



NEWS RELEASE

Centerra Gold Records Net Earnings of \$33.4 Million or \$0.11 Per Common Share (basic) on Revenues of \$340.5 Million Generating Cash from Operations of \$91.0 Million

All figures are in United States dollars and all production figures are on a 100% basis, unless otherwise stated. All references in this document denoted with ^{NG}, indicate a non-GAAP term which is discussed under “Non-GAAP Measures” and reconciled to the most directly comparable GAAP measure.

Toronto, Canada, July 30, 2019: Centerra Gold Inc. (“Centerra”) (TSX: CG) today reported second quarter 2019 net earnings and adjusted earnings^{NG} of \$33.4 million (\$0.11 per common share (basic)), compared to net earnings of \$43.5 million (\$0.15 per common share (basic)) and adjusted earnings^{NG} of \$1.0 million (nil per common share (basic)) in the same period of 2018, after adjusting for gains recognized on the sale the Company’s Mongolian operations and sale of a royalty portfolio in 2018. The Company generated cash from operations of \$91.0 million and \$30.7 million of free cash flow^{NG} compared to cash from operations of \$68.1 million and free cash flow^{NG} of \$(4.7) million in the second quarter of 2018.

2019 Second Quarter Highlights

- The Company reported net earnings of \$33.4 million or \$0.11 per common share (basic).
- Cash generated from operations was \$91.0 million. Second quarter 2019 cash from operation included \$92.7 million from Kumtor and \$24.2 million from Mount Milligan, offset by costs incurred by the Molybdenum business and corporate costs.
- The Company produced 199,578 ounces of gold in the period, which includes 151,065 ounces at Kumtor and 48,513 ounces at Mount Milligan. Mount Milligan also produced 20.4 million pounds of copper.
- Mount Milligan, mill throughput averaged 53,500 tonnes per calendar day.
- Centerra has tightened the range and modestly increased Kumtor’s annual gold guidance to 550,000 – 575,000 ounces resulting in a revision to our 2019 consolidated gold production guidance to 705,000 – 750,000 ounces.
- The company’s full year gold and copper production guidance for Mount Milligan remains unchanged.
- Mount Milligan’s water capture from the 2019 spring melt runoff was less than anticipated, creating a risk to the level of production in early 2020 until the spring melt occurs, similar to 2019. The Company continues to explore for additional groundwater sources and to work towards a long-term water solution.
- Consolidated cost of sales increased in the second quarter of 2019 to \$238.5 million.
- Consolidated all-in sustaining costs per ounce sold^{NG} for the second quarter 2019 were \$716, including \$562 at Kumtor and \$938 at Mount Milligan.
- Favourably revised 2019 consolidated all-in sustaining costs per ounce sold^{NG} guidance to \$713 - \$743 and lowered Kumtor’s all-in sustaining costs per ounce sold^{NG} guidance to \$635 - \$685 Mount Milligan’s all-in sustaining costs per ounce sold^{NG} for 2019 remains unchanged.

- Capitalized waste stripping guidance has been increased by \$32 million as we mine the initial waste material on cut-back 20 at Kumtor. The change in mine plan, to defer mining of cut-back 19 East, where we were reaching ore, followed the identification of ground instability in the first quarter of 2019. No significant ground movement was identified in the second quarter 2019; we continue to study potential mitigation measures and the long-term impact on our mine plan and reserves of the deferral.
- Construction at the Öksüt Project in Turkey is now 64% complete and remains on schedule with first gold pour expected in January of 2020. The total construction cost is expected to be \$20 million under budget.
- The revolving corporate credit facility was repaid in full during the quarter.
- Cash and cash equivalents available at June 30, 2019 were \$140.0 million.
- Subsequent to June 30, 2019, we agreed with the Government of the Kyrgyz Republic to extend the long-stop date in connection with the Strategic Agreement to August 10, 2019.

Commentary

Scott Perry, President and Chief Executive Officer of Centerra stated, “We are very pleased to report that our contract workforce at the Kumtor Mine achieved a significant safety milestone during the quarter in attaining one year of lost time incident-free operations. This milestone demonstrates our workforce’s commitment to Centerra’s Work Safe – Home Safe program and our drive to zero harm within the workplace.”

“The operations produced a total of 199,578 ounces of gold and 20.4 million pounds of copper in the quarter. Kumtor had another strong quarter producing 151,065 ounces of gold which was attributable to milling higher grades and achieving higher recoveries as compared to the comparative period. The northwest pit wall where instability was noted in the first quarter has stabilized and no significant ground movement was identified in the second quarter 2019.”

“Mount Milligan achieved production of 48,513 ounces of gold and 20.4 million pounds of copper during the quarter, as the mill returned to targeted full capacity (55,000 tonnes per day) in early May due to increased water availability from the spring melt, even though we experienced a less robust spring melt than anticipated. We continue to explore for additional groundwater sources as we work towards a long-term water solution. During the quarter, mill throughput averaged 53,500 tonnes per calendar day.”

“Company-wide our all-in sustaining costs (before taxes)^{NG} were \$716 per ounce sold for the quarter reflecting Kumtor achieving all-in sustaining costs (before taxes)^{NG} of \$562 per ounce.”

“With our second quarter earnings release today, the Company tightened the range and modestly increased its gold production guidance for Kumtor for the year to 550,000 – 575,000 ounces and Company-wide gold production to 705,000 to 750,000 ounces from 535,000-565,000 ounces and 690,000-740,000 ounces, respectively. We have also favourably lowered our expected all-in sustaining costs on a by-product basis (before taxes)^{NG} at Kumtor to \$635 to \$685 per ounce sold, which reduces the Company’s consolidated all-in sustaining costs on a by-product basis (before taxes)^{NG} to \$713 to \$743 per ounce sold. Mount Milligan’s production and cost guidance for 2019 remains unchanged.”

“Construction activity continued at the Öksüt Project in Turkey and the project is now 64% complete. The project remains on schedule with first gold pour now expected in January of 2020 and is projected to be \$20 million under budget, including a \$10 million reduction in contingencies.”

“Financially, the business delivered \$91 million of cash from operations in the quarter. Kumtor and Mount Milligan generated \$106 million and \$11 million respectively, before working capital changes^{NG}. During the second quarter, Kumtor generated \$65 million of free cash flow^{NG} and Mount Milligan generated \$18 million of free cash flow^{NG} which enabled the Company to repay in full the corporate credit facility reducing its debt in the quarter by \$70 million and ending the quarter with cash and cash equivalents of \$140 million (excluding restricted cash).”

Exploration Update

Exploration activities in the second quarter of 2019 included drilling, surface sampling, geological mapping and geophysical surveying at the Company’s various projects targeting gold and copper mineralization in Turkey, Canada, Mexico, Sweden, Finland and Burkina Faso. Exploration expenditures totaled \$6.3 million in the second quarter of 2019 compared to \$4.8 million in the same quarter of 2018. The Company’s 2019 exploration program is primarily focused on brownfield exploration at Kumtor, Mount Milligan, Öksüt and Kemess.

Kyrgyz Republic

Kumtor Mine

At Kumtor, planned exploration work is aimed at defining additional resources on the flanks of the Central Pit focusing on the Hockey Stick Zone and the SB Zone deep extension to add to the open pit mine life. Exploration drilling is also focused on testing zones of gold mineralization near the surface for additional open pit resources in the corridor between the Central and Southwest pits and on the flanks of the Northeast target area. During the second quarter of 2019, 67 diamond drill holes for 16,223 metres were completed, including 1,866 metres of infill drilling in the SB Zone (drilled below the current ultimate open pit).

Central Pit

In the Hockey Stick Zone, 36 drill holes for 9,771 metres were completed. Results indicate that gold mineralization extends in a southwest direction and represents mineralization that may expand the area’s economic viability. The best intercepts are as follows:

D1873A:	13.1 metres @ 4.17 g/t Gold (“Au”) from 201.4 metres; <i>Includes 3.7 metres @ 8.63 g/t Au from 204.0 metres;</i>
D1919A:	43.8 metres @ 5.26 g/t Au from 199.4 metres. <i>Includes 13.9 metres @ 11.66 g/t Au from 220.1 metres.</i>
D1920:	15.4 metres @ 2.15 g/t Au from 161.9 metres. <i>Includes 3.3 metres @ 4.66 g/t Au from 161.9 metres.</i>

Additional infill, geotechnical and metallurgical drilling (~20,000 metres of drilling, \$6 million) was approved in the second quarter of 2019 to further delineate the Hockey Stick Zone to upgrade existing resources categories.

In the Northwest Wall, 10 drill holes were completed for a total 1,340 metres. The best intercept is as follows:

DW1887:	5.1 metres @ 2.34 g/t Au from 158.6 metres
---------	--

In SB Zone (below current open pit), infill drilling was carried out with the completion of eight drill holes for 1,866 metres. The best intercepts are as follows:

D1876A:	12.0 metres @ 11.48 g/t Au from 61.1 metres;
D1876B:	22.9 metres @ 8.45 g/t Au from 58.6 metres <i>Includes 8.0 metres @ 17.32 g/t Au from 63.5 metres;</i>
D1878:	41.1 metres @ 5.87 g/t Au from 36.2 metres <i>Includes 8.0 metres @ 11.93 g/t Au from 47.3 metres Includes 5.0 metres @ 11.91 g/t Au from 64.3 metres;</i>
D1881:	33.4 metres @ 6.68 g/t Au from 212.6 metres <i>Includes 3.9 metres @ 14.05 g/t Au from 219.6 metres Includes 4.0 metres @ 14.11 g/t Au from 227.5 metres;</i>
D1882:	67.5 metres @ 8.32 g/t Au from 322.5 metres; 29.5 metres @ 16.70 g/t Au from 357.0 metres;
D1897:	7.0 metres @ 18.06 g/t Au from 80.1 metres; 35.4 metres @ 8.12 g/t Au from 102.9 metres <i>Includes 11.2 metres @ 16.67 g/t Au from 103.9 metres;</i>

Southwest Area

Three drill holes were completed between the Southwest and Central Pits for a total of 655 metres. The best intercepts are as follows:

SW-19-282A:	4.1 metres @ 3.69 g/t Au from 176.4 metres;
SW-19-284:	4.0 metres @ 1.36 g/t Au from 188.9 metres.

Northeast Area

In Northeast area, 10 drill holes were completed for a total of 2,590 metres. The best intercepts are:

DN1900:	25.1 metres @ 3.23 g/t Au from 332.9 metres <i>Includes 5.0 metres @ 6.46 g/t Au from 332.9 metres;</i> 7.2 metres @ 5.37 g/t Au from 389.3 metres;
DN1911:	5.6 metres @ 2.87 g/t Au from 33.7 metres; 8.7 metres @ 2.09 g/t Au from 419.3 metres.

The above mineralized intercepts were calculated using a cut-off grade of 1.0 g/t Au, minimum interval of 4.0 metres and a maximum internal dilution interval of 5.0 metres. Drill collar locations and associated graphics are available at the following link:

<http://ml.globenewswire.com/Resource/Download/ccf0f7d2-645c-4668-b75b-4d85179998ee>

A complete listing of the drill results, drill hole locations and plan map for the Kumtor Mine have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site www.centerragold.com.

Canada

Mount Milligan Mine

At Mount Milligan, the 2019 exploration program is focused on initially expanding mineral resources to the west and at depth and other exploration targets adjacent to the mine lease. The 2019 near pit infill drilling program (22,500 metres planned) began in February. In the second quarter, a total of 8,896 metres

in 24 drill holes were completed; including 16 holes (5,946 metres) in the Southern Star Zone and eight holes (2,950 metres) in the Saddle Zone. Year to date, a total of 10,936 metres have been drilled in the program. During the second quarter, assay results were received for 13 drill holes and the most significant intercepts are as follows:

Southern Star Zone

19-1133:	100.1 metres @ 0.57 g/t Au, 0.28% Cu from 18.9 metres
19-1133:	38.9 metres @ 0.52 g/t Au, 0.29% Cu from 198.0 metres;
19-1135:	123.0 metres @ 0.36 g/t Au, 0.37% Cu from 106.0 metres
19-1139:	57.6 metres @ 0.17 g/t Au, 0.15% Cu from 192.0 metres;
19-1139:	55.6 metres @ 0.18 g/t Au, 0.14% Cu from 254.3 metres;
19-1140:	149.3 metres @ 0.22 g/t Au, 0.13% Cu from 3.7 metres
19-1140:	77.3 metres @ 0.28 g/t Au, 0.26% Cu from 198.4 metres

Saddle Zone

19-1147:	40.1 metres @ 0.33 g/t Au, 0.14% Cu from 18.9 metres;
19-1147:	20.9 metres @ 0.34 g/t Au, 0.26% Cu from 183.4 metres;
19-1150:	39.2 metres @ 0.25 g/t Au, 0.16% Cu from 18.3 metres.
19-1150:	51.2 metres @ 0.23 g/t Au, 0.37% Cu from 62.5 metres.
19-1152:	10.0 metres @ 0.36 g/t Au, 0.23% Cu from 18.5 metres;
19-1152:	30.4 metres @ 0.33 g/t Au, 0.10% Cu from 315.5 metres.

The near pit infill program will continue until mid-September with drill holes planned in the Southern Star, Saddle, 66, Great Eastern Fault, MBX, and Oliver zones.

Brownfield exploration drilling

The 2019 brownfield (within mine lease, but outside ultimate pit) exploration drilling program at Mount Milligan (8,500 metres planned) began on May 1st. A total of 4,719 metres in 11 drill holes was completed during the second quarter; including three holes (1,814 metres) in the North Slope Zone, five holes (2,111 metres) in the Goldmark Zone and three holes (794 m) in the Saddle West Zone. Selected best assay results from the one drill hole returned during the second quarter are reported below.

North Slope Zone

19-1138:	14.5 metres @ 1.13 g/t Au, 0.02% Cu from 342.0 metres;
19-1138:	59.7 metres @ 0.13 g/t Au, 0.22% Cu from 469.7 metres;
19-1138:	8.36 metres @ 0.26 g/t Au, 0.24% Cu from 538.6 metres.

The above mineralized intercepts were calculated using a cut-off grade of 0.1 g/t Au and a maximum internal dilution interval of 4 metres. Drill collar locations and associated graphics are available at the following link:

<http://ml.globenewswire.com/Resource/Download/ccf0f7d2-645c-4668-b75b-4d85179998ee>

A listing of the drill results, drill hole locations and plan map for the Mount Milligan Mine have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site www.centerragold.com.

Kemess Project

The 2019 Kemess exploration program ramped up in the second quarter focused on the Nugget target (1.5 km west of Kemess Underground (KUG) and KUG deep mineralization to delineate previously known copper/gold mineralization and to add to existing mineral resource inventory. Relogging of 12,128 metres of historic drill core from the Kemess Underground (KUG) deposit and Nugget Zone was completed in April and May. Drilling began in June with a total of 1,030 metres completed by June 30th (1,010 metres in the Nugget Zone and 20 metres in the KUG Zone). The program is expected to continue until late August with a total of approximately 6,200 metres of drilling in seven drill holes. No assay results from drilling have been returned yet.

