Centerra Gold Inc.

Condensed Consolidated Interim Financial Statements

For the Quarter Ended September 30, 2015
(Unaudited)

(Expressed in thousands of United States Dollars)

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

(Expressed in Thousands of United States Dollars)	Notes	September 30, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents		**$ 297,783**	$ 300,514
Short-term investments		**239,623**	261,503
Amounts receivable	**4**	**32,591**	66,214
Inventories	**5**	**310,362**	408,050
Prepaid expenses	**6**	**12,933**	12,888
		893,292	1,049,169
Property, plant and equipment	**8**	**743,307**	524,699
Goodwill	**7**	**-**	18,705
Restricted cash		**7,511**	12,437
Other assets		**24,283**	23,723
Long-term inventories	**5**	**-**	349
		775,101	579,913
Total assets		**$ 1,668,393**	$ 1,629,082
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 79,939**	$ 45,883
Short-term debt	**9**	**76,000**	76,000
Revenue-based taxes payable		**9,151**	24,605
Taxes payable		**1,012**	1,515
Current portion of provision for reclamation		**1,904**	2,598
		168,006	150,601
Dividends payable to related party	**14**	**7,484**	12,254
Provision for reclamation		**66,397**	65,318
Deferred income tax liability		**2,913**	2,266
		76,794	79,838
Total liabilities		**244,800**	230,439
Shareholders' equity	**12**		
Share capital		**661,615**	660,554
Contributed surplus		**24,176**	22,556
Accumulated other comprehensive income		**61**	-
Retained earnings		**737,741**	715,533
		1,423,593	1,398,643
Total liabilities and Shareholders' equity		**$ 1,668,393**	$ 1,629,082

Commitments and Contingencies (note 13)
The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Centerra Gold Inc.
Condensed Consolidated Interim Statements of Earnings (Loss) and Comprehensive Income (Loss)
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2015	**2014**	**2015**	**2014**
(Expressed in Thousands of United States Dollars)					
(except per share amounts)					
	Notes				
Revenue from gold sales		**$ 116,226**	$ 135,778	**$ 475,618**	$ 403,272
Cost of sales	**10**	**76,136**	100,649	**271,045**	319,118
Standby costs		**980**	32	**4,802**	216
Regional office administration		**4,134**	5,783	**14,437**	17,578
Earnings from mine operations		**34,976**	29,314	**185,334**	66,360
Revenue-based taxes		**15,887**	16,375	**64,409**	48,777
Other operating expenses		**423**	1,507	**1,086**	4,370
Pre-development project costs	**11**	**3,320**	1,527	**11,490**	3,603
Impairment of goodwill	**7**	**18,705**	-	**18,705**	-
Exploration and business development		**3,120**	5,023	**7,990**	11,629
Corporate administration		**7,961**	5,892	**28,114**	24,232
(Loss) earnings from operations		**(14,440)**	(1,010)	**53,540**	(26,251)
Other expenses (income)		**2,281**	(1,585)	**4,875**	(1,108)
Finance costs		**1,093**	1,181	**3,328**	3,817
(Loss) earnings before income taxes		**(17,814)**	(606)	**45,337**	(28,960)
Income tax expense		**278**	2,558	**832**	3,835
Net (loss) earnings		**$ (18,092)**	$ (3,164)	**$ 44,505**	$ (32,795)
Other Comprehensive Income					
Items that may be subsequently reclassified to earnings:					
Net gain on translation of foreign operation		**44**	-	**61**	**-**
Other comprehensive income		**44**	-	**61**	-
Total comprehensive (loss) income		**$ (18,048)**	$ (3,164)	**$ 44,566**	$ (32,795)
Basic (loss) earnings per common share	**12**	**$ (0.08)**	$ (0.01)	**$ 0.19**	$ (0.14)
Diluted (loss) earnings per common share	**12**	**$ (0.08)**	$ (0.02)	**$ 0.19**	$ (0.14)

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

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

(Expressed in Thousands of United States Dollars)	Notes	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating activities					
Net (loss) earnings		**$ (18,092)**	$ (3,164)	**$ 44,505**	$ (32,795)
Items not requiring (providing) cash:					
Depreciation, depletion and amortization	**8**	**41,264**	44,575	**157,687**	172,289
Finance costs		**1,093**	1,181	**3,328**	3,817
Loss on disposal of equipment		**1,482**	-	**1,976**	542
Share-based compensation expense		**688**	610	**1,990**	1,870
Change in long-term inventory		**-**	1,349	**349**	4,338
Impairment charge	**7**	**18,705**	-	**18,705**	-
Income tax expense		**278**	2,558	**832**	3,835
Other operating (expense) income		**(352)**	150	**(1,687)**	(443)
		45,066	47,259	**227,685**	153,453
Change in operating working capital		**(4,119)**	(59,487)	**58,687**	(654)
Prepaid revenue-based taxes utilized		**-**	77	**-**	9,922
Income taxes recovered (paid)		**105**	(1,825)	**(340)**	(3,337)
Cash provided by (used in) operations		**41,052**	(13,976)	**286,032**	159,384
Investing activities					
Additions to property, plant and equipment	**16**	**(69,092)**	(67,194)	**(211,737)**	(223,248)
Net redemption (purchase) of short-term investments		**91,921**	(56,188)	**21,880**	(77,322)
Purchase of interest in Greenstone Partnership[(a)]	**3**	**(8,296)**	-	**(75,701)**	-
Decrease in restricted cash		**8,828**	527	**4,926**	476
(Increase) decrease in long-term other assets		**(546)**	2,933	**(560)**	(5,024)
Cash provided by (used in) investing		**22,815**	(119,922)	**(261,192)**	(305,118)
Financing activities					
Dividends paid - declared in period		**(7,167)**	(8,703)	**(22,297)**	(25,749)
Dividends paid - from trust account		**(7,640)**	-	**(2,936)**	-
Payment of transaction costs related to borrowing		**(1,470)**	(1,427)	**(2,977)**	(2,910)
Proceeds from common shares issued for options exercised		**58**	-	**639**	-
Cash used in financing		**(16,219)**	(10,130)	**(27,571)**	(28,659)
Increase (decrease) in cash during the period		**47,648**	(144,028)	**(2,731)**	(174,393)
Cash and cash equivalents at beginning of the period		**250,135**	312,743	**300,514**	343,108
Cash and cash equivalents at end of the period		**$ 297,783**	$ 168,715	**$ 297,783**	$ 168,715
Cash and cash equivalents consist of:					
Cash		**$ 86,227**	$ 76,434	**$ 86,227**	$ 76,434
Cash equivalents		**211,556**	92,281	**211,556**	92,281
		$ 297,783	$ 168,715	**$ 297,783**	$ 168,715

