's consolidated financial statements in accordance with IFRS required management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates and judgments applied in the preparation of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017.

### **Accounting policies and recent changes**

The accounting policies applied in the condensed consolidated interim financial statements for the three months ended March 31, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017, with the exceptions listed in note 3 of the condensed consolidated interim financial statements.

### **Recently issued but not adopted accounting guidance**

Note 3 in the condensed consolidated interim financial statements for the three months ended March 31, 2018 presents a list of recently issued accounting standards either adopted or not yet adopted by the Company, provides a brief description on the nature of these changes and potential impact on the Company. The Company adopted IFRS 15, *Revenue from Contracts with Customers*, in its first quarter 2018 results with minimal impact. Recently issued accounting standards and amendments not yet adopted related to IFRS 16, *Leases* and amendments and IFRIC 23, *Uncertainty over Income Tax Treatments*, which come into effect on January 1, 2019.



## **12. Disclosure Controls and Procedures and Internal Control Over Financial Reporting (“ICFR”)**

The Company’s management, including the CEO and CFO, is responsible for the design and operation of disclosure controls and procedures (“DC&P”) and internal controls over financial reporting (“ICFR”). Centerra adheres to the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) revised 2013 Internal Control Framework for the design of its ICFR. There was no material change to the Company’s internal controls over financial reporting that occurred during the first quarter of 2018 that has materially affected, or is reasonably likely to materially affect, the Company’s internal controls over financial reporting.

The evaluation of DC&P and ICFR was carried out under the supervision of and with the participation of management, including Centerra’s CEO and CFO. Based on these evaluations, the CEO and the CFO concluded that the design of these DC&P and ICFR were effective throughout the first quarter of 2018.

## **13. 2018 Outlook**

Production, cost and capital forecasts for 2018 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially. These risks are discussed herein under the headings “Risks That Can Affect Our Business”, “Material Assumptions & Risks” and “Caution Regarding Forward-Looking Information” in this document. Also refer to the Company’s most recent Annual Information Form and specifically the section entitled “Risks That Can Affect Our Business” therein available on SEDAR.

### **2018 Gold Production**

Centerra’s 2018 gold production is expected to be between 645,000 to 715,000 ounces, which is unchanged from the previous guidance disclosed in the Company’s news release of February 23, 2018. Kumtor’s gold production forecast is expected to be in the range of 450,000 ounces to 500,000 ounces and Mount Milligan’s payable gold production is expected to be in the range of 195,000 to 215,000 ounces, which is unchanged from the previous guidance. Kumtor and Mount Milligan are expected to generate about 45% and 30% of their annual gold production, respectively, in the fourth quarter of 2018.

Centerra’s 2018 guidance for production, exploration, corporate administration, royalty income and DD&A expense is unchanged from the previous guidance disclosed in the Company’s news release of February 23, 2018. Centerra’s 2018 guidance for capital spending has been revised to reflect additional planned spending on the Kemess Underground Project and reclassification of some Kemess costs from capital expenditures to pre-development, care and maintenance, and G&A costs.

### **2018 Copper Production**

Payable copper production is expected to be in the range of 47 million pounds to 52 million pounds, which is unchanged from the previous guidance.

Centerra’s 2018 production is forecast as follows:

<b>2018 Production Guidance</b>	<b>Units</b>	<b>Kumtor</b>	<b>Mount Milligan<sup>(1)</sup></b>	<b>Centerra</b>
<b>Gold</b>				
Unstreamed Gold Payable Production	(Koz)	450 – 500	127 – 140	577 – 640
Streamed Gold Payable Production <sup>(1)</sup>	(Koz)	–	68 – 75	68 – 75
<b>Total Gold Payable Production<sup>(2)</sup></b>	<b>(Koz)</b>	<b>450 – 500</b>	<b>195 – 215</b>	<b>645 – 715</b>
<b>Copper</b>				
Unstreamed Copper Payable Production	(Mlb)	–	38 – 42	38 – 42
Streamed Copper Payable Production <sup>(1)</sup>	(Mlb)	–	9 – 10	9 – 10
<b>Total Copper Payable Production<sup>(3)</sup></b>	<b>(Mlb)</b>	<b>–</b>	<b>47 – 52</b>	<b>47 – 52</b>

- 1) The Royal Gold Stream Arrangement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively, from the Mount Milligan Mine and Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered.
- 2) Gold production assumes 79% recovery at Kumtor and 61% recovery at Mount Milligan.
- 3) Copper production assumes 79% recovery for copper at Mount Milligan.