Turkey

Öksüt Gold Project

At the Öksüt Gold Project, the 2019 diamond drilling program is principally designed to expand existing oxide gold resources and to explore for new oxide gold mineralization around the known deposits (Keltepe and Güneytepe). During the second quarter of 2019 drilling commenced with three rigs at the Keltepe, Keltepe NW and Büyüktepe prospects. Five drill holes (ODD0330 to ODD0334) have been completed for an aggregate of 1,423 metres. Testing for deeper mineralization (below current planned open pit), including supergene copper (Keltepe and Keltepe NW) and porphyry-style copper-gold (Boztepe W) targets, will also be undertaken in the third quarter.

Drilling highlights are:

Keltepe (Testing for oxide gold resource expansion in the west and supergene copper to the northwest of the Keltepe pit)

ODD0332: 24.5 metres @ 0.43 g/t Au from 253 metres;
ODD0333: 54.5 metres @ 2.35% Cu from 314.5 metres
including 20 metres @ 5.12% Cu from 314.5 metres.

In addition, in the second quarter an assessment of the 3D non-linear Induced Polarization (IP) geophysical survey, covering the Keltepe NW, Keltepe, Güneytepe and Yelibelen prospects, was completed. Assessment of the survey results has generated additional oxide gold targets for testing and confirmed deeper targets around the known deposits.

The above mineralized intercepts were calculated using a cut-off grade of 0.2 g/t Au and a maximum internal dilution interval of 5.0 metres. Drill collar locations and associated graphics are available at the following link:

<http://ml.globenewswire.com/Resource/Download/ccf0f7d2-645c-4668-b75b-4d85179998ee>

A listing of the drill results, drill hole locations and plan map for the Öksüt Gold Project have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site www.centerragold.com.

Qualified Person & QA/QC

All mineral reserve and mineral resource estimates and other scientific and technical information in this news release were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and (except as set out below) 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 drilling programs are consistent with industry standards and independent certified assay labs are used, with the exception of the Kumtor project as described in its technical report dated March 20, 2015.

Exploration information and other related scientific and technical information in this news release regarding the Kumtor Mine were prepared in accordance with the standards of NI 43-101 and were prepared, reviewed, verified and compiled by Boris Kotlyar, a member with the American Institute of Professional Geologists (AIPG), Chief Geologist, Global Exploration with Centerra Gold Inc., 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. The Kumtor deposit is described in Centerra's most recently filed Annual Information Form and a technical report dated March 20, 2015 (with an effective date of December 31, 2014), which are both filed on SEDAR at www.sedar.com.

Exploration information and other related scientific and technical information in this news release regarding the Mount Milligan Mine were prepared in accordance with the standards of NI 43-101 and were prepared, reviewed, verified and compiled by C. Paul Jago, Member of the Engineers and Geoscientists British Columbia, Exploration Manager at Centerra's Mount Milligan Mine, who is the qualified person for the purpose of NI 43101. 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. The Mount Milligan deposit is described in Centerra's most recently filed Annual Information Form and a technical report dated March 22, 2017 (with an effective date of December 31, 2016) prepared in accordance with NI 43-101, both of which are available on SEDAR at www.sedar.com.

Exploration information and other related scientific and technical information in this news release regarding the Öksüt Project were prepared, reviewed, verified and compiled in accordance with NI 43-101 by Mustafa Cihan, Member of the Australian Institute of Geoscientists (AIG), Exploration Manager Turkey at Centerra's Turkish subsidiary Centerra Madencilik A.Ş., 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. The Öksüt deposit is described in Centerra's most recently filed Annual Information Form and in a technical report dated September 3, 2015 (with an effective date of June 30, 2015) prepared in accordance with NI 43-101 both of which are available on SEDAR at www.sedar.com.

TABLE OF CONTENTS

1. Overview	9
2. Consolidated Financial and Operational Highlights	10
3. Overview of Consolidated Results.....	11
4. 2019 Outlook.....	12
5. Financial Performance	17
6. Balance Sheet Review	19
7. Market Conditions	19
8. Financial Instruments.....	20
9. Operating Mines and Facilities.....	21
10. Construction and Development Projects	33
11. Quarterly Results – Previous Eight Quarters	35
12. Contingencies.....	36
13. Accounting Estimates, Policies and Changes	39
14. Disclosure Controls and Procedures/Internal Control Over Financial Reporting....	40
15. Non-GAAP Measures	40
16. Caution Regarding Forward-Looking Information	48

This Management Discussion and Analysis (“MD&A”) has been prepared as of July 30, 2019, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. (“Centerra” or the “Company”) for the three and six months ended June 30, 2019 in comparison with the corresponding periods ended June 30, 2018. This discussion should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2019 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, 2018 and 2017, the related MD&A and the Annual Information Form for the year ended December 31, 2018 (the “2018 Annual Information Form”). The Company’s unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2019, 2018 Annual Report and 2018 Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at 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.

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 is currently constructing its next gold mine, the Öksüt Project in Turkey and is developing two properties in Canada, the Kemess Project and the Greenstone Gold Project (50% ownership), as well as options to acquire exploration joint ventures or properties in Canada, Finland, Mexico, Sweden, Turkey and the United States. The Company owns various assets included in its Molybdenum Business Unit being the Langeloth metallurgical processing facility and Thompson Creek Mine in the United States of America, and the Endako Mine in British Columbia, Canada. See “Operating Mines and Facilities”, “Development Projects” and “Contingencies” for further details.

Centerra’s common shares are listed for trading on the Toronto Stock Exchange under the symbol CG. As of July 30, 2019, there are 292,991,211 common shares issued and outstanding, options to acquire 5,006,030 common shares outstanding under its stock option plan and 1,260,039 units outstanding under its restricted share unit plan.

2. Consolidated Financial and Operational Highlights

<i>Unaudited (\$ millions, except as noted)</i>	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Financial Highlights						
Revenue	\$ 340.5	\$ 243.3	40%	\$ 674.5	\$ 478.7	41%
Cost of sales	238.5	187.4	27%	461.9	340.2	36%
Earnings from mine operations	98.9	52.5	88%	206.7	121.4	70%
Net earnings	\$ 33.4	\$ 43.5	(23%)	\$ 83.8	\$ 52.6	60%
Adjusted earnings⁽³⁾	\$ 33.4	\$ 1.0	3613%	\$ 83.8	\$ 14.5	484%
Cash provided by operations	91.0	68.1	34%	209.8	28.3	641%
Cash provided by operations before changes in working capital ⁽³⁾	101.4	47.6	113%	215.6	114.1	89%
Capital expenditures (sustaining) ⁽³⁾	20.8	20.5	1%	40.6	44.8	(9%)
Capital expenditures (growth and development projects) ⁽³⁾	37.7	64.0	(41%)	62.8	74.6	(16%)
Capital expenditures (stripping)	15.6	47.8	(67%)	38.5	86.3	(55%)
Total assets	\$ 2,887.9	\$ 2,850.5	1%	\$ 2,887.9	\$ 2,850.5	1%
Long-term debt and lease obligation	90.6	257.5	(65%)	90.6	257.5	(65%)
Cash, cash equivalents and restricted cash	167.5	215.5	(22%)	167.5	215.5	(22%)
Per Share Data						
Net earnings per common share - \$ basic ⁽¹⁾	\$ 0.11	\$ 0.15	(24%)	\$ 0.29	\$ 0.18	59%
Net earnings per common share - \$ diluted ⁽¹⁾	\$ 0.11	\$ 0.15	(23%)	\$ 0.29	\$ 0.18	59%
Adjusted earnings per common share - \$ basic ⁽¹⁾⁽³⁾	\$ 0.11	\$ -	0%	\$ 0.29	\$ 0.05	482%
Adjusted earnings per common share - \$ diluted ⁽¹⁾⁽³⁾	\$ 0.11	\$ -	0%	\$ 0.29	\$ 0.05	483%
Per Ounce Data (except as noted)						
Average gold spot price - \$/oz ⁽²⁾	1,309	1,306	0%	1,307	1,318	(1%)
Average copper spot price - \$/lbs ⁽²⁾	2.77	3.12	(11%)	2.80	3.14	(11%)
Average realized gold price (Kumtor) - \$/oz ⁽³⁾	1,289	1,294	(0%)	1,293	1,302	(1%)
Average realized gold price (Mount Milligan - combined) - \$/oz ⁽³⁾⁽⁵⁾	1,058	966	10%	1,032	981	5%
Average realized gold price (consolidated) - \$/oz ⁽³⁾⁽⁵⁾	1,237	1,178	5%	1,233	1,225	1%
Average realized copper price (consolidated) - \$/lbs ⁽³⁾⁽⁵⁾	1.94	2.23	(13%)	2.15	2.23	(4%)
Operating Highlights						
Gold produced – ounces	199,578	130,183	53%	383,140	259,947	47%
Gold sold – ounces	198,287	140,427	41%	394,738	272,859	45%
Payable Copper Produced (000's lbs)	20,397	16,449	24%	31,837	22,591	41%
Copper Sales (000's payable lbs)	18,700	12,668	48%	31,222	17,174	82%
Unit Costs						
Adjusted operating costs on a by-product basis - \$/oz sold ⁽³⁾⁽⁴⁾	\$ 476	\$ 529	(10%)	\$ 450	\$ 489	(8%)
Gold - All-in sustaining costs on a by-product basis – \$/oz sold ⁽³⁾⁽⁴⁾	\$ 716	\$ 996	(28%)	\$ 693	\$ 963	(28%)
Gold - All-in sustaining costs on a by-product basis (including taxes) – \$/oz sold ⁽³⁾⁽⁴⁾	\$ 861	\$ 1,157	(26%)	\$ 837	\$ 1,128	(26%)
Gold - All-in sustaining costs on a co-product basis (before taxes) – \$/oz sold ⁽³⁾⁽⁴⁾	\$ 712	\$ 1,027	(31%)	\$ 705	\$ 967	(27%)
Copper - All-in sustaining costs on a co-product basis (before taxes) – \$/pound sold ⁽³⁾⁽⁴⁾	\$ 1.97	\$ 1.87	5%	\$ 2.01	\$ 2.17	(7%)

(1) As at June 30, 2019, the Company had 292,464,324 common shares issued and outstanding (292,991,211 common shares as of July 30, 2019). As of July 30, 2019, Centerra had 5,006,030 share options outstanding under its share option plan with exercise prices ranging from US\$2.83 per share to Cdn\$22.28 per share, with expiry dates between 2019 and 2027 and 1,260,039 units outstanding under its restricted share unit plan.

- (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.
- (5) Combines streamed and unstreamed amounts.

3. Overview of Consolidated Results

Second quarter ended 2019 compared to Second Quarter 2018

The Company recorded net earnings of \$33.4 million in the second quarter of 2019, compared to \$43.5 million in the same period of 2018. Earnings in the second quarter of 2019 reflect a significant increase in ounces produced and sold at Kumtor, as a result of processing higher grade ore and achieving higher recoveries. At Mount Milligan throughput in the current quarter of 2019 improved with increased mill availability, resulting in increased production. The second quarter of 2018 included a pre-tax gain of \$28.0 million as a result of the sale of the Company’s royalty portfolio and a gain of \$9.4 million to recognize the final instalments to be paid on the sale of the Altan Tsagaan Ovoo (“ATO”) property in Mongolia. Excluding these gains, adjusted earnings for the second quarter of 2018 were \$1.0 million reflecting lower gold production at both Kumtor and Mount Milligan. Adjusted earnings for the second quarter of 2019 were \$33.4 million.

Cash provided by operations increased to \$91.0 million in the second quarter of 2019, compared to \$68.1 million in the comparative 2018 period, as a result of higher operating earnings and lower working capital levels in the current quarter. Comparing the second quarter of 2019 with the same period of 2018, Kumtor generated \$92.7 million compared to \$52.9 million, an increase mainly related to higher production. Mount Milligan’s cash flow from operations remained consistent with the comparative period at \$24.2 million.

Cash and cash equivalents at June 30, 2019 was \$140.0 million, as compared to \$151.7 million at December 31, 2018. In the second quarter of 2019, the Company repaid its corporate credit facility (“Centerra Revolving Term Corporate Facility” or “Corporate Facility”) in full, leaving its \$500 million Corporate Facility available as at June 30, 2019. The available balance on the Company’s \$150 million five-year credit project financing facility for the Öksüt Project (“OMAS Facility”) at June 30, 2019 is \$74.5 million.

Safety and Environment

Centerra had six reportable injuries in the second quarter of 2019, representing two lost-time injuries, two restricted work injuries and two medical aid injuries. On June 20, 2019, Kumtor achieved a milestone of one year without a lost time injury within its contractor workforce.

There were no reportable releases to the environment in the second quarter of 2019.

First Half 2019 compared to First Half 2018

The Company recorded net earnings of \$83.8 million in the first half of 2019, compared to \$52.6 million in the same period of 2018. Earnings in the first half of 2019 reflect increased production and sale at both Kumtor and Mount Milligan. At Kumtor, the significant increase in ounces produced and sold is as a result of processing higher grade ore and achieving higher recoveries. At Mount Milligan the increased production and sales levels reflect higher throughput, coupled with higher copper grades and gold recoveries. The first half of 2018 included a pre-tax gain of \$28.0 million as a result of the sale of the Company’s royalty portfolio and a gain of \$9.4 million to recognize the final instalments to be paid on the sale of the ATO property. Excluding these gains, adjusted earnings for the first half of 2018 were \$14.5 million reflecting lower gold production at both Kumtor and Mount Milligan. Adjusted earnings for the first half of 2019 were \$83.8 million.

Cash provided by operations was \$209.8 million in the first half of 2019, compared to \$28.3 million in the comparative period, as a result of higher operating earnings and relatively lower working capital levels in the current period. Comparing the first half of 2019 with the same period of 2018, Kumtor generated \$212.7 million compared to \$95.9 million, an increase mainly related to higher production, while Mount Milligan generated \$36.6 million compared to \$17.0 million used in operations in the comparative period. The increase in the current year is mainly attributable to higher mill availability resulting in higher production levels.

Safety and Environment

Centerra had eight reportable injuries, representing two lost-time injuries, two restricted work injuries and four medical aid injuries, in the first half of 2019.

During the first half of 2019 there were no reportable release to the environment.

4. 2019 Outlook

See “Material Assumption and Risks” for material assumptions or factors used to forecast production and costs for 2019.

2019 Production Guidance

The Company is favourably revising its 2019 consolidated gold production guidance to 705,000-750,000 ounces which reflects an increase in its gold production guidance for Kumtor to 550,000-575,000 ounces due to the better than expected performance in the first half of 2019. This compares to initial guidance of 690,000-740,000 ounces (consolidated) and 535,000-565,000 ounces (Kumtor) respectively. During September, Kumtor is planning a 6-day scheduled maintenance shutdown to replace the SAG, ball mill and regrind mill liners which is expected to impact production levels compared to the first and second quarter performance with approximately 27% of the production still expected in the fourth quarter. The Company maintains its gold production guidance for Mount Milligan (streamed and unstreamed) of 155,000-175,000 ounces for the year.

Centerra expects consolidated copper production from Mount Milligan (streamed and unstreamed) to be 65-75 million pounds, unchanged from the previous guidance.

