Centerra Gold Inc.

Condensed Consolidated Interim Financial Statements

For the Quarter Ended June 30, 2016
(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		June 30, 2016		December 31, 2015
Assets					
Current assets					
Cash and cash equivalents		**$**	**245,233**	$	360,613
Short-term investments			**282,149**		181,613
Amounts receivable	**4**		**42,784**		28,781
Inventories	**5**		**387,986**		347,011
Prepaid expenses	**6**		**8,742**		12,880
			966,894		930,898
Property, plant and equipment	**7**		**698,444**		693,016
Restricted cash			**15,541**		9,989
Other assets			**30,918**		26,681
			744,903		729,686
Total assets		**$**	**1,711,797**	$	1,660,584
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**70,377**	$	75,292
Short-term debt	**8**		**98,134**		76,000
Revenue-based taxes payable			**10,752**		9,152
Taxes payable			**2,201**		1,286
Current portion of provision for reclamation			**906**		1,062
			182,370		162,792
Dividends payable to related party	**13**		**14,537**		9,330
Provision for reclamation			**65,843**		65,087
Deferred income tax liability			**180**		2,524
			80,560		76,941
Total liabilities		**$**	**262,930**	$	239,733
Shareholders' equity	**11**				
Share capital			**689,594**		668,705
Contributed surplus			**25,167**		24,153
Accumulated other comprehensive income			**1**		220
Retained earnings			**734,105**		727,773
			1,448,867		1,420,851
Total liabilities and Shareholders' equity		**$**	**1,711,797**	$	1,660,584

Commitments and contingencies (note 12)
Subsequent events (notes 12, 13 and 16)

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

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

(Expressed in Thousands of United States Dollars, except per share amounts)	Notes	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue from gold sales		**$ 161,624**	$ 146,754	**$ 234,845**	$ 359,392
Cost of sales	**9**	**118,003**	80,966	**149,455**	194,909
Standby costs, net		**(639)**	1,117	**(696)**	3,821
Regional office administration		**3,706**	5,026	**7,048**	10,302
Earnings from mine operations		**40,554**	59,645	**79,038**	150,360
Revenue-based taxes		**22,627**	19,823	**32,878**	48,522
Other operating expenses		**706**	777	**1,266**	663
Pre-development project costs	**10**	**3,987**	4,888	**5,284**	8,170
Exploration and business development		**5,149**	2,105	**7,190**	4,869
Corporate administration		**6,785**	10,790	**12,612**	20,155
Earnings from operations		**1,300**	21,262	**19,808**	67,981
Other (income) expenses, net		**(469)**	(1,651)	**(1,736)**	2,594
Finance costs		**1,427**	1,086	**2,674**	2,233
Earnings before income taxes		**342**	21,827	**18,870**	63,154
Income tax (recovery) expense		**(2,570)**	(95)	**(2,100)**	555
Net earnings		**$ 2,912**	$ 21,922	**$ 20,970**	$ 62,599
Other Comprehensive Income					
Items that may be subsequently reclassified to earnings:					
Net gain (loss) on translation of foreign operation		**23**	**4**	**(219)**	18
Other comprehensive (loss) income		**23**	4	**(219)**	18
Total comprehensive income		**$ 2,935**	$ 21,926	**$ 20,751**	$ 62,617
Basic earnings per common share	**11**	**$ 0.01**	$ 0.09	**$ 0.09**	$ 0.26
Diluted earnings per common share	**11**	**$ 0.00**	$ 0.09	**$ 0.08**	$ 0.26

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)