Forecast production in 2018 at Mount Milligan is dependent on sufficient water being available throughout the year. As discussed earlier, Mount Milligan is pursuing more permanent permitting solutions to allow higher levels of pumping from current water sources and is developing additional ground water sources. Should the spring melt provide average water flow into the tailing ponds and permit extensions or new access to additional water sources not materialize, we expect that production throughput will need to be reduced during winter months in the first quarter of 2019 to preserve water, thereby negatively impacting production levels.

### 2018 All-in Sustaining Unit Costs<sup>NG</sup>

Centerra's 2018 all-in sustaining costs per ounce sold<sup>NG</sup> on a by-product basis are unchanged from the previous guidance and are forecast as follows:

<b>2018 All-in Sustaining Unit Costs<sup>NG (4)</sup></b>	<b>Kumtor</b>	<b>Mount Milligan<sup>(2)</sup></b>	<b>Centerra</b>
<b>Ounces sold forecast</b>	<b>450,000 – 500,000</b>	<b>195,000 – 215,000</b>	<b>645,000-715,000</b>
<b>All-in sustaining costs on a by-product basis<sup>(1), (2)</sup></b>	<b>\$733 – \$815</b>	<b>\$806 – \$888</b>	<b>\$799 – \$885</b>
Revenue-based tax <sup>(3)</sup> and taxes <sup>(3)</sup>	171 – 190	19 – 21	125 – 139
<b>All-in sustaining costs on a by-product basis, including taxes<sup>(1), (2), (3)</sup></b>	<b>\$904 – \$1,005</b>	<b>\$825 – \$909</b>	<b>\$924 – \$1,024</b>
<b>Gold - All-in sustaining costs on a co-product basis (\$/ounce)<sup>(1),(2)</sup></b>	<b>\$733 – \$815</b>	<b>\$847 – \$932</b>	<b>\$812 – \$900</b>
<b>Copper - All-in sustaining costs on a co-product basis (\$/pound)<sup>(1),(2)</sup></b>	<b>–</b>	<b>\$1.90 – \$2.10</b>	<b>\$1.90 – \$2.10</b>

1) Non-GAAP measure. See discussion under “Non-GAAP Measures”

2) Mount Milligan payable production and ounces sold are on a 100% basis (the Mount Milligan Streaming Arrangement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively). Unit costs and consolidated unit costs include a credit for forecasted copper sales treated as by-product for all-in sustaining costs and all-in sustaining costs plus

taxes. The copper sales are based on a copper price assumption of \$3.00 per pound sold for Centerra's 81.25% share of copper production and the remaining 18.75% of copper revenue at \$0.45 per pound (15% of spot price, assuming spot at \$3.00 per pound), representing the Mount Milligan Streaming Arrangement. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters.

- 3) Includes revenue-based tax at Kumtor and the British Columbia mineral tax at Mount Milligan based on a forecast gold price assumption of \$1,275 per ounce sold.
- 4) Results in chart may not add due to rounding.

## 2018 Capital Expenditures

Centerra's projected capital expenditures for 2018, excluding capitalized stripping, have been revised to \$237 million, including \$100 million of sustaining capital<sup>NG</sup> and \$137 million of growth capital<sup>NG</sup>, compared to \$242 million, including \$100 million of sustaining capital<sup>NG</sup> and \$142 million of growth capital<sup>NG</sup> disclosed in the previous guidance to reflect reclassification of some of the Kemess Underground Project costs to pre-development, care and maintenance, and G&A costs. All other capital expenditure estimates are unchanged from the previous guidance.

Projected capital expenditures (excluding capitalized stripping) include:

<b>Projects</b>	<b>2018 Sustaining Capital<sup>(1)</sup></b> (\$ millions)	<b>2018 Growth Capital<sup>(1)</sup></b> (\$ millions)
Kumtor mine	49	14
Mount Milligan mine	44	-
Öksüt project	-	82
Kemess Underground project	-	31
Greenstone Gold property	-	10
Other (Thompson Creek mine, Endako mine (75%), Langeloth facility and Corporate)	7	-
<b>Consolidated Total</b>	<b>\$100</b>	<b>\$137</b>

<sup>(1)</sup> Sustaining and growth capital are non-GAAP measures and are discussed under "Non-GAAP Measures".