Centerra’s 2019 production is currently forecast as follows:

	Units	Kumtor	Mount Milligan ⁽¹⁾	Centerra
Gold				
Unstreamed Gold Payable Production	(Koz)	550 – 575	101 – 114	651 – 689
Streamed Gold Payable Production ⁽¹⁾	(Koz)	–	54 – 61	54 – 61
Total Gold Payable Production⁽²⁾	(Koz)	550 – 575	155 – 175	705 – 750

Copper

Unstreamed Copper Payable Production	(Mlb)	–	53 – 61	53 – 61
Streamed Copper Payable Production ⁽¹⁾	(Mlb)	–	12 – 14	12 – 14
Total Copper Payable Production⁽³⁾	(Mlb)	–	65 – 75	65 – 75

1. Mount Milligan Streaming Arrangement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively, from the Mount Milligan mine. 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.
2. Gold production assumes 81.8% recovery at Kumtor and 62.1% recovery at Mount Milligan.
3. Copper production assumes 81.4% recovery for copper at Mount Milligan.

2019 All-in Sustaining Unit Costs^{NG}

The Company is favourably revising its 2019 consolidated all-in sustaining costs per ounce sold^{NG} guidance to \$713-\$743, which reflects the revised guidance for Kumtor of \$635-\$685 as a result of the higher than expected production in the first half of 2019. This compares to initial guidance of \$723-\$775 (consolidated) and \$666 to \$703 (Kumtor). At Mount Milligan, all-in sustaining costs per ounce sold^{NG} for 2019 remains unchanged at a range of \$727 - \$781. The Company maintains its guidance for corporate and administration cost of \$31 million.

Centerra's 2019 all-in sustaining costs per ounce sold^{NG} are calculated on a by-product basis and are forecast as follows:

	Units	Kumtor	Mount Milligan ⁽²⁾	Centerra ⁽²⁾
Ounces sold forecast	(Koz)	550 – 575	155 – 175	705-750
All-in sustaining costs on a by-product basis^{(1), (2)}	(\$/oz)	\$635 - \$685	\$727 - \$821	\$713 – \$743
Revenue-based tax ⁽³⁾ and taxes ⁽³⁾	(\$/oz)	186 – 195	21 - 24	148 – 157
All-in sustaining costs on a by-product basis, including taxes ^{(1), (2), (3)}	(\$/oz)	\$821 – \$880	\$748 – \$845	\$861 – \$900
Gold - All-in sustaining costs on a co-product basis (\$/ounce) ^{(1),(2)}	(\$/oz)	\$635 - \$685	\$842 - \$950	\$722 - \$768
Copper - All-in sustaining costs on a co-product basis (\$/pound) ^{(1),(2)}	(\$/lb)	–	\$1.84 - \$2.12	\$1.84 – \$2.12

¹⁾ All-in sustaining costs per ounce sold, all-in sustaining costs per ounce sold on a by-product basis, all-in sustaining costs on a by-product basis including taxes per ounce sold and all-in sustaining costs on a co-product basis (gold and copper) on a per unit basis are non-GAAP measures and are discussed 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 \$2.70 per pound sold for Centerra's 81.25% share of copper production and the remaining 18.75% of copper revenue at \$0.42 per pound (15% of spot price, assuming spot at \$2.70 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 \$1,300 per ounce sold.
- 4) Results in chart may not add due to rounding.

2019 Capital Spending

Centerra's 2019 guidance for capital spending, excluding capitalized stripping, remains at \$275 million. However, sustaining capital^{NG} is now estimated at \$100 million and growth capital^{NG} is now estimated at \$175 million, compared to initial guidance of \$91 million and \$184 million, respectively. The expected increase in sustaining capital is related to Mount Milligan which is now expecting sustaining capital of \$45 million compared to \$37 million in the previous guidance, primarily due to additional site water management projects.

The change in growth capital^{NG} reflects a reduction in expected spending at Öksüt to \$100 million from previous guidance of \$123 million, due to the advanced stage of project construction, deferral of certain non-essential construction activities to after commissioning and a reduction of \$10 million of contingency in the 2019 budget. The Öksüt project remains on schedule with first gold pour expected in January 2020 at a targeted level of 85% construction completion. Growth capital^{NG} at Kumtor for 2019 is expected to be \$20 million compared to \$14 million in the previous guidance due to additional spending on in-fill and geotechnical drilling in the Hockey Stick Zone. Expected spending at the Kemess Underground Project for 2019 has been revised to \$35 million compared to the initial guidance of \$26 million, primarily due to cost estimation complexity when building a Selen IX water treatment plant, as well as some rework on concrete foundations. The water treatment plant is expected to be commissioned in December 2019.

Projected capital expenditures (excluding capitalized stripping) include:

Projects (\$ millions)	2019 Sustaining Capital ^{NG}	2019 Growth Capital ^{NG}
Kumtor Mine	45	20
Mount Milligan Mine	45	-
Öksüt Project	-	100
Kemess Underground Project	-	35
Greenstone Gold Property	-	20
Other (Thompson Creek Mine, Endako Mine (75%), Langeloth facility and Corporate)	10	-
Consolidated Total	\$100	\$175

^{NG} Sustaining capital and growth are non-GAAP measures and are discussed under "Non-GAAP Measures".

Total capitalized stripping at Kumtor is expected to increase to \$140 million, including a cash component of \$110 million, from previous guidance of \$108 million, including an \$88 million cash component, related to the development of the open pit. The increase is primarily due to the mine plan revision during the quarter that divided cut-back 19 into cut-back 19 East and cut-back 19 West and shifted part of the mining fleet to focus on additional waste stripping in cut-back 20 which is capitalized until ore is released.

2019 Depreciation, Depletion and Amortization

Consolidated depreciation, depletion and amortization (DD&A) expense included in costs of sales expense for 2019 is forecasted to be in the range of \$240 - \$260 million compared to \$220 - \$240 million in the previous guidance. The increase in consolidated DD&A reflects an increase in Kumtor's DD&A expense

to \$190 - \$200 million from \$170 - \$180 million primarily due to higher ounces sold. In the second half of 2019 DD&A expense levels are expected to increase in comparison to the first half levels.

2019 Other Costs

Forecasted costs in 2019 for exploration and for income taxes remain unchanged from the previous guidance.

Financing Costs

The Company is currently estimating its financing costs at \$16-\$18 million in 2019. Financing costs consists of interest expenses, commitment fees and financing fees associated with the Corporate Facility, the OMAS Facility and the Caterpillar Promissory Note (“the Financing Facilities”). The financing costs are dependent on the amount of the drawdown balances on the Company’s financing facilities and also include accretion costs related to our reclamation liabilities.

Molybdenum Business Unit

In 2019, the Company expects that the Langeloth metallurgical roasting facility, forming part of the molybdenum business, will not generate sufficient operating margins to cover the costs of its two molybdenum mines on care and maintenance. Care and maintenance expenses related to the Molybdenum unit are currently estimated to be between \$13 - \$15 million for 2019.

Sensitivities

Centerra’s revenues, earnings and cash flows for the remaining six months of 2019 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 ⁽³⁾	Revenues	Cash flows	Net Earnings (after tax)	AISC ⁽²⁾ on by-product basis
Gold price	\$50/oz	1.8 – 2.0	14.4 – 16.4	12.6 – 14.4	12.6 – 14.4	2 - 3
Copper price	10%	0.3 – 0.4	7.5 – 9.7	7.2 – 9.3	7.2 – 9.3	10 – 13
Diesel fuel	10%	2.4 – 3.1	-	2.4 – 3.1	2.4 – 3.1	3 – 4
Kyrgyz som ⁽¹⁾	1 som	0.6 – 1.1	-	0.6 – 1.1	0.6 – 1.1	1 – 2
Turkish Lira ⁽¹⁾	1 lira	0.6 – 0.9	-	0.6 – 0.9	-	-
Canadian dollar ⁽¹⁾	10 cents	6.4 – 9.3	-	6.4 – 9.3	5.7 - 8.4	8 - 11

⁽¹⁾ 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.

⁽²⁾ Non-GAAP measure. See discussion under “Non-GAAP Measures”.

⁽³⁾ Includes capital costs.

Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for the remaining six months of 2019 include the following:

- a gold price of \$1,300 per ounce,
- a copper price of \$2.70 per pound,
- a molybdenum price of \$12 per pound,
- exchange rates:
 - \$1USD:\$1.30 Canadian dollar,
 - \$1USD:69.0 Kyrgyz som,
 - \$1USD:5.50 Turkish lira,
 - \$1USD:0.88 Euro,
- diesel fuel price assumption:
 - \$0.54/litre at Kumtor,
 - \$0.91/litre (CAD\$1.10/litre) at Mount Milligan.

The assumed diesel price of \$0.54/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 are assuming the price of oil of approximately \$86 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 Company targets to hedge up to 75% of crude oil component of monthly diesel purchases exposure over the last six months of 2019 (see 7. Financial Instruments for current hedged position).

Other material assumptions used in forecasting production, costs and capital forecasts for the remaining six months of 2019 are unchanged from the prior guidance disclosure of May 1, 2019. In addition, the Company's forecast assumes that all required inspection approvals for the Öksüt Project are received in normal course.

Production, cost and capital forecasts for 2019 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions & Risks" and "Caution Regarding Forward-Looking Information" in this document and under the heading "Risks That Can Affect Our Business" 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 (except as otherwise noted) 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.

5. Financial Performance

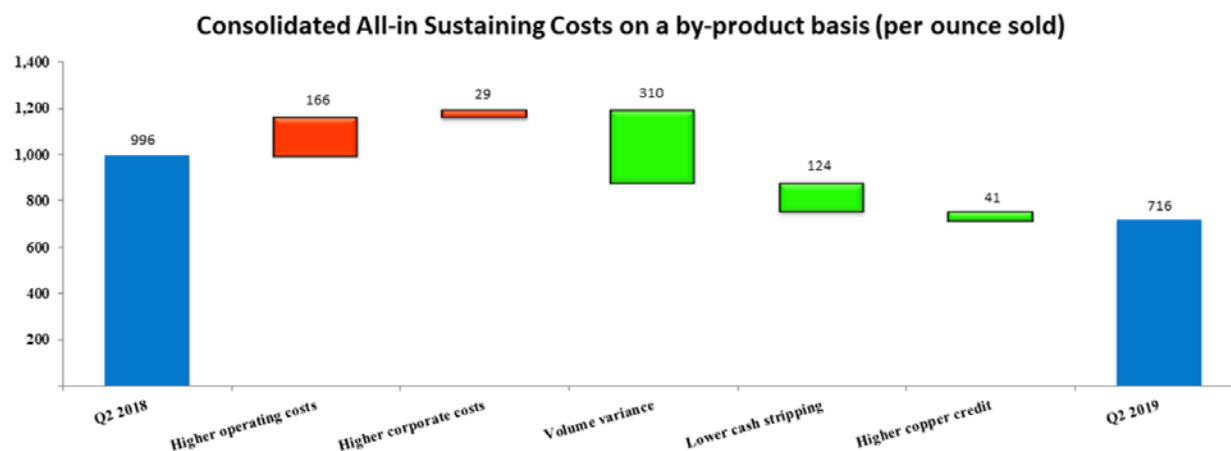
Second quarter ended 2019 compared to Second Quarter 2018

Revenue increased to \$340.5 million in the second quarter of 2019 from \$243.3 million in the second quarter of 2018, as a result of 41% more gold ounces sold (198,287 ounces compared to 140,427 ounces), 48% more copper pounds sold (18.7 million pounds compared to 12.7 million pounds) and 20% higher molybdenum sales as compared to 2018, partially offset by lower average realized prices for copper.

Gold production for the second quarter of 2019 was 199,578 ounces compared to 130,183 ounces for the same period of 2018. Gold production at Kumtor was 151,065 ounces in the second quarter of 2019, 80% higher than the 83,802 ounces produced in the same period of 2018. The increase in ounces produced at Kumtor is a result of milling more ore from higher grade stockpiles, contributing to an average mill head grade in the second quarter of 2019 of 3.48 g/t compared to 2.27 g/t in the second quarter of 2018. During the quarter ended June 30, 2019, Mount Milligan produced 48,513 ounces of gold and 20.4 million pounds of copper, 5% and 24% higher than in the same period of 2018 respectively, reflecting higher mill availability and throughput, higher copper grades and higher gold recoveries.

Cost of sales increased in the second quarter of 2019 to \$238.5 million compared to \$187.4 million in the same period of 2018, mainly resulting from higher sales volumes and higher operating costs at both operating mines, including abnormal water sourcing costs at Mount Milligan. In the molybdenum business, higher concentrate feed costs and volumes resulted in a 17% increase in cost of sales. Depreciation, depletion and amortization associated with production was \$59.0 million in the second quarter of 2019 as compared to \$43.5 million in the same period of 2018.

Centerra's all-in sustaining costs on a by-product basis per ounce of gold sold^{NG}, which excludes revenue-based tax and income tax, decreased to \$716 in the second quarter of 2019 from \$996 in the comparative period mainly as a result of higher ounces sold, higher copper credits and lower capitalized stripping costs at Kumtor, partially offset by higher administration costs.



Exploration expenditures in the second quarter of 2019 were \$6.3 million, a 35% increase compared to the \$4.7 million in the same period of 2018, reflecting the resumption of exploration activities at Kumtor in mid-2018 and increased spending on advanced projects as compared to the comparative quarter.

Financing costs in the second quarter of 2019 were \$3.7 million compared to \$5.9 million in the comparative quarter of 2018, reflecting the Company's repayment of the principal outstanding on its Corporate Facility.

Corporate administration costs were \$13.7 million in the second quarter of 2019, an increase of \$5.3 million compared to the same period of 2018, mainly due to an increase in share-based compensation of \$6.8 million, driven by an increase in the Company's share price, partially offset by lower administration costs associated with the Company's recent acquisitions.

First Half 2019 compared to First Half 2018

Revenue increased to \$674.5 million in the first half of 2019 from \$478.7 million in the first half of 2018, as a result of 45% more gold ounces sold (394,738 ounces compared to 272,859 ounces), 82% more copper pounds sold (31.2 million pounds compared to 17.2 million pounds) and 14% higher molybdenum sales as compared to 2018, partially offset by lower average realized prices for copper.

Gold production for the first half of 2019 was 383,141 ounces compared to 259,947 ounces for the same period of 2018. Gold production at Kumtor was 301,373 ounces in the first half of 2019, 64% higher than the 184,023 ounces produced in the same period of 2018. The increase in ounces produced at Kumtor is a result of milling more ore from higher grade stockpiles, contributing to an average mill head grade of 3.60 g/t in the first six months of 2019 compared to 2.43 g/t in the same period of 2018, and achieving higher recoveries in the first half of 2019 as compared to 2018. During the first half of 2019, Mount Milligan produced 81,767 ounces of gold and 31.8 million pounds of copper, 8% and 41% higher than in the same period of 2018, reflecting higher mill availability and throughput, higher copper grades and higher gold recoveries, partially offset by lower gold grade.

Cost of sales increased in the first half of 2019 to \$461.9 million compared to \$340.2 million in the same period of 2018, mainly resulting from higher sales volumes and higher mining and milling costs at Mount Milligan (including higher water sourcing costs) and higher milling costs at Kumtor. Higher costs and volumes resulted in a 21% increase in cost of sales in the molybdenum business. Depreciation, depletion and amortization associated with production was \$113.4 million in the first half of 2019 as compared to \$85.2 million in the same period of 2018.