		Three months ended June 30,		Six months ended June 30,	
		2016	**2015**	**2016**	**2015**
(Expressed in Thousands of United States Dollars)	**Notes**				
Operating activities					
Net earnings		**$ 2,912**	$ 21,922	**$ 20,970**	$ 62,599
Items not requiring (providing) cash:					
Depreciation, depletion and amortization	**7**	**55,980**	44,820	**76,730**	115,784
Finance costs		**1,427**	1,087	**2,674**	2,233
Loss on disposal of equipment		**-**	447	**119**	494
Compensation expense on stock options		**722**	675	**1,344**	1,302
Other share based compensation charge (reversal)		**(483)**	4,472	**(1,549)**	1,648
Inventory impairment (reversal)	**5**	**1,159**	-	**(11,786)**	-
Income tax (recovery) expense		**(2,570)**	(95)	**(2,100)**	555
Other operating items		**(1,061)**	(1,289)	**(562)**	(534)
		58,086	72,039	**85,840**	184,081
Change in operating working capital	**15(b)**	**(890)**	41,716	**(19,179)**	61,799
Change in long-term inventory		**-**	494	**-**	349
Income taxes paid		**51**	64	**13**	(445)
Cash provided by operations		**57,247**	114,313	**66,674**	245,784
Investing activities					
Additions to property, plant and equipment	**15(a)**	**(45,017)**	(70,461)	**(80,422)**	(142,627)
Purchase of short-term investments, net		**(120,114)**	(53,793)	**(100,536)**	(70,041)
Purchase of interest in Greenstone Gold Mines LP		**-**	-	**-**	(67,423)
Decrease (increase) in restricted cash		**20**	-	**(299)**	-
(Increase) decrease in long-term other assets		**(830)**	1,023	**(4,238)**	(14)
Cash used in investing		**(165,941)**	(123,231)	**(185,495)**	(280,105)
Financing activities					
Dividends paid - declared in period		**(5,146)**	(5,209)	**(10,170)**	(10,426)
Dividends transferred to trust account		**(2,248)**	(2,352)	**(4,468)**	(4,704)
Payment of interest and borrowing costs		**(3,128)**	-	**(6,603)**	(1,509)
Increase in short-term debt	**8**	**24,000**	-	**24,000**	-
Proceeds from common shares issued for options exercised		**682**	312	**682**	581
Cash provided by (used in) financing		**14,160**	(7,249)	**3,441**	(16,058)
Decrease in cash during the period		**(94,534)**	(16,167)	**(115,380)**	(50,379)
Cash and cash equivalents at beginning of the period		**339,767**	266,302	**360,613**	300,514
Cash and cash equivalents at end of the period		**$ 245,233**	$ 250,135	**$ 245,233**	$ 250,135
Cash and cash equivalents consist of:					
Cash		**$ 114,776**	$ 97,439	**$ 114,776**	$ 97,439
Cash equivalents		**130,457**	152,696	**130,457**	152,696
		$ 245,233	$ 250,135	**$ 245,233**	$ 250,135

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, 2015	236,403,958	$ 660,554	$ 22,556	$ -	$ 715,533	$ 1,398,643
Share-based compensation expense	-	-	1,302	-	-	1,302
Shares issued on exercise of stock options	143,424	922	(341)	-	-	581
Shares issued on redemption of restricted share units	6,777	37	-	-	-	37
Dividends declared (note 11(b))	-	-	-	-	(15,130)	(15,130)
Foreign currency translation	-	-	-	18	-	18
Net earnings for the period	-	-	-	-	62,599	62,599
Balance at June 30, 2015	236,554,159	$ 661,513	$ 23,517	$ 18	$ 763,002	$ 1,448,050
Balance at January 1, 2016	**237,889,274**	**$ 668,705**	**$ 24,153**	**$ 220**	**$ 727,773**	**$ 1,420,851**
Share-based compensation expense	**-**	**-**	**1,344**	**-**	**-**	**1,344**
Shares issued on exercise of stock options	**153,915**	**1,012**	**(330)**	**-**	**-**	**682**
Shares issued on redemption of restricted share units	**3,976**	**20**	**-**	**-**	**-**	**20**
Shares issued to settle obligations	**4,117,120**	**19,857**	**-**	**-**	**-**	**19,857**
Dividends declared (note 11(b))	**-**	**-**	**-**	**-**	**(14,638)**	**(14,638)**
Foreign currency translation	**-**	**-**	**-**	**(219)**	**-**	**(219)**
Net earnings for the period	**-**	**-**	**-**	**-**	**20,970**	**20,970**
Balance at June 30, 2016	**242,164,285**	**$ 689,594**	**$ 25,167**	**$ 1**	**$ 734,105**	**$ 1,448,867**

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

1. Nature of operations

Centerra Gold Inc. ("Centerra" or the "Company") was incorporated under the Canada Business Corporations Act on November 7, 2002. Centerra's common shares are listed on the Toronto Stock Exchange. The Company is domiciled in Canada and 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, Portugal, Mexico, Nicaragua and Canada.