(a)- Formerly TCP Partnership

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

Centerra Gold Inc.
Condensed Consolidated Interim Statements of Shareholders' Equity
(Unaudited)

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

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at January 1, 2014	236,390,219	$ 660,486	$ 20,087	$ -	$ 793,737	$ 1,474,310
Share-based compensation expense	-	-	1,870	-	-	1,870
Shares issued on redemption of restricted share units	10,035	50	-	-	-	50
Dividend declared (note 12(b))	-	-	-	-	(25,749)	(25,749)
Net loss for the period	-	-	-	-	(32,795)	(32,795)
Balance at September 30, 2014	236,400,254	$ 660,536	$ 21,957	$ -	$ 735,193	$ 1,417,686
Balance at January 1, 2015	**236,403,958**	**$ 660,554**	**$ 22,556**	**$ -**	**$ 715,533**	**$ 1,398,643**
Share-based compensation expense	**-**	**-**	**1,990**	**-**	**-**	**1,990**
Shares issued on exercise of stock options	**156,863**	**1,009**	**(370)**	**-**	**-**	**639**
Shares issued on redemption of restricted share units	**9,622**	**52**	**-**	**-**	**-**	**52**
Dividend declared (note 12(b))	**-**	**-**	**-**	**-**	**(22,297)**	**(22,297)**
Foreign currency translation	**-**	**-**	**-**	**61**	**-**	**61**
Net earnings for the period	**-**	**-**	**-**	**-**	**44,505**	**44,505**
Balance at September 30, 2015	**236,570,443**	$ **661,615**	$ **24,176**	$ **61**	$ **737,741**	$ **1,423,593**

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

1. General business description

Centerra Gold Inc. ("Centerra" or the "Company") was incorporated under the Canada Business Corporations Act on November 7, 2002. Centerra's common shares are listed on the Toronto Stock Exchange. The Company is domiciled in Canada and the registered office is located at 1 University Avenue, Suite 1500, Toronto, Ontario, M5J 2P1. The Company is engaged in the production of gold and related activities including exploration, development, mining and processing in the Kyrgyz Republic, Mongolia, Turkey and Canada.

2. Basis of Preparation and Statement of Compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with those used in its consolidated financial statements as at and for the year ending December 31, 2014. These financial statements should be read in conjunction with the Company's December 31, 2014 annual consolidated financial statements.

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on October 27, 2015.

Future changes in accounting policies

Recently issued but not adopted accounting guidance are as follows:

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB in July 2014. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments. IFRS 9 also includes a substantially reformed approach to hedge accounting. The Company has not adopted IFRS 9 in its financial statements for the current period, but will continue to monitor and evaluate the impact of any required changes to its consolidated financial statements based on the characteristics of its financial instruments at the date of adoption.

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

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

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

3. Formation of 50/50 partnership with Premier Gold Mines Ltd.

On March 9, 2015 the Company formed a 50/50 partnership with Premier Gold Mines Hardrock Inc., a subsidiary of Premier Gold Mines Limited ("Premier"). The purpose of the partnership is the development of the Greenstone Gold Property, including the Hardrock Gold Project located in the Geraldton-Beardmore Greenstone belt in Ontario, Canada. Effective July 20, 2015, the partnership name was changed from TCP Limited Partnership Corporation to Greenstone Gold Mines LP ("Greenstone Partnership").

The Company made an initial cash contribution to the Greenstone Partnership in the amount of $67.4 million (Cdn$85 million) for its 50% limited partner interest. Premier contributed all property, assets and rights it held in respect of the Greenstone Gold Property in consideration for its 50% interest in the partnership. In accordance with their contractual arrangements with the Company, Greenstone Partnership subsequently distributed Cdn$85 million to Premier as a capital distribution.

As part of the implementation agreement, an additional contribution of up to Cdn$30 million was payable to Greenstone Partnership by the Company contingent on the results of an updated mineral resources study. Upon completion of this resource update in September 2015, the Company contributed $8.3 million (Cdn$11 million) to the Greenstone Partnership. Consistent with the initial contribution and implementation agreement, Greenstone Partnership subsequently distributed the Cdn$11 million to Premier.