All-in sustaining costs on a by-product basis per ounce of gold sold^{NG}, which excludes revenue-based tax and income tax, decreased to \$693 in the first half of 2019 from \$963 in the comparative period mainly as a result of higher ounces sold, higher copper credits and lower capitalized stripping costs at Kumtor, partially offset by higher administration costs in the first half of 2019 as compared to the first half of 2018.

Care and maintenance costs in the first half of 2019 totaled \$14.2 million compared to \$8.9 million in the same period of 2018. The increase in 2019 reflects increased activities at the Kemess site and the impact from exchange rate movements on Endako's reclamation provision.

Exploration expenditures in the first half of 2019 were \$11.3 million, a 59% increase compared to the \$7.1 million in the same period of 2018, reflecting the resumption of exploration activities at Kumtor starting mid-2018 and increased spending on advanced projects as compared to the comparative period.

Financing costs in the first half of 2019 were \$7.7 million compared to \$20.5 million in the comparative period of 2018, reflecting the Company's repayment of one of its outstanding credit facilities, which resulted in lower interest expense, lower financing costs and fees in 2019.

Corporate administration costs were \$23.4 million in the first half of 2019, an increase of \$4.6 million compared to the same period of first half of 2018, mainly due to an increase in share-based compensation

of \$7.1 million, driven by an increase in the Company's share price in the second quarter of 2019, partially offset by lower administration costs associated with the Company's recent acquisitions.

6. Balance Sheet Review

Capital Expenditure

\$ millions	Three months ended June 30			Six months ended June 30		
	2019	2018	Change	2019	2018	Change
Consolidated:						
Sustaining capital ^{NG}	20.8	20.5	1%	40.6	44.8	(9%)
Capitalized stripping ⁽¹⁾	15.6	47.8	(67%)	38.5	86.3	(55%)
Growth capital ^{NG}	4.5	5.9	(24%)	6.5	9.4	(31%)
Öksüt Project development	20.0	10.1	99%	35.3	15.9	123%
Greenstone Gold Property capital ⁽²⁾	4.1	3.4	22%	7.7	5.1	49%
Kemess Underground Project development	9.6	5.5	74%	14.2	5.5	158%
Total⁽³⁾	74.6	93.2	(20%)	142.7	166.9	(15%)

⁽¹⁾Includes cash component of \$12.1 million and \$29.4 million in the three and six months ended June 30, 2019 (\$36.6 million and \$65.3 million in the comparative periods of 2018, respectively).

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

⁽³⁾Excludes capitalized equipment leases.

Capital expenditures in the second quarter of 2019 were \$74.6 million compared to \$93.2 million in the same period of 2018, resulting mainly from reduced spending on capitalized stripping at Kumtor (\$32.2 million) and lower growth capital^{NG} (\$1.4 million), partially offset by higher spending on the Company's development projects (at Öksüt (\$9.9 million) and Kemess (\$4.1 million)).

Credit Facilities

Centerra was in compliance with the terms of all of its credit facilities as at June 30, 2019.

As at June 30, 2019, the Corporate Facility is undrawn.

The OMAS Facility expires on March 31, 2024 and as at June 30, 2019, had a drawn balance of \$75.5 million. As at June 30, 2019, \$6.3 million (December 31, 2018 - \$6.2 million) of deferred financing fees are being amortized over the term of the OMAS Facility.

As at June 30, 2019 the principal amount outstanding under the Caterpillar Financial Services Limited Promissory Note ("CAT Note") was \$27 million.

7. Market Conditions

Gold Price

During the second quarter of 2019, the spot gold price fluctuated between a low of \$1,271 per ounce and a high of \$1,423 per ounce. The average spot gold price for the second quarter was \$1,309 per ounce, an increase of \$3 per ounce from the second quarter of 2018 average (\$1,306 per ounce), and a \$5 per ounce increase compared to the first quarter of 2019 average (\$1,304 per ounce).

Copper Price

The average spot copper price in the second quarter of 2019 was \$2.77 per pound, a \$0.35 per pound decrease compared to the second quarter of 2018 average of \$3.12 per pound, and a \$0.05 per pound increase compared to the first quarter of 2019 average (\$2.82 per pound).

Molybdenum Price

The average molybdenum price in the second quarter of 2019 was \$12.18 per pound, a \$0.45 per pound increase when compared to the second quarter of 2018 average of \$11.73 per pound, and a \$0.40 per pound increase compared to the first quarter of 2019 average (\$11.78 per pound).

Foreign Exchange

The Company receives its revenues through the sale of gold, copper and molybdenum in U.S. dollars. The Company has operations in Canada, including its corporate head office, the Kyrgyz Republic, Turkey and the United States. During the first six months of 2019, the Company incurred combined expenditures (including capital) of approximately \$563 million. Approximately \$288 million of this (51%) was in currencies other than the U.S. dollar. Centerra's non-U.S. dollar costs includes 62% in Canadian dollars, 29% in Kyrgyz soms, 5% in Euros and 2% in Turkish lira. The Canadian dollar and Kyrgyz som strengthened against the U.S. dollar by 3% and 0.2% on average from its value at December 31, 2018. The Turkish lira and the Euro depreciated against the U.S. dollar by approximately 6% and 2%, respectively, over the same period. The net impact of these movements in the six months ended June 30, 2019 was to increase costs in the period by \$3.6 million (decrease of \$2.5 million in the six months ended June 30, 2018).

USD to CAD

The average U.S. dollar to Canadian dollar exchange rate for the second quarter of 2019 of 1.34, weakened when compared to the average of the first quarter of 2019 (1.33), with rates in the second quarter ranging from 1.31 to 1.35.

USD to Kyrgyz Som

The average U.S. dollar to Kyrgyz som exchange rate for the second quarter of 2019 of 69.8 was the same as the average of the first quarter of 2019, with rates in the quarter ranging from 69.5 to 69.9.

USD to Turkish Lira

The average U.S. dollar to Turkish lira exchange rate for the second quarter of 2019 of 5.9, weakened when compared to the first quarter of 2019 (5.4) and 34% when compared to the average of the second quarter of 2018 (4.4). The exchange rate ranged from 5.5 to 6.2 in the second quarter of 2019.

8. 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.

The hedge positions for each of these programs as at June 30, 2019 are summarized as follows:

					As at June 30, 2019	As at June 30, 2019
Program	Instrument	Unit	Average strike price	Type	Total Position ⁽⁵⁾	Fair value gain (loss) ('000')
Fuel Hedges	ULSD zero-cost collars ⁽¹⁾	Barrels	\$75/\$82	Fixed	68,670	\$186
Fuel Hedges	ULSD forwards ⁽²⁾	Barrels	\$77	Fixed	29,320	\$137
Fuel Hedges	Brent Crude Oil zero-cost collars ⁽¹⁾	Barrels	\$59/\$69	Fixed	147,570	\$46
Gold/Copper Hedges (Royal Gold deliverables):						
Gold Derivative Contracts	Forward contracts ⁽³⁾	Ounces	-(4)	Float	20,860	\$1,145
Copper Derivative Contracts	Forward contracts ⁽³⁾	Pounds	-(4)	Float	4.1 million	\$17
FX Hedges						
USD/CAD Derivative Contracts	Zero-cost collars ⁽²⁾	CAD Dollars	1.31/1.36	Fixed	125.1 million	\$763

- (1) Under the fuel zero-cost collars, the Company retains the right to buy fuel barrels at the contract's 'ceiling' price, if the market price was to exceed this price upon contract expiration, while requiring the Company to buy fuel barrels at the 'floor' price if the market price fell below this price upon expiration. At the end of each contract there is no exchange of the underlying item and it is financially settled.
- (2) Under the ULSD forward contracts, the Company agrees to buy a specified quantity of barrels at a specified contract price at a future date. At the end of each contract there is no exchange of the underlying item and it is financially settled.
- (3) Under the Royal Gold forward contracts, the Company must sell specified quantities of gold or copper, at a future market price on a specified date.
- (4) Royal Gold hedging program with a market price determined on closing of the contract.
- (5) Hedge positions as at end of June 2019 are due to settle by end of 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.

9. 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 operated by a Western-based gold producer. It has been in production since 1997 and has produced over 12.3 million ounces of gold to June 30, 2019.

Recent Developments

The Company continues to work with the Government of the Kyrgyz Republic ("Government") to satisfy the conditions precedent to completion of the comprehensive settlement agreement entered into with the Government on September 11, 2017. The longstop date for satisfaction of all such conditions was extended a number of times by agreement of all parties and is now August 10, 2019. See "Contingencies".

Kumtor Operating Results

(\$ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Financial Highlights:						
Revenue - \$ millions	197.7	117.3	69%	392.6	270.3	45%
Cost of sales (cash)	57.2	44.4	29%	108.4	87.0	25%
Cost of sales (non-cash)	43.6	31.4	39%	84.6	67.1	26%
Cost of sales (total)	100.8	75.8	33%	193.0	154.1	25%
Cost of sales - \$/oz sold ⁽¹⁾	658	837	(21%)	636	742	(14%)
Cash provided by operations	92.7	52.9	75%	212.7	95.9	122%
Cash provided by operations before changes in working capital ⁽¹⁾	105.9	52.0	104%	215.7	136.6	58%
Operating Highlights:						
Tonnes mined - 000s	39,949	43,493	(8%)	89,143	90,807	(2%)
Tonnes ore mined – 000s	2,630	957	175%	4,507	2,361	91%
Average mining grade - g/t	1.45	1.72	(15%)	1.74	1.90	(8%)
Tonnes milled - 000s	1,575	1,571	0%	3,151	3,239	(3%)
Average mill head grade - g/t	3.48	2.27	53%	3.60	2.43	48%
Mill Recovery - %	82.3%	70.3%	17%	82.1%	71.4%	15%
Mining costs - total (\$/t mined material)	1.32	1.23	7%	1.16	1.15	1%
Milling costs (\$/t milled material)	11.51	10.55	9%	11.22	9.89	13.4%
Gold produced – ounces	151,065	83,802	80%	301,373	184,023	64%
Gold sold – ounces	153,307	90,620	69%	303,574	207,539	46%
Average realized gold price ⁽¹⁾ - \$/oz sold	\$ 1,289	\$ 1,294	(0%)	\$ 1,293	\$ 1,302	(1%)
Capital Expenditures (sustaining) ⁽¹⁾ - cash	11.3	9.9	14%	20.3	21.2	(4%)
Capital Expenditures (growth) ⁽¹⁾ - cash	4.5	5.9	(24%)	6.5	9.4	(31%)
Capital Expenditures (stripping) - cash	12.1	36.6	(67%)	29.4	65.3	(55%)
Capital Expenditures (stripping) - non-cash	3.5	11.2	(69%)	9.0	21.0	(57%)
Capital expenditures (total)	31.4	63.6	(51%)	65.2	116.9	(44%)
Unit Costs:						
Adjusted operating costs ⁽¹⁾ - \$/oz sold	\$ 407	\$ 555	(27%)	\$ 391	\$ 475	(18%)
Gold - All-in sustaining costs on a by-product basis - \$/oz sold ⁽¹⁾	\$ 562	\$ 1,071	(47%)	\$ 557	\$ 895	(38%)
Gold - All-in sustaining costs on a by-product basis (including taxes) - \$/oz sold ⁽¹⁾	\$ 744	\$ 1,254	(41%)	\$ 739	\$ 1,078	(31%)

(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.

Second quarter ended 2019 compared to Second Quarter 2018

Production:

During the second quarter of 2019, Kumtor continued mining cut-backs 19 West, 20 and 20A and ice unloading.

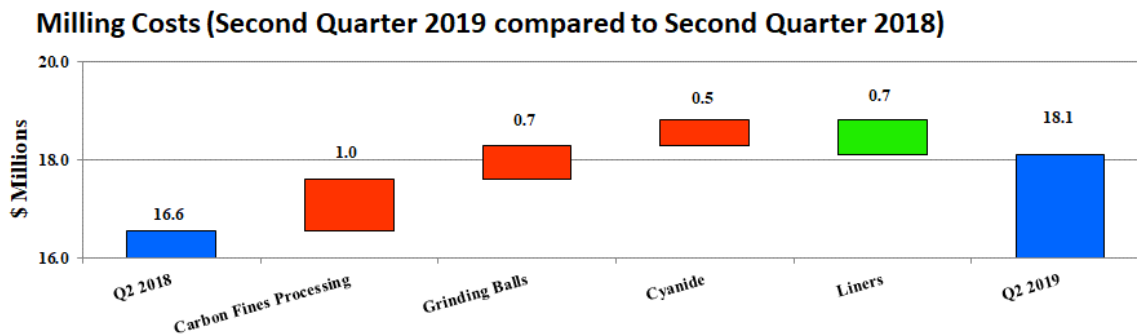
Total waste and ore mined in the second quarter of 2019 was 39.9 million tonnes compared to 43.5 million tonnes in the second quarter of 2018, representing a decrease of 8.1% mainly due to trucking delays from weather constraints in 2019.

Kumtor produced 151,065 ounces of gold in the second quarter of 2019 compared to 83,802 ounces of gold in the same period of 2018. The increase in the current quarter is primarily due to processing ore with higher

grades from cut-back 18 and 19 stockpiles and higher recoveries, compared to lower grade stockpiled ore from cut-back 17 and Sarytor processed in the second quarter of 2018. During the second quarter of 2019, Kumtor's average mill head grade was 3.48 g/t with a recovery of 82.3% compared to 2.27 g/t and a recovery of 70.3% for the same period in 2018.

Mining Costs, including capitalized stripping:

Mining costs, including capitalized stripping, was \$52.4 million in the second quarter of 2019, which was \$0.8 million lower than the comparative quarter in 2018. Lower costs in the second quarter of 2019 includes lower diesel costs (\$1.9 million), which was due to lower mine production and lower consumption rates resulting from decreased haulage distance and weather delays.



Milling costs amounted to \$18.1 million in the second quarter of 2019 compared to \$16.6 million in the comparative quarter of 2018. The increase is mainly due to higher carbon fines processing costs compared to the same period of 2018 (when carbon fines processing was not fully operational), higher grinding media costs due to the processing of a harder ore type and higher cyanide costs mainly due to higher prices and consumption rates. This was partially offset by lower liner costs due to the timing of mill liner replacements.

Site Support Costs:

Site support costs in the second quarter of 2019 was \$12.0 million compared to \$12.8 million in 2018. The decrease is attributable primarily due to lower contractors' service costs (\$0.6 million) resulted from fewer contractors, and lower costs for camp supplies.

Other Cost movements:

DD&A associated with sales increased to \$43.6 million in the second quarter of 2019 from \$31.0 million in the comparative period, mainly due to higher ounces sold and higher amortization of capitalized stripping resulting from the release of ore from cut-back 19.