### *Kemess Underground Project*

In 2018, total planned spending on pre-construction activities at the Kemess Underground project has been increased to \$48 million from \$36 million in the previous guidance. The Company estimates that \$11 million of the total of \$48 million will be spent on care & maintenance of the property, \$4 million will be recognized as pre-development expense, \$2 million will be spent on G&A with the balance of \$31 million classified as capital expenditures. Pre-construction activities include permitting costs, pre-construction activities related to the access corridor and the construction of water management facilities. The Company continues to engage in discussions with regulators regarding its permit applications and other approvals required in advance of a potential construction decision later in the year. Additional details related to the Kemess Underground project is described in the technical report dated July 14, 2017 and filed on SEDAR by AuRico Metals Inc. and is available in the AuRico Metals profile on SEDAR.

## Sensitivities

Centerra's revenues, earnings and cash flows for the remaining nine months of 2018 are sensitive to changes in certain key inputs or currencies. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	Impact on (\$ millions)				Impact on (\$ per ounce sold)
		Costs	Revenues	Cash flows	Net Earnings (after tax)	AISC <sup>(3)</sup> on by-product basis
Gold price <sup>(1)</sup>	\$50/oz	3.7 – 4.3	21.5 – 24.7	17.8 – 20.4	17.8 – 20.4	0 - 1
Copper price <sup>(1)</sup>	10%	2.1 – 2.5	7.5 – 8.7	5.4 – 6.2	5.4 – 6.2	11 – 12
Diesel fuel	10%	3.9 - 4.3	-	5.3 - 5.8	3.9 - 4.3	8 – 9
Kyrgyz som <sup>(2)</sup>	1 som	1.0 - 2.0	-	1.0 - 2.0	1.0 - 2.0	1 - 2
Canadian dollar <sup>(2)</sup>	10 cents	24.0 - 27.0	-	24.0 - 27.0	21.0 - 24.0	28 – 31

<sup>(1)</sup> Gold and copper price sensitivities include the impact of the hedging program set up in order to mitigate gold and copper price risks.

<sup>(2)</sup> Appreciation of currency against the U.S. dollar will result in higher costs and lower cash flow and earnings, depreciation of currency against the U.S. dollar results in decreased costs and increased cash flow and earnings.

<sup>(3)</sup> Non-GAAP measure. See discussion under "Non-GAAP Measures".

## Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for the remaining nine months of 2018 include the following:

- a gold price of \$1,275 per ounce,
- a copper price of \$2.90 per pound,
- a molybdenum price of \$12 per pound, up from the previous assumption of \$8.25 per pound,
- exchange rates:
  - \$1USD:\$1.25 CAD
  - \$1USD:71.0 Kyrgyz som,
  - \$1USD:3.5 Turkish lira
  - \$1USD:0.87 Euro
- diesel fuel price assumption:
  - \$0.45/litre at Kumtor
  - \$0.82/litre at Mount Milligan, up from the previous assumption of \$0.69/litre

The assumed diesel price of \$0.45/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel for Kumtor is sourced from separate Russian suppliers. The diesel fuel price assumptions were made when the price of oil was approximately \$68 per barrel. Crude oil is a component of diesel fuel purchased by the Company, such that changes in the price of Brent crude oil generally impacts diesel fuel prices. The Company established a hedging strategy to manage changes in diesel fuel prices on the cost of operations at the Kumtor mine. The diesel fuel hedging program is a 24-month rolling program. The Company targets to hedge up to 50% of crude oil component of monthly diesel purchases exposure.

Other material assumptions were used in forecasting production and costs for the remaining nine months of 2018. These material assumptions include the following:

- The Company and its applicable subsidiaries throughout the year continue to meet the terms of their respective credit facilities in order to maintain current borrowings and compliance with the facilities financial covenants.
- That the Company and the newly installed Kyrgyz Republic Government (“Government”) continue and that the parties continue to work constructively to complete the Kumtor Strategic Agreement, that the Government does not take any actions that are contrary to the Strategic Agreement and/or the Kumtor Project Agreement and which have a material adverse impact on the Kumtor operations, and that the Kyrgyz proceedings are not reinstated or progressed contrary to the terms of the Strategic Agreement and/or the Kumtor Project Agreements.
- The mine plans, expertises and related permits and authorizations at Kumtor which have been received to date for 2018 are not withdrawn and that any further approvals are obtained in a timely manner from relevant governmental agencies in the Kyrgyz Republic.
- Any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine and/or power to the mine site.
- Any sanctions imposed on Russian entities do not have a negative effect on the costs or availability of inputs or equipment to the Kumtor Project.
- The movement in the Central Valley Waste Dump at Kumtor, initially referred to in the Annual Information Form for the year ended December 31, 2013, and in the Lysii and Sarytor Waste Dumps, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production.
- The buttress constructed at the bottom of the Davidov glacier continues to function as designed.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The pit walls at Kumtor and Mount Milligan remain stable.
- The resource block model at Kumtor and Mount Milligan reconcile as expected against production.
- The Mount Milligan processing facility continues to have access to sufficient water supplies to operate year round at the intended capacity. This includes management’s expectations that we continue to successfully draw water from existing water wells, identify and access new water wells, capture water sources from within the existing operations, and that the spring freshet will produce the expected levels of run-off water which will be captured for our operations. The Company’s guidance reflects its expectation that the spring freshet will start in April 2018. Guidance also assumes that Mount Milligan will pump water from nearby Philip Lake until October 2018, as currently permitted under an amendment to the Mount Milligan Environmental Assessment Certificate. Pursuant to the amendment issued in January 2018, the Company has until February 2019 to carry out the necessary studies and to consult with relevant First Nations groups in an effort to make permanent the amendment to the Environmental Assessment Certificate.
- Grades and recoveries at Kumtor and Mount Milligan remain consistent with the 2018 production plan to achieve the forecast gold and copper production.
- The Kumtor mill and the Mount Milligan mill continues to operate as expected, including that there are no unplanned suspension of operations due to (among other things), mechanical or technical performance issues.
- No changes to any existing agreements and relationships with affected First Nations groups which would materially and adversely impact our operations.

- There are no unfavourable changes to concentrate sales arrangements at Mount Milligan and roasting arrangements at the Langeloth facility.
- There are no adverse regulatory changes affecting the Kumtor and Mount Milligan operations and the Company's molybdenum assets.
- Exchange rates, prices of key consumables, costs of power, water usage fees, and any other cost assumptions at all operations and projects of the Company are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to climate/weather conditions, political or civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.
- Third party logistic providers are able to meet Centerra's logistics needs with particular importance in the second half of the year.

The Company cannot give any assurances in regards to the above.

Production, cost and capital forecasts for 2018 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Risks That Can Affect Our Business", "Material Assumptions & Risks" and "Caution Regarding Forward-Looking Information" in this document and under the heading "Risks That Can Affect Our Business" in the Company's 2017 MD&A and in the Company's most recent Annual Information Form.

### **Qualified Person & QA/QC – Production Information**

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

### **14. Non-GAAP Measures**

This document contains the following non-GAAP financial measures: all-in sustaining costs per ounce sold on a by-product basis, all-in sustaining costs per ounce sold on a by-product basis including taxes, and all-in sustaining costs per ounce sold on a co-product basis. In addition, non-GAAP financial measures include operating costs (on a sales basis), adjusted operating costs and adjusted operating costs per ounce sold, as well as capital expenditures (sustaining) and capital expenditures (growth) and cash provided by operations before changes in working capital. These financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers, even as compared to other issuers who may be applying the World Gold Council ("WGC") guidelines, which can be found at <http://www.gold.org>.

Management believes that the use of these non-GAAP measures will assist analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, understanding the economics of gold mining, assessing our operating performance, our ability to generate free cash flow from

current operations and to generate free cash flow on an overall Company basis, and for planning and forecasting of future periods. However, the measures do have limitations as analytical tools as they may be influenced by the point in the life cycle of a specific mine and the level of additional exploration or expenditures a company has to make to fully develop its properties. Accordingly, these non-GAAP measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