On July 5, 2016, the Company announced that it had entered into a definitive arrangement agreement with Thompson Creek Metals Company Inc. ("Thompson Creek"), whereby Centerra will acquire all of the issued and outstanding common shares of Thompson Creek. See note 16 for additional details of the proposed transaction.

2. Basis of preparation

These condensed consolidated interim financial statements ("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, 2015. These financial statements do not contain all of the required annual disclosures and should be read in conjunction with the Company's December 31, 2015 annual consolidated financial statements. Certain comparative figures included in the statement of cash flows have been reclassified to comply with the basis of presentation adopted in the current year.

These interim financial statements were authorized for issuance by the Board of Directors of the Company on July 26, 2016.

3. Changes in accounting policies

Recently adopted accounting policies 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 adopted IFRS 9 in its financial statements on April 1, 2016. The adoption of this standard did not have a material impact on the Company's consolidated financial statements, but did result in additional disclosure.

Recently issued but not adopted accounting guidance are as follows:

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

In January 2016, the IASB issued a new standard and a number of amendments:

- New standard IFRS 16, *Leases* ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

- Amendments to IAS 7, *Statements of Cash Flows* ("IAS 7"). The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments apply prospectively for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Company intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

- Amendments to IAS 12, *Income Taxes* ("IAS 12"). The amendments apply for annual periods beginning on or after January 1, 2017 with retrospective application. Early application of the amendments is permitted. The amendments clarify that the existence of a deductible temporary difference is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset and also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The Company intends to adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

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

4. Amounts receivable

		June 30, 2016		December 31, 2015
Gold sales receivable from related party (note 13)	**$**	**39,214**	$	25,725
Consumption tax receivable		**1,594**		1,840
Other receivables		**1,976**		1,216
	$	**42,784**	$	28,781

5. Inventories

		June 30, 2016		December 31, 2015
Stockpiles of ore	**$**	**200,142**	$	144,758
Gold in-circuit		**30,061**		23,155
Heap leach in circuit		**-**		226
Gold doré		**2,927**		5,632
		233,130		173,771
Supplies		**154,856**		173,240
Total inventories (net of provisions)	**$**	**387,986**	$	347,011

In the six months ended June 30, 2016, the Company has recognized a net reversal of $11.8 million in net realizable value (“NRV”) charges recorded against gold inventories that was recorded as at December 31, 2015 (a reversal of $13.0 million in the period ended March 31, 2016 and an additional charge of $1.2 million in the period ended June 30, 2016). See note 9 for additional information. The Company recorded a provision for supplies obsolescence of $23.9 million as at June 30, 2016 (December 31, 2015 - $21.1 million), resulting in supplies inventory net of the provision of $154.9 million as at June 30, 2016 (December 31, 2015 - $173.2 million).

6. Prepaid expenses

		June 30, 2016		December 31, 2015
Insurance	**$**	**309**	$	4,261
UniCredit Bank AG credit facility financing fees (note 8)		**3,138**		-
Rent		**148**		195
Deposit for consumable supplies		**3,445**		4,657
Advances for project development		**-**		1,453
Other		**1,702**		2,314
	$	**8,742**	$	12,880