All-in Sustaining Costs:

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes revenue-based tax, was \$562 in the second quarter of 2019 compared to \$1,071 in the same period of 2018. The decrease was mainly due to higher ounces sold and lower capitalized stripping. The decrease in capitalized stripping resulted from accessing ore at cut-back 19 West in June 2019, earlier than we accessed ore in 2018) at which time capitalization of deferred stripping costs ceased, with subsequent stripping costs accounted for in inventory.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold^{NG} was \$744 in the second quarter of 2019 compared to \$1,254 in the same period of 2018. The decrease was mainly due to lower all-in sustaining costs^{NG} (explained above), partially offset by higher revenue-based taxes resulted from increased sales revenue achieved in the second quarter of 2019.

First Half 2019 compared to First Half 2018

Production:

During the first half of 2019 Kumtor focused on developing cut-backs 19 (East and West), 20 and 20A in the Central Pit and ice unloading.

Total waste and ore mined in the first half of 2019 was 89.1 million tonnes compared to 90.8 million tonnes in the comparative period of 2018 mainly due to a decrease in the average haulage distance in the first half of 2019.

Kumtor produced 301,373 ounces of gold in the first half of 2019 compared to 184,023 ounces of gold in the first half of 2018. The increase is primarily due to processing ore with higher grade and recovery from cut-back 18 and 19 stockpiles. During the first half of 2019, Kumtor's mill head grade was 3.60 g/t with a recovery of 82.1%, compared with 2.43 g/t and a recovery of 71.4% for the same period in 2018.

Mining Costs, including capitalized stripping:

Mining costs, including capitalized stripping, was \$103.7 million in the first half of 2019 compared to \$104.5 million in the comparative period of 2018. Mining costs decreased slightly due to lower diesel costs (\$1.5 million), which was due to lower consumption resulting from a shorter haulage profile in 2019. This was partially offset by higher assay costs mainly due to an increased number of samples tested.

Milling Costs:

Milling costs of \$35.4 million in the first half of 2019 compared to \$32.0 million in the comparative period of 2018, reflecting higher carbon fines processing costs (\$1.9 million) as the associated unit operation was ramping up in the first half of 2018, and higher grinding media costs (\$1.4 million) due to the processing of a harder ore type.

Site Support Costs:

Site support costs in the first half of 2019 totaled \$23.8 million compared to \$25.7 million in the comparative year. The decrease is attributable primarily due to lower costs for camp supplies (\$1.1 million) due to cost optimization and fewer contractors on site.

Other Cost movements:

DD&A associated with sales increased to \$84.6 million in the first half of 2019 from \$67.1 million in the comparative period, mainly due to higher ounces sold and higher amortization of capitalized stripping costs resulting from the release of ore from cut-back 19 West.

All-in Sustaining Costs:

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes revenue-based tax, was \$557 in the first half of 2019 compared to \$895 in the same period of 2018. The decrease was mainly due to higher ounces sold and lower capitalized stripping. The decrease in capitalized stripping resulted from

accessing ore at cut-back 19 West in June 2019, earlier than we accessed ore in 2018) at which time capitalization of deferred stripping costs ceased, with subsequent stripping costs accounted for in inventory.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold^{NG} was \$739 in the first half of 2019 compared to \$1,078 in the same period of 2018. The decrease was mainly due to lower all-in sustaining costs^{NG} (explained above), partially offset by higher revenue-based taxes resulting from increased sales revenue achieved in the first half of 2019.

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 arrangement with RGLD AG and Royal Gold, Inc. (together, “Royal Gold”) 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 tonnes of copper delivered (the “Mount Milligan Streaming Arrangement”).

Recent Developments

- At Mount Milligan average daily mill throughput together with copper and gold recoveries have met or exceeded expectations in the first half of the year.
- As water availability increased with the spring melt and the Company started accessing water from the newly permitted water sources in April 2019, the mill returned to full capacity in early May and mill throughput averaged 53,559 tonnes per calendar day (58,245 tonnes per operating day) during the second quarter of 2019.
- During the month of June, the mill averaged 60,576 tonnes per calendar day.

Water Update

As previously noted, the Company received amendments to its environmental assessment certificate to permit access to additional sources of surface water and groundwater until November 30, 2021. The Company is now permitted to obtain water for use in Mount Milligan’s milling operation from Philip Lake 1, Rainbow Creek and Meadows Creek until November 30, 2021 at set rates as well as water from groundwater sources within a radius of six kilometres of the Mount Milligan Mine for the life of the mine. The Company started accessing water from these newly permitted sources in April 2019. Weather conditions around the Mount Milligan Mine, and elsewhere in British Columbia, continue to be exceptionally hot and dry, which has affected precipitation levels as well as water flows in rivers, streams and other bodies of water. As a result, the amount of water that Mount Milligan captured from the 2019 spring melt runoff was less than anticipated. The Company is continuing to explore for additional groundwater sources to supply the Mount Milligan processing plant as well as continuing to work towards a long-term water solution. The Company estimates that if additional groundwater sources are not available and / or dry weather conditions persist in the second half of 2019, the Company may need to take steps to manage its production in the first quarter of 2020 to conserve water resources until the 2020 spring melt.

With respect to the updated long-term water supply plan, the Company continues to work with relevant stakeholders to identify and evaluate water sources that will best be able to supply Mount Milligan’s mill for the life-of-mine while meeting environmental and other parameters. Formal applications and government review are expected to commence later this year, and will be the subject of discussion with

regulators, potentially affected Indigenous groups, local communities and other interested parties. The Company's expectation is that its updated long-term water source (or sources) should be available after November 2021 for the entire life-of-mine, although there can be no assurance that it will have adequate sources of water over the long term. See "Caution Regarding Forward-Looking Information".

Groundwater Exploration

In the second quarter of 2019, the groundwater exploration strategy shifted to refining target development through geophysics. The geophysics program focused on the Lower Rainbow target area, about 2.5 kilometres northeast of the Tailings Storage Facility (TSF) and the Meadows target area, two kilometres south of the TSF.

Four water wells were drilled in the second quarter in the Lower Rainbow target area and two continue to be developed for long-term groundwater yield. Preliminary results are encouraging and have encountered buried channel sand-and-gravel identified previously and what is now identified as the Rainbow Valley Aquifer. Water licenses have been applied for and engineering design initiated that would allow available water to be pumped to the TSF by October 1, 2019. However, there can be no certainty that licenses would be available in time to meet this schedule.

Mount Milligan Operating Results

(\$ millions, except as noted)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Financial Highlights:						
Gold sales	47.6	47.9	(1%)	93.9	64.0	47%
Copper sales	36.4	28.2	29%	67.5	38.2	77%
Total Revenues	84.0	76.1	10%	161.4	102.2	58%
Cost of sales (cash)	65.6	50.7	29%	122.1	70.6	73%
Cost of sales (non-cash)	14.1	11.2	26%	26.4	15.5	70%
Cost of sales (total)	79.7	62.0	29%	148.5	86.2	72%
Cash provided by (used in) operations	24.2	24.3	(1%)	36.6	(17.0)	(316%)
Cash provided by operations before changes in working capital ⁽¹⁾	11.3	20.7	(46%)	27.8	15.6	78%
Operating Highlights:						
Tonnes mined - 000s	9,947	9,029	10%	19,252	16,601	16%
Tonnes ore mined - 000s	4,426	4,140	7%	6,976	6,370	10%
Tonnes milled - 000s	4,874	4,311	13%	7,304	6,049	21%
Mill Head Grade Copper (%)	0.24%	0.22%	10%	0.25%	0.22%	14%
Mill Head Grade Gold (g/t)	0.48	0.56	(14%)	0.53	0.62	(15%)
Copper Recovery - %	82.3%	82.7%	(0%)	82.3%	82.8%	(1%)
Gold Recovery - %	66.0%	61.7%	7%	67.6%	64.1%	5%
Mining costs - total (\$/t mined material)	\$ 2.23	\$ 1.96	14%	\$ 2.15	\$ 2.14	0%
Milling costs - total (\$/t milled material)	\$ 6.84	\$ 6.17	11%	\$ 7.92	\$ 5.82	36%
Concentrate Produced (dmt)	43,847	35,479	24%	69,658	49,015	42%
Payable Copper Produced (000's lbs) ⁽⁴⁾	20,397	16,449	24%	31,837	22,591	41%
Payable Gold Produced (oz) ⁽⁴⁾	48,513	46,380	5%	81,767	75,924	8%
Gold Sales (payable oz) ⁽⁴⁾	44,980	49,807	(10%)	91,164	65,320	40%
Copper Sales (000's payable lbs) ⁽⁴⁾	18,700	12,668	48%	31,222	17,174	82%
Average Realized Price - Gold (combined) - \$/oz ⁽¹⁾⁽³⁾	\$ 1,058	\$ 966	10%	\$ 1,032	\$ 981	5%
Average Realized Price - Copper (combined) - \$/lb ⁽¹⁾⁽³⁾	\$ 1.94	\$ 2.23	(13%)	\$ 2.15	\$ 2.23	(4%)
Capital Expenditures (sustaining) ⁽¹⁾ - cash	8.9	10.4	(15%)	19.6	23.1	(15%)
Unit Costs:						
Adjusted Operating costs- \$/oz sold⁽¹⁾	709	483	47%	644	535	20%
Gold - All in Sustaining costs on a by-product basis - \$/oz sold⁽¹⁾	938	700	34%	889	903	(2%)
Gold - All in Sustaining costs on a by-product basis (including taxes) - \$/oz sold⁽¹⁾	958	720	33%	908	921	(1%)
Gold - All in Sustaining costs on a co-product basis - \$/oz sold⁽¹⁾	925	790	17%	942	917	3%
Copper - All in Sustaining costs on a co-product basis - \$/pound sold⁽¹⁾	1.97	1.87	5%	2.01	2.17	(7%)

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

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ 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% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.

Second quarter ended 2019 compared to Second Quarter 2018

Production:

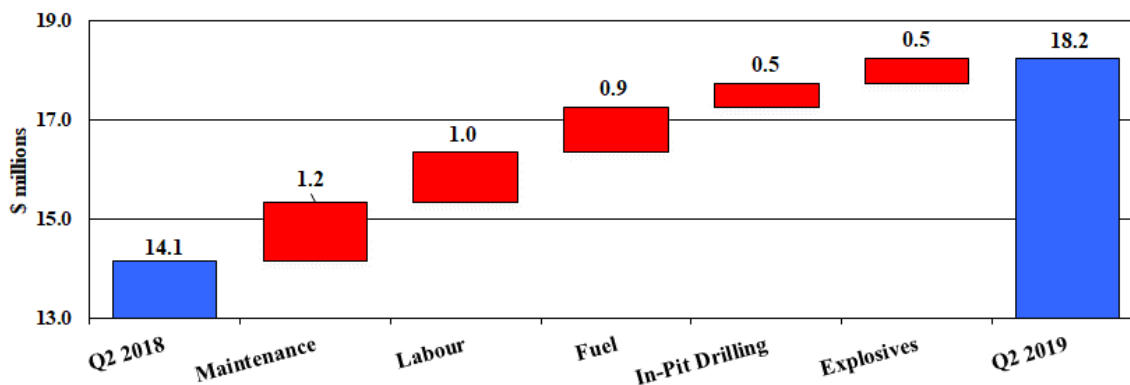
During the second quarter of 2019, ore and waste mining activities were mainly in phases 3 and 4 of the main pit. Overburden and waste rock mining continued in phase 8 of the Southern Star Pit through the second quarter of 2019 while topsoil stripping continued in the higher benches and along the perimeters of

Southern Star. Total waste and ore mined in the second quarter of 2019 was 10 million tonnes and total material moved was 10.8 million tonnes. In the comparative quarter of 2018, total waste and ore mined was 9.0 million tonnes and total material moved was 9.4 million tonnes. Mine production averaged 118,900 tpd compared to 103,400 tpd in the comparative quarter of 2018. The increase was mainly due to the higher availability of the mill requiring more ore from the pit as compared to 2018 when the mill was on reduced throughput, coupled with shorter fleet cycle time in the current quarter of 2019. In addition, the mine was able to start construction of its tailings dam earlier in 2019 which allowed more waste rock to be moved to construct the TSF.

Total mill throughput was 4.8 million tonnes in the second quarter of 2019 compared to 4.3 million tonnes in the same quarter of 2018. In the current quarter, mill throughput averaged 53,559 tonnes per calendar day (58,245 tonnes per operating day), compared to 47,378 tonnes per calendar day (52,081 tonnes per operating day) in the same quarter of 2018. The increased throughput was due to the mill reaching full operational capacity earlier in 2019 than the comparative quarter.

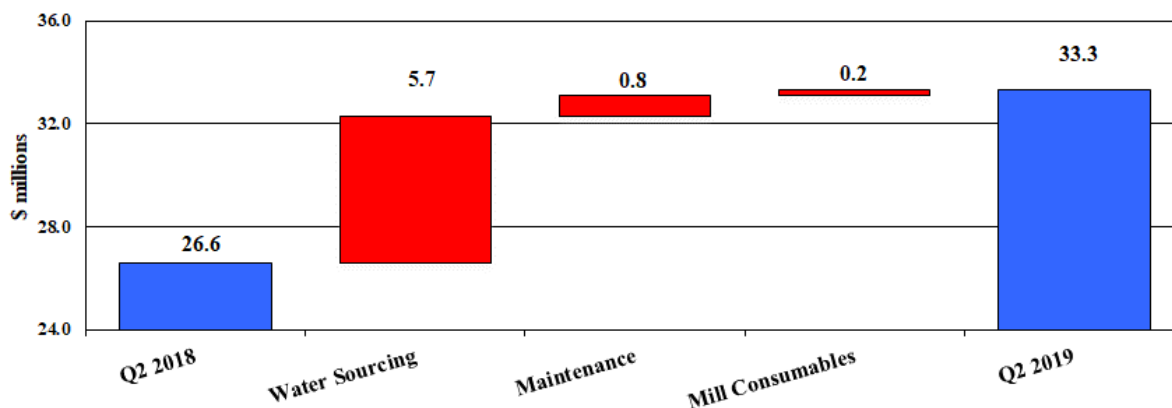
For the second quarter of 2019, 43.8 thousand metric tonnes of concentrate was produced, representing a 24% increase as compared to the same period of 2018. Total payable gold production in the second quarter of 2019 was 48,513 ounces compared to 46,380 ounces in the comparative quarter of 2018, due to higher throughput partially offset by slightly lower grades. Total payable copper was 20.4 million pounds in the second quarter of 2019 compared to 16.4 million pounds in the same quarter of 2018, due to higher throughput and higher grades.

Mining Costs (Second Quarter 2019 compared to Second Quarter 2018):



Mining costs totaled \$18.2 million in the second quarter of 2019, which was \$4.1 million higher than the comparative quarter of 2018. The increase includes higher maintenance costs (\$1.2 million) associated with auxiliary equipment repairs, higher labour costs (\$1.0 million) resulting from labour cost inflation and implementation of a new statutory employee health tax, higher fuel costs due to higher price and higher consumption, higher in-pit drilling costs associated with long-term mine planning process improvements, and higher explosive costs due to more tonnes mined.

Milling Costs (Second Quarter 2019 compared to Second Quarter 2018):



Milling costs totaled \$33.3 million in the second quarter of 2019 compared to \$26.6 million in the comparative quarter of 2018. The increase was mainly due to higher mill throughput, higher water sourcing costs (\$5.7 million) and higher milling consumables costs. In addition, maintenance costs were higher resulting from additional SAG mill relining and primary crusher repairs.