The Company also agreed to commit up to an additional Cdn$185 million to fund the Greenstone Project, subject to certain feasibility study results and project advancement criteria, after which both partners will contribute on a 50/50 basis. The Company and Premier have formed a joint board of directors to oversee future exploration, development and operations by the partnership.

The partnership was determined to be a joint operation under IFRS 11. The Company has recorded in its Condensed Consolidated Interim Statements of Financial Position ("Statements of Financial Position") and Condensed Consolidated Interim Statements of Earnings (Loss) and

(Expressed in thousands of United States Dollars)

Comprehensive Income (Loss) ("Statements of Earnings") its interest in the assets, liabilities, revenues and expenses of the partnership in accordance with the Company's rights and obligations prescribed by the terms of the implementation agreement. For the three and nine months ended September 30, 2015 the Company recognized, in accordance with its accounting policy, its 50% interest and the 50% share paid on behalf of Premier in the project spending totaling $4.0 million and $13.0 million, respectively. Transaction costs associated with the acquisition of nil and $1.4 million were reflected as exploration and business development expenses in the Statements of Earnings for the three and nine months ended September 30, 2015, respectively.

4. Amounts receivable

	September 30, 2015	December 31, 2014
Gold sales receivable from related party (note 14)	**$ 28,208**	$ 62,143
Other receivables	**4,383**	4,071
	$ 32,591	$ 66,214

5. Inventories

	September 30, 2015	December 31, 2014
Stockpiles of ore	**$ 98,512**	$ 200,751
Gold in-circuit	**24,363**	24,725
Heap leach in circuit	**612**	3,393
Gold doré	**7,566**	5,512
	131,053	234,381
Supplies	**179,309**	174,018
Total Inventories (net of provisions)	**310,362**	408,399
Less: Long-term inventory (heap leach gold inventories)	**-**	(349)
Total Inventories-current portion	**$ 310,362**	$ 408,050

As at September 30, 2015, there is no write down of inventory (write down reversal of $2.5 million and write down charge of $12.2 million to costs of sales for the three and nine months ended September 30, 2014, respectively).

The provision for mine supplies obsolescence was increased for the three and nine months ended September 30, 2015 by $0.5 million and $1.2 million, respectively ($0.3 million and $0.9 million for the three and nine months ended September 30, 2014, respectively) which was charged to cost of sales, as disclosed in note 10.

(Expressed in thousands of United States Dollars)

The table below summarizes inventories adjusted for the provision for obsolescence:

	September 30, 2015	December 31, 2014
Total Inventories	**$ 316,746**	$ 413,537
Less: Provisions for supplies obsolescence	**(6,384)**	(5,138)
Total Inventories (net of provisions)	**310,362**	408,399
Less: Long-term inventory (heap leach stockpiles)	**-**	(349)
Total Inventories-current portion	**$ 310,362**	$ 408,050

6. Prepaid expenses

	September 30, 2015	December 31, 2014
Insurance	**$ 6,149**	$ 4,734
Rent	**209**	369
Deposit for consumable supplies	**4,172**	5,355
Other	**2,403**	2,430
	$ 12,933	$ 12,888

7. Goodwill

The Company has two cash-generating units ("CGU"), one in the Kyrgyz Republic and one in Mongolia, of which only the Kyrgyz Republic CGU has been allocated goodwill. The carrying value of goodwill for the Kyrgyz Republic, prior to the September 1, 2015 impairment test, was $18.7 million.

Impairment testing:

The net asset value ("NAV") of the Kyrgyz Republic CGU is determined based on a discounted cash flow analysis and the recoverable amount is determined using a market multiple of the NAV as public gold companies typically trade at a market capitalization that is based on a multiple of their underlying NAV.

As an industry participant would consider future resources, including any expansion projects over the life-of-mine ("LOM") in determining fair value, the Company has also included the fair value of known resources in the recoverable value, based on an estimated amount per ounce of resources that an arm's length party would be willing to pay based on comparable market transactions. As part of the Company's annual reserve estimation process, each CGU updates its LOM plan, which optimizes the production of its proven and probable reserves. The resulting valuation model includes the cash flows management expects to generate over the mine's life, using various business and economic assumptions.

(Expressed in thousands of United States Dollars)

In accordance with its accounting policy, the Company reviews and tests the carrying amounts of goodwill on September 1 of each year and when an indicator of impairment is considered to exist. For the previous annual test, the discounted cash flow analysis conducted as of September 1, 2014 concluded that the fair value less cost of disposal exceeded the carrying amount of the Kyrgyz Republic CGU and thus no impairment charge was recognized. At December 31, 2014, the Company determined that the impact of a reserve reduction at the Kumtor mine was an indicator of impairment, which resulted in an impairment test and subsequent goodwill write down of $111.0 million.

Annual impairment test – September 1, 2015

Key assumptions used in the discounted cash flow model and for calculating the Kyrgyz Republic CGU recoverable amount used in the annual tests of September 1, 2015 and 2014 and the December 31, 2014 test were as follows:

		September 1, 2015		**December 31, 2014**		**September 1, 2014**
Gold price:						
2014	**$**	**-**	$	-	$	1,250
2015	**$**	**1,150[(a)]**	$	1,225	$	1,254[(a)]
2016	**$**	**1,172**	$	1,250	$	1,307
2017	**$**	**1,180**	$	1,275	$	1,242
2018	**$**	**1,191**	$	1,225	$	1,162
2019	**$**	**1,206**	$	1,300	$	1,308
2020	**$**	**1,230**	$	1,300	$	1,308
2021 and onwards	**$**	**1,242**	$	1,300	$	1,308
Discount rate		**11.9%**		11.6%		10.3%
Reserves - contained ounces		**5.6 million**		6.1 million		7.9 million
Resources -contained ounces		**4.6 million**		4.6 million		5.6 million
Life of mine		**2026**		2026		2027

(a) From September 1 onwards

Gold prices
Management estimated gold prices through analysis of the gold price forward curve and by considering the average of the most recent market commodity price forecasts consensus from a number of recognized financial analysts.