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

7. 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, 2016	$ 445,980	$ 289,657	$ 1,118,167	$ 455,069	$ 49,808	$ 2,358,681
Additions	502	8,010	39,674	133	55,066	103,385
Disposals/Retirements	(2,183)	(118)	(814,029)	(22,670)	-	(839,000)
Reclassification	1,106	-	-	33,679	(34,785)	-
Balance June 30, 2016	**$ 445,405**	**$ 297,549**	**$ 343,812**	**$ 466,211**	**$ 70,089**	**$ 1,623,066**
Accumulated depreciation						
Balance January 1, 2016	$ 266,048	$ 153,224	$ 905,223	$ 341,170	$ -	$ 1,665,665
Charge for the period	6,610	49	57,174	34,006	-	97,839
Disposals/Retirements	(2,183)	-	(814,029)	(22,670)	-	(838,882)
Balance June 30, 2016	**$ 270,475**	**$ 153,273**	**$ 148,368**	**$ 352,506**	**$ -**	**$ 924,622**
Net book value						
Balance January 1, 2016	$ 179,932	$ 136,433	$ 212,944	$ 113,899	$ 49,808	$ 693,016
Balance June 30, 2016	**$ 174,930**	**$ 144,276**	**$ 195,444**	**$ 113,705**	**$ 70,089**	**$ 698,444**

In the six month period ended June 30, 2016 the Company offset $814 million of fully depreciated capitalized stripping costs with the associated accumulated depreciation. The net impact to the PP&E balance was nil.

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

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Amount recorded in cost of sales (note 9)	**$ 55,697**	$ 45,008	**$ 78,006**	$ 115,467
Amount recorded in corporate administration	**99**	92	**198**	189
Amount recorded in standby costs	**184**	(280)	**(1,474)**	128
Total included in Statements of Earnings	**55,980**	44,820	**76,730**	115,784
Movement in inventories (note 15(b))	**(2,138)**	(37,948)	**10,751**	(55,801)
Amount capitalized in PP&E (note 15(a))	**6,703**	16,433	**10,358**	32,281
Depreciation, depletion and amortization charge for the period	**$ 60,545**	$ 23,305	**$ 97,839**	$ 92,264

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

8. Short-term debt

		June 30, 2016		December 31, 2015
EBRD revolving credit facility	$	**100,000**	$	76,000
Deferred financing fee		**(1,866)**		-
Total	$	**98,134**	$	76,000

EBRD Revolving Credit Facility

On February 12, 2016, the Company entered into a new five-year $150 million revolving credit facility with European Bank for Reconstruction and Development (“the EBRD Facility”). In the second quarter of 2016, the Company drew $24 million to increase borrowings under the EBRD Facility to $100 million at June 30, 2016. The funds are available to be re-drawn on a semi-annual basis and at the Company’s discretion repayment of the loaned funds may be extended until 2021.

The terms of the EBRD Facility require the Company to pledge certain mobile equipment from the Kumtor mine as security with a net book value of $123.7 million as at June 30, 2016 (December 31, 2015 - $136.5 million), and maintain compliance with specified covenants (including financial covenants). The Company was in compliance with the covenants for the three months and six months ended June 30, 2016.

EBRD Facility		June 30, 2016		December 31, 2015
Undrawn amount of the facility	$	**50,000**	$	74,000
Interest rate - six month LIBOR plus(1)		**3.0 %**		2.9 %

(1) Interest is payable at the end of the term.

UniCredit Facility

On April 5, 2016, Öksüt Madencilik Sanayi ve Ticaret A.S. ("OMAS"), a wholly-owned subsidiary of the Company, entered into a $150 million credit facility agreement with UniCredit Bank AG (the “UniCredit Facility”) expiring on December 30, 2021. The purpose of the UniCredit Facility is to assist in financing the construction of the Company’s Öksüt Project. As at June 30, 2016, $3.1 million of UniCredit Facility deferred financing fees were included in prepaid expenses (note 6) as the Company has yet to draw from the facility. The deferred financing fees are being amortized on a straight-line basis over the term of the UniCredit Facility consistent with IFRS 9 (note 14). Drawdown under the UniCredit Facility is subject to certain specified conditions precedent. The UniCredit Facility is secured by Öksüt assets and is non-recourse to the Company.

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

UniCredit Facility		**June 30, 2016**
Undrawn amount of the facility	$	**150,000**
Interest rate - LIBOR plus(1)		**2.65% - 2.95%**

(1) The interest rate applied is dependent on the completion of the Öksüt project construction.