### **Definitions**

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

- *Production costs* represent operating costs associated with the mining, milling and site administration activities at the Company's operating sites, excluding costs unrelated to production such as mine standby and community costs related to current operations.
- *Operating costs (on a sales basis)* include mine operating costs such as mining, processing, site support, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization (DD&A), reclamation costs, financing costs, capital development and exploration.
- *Adjusted operating costs per ounce sold* include operating costs (on a sales basis), regional office administration, mine standby costs, community costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs on a by-product basis per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, corporate general and administrative expenses, accretion expenses, and sustaining capital, net of copper and silver credits. The measure incorporates costs related to sustaining production. Copper and silver credits represent the expected revenue from the sale of these metals.
- *All-in sustaining costs on a by-product basis per ounce sold including taxes*, include revenue-based tax at Kumtor and taxes (mining and income) at Mount Milligan.
- *All-in sustaining costs on a co-product basis per ounce of gold sold or per pound of copper sold*, include operating costs allocated between copper and gold based on production. To calculate the allocation of operating costs, copper production has been converted to ounces of gold equivalent using the copper production for the periods presented, as well as an average of the futures prices during the quotational pricing period for copper and gold sold from Mount Milligan. For the first quarter ended March 31, 2018, 421 pounds of copper was equivalent to one ounce of gold.
- *Adjusted earnings* is calculated by adjusting net earnings (loss) as recorded in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) for non-recurring items.
- *Capital expenditure (Sustaining)* is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.
- *Capital expenditure (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Growth projects* are defined as projects that are beyond the exploration stage but are pre-operational. In the first quarter of 2018, growth projects include Öksüt, Kemess Underground, Gatsuurt and the Greenstone Gold Property.
- *Average realized gold price* is calculated by dividing revenue (including third party sales and the fixed amount received under the Mount Milligan Streaming Arrangement) derived from gold sales by the number of ounces sold.
- *Average realized copper price* is calculated by dividing revenue (including third party sales and the fixed amount received under the Mount Milligan Streaming Arrangement) derived from copper sales by the number of pounds sold.

- *Free cash flow (unlevered)* is calculated as cash provided by operations less additions to property, plant and equipment.
- *Cash provided by operations before changes in working capital* starts with cash provided by operations and removes the changes in working capital as presented in the Company's Statement of Cash Flows.



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

(Unaudited - \$ millions, unless otherwise specified)	Three months ended March 31,					
	Consolidated <sup>(1)</sup>		Kumtor <sup>(1)</sup>		Mount Milligan <sup>(1)</sup>	
	2018	2017	2018	2017	2018	2017
Cost of sales excluding molybdenum segment, as reported	102.5	138.3	78.3	72.6	24.2	65.7
Less: Non-cash component	39.9	52.5	35.6	37.5	4.3	15.0
Cost of sales, cash component	62.5	85.8	42.7	35.1	19.9	50.7
Adjust for:						
Regional office administration	2.8	4.2	2.8	4.2	-	-
Selling and marketing	0.9	1.1	-	-	0.9	1.1
Refining fees	1.2	1.2	1.1	1.0	0.1	0.3
By-product credits - copper	(10.0)	(28.6)	-	-	(10.0)	(28.6)
Community costs related to current operations	1.7	0.1	1.7	0.1	-	-
Adjusted Operating Costs	59.1	63.9	48.3	40.3	10.9	23.5
Corporate general administrative and other costs	10.6	10.1	-	-	0.3	-
Accretion expense	0.5	0.5	0.3	0.3	0.2	0.1
Capitalized stripping and ice unload	28.7	46.8	28.7	46.8	-	-
Capital expenditures (sustaining)	24.6	19.8	11.3	15.2	12.8	4.5
All-in Sustaining Costs on a by-product basis	123.5	141.0	88.7	102.7	24.1	28.2
Revenue-based taxes	21.6	23.2	21.6	23.2	-	-
Income and mining taxes	0.2	1.0	-	-	0.2	1.0
All-in Sustaining Costs on a by-product basis (including taxes)	145.2	165.2	110.2	125.9	24.3	29.2
Ounces sold (000)	132.4	187.9	116.9	134.7	15.5	53.2
Adjusted Operating Costs - \$ /oz sold	446	340	413	301	702	443
Gold - All-in Sustaining Costs on a by-product basis - \$ /oz sold	932	750	758	763	1,554	530
Gold - All-in Sustaining Costs on a by-product basis (including taxes) - \$ /oz sold	1,097	879	943	934	1,565	549
Gold - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /oz sold	903	795	758	763	1,303	667
Copper - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /pound sold	3.08	1.86	n/a	n/a	3.08	1.86

<sup>(1)</sup> Results may not add due to rounding

**Adjusted earnings can be reconciled as follows:**

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

<i>(\$ millions, except as noted)</i>	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net earnings (loss)</b>	<b>\$ 9.0</b>	<b>\$ 57.0</b>
Adjust for non-recurring items:		
AuRico Metals Inc. acquisition and integration expenses	<b>4.4</b>	<b>-</b>
<b>Adjusted net earnings</b>	<b>\$ 13.5</b>	<b>\$ 57.0</b>
<b>Net earnings (loss) per share - basic</b>	<b>\$ 0.03</b>	<b>\$ 0.20</b>
<b>Net earnings (loss) per share - diluted</b>	<b>\$ 0.03</b>	<b>\$ 0.20</b>
<b>Adjusted net earnings per share - basic</b>	<b>\$ 0.05</b>	<b>\$ 0.20</b>
<b>Adjusted net earnings per share - diluted</b>	<b>\$ 0.05</b>	<b>\$ 0.20</b>