Resources
For the impairment test, a fair value of $25 per ounce was included for contained ounces of resources based on comparable historic market transactions.

(Expressed in thousands of United States Dollars)

Production
Management determined its planned production profile and total life of mine production based on its development activity and its mine and processing plans for each period the impairment test was performed.

Discount rate
A real after tax discount rate was based on the Company's estimated weighted-average cost of capital adjusted for the risks associated with the Kyrgyz Republic CGU cash flow.

Life of mine
The life of mine represents the final year of processing of reserves as is contemplated in the life of mine plan.

The recoverable amount of the Kumtor Republic CGU using the discounted cash flow method was determined to be $815 million, which was lower than the carrying value of $833.7 million. An impairment charge of $18.7 million was recognized in the Statements of Earnings. The fair value is categorized as a non-recurring level 3 hierarchy in accordance with IFRS 13, *Fair Value Measurement*.

8. Property, plant and equipment

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

	Buildings, Plant and equipment	Mineral properties	Capitalized stripping costs	Mobile Equipment	Construction in progress	Total
Cost						
Balance January 1, 2015	$ 407,872	$ 208,931	$ 907,614	$ 458,218	$ 72,591	$ 2,055,226
Additions	638	8,748	198,403	57	53,345	261,191
Acquisition of interest in Greenstone Partnership (note 3)	65	75,636	-	-	-	75,701
Disposals	(14,544)	(11,648)	-	(34,330)	(200)	(60,722)
Reclassification	43,048	-	-	30,031	(73,079)	-
Balance September 30, 2015	**$ 437,079**	**$ 281,667**	**$ 1,106,017**	**$ 453,976**	**$ 52,657**	**$ 2,331,396**
Accumulated depreciation						
Balance January 1, 2015	$ 262,239	$ 156,820	$ 795,786	$ 315,682	$ -	$ 1,530,527
Charge for the period	12,063	6,321	45,604	52,320	-	116,308
Disposals	(12,841)	(11,648)	-	(34,257)	-	(58,746)
Balance September 30, 2015	**$ 261,461**	**$ 151,493**	**$ 841,390**	**$ 333,745**	**$ -**	**$ 1,588,089**
Net book value						
Balance January 1, 2015	$ 145,633	$ 52,111	$ 111,828	$ 142,536	$ 72,591	$ 524,699
Balance September 30, 2015	**$ 175,618**	**$ 130,174**	**$ 264,627**	**$ 120,231**	**$ 52,657**	**$ 743,307**

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

(Expressed in thousands of United States Dollars)

	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Amount recorded in cost of sales (note 10)	**$ 40,825**	$ 48,480	**$ 156,291**	$ 163,897
Amount recorded in corporate administration	**112**	94	**302**	269
Amount recorded in standby costs	**327**	-	**1,094**	-
Amount recorded in inventories impairment	**-**	(3,999)	**-**	8,123
Total included in Statements of Earnings	**41,264**	44,575	**157,687**	172,289
Inventories movement	**(33,701)**	8,120	**(89,502)**	(106,376)
Amount capitalized in PP&E (note 16)	**15,842**	15,006	**48,123**	66,111
Depreciation, depletion and amortization charge for the period	**$ 23,405**	$ 67,701	**$ 116,308**	$ 132,024

9. Short-term debt

The Company has borrowed $76 million under the $150 million revolving credit facility (the "Facility") provided by the European Bank for Reconstruction and Development. The funds are due to be repaid upon expiry of the Facility in February 2016.

The terms of the Facility require the Company to pledge certain mobile equipment from the Kumtor mine as security and maintain compliance with specified covenants (including financial covenants). The Company was in compliance with the covenants for the three and nine months ended September 30, 2015.

10. Cost of sales

	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
Operating costs:				
Salaries and benefits	**$ 14,657**	$ 19,143	**$ 45,654**	$ 57,515
Consumables	**13,838**	43,393	**40,172**	77,506
Third party services	**891**	1,211	**2,813**	3,537
Other operating costs	**2,588**	3,832	**7,225**	12,465
Royalties, levies and production taxes	**169**	575	**684**	1,747
Changes in inventories	**2,700**	(13,869)	**16,960**	(10,642)
	34,843	54,285	**113,508**	142,128
Supplies inventory obsolescence charge (note 5)	**468**	335	**1,246**	920
Inventory impairment	**-**	(2,451)	**-**	12,173
Depreciation, depletion and amortization	**40,825**	48,480	**156,291**	163,897
	$ 76,136	$ 100,649	**$ 271,045**	$ 319,118

(Expressed in thousands of United States Dollars)

11. Pre-development project costs

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Greenstone Gold Property	$ **2,774**	$ -	$ **7,299**	$ -
Öksüt Gold Project	**546**	1,527	**4,191**	3,603
	$ **3,320**	$ 1,527	$ **11,490**	$ 3,603

On July 28, 2015, the Board of Directors of the Company made the decision to develop the Öksüt Gold Project. In accordance with the Company's accounting policies, costs incurred subsequent to this date associated with the development of the project are capitalized. In the three and nine months ended September 30, 2015, the Company capitalized Öksüt Gold Project development costs of $1.8 million as "Construction in Progress", part of PP&E (note 8).