9. Cost of sales

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Operating costs:				
Salaries and benefits	**$ 15,048**	$ 15,875	**$ 28,947**	$ 30,997
Consumables	**35,682**	11,076	**81,779**	26,334
Third party services	**826**	1,072	**1,491**	1,922
Other operating costs	**3,277**	2,808	**6,358**	4,638
Royalties, levies and production taxes	**93**	226	**189**	515
Changes in inventories - cash component	**6,221**	4,901	**(35,529)**	15,036
	61,147	35,958	**83,235**	79,442
Impairment (reversal) of gold inventory (note 5)	**1,159**	-	**(11,786)**	-
Depreciation, depletion and amortization	**55,697**	45,008	**78,006**	115,467
	$ 118,003	$ 80,966	**$ 149,455**	$ 194,909

10. Pre-development project costs

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Greenstone Gold Property	**$ 3,987**	$ 3,045	**$ 5,284**	$ 4,523
Öksüt Gold Project	**-**	1,843	**-**	3,647
	$ 3,987	$ 4,888	**$ 5,284**	$ 8,170

In the third quarter of 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, development costs of the project subsequent to this date are capitalized. In the three and six months ended June 30, 2016, the Company capitalized $1.7 million and $5.3 million of Öksüt Gold Project development costs, respectively, as "Construction in Progress", part of PP&E (note 7).

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

11. Shareholders' equity

a. Earnings per share

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Net earnings attributable to shareholders	**$ 2,912**	$ 21,922	**$ 20,970**	$ 62,599
Adjustments to earnings:				
Impact of performance share units	**(2,049)**	-	**(2,870)**	-
Impact of restricted share units	**-**	-	**-**	52
Net earnings for the purposes of diluted earnings per share	**$ 863**	$ 21,922	**$ 18,100**	$ 62,651

Basic and diluted earnings per share computation:

	Three months ended June 30,		Six months ended June 30,	
(Thousands of units)	**2016**	**2015**	**2016**	**2015**
Basic weighted average number of common shares outstanding	**242,051**	236,511	**240,854**	236,482
Effect of stock options	**465**	319	**424**	259
Effect of restricted share units	**-**	-	**-**	247
Diluted weighted average number of common shares outstanding	**242,516**	236,830	**241,278**	236,988
Basic earnings per common share	**$ 0.01**	$ 0.09	**$ 0.09**	$ 0.26
Diluted earnings per common share	**$ 0.00**	$ 0.09	**$ 0.08**	$ 0.26

For the three and six months ended June 30, 2016 and 2015 certain potentially dilutive stock options were excluded from the calculation of diluted earnings per share due to the exercise prices being greater than the average market price of the Company's ordinary shares for the period.

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

Potentially dilutive securities are summarized below:

	Three months ended June 30,		Six months ended June 30,	
(Thousands of units)	**2016**	**2015**	**2016**	**2015**
Stock options	**2,778**	4,498	**2,360**	4,246
Restricted share units	**108**	243	**115**	-
	2,886	4,741	**2,475**	4,246

b. Dividends

Dividends are declared and paid in Canadian dollars. The details of the dividends declared in the three and six months ended June 30, 2016 and 2015 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Dividend declared	**$ 7,394**	$ 7,561	**$ 14,638**	$ 15,130
Dividend declared (Canadian Dollars per share amount)	**$ 0.04**	$ 0.04	**$ 0.08**	$ 0.08

At June 30, 2016, accrued dividends payable to Kyrgyzaltyn JSC ("Kyrgyzaltyn") were $14.5 million (December 31, 2015 - $9.3 million) - note 13.

12. Commitments and contingencies

Commitments

(a) Contracts

As at June 30, 2016, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $65.5 million (Kumtor - $39.1 million, Öksüt Project $24.6 million, Greenstone Gold Property - $1.4 million and Boroo - $0.4 million), a majority of which are expected to be settled over the next twelve months.