**Free cash flow (unlevered) is calculated as follows:**

<i>(\$ millions, except as noted)</i>	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash provided by operations <sup>(1)</sup></b>	<b>\$ (39.7)</b>	<b>\$ 72.5</b>
<b>Adjust for:</b>		
Additions to property, plant and equipment <sup>(1)</sup>	<b>(59.0)</b>	<b>(69.0)</b>
<b>Free cash flow</b>	<b>\$ (98.7)</b>	<b>\$ 3.5</b>

<sup>(1)</sup> as presented in the Company's Consolidated Statements of Cash Flows.

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

Three months ended March 31,	Kumtor	Mount Milligan	Turkey	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>					
<b>2018</b>					
Capitalized stripping –cash	28.7	-	-	-	28.7
Sustaining capital - cash	9.1	9.4	-	-	18.5
Growth capital - cash	3.4	-	-	-	3.4
Gatsuurt project development capital cash	-	-	-	-	-
Greenstone Gold Property pre-development capital cash	-	-	-	1.7	1.7
Kemess Property pre-development capital cash	-	-	-	0.2	0.2
Öksüt project development capital - cash	-	-	5.1	-	5.1
Molybdenum business capital - cash	-	-	-	0.2	0.2
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	0.2	0.1	-	0.3	0.6
Greenstone Gold Property translation adjustment	-	-	-	0.6	0.6
<b>Total - Additions to PP&amp;E <sup>(1)</sup></b>	<b>41.4</b>	<b>9.5</b>	<b>5.1</b>	<b>3.0</b>	<b>59.0</b>
<b>2017</b>					
(\$ millions) <i>(Unaudited)</i>					
Capitalized stripping –cash	46.7	-	-	-	46.7
Sustaining capital - cash	15.2	4.4	-	-	19.7
Growth capital - cash	0.9	-	-	-	0.9
Gatsuurt project development capital cash	-	-	-	0.5	0.5
Greenstone Gold Property pre-development capital cash	-	-	-	1.0	1.0
Öksüt project development capital - cash	-	-	2.0	-	2.0
Molybdenum business capital - cash	-	-	-	-	-
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(2.3)	-	-	0.5	(1.8)
<b>Total - Additions to PP&amp;E <sup>(1)</sup></b>	<b>60.6</b>	<b>4.4</b>	<b>2.0</b>	<b>2.0</b>	<b>69.0</b>

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

	Three months ended March 31, 2018				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	43,053	(42,386)	(9,176)	(31,221)	(39,730)
Add back (deduct):					
Change in operating working capital	41,571	35,709	13,429	15,596	106,305
<b>Net cash provided by (used in) operations before changes in working capital</b>	<b>84,624</b>	<b>(6,677)</b>	<b>4,253</b>	<b>(15,625)</b>	<b>66,575</b>

	Three months ended March 31, 2017				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	91,602	(2,794)	(2,328)	(14,017)	72,463
Add back (deduct):					
Change in operating working capital	10,778	34,803	4,066	(4,005)	45,642
<b>Net cash provided by (used in) operations before changes in working capital</b>	<b>102,380</b>	<b>32,009</b>	<b>1,738</b>	<b>(18,022)</b>	<b>118,105</b>