12. Shareholders' Equity

a. (Loss) earnings per Share

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net (loss) earnings attributable to shareholders	**$ (18,092)**	$ (3,164)	**$ 44,505**	$ (32,795)
Adjustments to (loss) earnings:				
Impact of performance share units treated as equity-settled	**-**	(2,033)	**-**	-
Impact of restricted share units treated as equity-settled	**(25)**	(70)	**27**	-
Net (loss) earnings for the purposes of diluted earnings per share	**$ (18,117)**	$ (5,267)	**$ 44,532**	$ (32,795)
(Thousands of units)				
Basic weighted average number of common shares outstanding	**236,556**	236,398	**236,507**	236,394
Effect of stock options	**-**	-	**290**	-
Effect of restricted share units	**191**	275	**226**	-
Diluted weighted average number of common shares outstanding	**236,747**	236,673	**237,023**	236,394
Basic (loss) earnings per common share	**$ (0.08)**	$ (0.01)	**$ 0.19**	$ (0.14)
Diluted (loss) earnings per common share	**$ (0.08)**	$ (0.02)	**$ 0.19**	$ (0.14)

(Expressed in thousands of United States Dollars)

For the three and nine months ended September 30, 2015 and 2014 certain potentially dilutive securities were excluded from the calculation of diluted (loss) earnings per share due to the exercise prices of certain stock options being greater than the average market price of the Company's ordinary shares for the period.

Potentially dilutive securities summarized below were excluded in the calculation of the diluted (loss) earnings per share:

	Three months ended September 30,		**Nine months ended September 30,**	
(Thousands of units)	**2015**	**2014**	**2015**	**2014**
Stock options	**4,755**	3,956	**2,929**	3,616
Restricted share units	**-**	-	**-**	266
	4,755	3,956	**2,929**	3,882

b. Dividends

Dividends are declared and paid in Canadian dollars. The details of the dividends declared in the three and nine months ended September 30, 2015 and 2014 are as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
	2015	**2014**	**2015**	**2014**
Dividend declared (Thousands of U.S Dollars)	**$ 7,167**	$ 8,703	**$ 22,297**	$ 25,749
Dividend declared (Canadian Dollars per share amount)	**$ 0.04**	$ 0.04	**$ 0.12**	$ 0.12

At September 30, 2015, accrued dividends payable to Kyrgyzaltyn JSC ("Kyrgyzaltyn"), in United States Dollars, were $7.5 million (December 31, 2014- $12.3 million), see note 14.

13. Commitments and Contingencies

Commitments

As at September 30, 2015, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $21.1 million (Kumtor - $20.6 million and Boroo - $0.5 million) which are expected to be settled over the next twelve months.

As partial consideration for the Company's initial 50% partnership interest in the Greenstone Partnership, the Company has agreed to commit up to an additional Cdn$185 million to fund the project, subject to certain feasibility and project advancement criteria (see note 3). In the event that the project is put under care and maintenance as a result of feasibility study or project criteria not being met, the Company will be required to make contributions towards the costs associated with the care and maintenance of the project for a period of two years or until the Cdn$185 million is spent (if such event occurs first), after which time the partners would fund such costs on a pro rata basis. Any such costs will form part of the Cdn$185 million development contributions commitment of the Company, as noted above. As at September 30, 2015, the Company has funded a total of Cdn$16.3 million ($13 million) of its commitment since the inception of the partnership.

Contingencies

Various legal and tax matters are outstanding from time to time due to the nature of the Company's operations. While the final outcome with respect to actions outstanding or pending at September 30, 2015 cannot be predicted with certainty, it is management's opinion that it is not, except as noted below, more likely than not that these actions will result in the outflow of resources to settle the obligation; therefore no amounts have been accrued.

Kyrgyz Republic

(a) Negotiations between Kyrgyz Republic and Centerra

The Company continues to have discussions with the Kyrgyz Government regarding the non-binding Heads of Agreement dated January 18, 2014 with the Government of the Kyrgyz Republic and Kyrgyzaltyn, which contemplates the restructuring of Kyrgyzaltyn's interest in Centerra and the ownership of the Kumtor Project. Centerra notes that any proposed resolution would need to be fair to all shareholders of Centerra and to receive all necessary legal and regulatory approvals under Kyrgyz Republic and Canadian laws.

Currently, in connection with two enforcement proceedings commenced in the Ontario courts, a total of 11,253,655 shares of Centerra held by Kyrgyzaltyn (out of 77,401,766 shares owned by Kyrgyzaltyn) are subject to Ontario court orders (injunctions) which place restrictions on Kyrgyzaltyn's ability to transfer, and its ability to exercise its rights as a registered shareholder of Centerra in a manner that is inconsistent with or would undermine the terms of the applicable court orders. The completion of any transaction pursuant to the Heads of Agreement is subject to the resolution of these enforcement proceedings against the Kyrgyz Republic or the dissolution of the injunctions granted by the Ontario court in respect thereof.

(b) Kyrgyz Permitting and Regulatory Matters

On September 21, 2015, KGC received approval from the State Agency for Environmental and Forestry under the Government of the Kyrgyz Republic ("SAEPF") for the 2015 annual mine plan.