(b) Greenstone Gold Mines LP

As partial consideration for the Company's initial 50% partnership interest in Greenstone Gold Mines LP, the Company agreed to commit up to an additional Cdn$185 million to fund the project, subject to certain feasibility and project advancement criteria. In the event that the project is put under care and maintenance as a result of feasibility study or project criteria not being met, the Company will be required to make contributions towards the costs associated with the care and maintenance of the project for a period of two years or until the Cdn$185 million is spent (if such event occurs first), after which time the partners would fund such costs on a pro rata basis. Any such costs will form part of the Cdn$185 million development contributions commitment of the Company, as noted above. As at June 30, 2016, the Company has funded a total of Cdn$36.5 million ($28.2 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 June 30, 2016 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

Notice of Arbitration

On May 30, 2016, Centerra delivered a notice of arbitration to the Kyrgyz Republic government and Kyrgyzaltyn in connection with certain ongoing disputes relating to the Kumtor Project. These include, among other things: (i) each of the environmental claims brought by the Kyrgyz Republic State Inspectorate for Environment and Technical Safety ("SIETS") and the Kyrgyz Republic State Agency for Environment Protection and Forestry ("SAEPF") and the decisions of the Kyrgyz Republic courts related thereto; and (ii) the previously announced claims of the Kyrgyz Republic General Prosecutor's Office ("GPO") seeking to unwind a $200 million inter-corporate dividend paid by Kumtor Gold Company ("KGC") to Centerra in December 2013 and the related search of KGC's Bishkek office conducted on April 28, 2016. On July 12, 2016, the Company delivered an amended notice of arbitration to the Kyrgyz Republic Government and Kyrgyzaltyn to include, among other things, subsequent decisions of the Kyrgyz Republic courts in relation to the claims of SIETS and SAEPF and actions by Kyrgyz Republic instrumentalities, including the GPO, which interfere with KGC's operations.

Even if the Company is successful in reducing the amounts claimed or overturn the claims brought by SIETS, SAEPF or other matters which the Company believes are subject to the notice of arbitration, there are no assurances that such an arbitration award would be recognized and enforced by courts in the Kyrgyz Republic, as the courts of the Kyrgyz Republic have held that certain environmental claims brought by SIETS and SAEPF are not within the scope of the arbitration provision of the 2009 Restated Investment Agreement. Accordingly, the Company may be obligated to pay part of or the full amounts of, among others, the SIETS and SAEPF claims regardless of the action taken by the arbitrator. The Company may not have sufficient insurance to cover these costs and there are no litigation reserves for such amounts. 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.

Kyrgyz Permitting and Regulatory Matters

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

However, KGC notes that subsequent to the end of the quarter on July 11, 2016, SAEPF expressed concerns to KGC about approving Kumtor's Ecological Passport due to the application of the 2005 Kyrgyz Republic Water Code and would not provide the renewed Ecological Passport. As previously noted, the Ecological Passport identifies some of the permits and approvals required by Kumtor for its operations. KGC continues to be in discussions with SAEPF, however the Company does not believe that the absence of the Ecological Passport will have a material effect on Kumtor project operations.

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

KGC continues to operate fully in compliance with permits as granted. The Company understands that the delay in obtaining the necessary approvals and permits related to, among other things, concerns regarding the mining of ice at Kumtor. With regard to the mining of ice, regulatory authorities referenced the 2005 Water Code of the Kyrgyz Republic ("Water Code") and its prohibition regarding the mining of ice. Centerra has repeatedly disputed the interpretation of the Water Code by the regulatory agencies based on the rights provided to Centerra and KGC under the Kumtor Project Agreements.

Should Kumtor be prohibited from moving ice (as a result of the purported application of the Water Code) or if any required permits are withdrawn or not renewed, the entire December 31, 2015 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 disagreements with respect to the foregoing would be subject to international arbitration under the Kumtor Project Agreements.

SIETS and SAEPF Claims

As previously disclosed, the Kumtor project is subject to a number of claims made by, among others, Kyrgyz Republic state environmental agencies. The Company believes that such claims are, in substance, an attempt by the Kyrgyz Republic to impose additional taxes and payments on the Kumtor project which are prohibited by the terms of the 2009 Restated Investment Agreement and are not based on improper environmental practices or conduct.