## Average realized sales price for gold

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

<u>Average realized sales price for gold</u>	Three months ended March 31,	
	2018	2017
<b>Gold sales reconciliation (\$ millions)</b>		
Gold sales - Kumtor	153.0	164.2
<b>Gold sales - Mt. Milligan</b>		
Gold sales related to cash portion of Royal Gold stream	2.3	8.7
Mark-to-market adjustments on sales to Royal Gold	(0.3)	(1.6)
Final adjustments on sales to Royal Gold	(0.2)	(1.6)
Total gold sales under Royal Gold stream	1.8	5.5
Gold sales to third party customers	13.1	48.9
Mark-to-market adjustments	2.0	1.7
Final pricing adjustments	(0.7)	0.3
Total gold sales to third party customers	14.4	50.9
Gold sales, net of adjustments	16.2	56.4
Refining and treatment costs	(0.1)	(0.3)
Total gold sales	16.1	56.1
<b>Total gold revenue - Consolidated</b>	<b>169.1</b>	<b>220.3</b>
<b>Ounces of gold sold</b>		
Gold ounces sold - Kumtor	116,919	134,682
Ounces sold to Royal Gold - Mt. Milligan	5,245	19,975
Ounces sold to Royal Gold - Mt. Milligan - Final adjustments	129	(7,984)
Ounces sold to third party customers - Mt. Milligan	10,139	41,241
<b>Total ounces sold - Consolidated</b>	<b>132,432</b>	<b>187,914</b>
<b>Average realized sales price for gold on a per ounce basis</b>		
Average realized sales price - Kumtor	1,309	1,219
Average realized gold price - Royal Gold	435	435
Average realized gold price - Mark-to-market adjustments	(57)	(131)
Average realized gold price - Final pricing adjustments	(35)	(131)
<b>Average realized gold price - Mt. Milligan - Royal Gold</b>	<b>342</b>	<b>173</b>
Average realized gold price - Third party	1,288	1,185
Average realized gold price - Mark-to-market adjustments	198	40
Average realized gold price - Final pricing adjustments	(69)	7
<b>Average realized gold price - Mt. Milligan - Third party</b>	<b>1,417</b>	<b>1,232</b>
<b>Average realized gold price - Mt. Milligan - Combined</b>	<b>1,037</b>	<b>1,054</b>
<b>Average realized sales price for gold - Consolidated</b>	<b>1,277</b>	<b>1,172</b>

## Average realized sales price for Copper - Mount Milligan

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

Average realized sales price for Copper - Mount Milligan	Three months ended March 31,	
	2018	2017
<b>Copper sales reconciliation (\$ millions)</b>		
Copper sales related to cash portion of Royal Gold stream	0.4	1.0
Mark-to-market adjustments on Royal Gold stream	0.2	(0.2)
Final adjustments on sales to Royal Gold	0.5	-
Total copper sales under Royal Gold stream	1.1	0.8
Copper sales to third party customers	11.4	29.6
Mark-to-market adjustments	0.4	(1.0)
Final price adjustments	(1.8)	3.3
Total copper sales to third party customers	10.0	31.9
Copper sales, net of adjustments	11.1	32.7
Refining and treatment costs	(1.1)	(4.1)
<b>Copper sales</b>	<b>10.0</b>	<b>28.6</b>
<b>Pounds of copper sold (000's lbs)</b>		
Pounds sold to Royal Gold	805	2,528
Pounds sold to third party customers	3,701	11,084
<b>Total pounds sold</b>	<b>4,506</b>	<b>13,612</b>
<b>Average realized sales price for copper on a per pound basis</b>		
Copper sales related to cash portion of Royal Gold stream	0.50	0.40
Mark-to-market adjustments on Royal Gold stream	0.29	(0.09)
Final pricing adjustments on Royal Gold stream	0.60	-
<b>Average realized copper price - Royal Gold</b>	<b>1.38</b>	<b>0.31</b>
Average realized copper price - Third party	3.09	2.67
Average realized copper price - Mark-to-market adjustments	0.11	(0.09)
Average realized copper price - Final pricing adjustments	(0.49)	0.90
<b>Average realized copper price - Third party</b>	<b>2.70</b>	<b>2.87</b>
<b>Average realized copper price - Combined</b>	<b>2.22</b>	<b>2.10</b>

## 15. Caution Regarding Forward-Looking Information

Information contained in this document which are not statements of historical facts, and the documents incorporated by reference herein, may be "forward-looking information" for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words "believe", "expect", "anticipate", "contemplate", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule", "understand" and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, our expectations regarding: water availability at the Mount Milligan mine and mill throughput levels expected for the remainder of 2018; the closing of the Strategic Agreement entered into with the Kyrgyz Republic Government and the related resolution of outstanding matters which affect the Kumtor Project; the progress of development activities at the Öksüt Project, our expectations for drawing down on the OMAS Facility and the timing for first gold production at the Öksüt Project;; obtaining permanent amendments of Mount Milligan's Environmental Assessment Certificate to continue drawing water from Philip Lake; currency movements and hedging transactions; operational plans at Kumtor and Mount Milligan in 2018.; discussions between GGM and First Nations groups regarding impact benefit agreements and the timing for the EIS/EA decision for the Hardrock project; the Company's cash on hand, working capital, future cash flows and existing credit facilities being sufficient to fund anticipated operating cash requirements; , the timing for making a construction decision on the Kemess Underground project; and statements found under the heading, "2018 Outlook", including forecast 2018 production costs, capital and exploration expenditures and taxes.

*Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Factors that could cause actual results or events to differ materially from current expectations include, among other things: (A) strategic, legal, planning and other risks, including: political risks associated with the Company's operations in the Kyrgyz Republic and Canada; risks that any of the conditions precedent to the Strategic Agreement will not be satisfied in a timely manner or at all, particularly as the Government may not bind the General Prosecutor's Office or the Parliament of the Kyrgyz Republic; a decision by the General Prosecutor's Office, or its successor the Anti-Corruption Service of the State Committee for National Security, to re-open at any time civil or criminal proceedings against Centerra, its subsidiaries or other stakeholders; the failure of the Government to comply with its continuing obligations under the Strategic Agreement, including the requirement that it comply at all times with its obligations under the Kumtor Project Agreements, allow for the continued operation of the Kumtor Mine by KGC and KOC and not take any expropriatory action; actions by the Government or any state agency or the General Prosecutor's Office that serve to restrict or otherwise interfere with the payment of funds by KGC and KOC to Centerra; resource nationalism including the management of external stakeholder expectations; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices, including with respect to the environment, in the jurisdictions in which the Company operates including any delays or refusals to grant required permits and licenses, unjustified civil or criminal action against the Company, its affiliates or its current or former employees; risks that community activism may result in increased contributory demands or business interruptions; the impact of any actions taken by the Kyrgyz Republic Government and Parliament relating to the Kumtor Project Agreements which are inconsistent with the rights of Centerra and KGC under the Kumtor Project Agreements; any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project; the risks related to other outstanding litigation affecting the Company's operations; the impact of the delay by relevant government agencies to provide required approvals, expertises and permits; potential impact on the Kumtor Project of investigations by Kyrgyz Republic instrumentalities; the terms pursuant to which the Mongolian Government will participate in, or to take a special royalty rate in, the Gatsuurt Project; the impact of constitutional changes in Turkey; the impact of any sanctions imposed by Canada, the United States or other jurisdictions against various Russian individuals and entities; the ability of the Company to successfully negotiate agreements for the development of the Gatsuurt Project; potential defects of title in the Company's properties that are not known as of the date hereof; the inability of the Company and its subsidiaries to enforce their legal rights in certain circumstances; the presence of a significant shareholder that is a state-owned company of the Kyrgyz Republic; risks related to anti-corruption legislation; risks related to the concentration of assets in Central Asia; Centerra's future exploration and development activities not being successful; Centerra not being able to replace mineral reserves; Aboriginal claims and consultative issues relating to the Company's properties which are in proximity to Aboriginal communities; and potential risks related to kidnapping or acts of terrorism; (B) risks relating to financial matters, including: sensitivity of the Company's business to the volatility of gold, copper and other mineral prices, the use of provisionally-priced sales contracts for production at Mount Milligan, reliance on a few key customers for the gold-copper concentrate at Mount Milligan, use of commodity derivatives, the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's credit facilities which may, among other things, restrict the Company from pursuing certain business activities or making distributions from its subsidiaries, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (C) risks related to operational matters and geotechnical issues and the Company's continued ability to successfully manage such matters, including the movement of the Davidov Glacier, waste and ice movement and continued performance of the buttress at the Kumtor Project; the occurrence of further ground movements at the Kumtor Project and mechanical availability; the risk of having sufficient water to continue operations, particularly at Mount Milligan and the ability of the Company to achieve expected mill throughput for the remainder of the year; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; inherent risks associated with the use of sodium cyanide in the mining operations; the adequacy of the Company's insurance to mitigate operational risks; mechanical breakdowns; the Company's ability to replace its mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required; the risk that Centerra's workforce may be exposed to widespread*

*epidemic; seismic activity in the vicinity of the Company's properties; long lead times required for equipment and supplies given the remote location of some of the Company's operating properties; reliance on a limited number of suppliers for certain consumables, equipment and components; illegal mining on the Company's Mongolian properties; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to attract and retain qualified personnel; competition for mineral acquisition opportunities; and risks associated with the conduct of joint ventures/partnerships; the Company's ability to manage its projects effectively and to mitigate the potential lack of availability of contractors, budget and timing overruns and project resources. See section titled "Risks that can affect our business" in the Company's most recently filed Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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

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

*There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward-looking information is as of April 30, 2018. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.*