There remain, however, several other outstanding permits and approvals required from Kyrgyz regulatory authorities including the Ecological Passport and the LOM technical plan (which outlines mining plans for the Kumtor LOM). Regulatory authorities reviewing such permits and approvals have expressed concern that the mine plan is inconsistent with the Kyrgyz Republic Water Code, which Centerra and KGC have disputed. As previously disclosed, this was also a concern in SAEPF's review of the 2015 annual mine plan.

The Kyrgyz Republic Parliament considered draft amendments to the Water Code in June/July 2015 and such amendments received second reading in Parliament. The amendments however were not adopted, and Parliament requested more information. Kumtor will continue to work with the applicable Kyrgyz regulatory authorities to obtain the necessary permits and approvals, however there can be no assurances that such permits and approvals will be issued or issued in a timely manner.

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

(c) Environmental Claims

Kumtor Gold Company ("KGC") has received claims from various Kyrgyz Republic state agencies in relation to alleged environmental offences and other matters. In aggregate, these claims amount to over $470 million at the then current exchange rates. As at September 30, 2015, the Company has not recorded any provisions related to the alleged claims.

KGC believes the claims are exaggerated and without merit. The Kumtor Project has been the subject of systematic audits and investigations over the years by Kyrgyz and international experts, including by an independent internationally recognized expert who carried out a due diligence review of Kumtor's performance on environmental matters at the request of Centerra's Safety, Health and Environmental Committee of the Board of Directors.

(d) Land Use Claim

On November 11, 2013, the Company received a claim from the Kyrgyz Republic General Prosecutor's Office requesting the Inter-District Court of the Issyk-Kul Province to invalidate the Company's land use certificate and seize certain lands within Kumtor's concession area.

The invalidation of the land use certificate and purported seizure of land is in violation of the Kyrgyz Republic Land Code as well as the Restated Investment Agreement, which provides that the Kumtor Project is guaranteed all necessary access to the Kumtor concession area, including all surface lands as are necessary or desirable for the operation of the Kumtor Project.

The Company has benefited from a close and constructive dialogue with Kyrgyz authorities during project operations and remains committed to working with them to resolve these issues in accordance with the Kumtor Project Agreements, which provide for all disputes to be resolved by international arbitration, if necessary. However, there are no assurances that the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project. The inability to successfully resolve all such matters would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Mongolia

Gatsuurt

Following the designation of the Company's Gatsuurt Project as a mineral deposit of strategic importance by the Mongolian Parliament in January 2015, the Company has been in discussions with the Government of Mongolia and its working groups to determine the economic terms of the future development of the Gatsuurt Project. In October 2015, the Company agreed to a 3% special royalty in place of the Government acquiring a 34% ownership interest in the project.

Further development of the Gatsuurt Project will be subject to, among other things, receiving Parliamentary approval of the special royalty as well as all required approvals and regulatory commissioning from the Mongolian Government. There are no assurances that the Mongolian Parliament will agree and approve the special royalty rate for the Gatsuurt Project, and that applicable approvals and regulatory commissions from the Mongolian Government are received (in a timely fashion or at all). The inability to successfully resolve all such matters would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Corporate

(a) Enforcement Notice by Stans

On October 10, 2014, the Company was served with a temporary order (the "Stans Order") from the Ontario Superior Court of Justice in favour of Stans Energy Corp. ("Stans") which prohibited Kyrgyzaltyn from, among other things: (i) selling, disposing or exchanging 47,000,000 shares (the "Frozen Shares") of the 77,401,766 shares it held of the Company; (ii) obtaining share certificates in respect of such shares; or (iii) exercising its rights as a registered shareholder of the Company in a manner that was inconsistent with or would undermine the terms of the Stans Order. The order also prohibited the Company from, among other things, registering the transfer of the Frozen Shares, and required the Company to hold in trust for the proceeding under the Stans Application any amounts payable to Kyrgyzaltyn in respect of dividends or distributions that the Company may declare or pay in the future.

On June 10, 2015, the Ontario Superior Court of Justice Divisional Court issued its decision on an appeal brought by Kyrgyzaltyn in the Stans case. The effect of this decision was to cancel a previously issued court order (injunction). The court made its decision based on, among other things, the existence of new evidence put forward by Kyrgyzaltyn, and in particular the Moscow State Court decision dated April 29, 2015 (and the short form reasons for that decision dated May 15, 2015) which determined that the Moscow Chamber of Commerce and Industry (“MCCI”), the arbitral body which granted the Stans’ arbitral award for $118 million, did not have jurisdiction to make an award. On May 19, 2015, Stans commenced another application in the Ontario Superior Court of Justice to recognize and enforce this “anticipated arbitration award” in the amount of $118 million, but has not taken any steps to move that application forward.

(b) Enforcement Notice by Belokon

In February 25, 2015, the Company was served with a temporary order, which was subsequently extended on March 5, 2015 (the “Belokon Order”), from the Ontario Superior Court of Justice in favour of Valeri Belokon (“Belokon”). The original court order, which restricted certain shares and the payment of dividends, was amended on September 8, 2015. The amended order now restricts Kyrgyzaltyn’s ability to transfer and to exercise its rights as a registered shareholder over 3,787,879 shares (formerly 6,500,240 shares), and caps the amount of dividends to be held in trust for the Belokon proceeding to Cdn$10 million. Accordingly, all amounts held in trust in excess of Cdn$10 million were released to Kyrgyzaltyn in September 2015. Kyrgyzaltyn is seeking leave from the Divisional Court to appeal this decision.