Other Cost movements:

Site support costs (including royalties) in the second quarter of 2019 totaled \$11.8 million versus \$10.6 million in the comparative quarter of 2018. The increase resulted from higher contract services cost associated with facility maintenance, higher royalties costs due to higher product sales and a host of other costs, including labour, training and other administrative costs, which were higher in the current quarter. This was partially offset by lower transportation costs (\$0.6 million) resulting from capitalization of certain long-term service agreements accounted for as leases under new accounting rules.

DD&A was \$14.1 million in the second quarter of 2019 compared \$11.2 million in the comparative quarter of 2018, reflecting increased production levels.

All-in Sustaining Costs:

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes taxes, were \$938 for the second quarter of 2019 compared to \$700 in the second quarter of 2018 due to higher operating costs, including costs related to higher water sourcing costs, and lower gold ounces sold, offset by higher copper credits and lower capital expenditures.

Including income taxes, all-in sustaining costs on a by-product basis per ounce sold^{NG} were \$958 in the second quarter of 2019 compared to \$720 in the same period of 2018.

First Half 2019 compared to First Half 2018

Production:

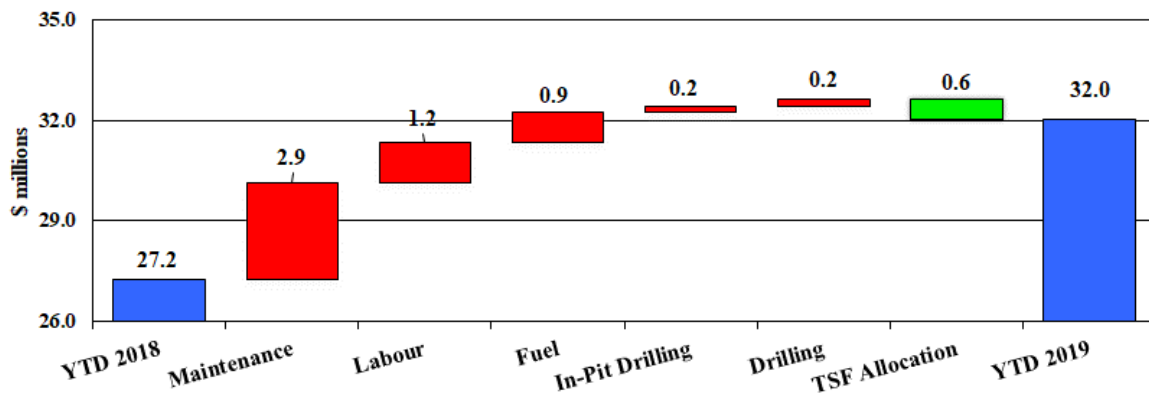
During the first half of 2019, ore mining was from phases 3 and 4 of the main pit, with the majority of ore mined (approximately 65%) from phase 3. Waste mining during the first half of 2019 was split evenly between Phase 4 in the MBX pit and phase 8 in the Southern Star pit. In phase 8, the focus was on continuing to develop the upper benches, including overburden and topsoil stripping and waste rock mining. Total

waste and ore mined in the first half of 2019 was 19.3 million tonnes and total tonnes moved was 20.5 million. Comparatively, the first half of 2018 there was lower total waste and ore mined at 16.6 million tonnes and lower total tonnes moved at 17.5 million. Mine production averaged 113,400 tpd moved while 96,900 tpd was moved in the comparative half of 2018. The lower tonnes moved in 2018 were mainly due to the mill shutdown in the first quarter which slowed down mining activities, as well as manpower constraints and the impact of wildfires in the local area.

Total mill throughput was 7.3 million tonnes in the first half of 2019 compared to 6.0 million tonnes in the same period of 2018. In the first half of 2019, mill throughput averaged 40,354 tonnes per calendar day (45,570 tonnes per operating day), compared to 33,422 tonnes per calendar day (44,459 tonnes per operating day) in the first half of 2018 due to the mill reaching full operational capacity earlier in 2019 than 2018.

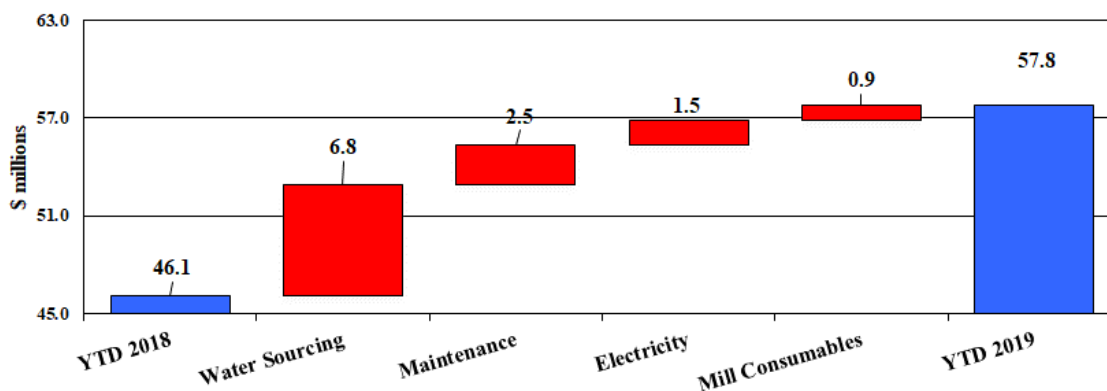
In the first half of 2019, 69.7 thousand metric tonnes of concentrate was produced, representing a 42% increase as compared to the same period of 2018, due mainly to the earlier availability of water in 2019. In the first half of 2019, total payable gold and copper production was 81,767 ounces and 31.8 million pounds, respectively, compared to 75,924 ounces of gold and 22.6 million pounds of copper in the first half of 2018.

Mining Costs, (First Half 2019 compared to First Half 2018):



Mining costs were \$32.0 million in the first half of 2019, which was \$4.8 million higher than the comparative period of 2018. The increase reflects mainly higher maintenance costs (\$2.9 million) resulting from higher spending on auxiliary equipment repair and an adjustment to a long-term maintenance contract in 2018, higher labour costs (\$1.2 million), higher fuel costs due to higher prices and consumption, partially offset by higher capitalization of costs to construct the tailings storage facility, as more waste rock was used to construct the walls of the TSF.

Milling Costs (First Half 2019 compared to First Half 2018):



Milling costs totaled \$57.8 million in the first half of 2019 compared to \$46.1 million in the comparative period of 2018, which included standby costs of \$10.8 million. The increase in operating costs was mainly due to higher water sourcing costs (\$8.2 million), higher electricity costs (\$1.5 million) and higher milling consumables costs. In addition, maintenance costs were higher (\$2.5 million) resulting from an additional SAG mill relining and primary crusher repair.

Other Cost movements:

Site support costs (including royalties) in the first half of 2019 totaled \$22.6 million versus \$21.1 million in the comparative period of 2018. The increase reflects higher royalty costs (\$1.5 million) due to higher product sales, and other costs, including labour and contract services, in the first half of 2019. This was partially offset by lower transportation costs (\$1.2 million) resulting from the capitalization of certain long-term service agreements accounted for as leases under new accounting rules and lower other administration costs.

DD&A was \$26.4 million in the first half of 2019 compared \$15.5 million in the comparative period of 2018, primarily due to higher copper production and additional depreciation of long-term service agreements accounted for as leases under new accounting rules.

All-in Sustaining Costs:

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes income taxes, was \$889 for the first half of 2019 compared to \$903 in the first half of 2018. The unit cost decrease results mainly from higher gold ounces sold and higher copper credits, partially offset by higher operating cost.

Including income taxes, all-in sustaining costs after tax on a by-product basis per ounce sold^{NG} was \$908 for the first half of 2019 compared to \$921 in the first half of 2018.

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, and the 75%-owned Endako Mine (mine, mill and roaster) in British Columbia. The molybdenum business also includes the Langeloth metallurgical roasting facility (the "Langeloth Facility") in Pennsylvania. TC Mine operates

a molybdenum beneficiation circuit to treat molybdenum concentrates to supplement the concentrate feed sourced directly for the Langeloth Facility. This beneficiation process allows the Company to process high copper content molybdenum concentrate purchased from third parties, which is then transported from TC Mine to the Langeloth Facility for further processing.

The molybdenum business provides tolling treatment 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 June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Financial Highlights:						
Molybdenum (Mo) Sales - \$ millions	56.7	47.2	20%	115.3	101.3	14%
Tolling, Calcining and Other	2.2	2.7	(19%)	5.1	4.9	4%
Total Revenues and Other Income	58.9	49.9	18%	120.5	106.2	13%
Cost of sales - cash	56.8	48.2	18%	117.9	97.2	21%
Cost of sales - non-cash	1.3	1.2	1%	2.4	2.6	(8%)
Cost of Sales - Total	58.0	49.5	17%	120.4	99.8	21%
Care & Maintenance costs - Molybdenum mines	3.9	2.7	44%	7.5	5.2	44%
Total capital expenditure	0.6	0.2	200%	0.8	0.4	100%
Cash used in operations	(6.1)	4.7	(230%)	(6.7)	(9.7)	(31%)
Cash (used in) provided by operations, before changes in working capital ⁽¹⁾	(1.4)	(1.5)	7%	(4.1)	2.9	(242%)
Production Highlights (000's lbs):						
Mo oxide purchased	4,481	3,925	14%	8,709	7,959	9%
Mo oxide roasted	5,350	3,917	37%	10,159	8,225	24%
Mo sold	4,225	3,637	16%	8,817	8,067	9%
Toll roasted and upgraded Mo	1,544	1,535	1%	3,198	2,776	15%

⁽¹⁾ Cash (used in) provided by operations before changes in working capital, is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Second Quarter 2019 compared to Second Quarter 2018

In the second quarter of 2019, 5.4 million pounds of molybdenum were produced, which represents a 34% increase over the 3.9 million pounds produced in the second quarter of 2018, mainly the result of increased availability of concentrates available for purchase. A total of 1.5 million pounds of molybdenum were roasted and upgraded in the quarter under tolling arrangements, which was comparable with the same period in 2018.

Molybdenum sales in the second quarter of 2019 increased by 20% as compared to the same period of 2018, benefitting from stronger demand and higher molybdenum prices. Higher volumes and higher molybdenum concentrate feed prices had a similar impact on cost of sales in the second quarter of 2019. The average molybdenum price in the second quarter of 2019 was \$12.18 compared to \$11.63 in the same period of 2018.

In the second quarter of 2019, the molybdenum business used \$1.4 million of cash from the operations before changes in working capital^{NG}, net of \$2.8 million in care and maintenance spending at the two molybdenum mines. The Molybdenum business recorded a net loss for the second quarter of 2019 of \$4.3 million compared to \$3.2 million in the same period of 2018.

First Half 2019 compared to First Half 2018

In the first half of 2019, a total of 10.2 million pounds of molybdenum were produced, which represents a 24% increase over the same period of 2018. A total of 3.2 million pounds of molybdenum were roasted and upgraded under tolling arrangements in the first six months which was 15.2% higher than the same period of 2018.

Molybdenum sales in 2019 benefitted from stronger demand versus 2018, resulting in 9% more pounds sold, which also resulted in higher sales revenue and cost of sales. The average molybdenum price was slightly higher in 2019 versus 2018, \$11.98 versus \$11.93.

In the first half of 2019, the molybdenum business used \$4.1 million of cash from the operations before changes in working capital^{NG}, net of \$5.3 million in care and maintenance spending at the two molybdenum mines. Total capital spending in the first half of 2019 was \$0.8 million. The Molybdenum business recorded a net loss for the first six months of 2019 of \$9.7 million compared to \$0.7 million for 2018.

10. Construction and Development Projects

Öksüt Construction Project:

The Öksüt Project is the Company's gold deposit situated in Turkey approximately 300 kilometres southeast of Ankara and 48 kilometres south of Kayseri, the provincial capital. The nearest administrative centre is at Develi (population 64,000) located approximately 10 kilometres north of the Project. Öksüt Madencilik Sanayi ve Ticaret Anonim Sirketi (OMAS), a wholly-owned subsidiary of the Company, owns the rights to mine and explore the Öksüt Project.

Construction Highlights – First Half of 2019:

As at June 30, 2019 the Öksüt Project construction is 64% complete. The following summarizes construction activities during the second quarter and first half of 2019:

- Roads and drainage are mostly complete, including the haul road access to the Keltepe Pit and Güneytepe Pit completed to the mine boundary.
- The water supply pipeline from the well area to the mine is completed with a well, pumping transfer and transfer tank operational.
- Construction of the power sub-station is substantially complete, with the sub-station energized.
- The secondary crusher building and conveyor lines have been completed and the primary crusher is substantially completed.
- Vibrating screen/deck feeders and stacker conveyors have been installed.
- Construction on the absorption, desorption, and refining ("ADR") plant is completed with all tanks, pumps and pipe work completed and hydro tested.
- The HDPE (high density polyethylene) liner for the heap-leach area, phases 1A and 1B, are currently being installed with 98,000m² out of 240,000m² remaining to be completed.
- Phase 1 of the Waste Rock Dump (WRD) construction is complete, the North WRD contact water pond has been lined with HDPE, fenced and commissioned, and excavation of the South WRD contact water pond is complete.
- The makeup water pond has been fully lined with HDPE and the PLS pond lining is underway.
- Construction of the administration buildings is nearing completion.
- Medium Grade/ High Grade stockpile area is complete and ready for ore stacking.
- All water lines have been installed throughout the site.
- The electrical cabling site wide is approximately 40% complete.

The project is on schedule and projected to be under budget by \$20 million which is due to the advanced stage of project construction, deferral of certain non-essential construction activities to after commissioning and a reduction of \$10 million of contingency in the 2019 budgeted. The Company now expects that the first gold pour from the Öksüt Project will occur in January of 2020. First gold pour is expected to occur once the project's overall completion reaches approximately 85%; the remaining work is considered not essential for first gold pour and is expected to be completed by mid-2020.

During the second quarter and first six months of 2019, the Company spent \$19.6 million and \$34.5 million, respectively, mainly on development activities at the Öksüt Project.

Kemess Underground Project:

The Kemess Project is located in north-central British Columbia, Canada, approximately 250 kilometres north of Smithers, 430 kilometres northwest of Prince George and 209 kilometres from the Mount Milligan mine. The Kemess Project site (or "Kemess") includes infrastructure from the past producing Kemess South mine. There are currently no mining activities at the Kemess site and on-site activities consist of care and maintenance work and initial surface construction and development activities for the proposed Kemess Underground Project.

In the second quarter of 2019, the Company spent \$2.9 million on care and maintenance and \$0.1 million on pre-development activities. Capital expenditures were \$9.6 million which includes costs for engineering and commissioning of the water discharge system, water treatment plant and mobile equipment purchases. Comparatively, the Company spent \$2.2 million and \$0.9 million on care and maintenance and pre-development activities in the second quarter of 2018, respectively. Capital expenditures for the 2018 period were \$5.7 million which included costs for civil works for the water discharge system and water treatment plant, purchase of mobile equipment and purchase of camp dorms.

In the first half of 2019, the Company spent \$6.6 million on care and maintenance and \$0.1 million on pre-development activities. Capital expenditures were \$14.2 million which includes costs for engineering and commissioning of the water discharge system, water treatment plant and mobile equipment purchases. Comparatively, the Company spent \$3.6 million and \$1.5 million on care and maintenance and pre-development activities in the second half of 2018, respectively. Capital expenditures for the 2018 period were \$5.9 million which includes costs for civil works for the water discharge system and water treatment plant, purchase of mobile equipment and purchase of camp dorms.

Activities in the second quarter of 2019 included continued site care and maintenance, water discharge system commissioning including initial discharge, water treatment plant construction, and engineering and optimization studies.

Greenstone Gold Property:

The Greenstone Gold property is located in northern Ontario, Canada approximately 275 kilometres northeast of Thunder Bay, Ontario. Centerra owns a 50% partnership interest in the Greenstone Partnership, which owns the Greenstone Gold development property, including the Hardrock deposit.

During the second quarter, the Greenstone Partnership continued to work towards updating the Hardrock open pit resource model using the results from drilling campaigns completed in 2018 and 2019, which consisted of 38,000 metres drilled on the principal zones of the initial mine plan. The Greenstone Partnership has obtained provincial and federal environmental assessment approvals and is in the process of submitting applications for permits.

During the second quarter and first half of 2019, the Company spent \$8.0 million and \$14.8 million respectively (2018: \$6.8 million and \$10.1 million respectively), mainly on advancing detailed engineering on infrastructure programs, on a core and reverse circulation drilling program (completed in May) and incorporating drilling results into an updated resource model, on permitting activities, and on advancing the agreements with potentially affected Indigenous groups. As at June 30, 2019, Centerra's funding towards its C\$185 million commitment in the Greenstone Partnership was C\$110.9 million (\$84.9 million).

11. Quarterly Results – Previous Eight Quarters

Over the last eight quarters, Centerra's results reflect the impact of decreasing consumable input costs amidst a period of rising gold prices. Operating costs have also benefited from stabilizing diesel costs and a depreciating Canadian dollar over the last eight quarters. Gold sold on a quarterly basis declined from the fourth quarter of 2017 to the first quarter in 2018, steadily increasing during the second and third quarter of 2018 and stabilizing during the fourth quarter of 2018 and throughout 2019. An after-tax gain of \$21.3 million on the sale of the Company's royalty portfolio was recorded in the second quarter of 2018. The Company recognized an increase in reclamation expenses of \$41.8 million in the fourth quarter of 2018 mainly to record an increase in water treatment costs at Thompson Creek Mine. The quarterly production profile for the first half of 2019 at Kumtor was consistent with the quarterly production profile for the second half of 2017 and 2018. 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 quarterly financial results for the last eight quarters are shown below:

\$ million, except per share data Quarterly data unaudited	2019		2018				2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	341	334	392	259	243	235	358	276
Net earnings (loss)	33	50	49	6	44	9	130	(1)
Basic earnings (loss) per share	0.11	0.17	0.17	0.02	0.15	0.03	0.45	-
Diluted earnings (loss) per share	0.11	0.17	0.17	0.01	0.15	0.03	0.43	-

12. Contingencies

The following is a summary of contingencies 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 2018 Annual Information Form and specifically the section entitled "Risks that can affect our business" therein available on SEDAR at 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 "Kyrgyz 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); the \$7 million to the Cancer Care Support Fund 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 Kyrgyz 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 Kyrgyz 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 Kyrgyz 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 Kyrgyz Government approvals noted in (i) above have all been obtained and most of the civil and criminal proceedings (other than the SIETS environmental claims discussed below) have been terminated.

The Company is continuing to work closely with the Kyrgyz Government to expeditiously satisfy the remaining conditions precedent to the Strategic Agreement, including the termination of certain legal proceedings. The initial longstop date for the satisfaction of all of the conditions precedent to completion of the Strategic Agreement has been extended by agreement of all the parties a number of times, most recently to August 10, 2019.

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

Kyrgyz Republic Claims

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 \$96.3 million at current exchange rates) and 663,839 Kyrgyz soms (approximately \$9,500 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. However, in April 2018, SIETS successfully appealed the decisions to terminate these claims and the claims have been returned to the court of first instance for further consideration. Despite this development, the Company expects these claims to be resolved in connection with the Strategic Agreement.

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.

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 received new land use certificates on January 24, 2019.

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.

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 claims and the Kyrgyz State tax orders, 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.

Other

The Company operates in multiple countries around the world and accordingly is subject to, and pays, taxes under the various regimes in those jurisdictions in which it operates. These tax regimes are determined under general corporate income tax and other laws of the respective jurisdiction. The Company has historically filed, and continues to file, all required tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are complex and subject to interpretation. From time to time the Company's tax filings are subject to review and in connection with such reviews disputes can arise with the taxing authorities over the Company's interpretation of the country's tax laws. The Company records provisions for future disbursements considered probable. As at July 30, 2019, the Company did not have any material provision for claims or taxation assessments.

13. 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 and six months ended June 30, 2019 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2018, with the exceptions listed in note 3 of the condensed consolidated interim financial statements.

The key sources of estimation uncertainty and judgment used in the preparation of the consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and earnings within the next financial year are outlined in detail in note 4 of the December 31, 2018 financial statements.

Recently issued but not adopted accounting guidance

Note 3 in the condensed consolidated interim financial statements for the three and six months ended June 30, 2019 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. On January 1, 2019, the Company adopted IFRS 16, *Leases*, that revises the definition of leases and requires companies to bring most leases on-balance sheet. IFRS 16 was adopted using the modified retrospective approach which resulted with the recording of additional lease liabilities of \$21.0 million and the recording of a corresponding right-of-use asset as part of property, plant and equipment. IFRIC 23, *Uncertainty over Income Tax Treatments*, was also adopted on January 1, 2019 with minimal impact.

14. 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 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 second quarter of 2019 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 and operation of these DC&P and ICFR were effective throughout the second quarter of 2019.

15. 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.
- *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*, operating costs are 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. In the second quarter of 2019, 467 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 second quarter of 2019, growth projects include Öksüt, Kemess 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 June 30						Six months ended June 30					
	Consolidated ⁽¹⁾		Kumtor ⁽¹⁾		Mount Milligan ⁽¹⁾		Consolidated ⁽¹⁾		Kumtor ⁽¹⁾		Mount Milligan ⁽¹⁾	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Cost of sales excluding molybdenum segment, as reported	180.5	137.8	100.8	75.8	79.7	62.0	341.4	240.3	192.9	154.1	148.5	86.2
Less: Non-cash component	57.7	42.3	43.6	31.0	14.1	11.2	111.0	82.2	84.6	66.7	26.4	15.5
Cost of sales, cash component	122.8	95.5	57.2	44.8	65.6	50.8	230.4	158.1	108.3	87.4	122.1	70.7
Adjust for:												
Regional office administration	3.1	3.5	3.1	3.5	-	-	6.0	6.3	6.0	6.3	-	-
Selling and marketing	2.5	1.3	-	-	2.5	1.3	3.7	2.2	-	-	3.7	2.2
Refining fees	1.4	1.1	1.2	0.9	0.2	0.2	2.8	2.3	2.4	2.0	0.4	0.3
By-product credits - copper	(36.4)	(28.2)	-	-	(36.4)	(28.2)	(67.5)	(38.2)	-	-	(67.5)	(38.2)
Community costs related to current operations	0.9	1.2	0.9	1.2	-	-	2.1	2.9	2.1	2.9	-	-
Adjusted Operating Costs	94.3	74.4	62.4	50.4	31.9	24.1	177.5	133.6	118.8	98.6	58.7	35.0
Corporate general administrative and other costs	13.6	8.0	-	-	-	0.1	23.2	18.7	-	-	-	0.4
Accretion expense	0.5	0.5	0.4	0.3	0.1	0.2	1.0	0.9	0.7	0.6	0.3	0.3
Capitalized stripping	12.1	36.6	12.1	36.6	-	-	29.4	65.3	29.4	65.3	-	-
Capital expenditures (sustaining)	20.2	20.4	11.3	9.9	8.9	10.5	39.9	44.7	20.3	21.2	19.6	23.3
Lease principal payments	1.3	-	-	-	1.3	-	2.5	-	-	-	2.5	-
All-in Sustaining Costs on a by-product basis	142.0	139.8	86.2	97.2	42.2	34.9	273.4	263.2	169.2	185.7	81.0	59.0
Revenue-based taxes	27.8	16.5	27.8	16.5	-	-	55.2	38.1	55.2	38.1	-	-
Income and mining taxes	0.9	6.2	-	-	0.9	1.0	1.7	6.8	-	-	1.7	1.2
All-in Sustaining Costs on a by-product basis (including taxes)	170.7	162.54	114.0	113.7	43.1	35.9	330.3	308.1	224.4	223.8	82.7	60.2
Ounces sold (000)	198.3	140.4	153.3	90.6	45.0	49.8	394.8	272.8	303.6	207.5	91.2	65.3
Adjusted Operating Costs - \$ /oz sold	476	529	407	555	709	483	450	489	391	475	644	535
Gold - All-in Sustaining Costs on a by-product basis - \$ /oz sold	716	996	562	1,071	938	700	693	963	557	895	889	903
Gold - All-in Sustaining Costs on a by-product basis (including taxes) - \$ /oz sold	861	1,157	744	1,254	958	720	837	1,128	739	1,078	908	921
Gold - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /oz sold	712	1,027	562	1,071	925	790	705	967	557	895	942	917
Copper - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /pound sold	1.97	1.87	n/a	n/a	1.97	1.87	2.01	2.17	n/a	n/a	2.01	2.17

⁽¹⁾ 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.

(\$ millions, except as noted)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net earnings (loss)	\$ 33.4	\$ 43.5	\$ 83.8	\$ 52.6
Adjust for non-recurring items:				
Gain on sale of royalty portfolio		(28.0)	-	(28.0)
Gain on sale of ATO	-	(9.4)	-	(9.4)
Tax adjustment	-	(5.2)	-	(5.2)
AuRico Metals Inc. acquisition and integration expenses	-	-	-	4.4
Adjusted earnings	\$ 33.4	\$ 1.0	\$ 83.8	\$ 14.5
Net earnings (loss) per share - basic	\$ 0.11	\$ 0.15	\$ 0.29	\$ 0.18
Net earnings (loss) per share - diluted	\$ 0.11	\$ 0.15	\$ 0.29	\$ 0.18
Adjusted earnings per share - basic	\$ 0.11	\$ -	\$ 0.29	\$ 0.05
Adjusted earnings per share - diluted	\$ 0.11	\$ -	\$ 0.29	\$ 0.05

Free cash flow (unlevered) is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
<i>(\$ millions, except as noted)</i>				
Cash provided by operations ⁽¹⁾	\$ 91.0	\$ 68.1	\$ 209.8	\$ 28.3
Adjust for:				
Additions to property, plant and equipment ⁽¹⁾	(60.3)	(76.1)	(122.1)	(138.0)
Free cash flow (deficit)	\$ 30.7	\$ (8.0)	\$ 87.7	\$ (109.7)

⁽¹⁾ 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 June 30, (Unaudited, \$millions)	Kumtor	Mount Milligan	Turkey	All other	Consolidated
2019					
Capitalized stripping –cash	12.1	-	-	-	12.1
Sustaining capital - cash	11.3	8.9	-	-	20.2
Growth capital - cash	4.5	-	-	-	4.5
Greenstone Gold Property pre-development capital cash	-	-	-	4.1	4.1
Kemess Property pre-development capital cash	-	-	-	9.6	9.6
Öksüt project development capital - cash	-	-	19.6	-	19.6
Molybdenum business capital - cash	-	-	-	0.6	0.6
Prepayment for capital	0.3	-	4.3	-	4.6
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(0.8)	(3.0)	(6.0)	(3.8)	(13.6)
Greenstone Gold Property translation adjustment	-	-	-	(1.3)	(1.3)
Total - Additions to PP&E ⁽¹⁾	27.4	5.9	17.9	9.1	60.3
2018, (Unaudited, \$millions)					
Capitalized stripping –cash	36.6	-	-	-	36.6
Sustaining capital - cash	9.9	10.2	-	-	20.0
Growth capital - cash	6.0	-	-	-	6.0
Greenstone Gold Property pre-development capital cash	-	-	-	3.4	3.4
Kemess Property pre-development capital cash	-	-	-	5.3	5.3
Öksüt project development capital - cash	-	-	4.8	-	4.8
Molybdenum business capital - cash	-	-	-	0.2	0.2
Prepayment for capital	0.4	0.4	2.3	-	3.1
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(2.6)	(2.2)	-	0.2	(4.6)
Greenstone Gold Property translation adjustment	-	-	-	1.3	1.3
Total - Additions to PP&E ⁽¹⁾	50.3	8.4	7.1	10.4	76.1

⁽¹⁾ as presented in the Company's Consolidated Statements of Cash Flows

Six months ended June 30, (Unaudited, \$millions)	Kumtor	Mount Milligan	Turkey	All other	Consolidated
2019					
Capitalized stripping –cash	29.4	-	-	-	29.4
Sustaining capital - cash	20.3	19.6	-	-	39.8
Growth capital - cash	6.5	-	-	-	6.5
Greenstone Gold Property pre-development capital cash	-	-	-	7.7	7.7
Kemess Property pre-development capital cash	-	-	-	14.2	14.2
Öksüt project development capital - cash	-	-	34.5	-	34.5
Molybdenum business capital - cash	-	-	-	0.8	0.8
Prepayment for capital	1.1	-	4.3	-	5.4
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(1.5)	(0.9)	(8.9)	(3.8)	(15.1)
Greenstone Gold Property translation adjustment	-	-	-	(1.1)	(1.1)
Total - Additions to PP&E ⁽¹⁾	55.8	18.7	29.9	17.7	122.1
2018, (Unaudited, \$millions)					
Capitalized stripping –cash	65.3	-	-	-	65.3
Sustaining capital - cash	21.2	23.1	-	-	44.3
Growth capital - cash	9.4	-	-	-	9.4
Greenstone Gold Property pre-development capital cash	-	-	-	5.1	5.1
Kemess Property pre-development capital cash	-	-	-	5.5	5.5
Öksüt project development capital - cash	-	-	9.9	-	9.9
Molybdenum business capital - cash	-	-	-	0.4	0.4
Prepayment for capital	1.2	1.6	3.4	-	6.2
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(3.8)	(5.4)	-	0.4	(8.8)
Greenstone Gold Property translation adjustment	-	-	-	0.7	0.7
Total - Additions to PP&E ⁽¹⁾	93.3	19.3	13.3	12.1	138.0

⁽¹⁾ as presented in the Company's Consolidated Statements of Cash Flows

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

(\$ millions)	Three months ended June 30, 2019				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	92.7	24.2	(6.1)	(19.7)	91.0
Add back (deduct):					
Change in operating working capital	13.2	(12.9)	4.7	5.3	10.4
Net cash provided by (used in) operations before changes in working capital	105.9	11.3	(1.4)	(14.4)	101.4

	Three months ended June 30, 2018				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	52.9	24.3	4.7	(13.8)	68.0
Add back (deduct):					
Change in operating working capital	(0.9)	(3.6)	(6.2)	(9.8)	(20.5)
Net cash provided by (used in) operations before changes in working capital	52.0	20.7	(1.5)	(23.6)	47.6