(c) Enforcement Notice by Entes

On October 15, 2015, Centerra received an Ontario court order in favour of Entes Industrial Plants Construction & Erection Contracting Co. Inc. (“Entes”) which has an arbitral award against the Kyrgyz Republic for $22.7 million. The injunction (i) prohibits Kyrgyzaltyn from, among other things, selling or transferring 7,465,776 shares of Centerra held by it (over and above the 3,787,879 shares already restricted in the Belokon proceedings); and (ii) requires Centerra to pay any dividends declared on Centerra shares held by Kyrgyzaltyn into trust for the benefit of the Entes enforcement application. The order does not set a cap on the amount of dividends to be held in trust.

14. Related Party Transactions

Kyrgyzaltyn

Revenues from the Kumtor gold mine are subject to a management fee of $1.00 per ounce based on sales volumes, payable to Kyrgyzaltyn, a shareholder of the Company and a state-owned entity of the Kyrgyz Republic. The table below summarizes the management fees paid and accrued by KGC, a subsidiary of the Company, to Kyrgyzaltyn and the amounts paid and accrued by Kyrgyzaltyn to KGC according to the terms of a Restated Gold and Silver Sale

(Expressed in thousands of United States Dollars)

Agreement ("Sales Agreement") between KGC, Kyrgyzaltyn and the Government of the Kyrgyz Republic dated June 6, 2009.

	Three months ended September 30,		Nine months ended September 30,	
	2015	**2014**	**2015**	**2014**
Included in sales:				
Gross gold and silver sales to Kyrgyzaltyn	**$ 114,098**	$ 117,524	**$ 462,420**	$ 350,013
Deduct: refinery and financing charges	**(617)**	(559)	**(2,355)**	(1,605)
Net sales revenue received from Kyrgyzaltyn	**$ 113,481**	$ 116,965	**$ 460,065**	$ 348,408
Included in expenses:				
Contracting services provided by Kyrgyzaltyn	**$ 385**	$ 684	**$ 1,049**	$ 1,176
Management fees to Kyrgyzaltyn	**101**	92	**389**	272
Expenses paid to Kyrgyzaltyn	**$ 486**	$ 776	**$ 1,438**	$ 1,448
Dividends:				
Dividends declared to Kyrgyzaltyn	**$ 2,346**	$ 2,851	**$ 7,298**	$ 8,427
Withholding taxes	**(117)**	(144)	**(365)**	(425)
Net dividends declared to Kyrgyzaltyn	**$ 2,229**	2,707	**6,933**	8,002
Net dividends paid to Kyrgyzaltyn	**$ 10,084**	$ 2,707	**$ 10,084**	$ 8,002

As a result of the court decision in the Belokon proceedings in September 2015 (note 13), Centerra released to Kyrgyzaltyn $10.1 million (Cdn $13.4 million), representing dividends held in trust of Cdn$13.1 million, plus interest accrued of Cdn$0.3 million.

Related party balances

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

	September 30, 2015	December 31, 2014
Amounts receivable	**$ 28,208**	$ 62,143
Dividends payable (net of withholding taxes)	**$ 8,969**	$ 13,828
Net unrealized foreign exchange gain	**(1,485)**	(1,574)
Dividends payable (net of withholding taxes)[(a)]	**7,484**	12,254
Amount payable	**899**	616
Total related party liabilities	**$ 8,383**	$ 12,870

(a) Equivalent of Cdn $10.0 million as at September 30, 2015 (December 31, 2014 - Cdn $14.2 million).

(Expressed in thousands of United States Dollars)

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Sales Agreement. Amounts receivable from Kyrgyzaltyn arise from the sale of gold to Kyrgyzaltyn. Kyrgyzaltyn is required to pay for gold delivered within 12 days from the date of shipment. Default interest is accrued on any unpaid balance after the permitted payment period of 12 days. The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn.

As at September 30, 2015, $28.2 million was outstanding under the Sales Agreement (December 31, 2014 - $62.1 million). Subsequent to September 30, 2015, the balance receivable from Kyrgyzaltyn was paid in full.

15. Fair value measurements

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

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

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

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

The following table summarizes the fair value measurement by level at September 30, 2015 and December 31, 2014 for assets and liabilities measured at fair value on a recurring basis:

	September 30, 2015	December 31, 2014
	Level 1	**Level 1**
Financial Assets		
Cash and cash equivalents	**$ 297,783**	$ 300,514
Short-term investments	**239,623**	261,503
Restricted cash	**7,511**	12,437
Reclamation trust fund	**18,908**	15,951
	$ 563,825	$ 590,405

The Company does not have any assets and liabilities that are measured under level 2 or level 3.

(Expressed in thousands of United States Dollars)

16. Supplemental disclosures

a. Investment in PP&E

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Additions to PP&E during the period	**$ (86,359)**	$ (83,075)	**$ (261,191)**	$ (295,009)
Impact of revisions to asset retirement obligation included in PP&E	**-**	-	**-**	1,502
Depreciation and amortization included in additions to PP&E (note 8)	**15,842**	15,006	**48,123**	66,111
Increase in accruals included in additions to PP&E	**1,425**	875	**1,331**	4,148
Cash investment in PP&E	**$ (69,092)**	$ (67,194)	**$ (211,737)**	$ (223,248)

b. Adjusted cost of sales

Earnings from mine operations includes the following expenses presented by function:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cost of sales	**$ 76,136**	$ 100,649	**$ 271,045**	$ 319,118
Impairment of goodwill (note 7)	**18,705**	-	**18,705**	-
Total adjusted costs of sales	**$ 94,841**	$ 100,649	**$ 289,750**	$ 319,118

17. Subsequent event

On October 27, 2015, the Company announced that its Board of Directors approved a quarterly dividend of Cdn$0.04 per common share. The dividend is payable December 3, 2015 to shareholders of record on November 26, 2015.

18. Segmented Information

The following table reconciles segment operating profit per the reportable segment information to operating profit per the Statements of Earnings.

(Expressed in thousands of United States Dollars)

Three months ended September 30, 2015

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Corporate and other	Total
Revenue from gold sales	$ **113.5**	$ **2.7**	$ **-**	$ **116.2**
Cost of sales	**72.8**	**3.3**	**-**	**76.1**
Mine standby costs	**-**	**1.0**	**-**	**1.0**
Regional office administration	**3.4**	**0.7**	**-**	**4.1**
Earnings (loss) from mine operations	**37.3**	**(2.3)**	**-**	**35.0**
Revenue-based taxes	**15.9**	**-**	**-**	**15.9**
Other operating expenses	**0.3**	**0.1**	**-**	**0.4**
Pre-development project costs	**-**	**-**	**3.3**	**3.3**
Impairment of goodwill	**18.7**	**-**	**-**	**18.7**
Exploration and business development	**-**	**0.3**	**2.8**	**3.1**
Corporate administration	**0.2**	**-**	**7.8**	**8.0**
Earnings (loss) from operations	**2.2**	**(2.7)**	**(13.9)**	**(14.4)**
Other expense				**2.3**
Finance costs				**1.1**
Loss before income taxes				**(17.8)**
Income tax recovery				**0.3**
Net loss				**$ (18.1)**
Capital expenditure for the period	**$ 80.7**	**$ 0.5**	**$ 13.5**	**$ 94.7**

Three months ended September 30, 2014

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Corporate and other	Total
Revenue from gold sales	$ 117.0	$ 18.8	$ -	$ 135.8
Cost of sales	84.9	15.8	-	100.7
Regional office administration	4.7	1.1	-	5.8
Earnings from mine operations	27.4	1.9	-	29.3
Revenue-based taxes	16.4	-	-	16.4
Other operating expenses	1.3	0.2	-	1.5
Pre-development project costs	-	-	1.5	1.5
Exploration and business development	0.1	1.1	3.8	5.0
Corporate administration	0.1	0.2	5.6	5.9
Earnings (loss) from operations	9.5	0.4	(10.9)	(1.0)
Other income				(1.6)
Finance costs				1.2
Loss before income taxes				(0.6)
Income tax expense				2.6
Net loss				$ (3.2)
Capital expenditure for the period	$ 82.9	$ 0.1	$ 0.1	$ 83.1

(Expressed in thousands of United States Dollars)

Nine months ended September 30, 2015

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Corporate and other	Total
Revenue from gold sales	$ 460.1	$ 15.5	$ -	$ 475.6
Cost of sales	255.8	15.3	-	271.1
Mine standby costs	-	4.8	-	4.8
Regional office administration	11.8	2.6	-	14.4
Earnings (loss) from mine operations	192.5	(7.2)	-	185.3
Revenue-based taxes	64.4	-	-	64.4
Other operating (income) expenses	1.6	(0.5)	-	1.1
Pre-development project costs	-	-	11.5	11.5
Impairment of goodwill	18.7	-	-	18.7
Exploration and business development	-	0.7	7.3	8.0
Corporate administration	0.2	0.2	27.7	28.1
Earnings (loss) from operations	107.6	(7.6)	(46.5)	53.5
Other expenses				4.9
Finance costs				3.3
Earnings before income taxes				45.3
Income tax expense				0.8
Net earnings				$ 44.5
Capital expenditure for the period	$ 248.8	$ 1.1	$ 87.0	$ 336.9
Assets	$ 943.4	$ 171.3	$ 553.7	$ 1,668.4
Total liabilities	$ 106.0	$ 32.6	$ 106.2	$ 244.8

Nine months ended September 30, 2014

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Corporate and other	Total
Revenue from gold sales	$ 348.4	$ 54.9	$ -	$ 403.3
Cost of sales	272.9	46.2	-	319.1
Mine standby costs	-	0.2	-	0.2
Regional office administration	14.1	3.5	-	17.6
Earnings from mine operations	61.4	5.0	-	66.4
Revenue-based taxes	48.8	-	-	48.8
Other operating expenses	4.0	0.4	-	4.4
Pre-development project costs	-	-	3.6	3.6
Exploration and business development	0.3	3.2	8.2	11.7
Corporate administration	0.4	0.4	23.4	24.2
Earnings (loss) from operations	7.9	1.0	(35.2)	(26.3)
Other income				(1.1)
Finance costs				3.8
Loss before income taxes				(29.0)
Income tax expense				3.8
Net loss				$ (32.8)
Capital expenditure for the period	$ 292.4	$ 0.9	$ 0.2	$ 293.5
Goodwill	$ 129.7	$ -	$ -	$ 129.7
Assets (excluding Goodwill)	$ 971.5	$ 175.8	$ 347.5	$ 1,494.8
Total liabilities	$ 78.8	$ 31.0	$ 97.0	$ 206.8