	Six months ended June 30, 2019				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	212.7	36.6	(6.7)	(32.8)	209.8
Add back (deduct):					
Change in operating working capital	3.0	(8.7)	2.6	9.0	5.9
Net cash provided by (used in) operations before changes in working capital	215.7	27.8	(4.1)	(23.8)	215.6

	Six months ended June 30, 2018				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	95.9	(17.0)	(9.7)	(41.0)	28.3
Add back (deduct):					
Change in operating working capital	40.7	32.6	12.6	-	85.8
Net cash provided by (used in) operations before changes in working capital	136.6	15.6	2.9	(40.9)	114.1

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>	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Gold sales reconciliation (\$ millions)				
Gold sales - Kumtor	197.7	117.3	392.6	270.3
Gold sales - Mt. Milligan				
Gold sales related to cash portion of Royal Gold stream	6.9	7.6	13.8	10.0
Mark-to-market adjustments on sales to Royal Gold	(1.5)	0.8	(1.4)	0.7
Final adjustments on sales to Royal Gold	0.6	(0.4)	-	(0.2)
Total gold sales under Royal Gold stream	6.0	8.0	12.4	10.5
Gold sales to third party customers	38.5	44.4	77.4	56.8
Mark-to-market adjustments	5.0	(3.3)	4.4	(3.2)
Final pricing adjustments	(1.0)	(0.8)	0.1	0.4
Final metal adjustments	(0.7)	(0.2)	0.1	(0.2)
Total gold sales to third party customers	41.8	40.3	82.0	53.8
Gold sales, net of adjustments	47.8	48.3	94.4	64.3
Refining and treatment costs	(0.2)	(0.2)	(0.4)	(0.3)
Total gold sales	47.6	48.1	94.0	64.0
Total gold revenue - Consolidated	245.3	165.4	486.6	334.3
Ounces of gold sold				
Gold ounces sold - Kumtor	153,307	90,620	303,574	207,539
Ounces sold to Royal Gold - Mt. Milligan	15,668	17,543	31,682	22,917
Ounces sold to third party customers - Mt. Milligan	29,312	32,264	59,482	42,403
Total ounces sold - Consolidated	198,287	140,427	394,738	272,859
Average realized sales price for gold on a per ounce basis				
Average realized sales price - Kumtor	1,289	1,294	1,293	1,302
Average realized gold price - Royal Gold	435	435	435	435
Average realized gold price - Mark-to-market adjustments	(94)	32	(44)	32
Average realized gold price - Final pricing adjustments	35	(10)	(1)	(10)
Average realized gold price - Mt. Milligan - Royal Gold	376	457	390	457
Average realized gold price - Third party	1,313	1,339	1,301	1,340
Average realized gold price - Mark-to-market adjustments	169	(76)	74	(75)
Average realized gold price - Final pricing adjustments	(33)	10	2	9
Average realized gold price - Final metal adjustments	(23)	(4)	2	(5)
Average realized gold price - Mt. Milligan - Third party	1,427	1,273	1,379	1,269
Average realized gold price - Mt. Milligan - Combined	1,058	966	1,032	981
Average realized sales price for gold - Consolidated	1,237	1,178	1,233	1,225

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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Copper sales reconciliation (\$ millions)				
Copper sales related to cash portion of Royal Gold stream	1.5	1.2	2.5	1.6
Mark-to-market adjustments on Royal Gold stream	0.3	(0.1)	0.1	0.1
Final adjustments on sales to Royal Gold	(0.1)	-	(0.7)	0.2
Total copper sales under Royal Gold stream	1.7	1.1	1.9	1.9
Copper sales to third party customers	41.2	34.2	70.4	45.4
Mark-to-market adjustments	(2.2)	(2.3)	(0.6)	(3.2)
Final pricing adjustments	0.3	(0.5)	4.6	(0.4)
Final metal adjustments	(0.3)	(0.6)	(0.9)	(0.7)
Total copper sales to third party customers	39.2	30.8	73.5	41.0
Copper sales, net of adjustments	40.9	31.9	75.4	43.0
Refining and treatment costs	(4.5)	(3.6)	(7.9)	(4.7)
Copper sales	36.4	28.2	67.5	38.2
Pounds of copper sold (000's lbs)				
Pounds sold to Royal Gold	3,512	2,387	5,868	3,191
Pounds sold to third party customers	15,271	10,281	25,607	13,982
Total pounds sold	18,784	12,668	31,475	17,174
Average realized sales price for copper on a per pound basis				
Copper sales related to cash portion of Royal Gold stream	0.42	0.48	0.43	0.48
Mark-to-market adjustments on Royal Gold stream	0.08	(0.05)	0.01	0.04
Final pricing adjustments on Royal Gold stream	(0.02)	0.01	(0.11)	0.07
Average realized copper price - Royal Gold	0.50	0.44	0.32	0.59
Average realized copper price - Third party	2.70	3.32	2.75	3.24
Average realized copper price - Mark-to-market adjustments	(0.14)	(0.22)	(0.02)	(0.23)
Average realized copper price - Final pricing adjustments	0.02	(0.05)	0.18	(0.03)
Average realized copper price - Metal pricing adjustments	(0.02)	(0.04)	(0.05)	(0.05)
Average realized copper price - Third party	2.56	3.01	2.87	2.93
Average realized copper price - Combined	1.94	2.23	2.15	2.23

16. 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: the Company’s expectations regarding the timing of the Kumtor Settlement Agreement and the successful resolution of outstanding claims and proceedings impacting the Kumtor Project and its current and former employees; the Company’s plans and timing for developing and submitting requests to implement a long term solution to the Mount Milligan water sufficiency issues, including consultations with Indigenous communities and regulators; expectations regarding the construction progress at the Öksüt Project and timing of first gold pour; the Company’s planned exploration activities for the remainder of 2019, the Company’s cash at hand, working capital, future cash flows and existing credit facilities being sufficient to fund anticipated operating cash requirements and statements found under the heading “2019 Outlook”, including forecast 2019 production figures and costs, capital spending (growth^{NG} and sustaining^{NG}) and exploration expenditures and

taxes; the timing for the commissioning of the water treatment plant at the Kemess project; the possible need to manage production at Mount Milligan starting in the first quarter of 2020 to conserve water resources until the 2020 spring melt; and statements regarding being able to pump water from the Rainbow Valley Aquifer by October 1, 2019.

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; Other risks related to other outstanding litigation affecting the Company's operations in the Kyrgyz Republic and elsewhere; the impact of the delay by relevant government agencies to provide required approvals, expertises and permits; potential impact on the Kumtor Project of investigations by Kyrgyz Republic instrumentalities; 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; 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; Indigenous claims and consultative issues relating to the Company's properties which are in proximity to Indigenous 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 at Mount Milligan and achieve expected mill throughput; 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; 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.

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 July 30, 2019. 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.

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

June 30,
2019

December 31,
2018

(Expressed in thousands of United States Dollars)

Assets

Current assets

Cash and cash equivalents	\$ 139,979	\$ 151,705
Amounts receivable	65,626	59,558
Inventories	610,464	596,911
Prepaid expenses and other current assets	16,389	24,734
Current portion of derivative assets	2,013	1,081

Property, plant and equipment

Property, plant and equipment	1,942,341	1,886,046
Goodwill	16,070	16,070
Restricted cash	27,485	27,505
Reclamation deposits	35,778	30,841
Other assets	31,744	32,260

Total assets

	2,053,418	1,992,722
	\$ 2,887,889	\$ 2,826,711

Liabilities and Shareholders' equity

Current liabilities

Accounts payable and accrued liabilities	\$ 197,824	\$ 173,783
Provision for Kyrgyz Republic settlement	53,000	53,000
Short-term debt	26,986	5,000
Current portion of lease obligations	6,955	797
Revenue-based taxes payable	11,273	954
Taxes payable	1,184	878
Current portion of provision for reclamation	3,137	197
Other current liabilities	58	168

Long-term debt

Long-term debt	67,461	179,266
Provision for reclamation	214,434	212,248
Lease obligations	23,136	4,229
Deferred income tax liability	40,175	44,524
Other liabilities	3,752	3,636

Shareholders' equity

Share capital	955,167	949,328
Contributed surplus	26,740	27,364
Accumulated other comprehensive loss	(666)	(2,088)
Retained earnings	1,257,273	1,173,427

Total liabilities and Shareholders' equity

	2,238,514	2,148,031
	\$ 2,887,889	\$ 2,826,711

Centerra Gold Inc.

Condensed Consolidated Interim Statements of Earnings and Comprehensive Income

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
(Expressed in thousands of United States Dollars)				
(except per share amounts)				
Gold sales	\$ 245,241	\$ 165,190	\$ 486,554	\$ 334,279
Copper sales	36,386	28,225	67,521	38,237
Molybdenum sales	56,701	47,152	115,342	101,273
Tolling, calcining and other	2,182	2,748	5,132	4,924
Revenue	340,510	243,315	674,549	478,713
Cost of sales	238,545	187,380	461,854	340,195
Standby costs	-	-	-	10,849
Regional office administration	3,072	3,460	5,970	6,263
Earnings from mine operations	98,893	52,475	206,725	121,406
Revenue-based taxes	27,777	16,539	55,171	38,095
Other operating expenses	4,121	3,139	7,089	6,694
Care and maintenance expense	6,881	4,941	14,204	8,864
Pre-development project costs	3,961	4,326	7,248	6,494
Exploration expenses and business development	6,459	5,998	11,464	8,358
Corporate administration	13,690	8,351	23,388	18,785
Other expenses	30	82	30	4,496
Earnings from operations	35,974	9,099	88,131	29,620
Other income, net	(613)	(25,373)	(755)	(30,777)
Finance costs	3,697	5,879	7,678	20,537
Earnings before income tax	32,890	28,593	81,208	39,860
Income tax recovery	(524)	(8,807)	(2,638)	(8,620)
Earnings from continuing operations	33,414	37,400	83,846	48,480
Net earnings from discontinued operations	-	6,115	-	4,080
Net earnings	\$ 33,414	\$ 43,515	\$ 83,846	\$ 52,560
Other Comprehensive Income				
Items that may be subsequently reclassified to earnings:				
Net (loss) gain on translation of foreign operation	712	(870)	1,447	(1,909)
Net unrealized gain (loss) on derivative instruments, net of tax	166	8,575	(25)	15,960
Other comprehensive income	878	7,705	1,422	14,051
Total comprehensive income	\$ 34,292	\$ 51,220	\$ 85,268	\$ 66,611
Basic earnings per share - Continuing operations	\$ 0.11	\$ 0.15	\$ 0.29	\$ 0.18
Diluted earnings per share - Continuing operations	\$ 0.11	\$ 0.15	\$ 0.29	\$ 0.18
Basic earnings per share	\$ 0.11	\$ 0.19	\$ 0.29	\$ 0.19
Diluted earnings per share	\$ 0.11	\$ 0.18	\$ 0.29	\$ 0.18

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
(Expressed in thousands of United States Dollars)				
Operating activities				
Net earnings from continuing operations	33,414	\$ 37,400	\$ 83,846	\$ 48,480
Adjustments for the following items:				
Depreciation, depletion and amortization	60,575	44,903	116,310	87,167
Finance costs	3,697	5,879	7,678	20,537
Compensation expense on stock options	438	490	1,046	733
Other share-based compensation expense	4,354	792	10,453	3,498
Gain on disposition of Royalty Portfolio	-	(27,973)	-	(27,973)
Income tax (recovery) expense, net	(524)	(8,807)	(2,638)	(8,620)
Other	492	1,504	615	4,145
	102,446	54,188	217,310	127,967
Change in operating working capital	(10,400)	19,186	(5,854)	(87,555)
Purchase and settlement of derivatives	(438)	(4,023)	(267)	(6,212)
Income taxes paid	(612)	(1,030)	(1,439)	(2,766)
Cash provided by continuing operations	90,996	68,321	209,750	31,434
Cash used in discontinued operations	-	(282)	-	(3,125)
Net cash provided by operations	90,996	68,039	209,750	28,309
Investing activities				
Additions to property, plant and equipment	(55,707)	(72,840)	(116,647)	(131,825)
Prepayment for property, plant and equipment	(4,634)	(3,247)	(5,455)	(6,244)
Acquisition of AuRico Metals Inc., net of cash acquired	-	-	-	(226,800)
Decrease (increase) in restricted cash	5	(24,560)	21	(26,883)
(Increase) decrease in and other assets	(549)	318	(5,256)	(4,021)
Proceeds from the sale of the Royalty Portfolio	-	155,450	-	155,450
Proceeds from disposition of fixed assets	-	(4)	-	1,141
Cash (used in) provided by investing from continuing operations	(60,885)	55,117	(127,337)	(239,182)
Cash provided by investing from discontinued operations	-	400	-	594
Net cash (used in) provided by investing	(60,885)	55,517	(127,337)	(238,588)
Financing activities				
Debt drawdown	31,035	99,000	85,854	349,070
Debt repayment	(100,000)	(150,000)	(176,000)	(351,000)
Payment of interest and borrowing costs	(2,309)	(5,691)	(5,258)	(16,386)
Lease payments	(1,448)	-	(2,849)	-
Proceeds from common shares issued	2,169	598	4,114	598
Cash used in financing	(70,553)	(56,093)	(94,139)	(17,718)
(Decrease) increase in cash during the period	(40,442)	67,463	(11,726)	(227,997)
Cash and cash equivalents at beginning of the period	180,421	120,431	151,705	415,891
Cash and cash equivalents at end of the period	\$ 139,979	\$ 187,894	\$ 139,979	\$ 187,894
<i>Cash and cash equivalents consist of:</i>				
Cash	\$ 139,979	\$ 185,996	\$ 139,979	\$ 185,996
Cash equivalents	-	1,898	-	1,898
	\$ 139,979	\$ 187,894	\$ 139,979	\$ 187,894

The Unaudited Interim Consolidated Financial Statements and Notes for the three and six months ended June 30, 2019 and Management's Discussion and Analysis for the three and six months ended June 30, 2019 have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site at: www.centerragold.com.

About Centerra

Centerra Gold Inc. is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in North America, Asia and other markets worldwide and is the largest Western-based gold producer in Central Asia. Centerra operates two flagship assets, the Kumtor Mine in the Kyrgyz Republic and the Mount Milligan Mine in British Columbia, Canada and is building its next gold mine, the 100% owned Öksüt Mine in Turkey. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

Conference Call

Centerra invites you to join its 2019 second quarter conference call on Wednesday, July 31, 2019 at 8:00AM Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America +1 (800) 909-4197. Results summary slides are available on Centerra Gold's website at www.centerragold.com. Alternatively, an audio feed web cast will be broadcast live by Nasdaq Corporate Solutions and can be accessed live at Centerra Gold's website at www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight Eastern Time on Wednesday, August 7, 2019 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21925912.

For more information:

John W. Pearson
Vice President, Investor Relations
Centerra Gold Inc.
(416) 204-1953
john.pearson@centerragold.com

Additional information on Centerra is available on the Company's web site at www.centerragold.com and at SEDAR at www.sedar.com.

- end -