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 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 $99.4 million) and 663,839 Kyrgyz soms (approximately $10,000), respectively. On June 1, 2016, the Inter-District Court ruled against KOC on two other claims made by SIETS in relation to alleged land damage and failure to pay for water use. The Inter-District Court awarded damages of 161,840,109 Kyrgyz soms (approximately $2.4 million) and 188,533,730 Kyrgyz soms (approximately $2.8 million), respectively. Centerra and KOC strongly dispute the SIETS claims and have appealed the decisions to the Bishkek City Court and will, if necessary, appeal to the Kyrgyz Republic Supreme Court.

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

2013 KGC Dividend Civil Proceeding

On June 3, 2016, the Inter-District Court also renewed a claim previously commenced by the GPO seeking to unwind the $200 million dividend paid by KGC to Centerra in December 2013 (the "2013 Dividend"). Centerra believes that the claim is without merit.

Mongolia

Gatsuurt

Throughout the first quarter of 2016, the Company held discussions with the Mongolian Government to implement the previously disclosed 3% special royalty in lieu of the Government's 34% direct interest in the Gatsuurt Project. Various working groups have been established by the Mongolian Government to negotiate with Centerra and its wholly-owned subsidiary, Centerra Gold Mongolia ("CGM"), the definitive agreements relating to the Gatsuurt Project.

Concurrent with the negotiations of such agreements, the Company expects to undertake economic and technical studies to update the existing studies on the project, which were initially completed and published in May 2006. As part of such work, the Company is conducting a program of exploration drilling, and geotechnical and additional hydrogeological drilling.

There are no assurances that Centerra will be able to negotiate definitive agreements with the Mongolian Government or that such economic and technical studies and drilling programs will have positive results. The inability to successfully resolve all such matters could have a material impact on the Company's future cash flows, earnings, results of operations and financial condition.

Corporate

Ontario Court Proceedings Involving the Kyrgyz Republic and Kyrgyzaltyn

Since 2011, there have been four applications commenced in the Ontario courts by different applicants against the Kyrgyz Republic and Kyrgyzaltyn JSC, each seeking to enforce in Ontario international arbitral awards against the Kyrgyz Republic. None of these disputes relate directly to Centerra or the Kumtor Project. In each of these cases, the applicants have argued that the Kyrgyz Republic has an interest in the Common Shares held by Kyrgyzaltyn JSC, a state controlled entity, and therefore that such applicant(s) are entitled to seize such number of Common Shares and/or such amount of dividends as necessary to satisfy their respective arbitral awards against the Kyrgyz Republic. Subsequent to the quarter end, on July 11, 2016, the Ontario Superior Court of Justice released a decision on the common issue in these four applications as to whether the Kyrgyz Republic has an exigible ownership interest in the Common Shares held by Kyrgyzaltyn JSC. The Ontario Superior Court of Justice held that the Kyrgyz Republic does not have any equitable or other right, property, interest or equity of redemption in the Common Shares held by Kyrgyzaltyn JSC. As a result, on July 20, 2016, subsequent to the quarter end, the Ontario Superior Court of Justice set aside previous injunctions which prevented Centerra from, among other things, paying any dividends to Kyrgyzaltyn. Accordingly, Centerra has now released to Kyrgyzaltyn approximately $14.5 million which was previously held in trust for the benefit of two Ontario court proceedings.

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

13. 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 Agreement ("Sales Agreement") between KGC, Kyrgyzaltyn and the Government of the Kyrgyz Republic dated June 6, 2009. In March 2016, KGC agreed to a $0.50 per ounce increase in the discount attributable to gold sales under the Sales Agreement.

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

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Included in sales:				
Gross gold and silver sales to Kyrgyzaltyn	**$ 162,582**	$ 142,293	**$ 236,276**	$ 348,321
Deduct: refinery and financing charges	**(958)**	(700)	**(1,431)**	(1,738)
Net sales revenue received from Kyrgyzaltyn	**$ 161,624**	$ 141,593	**$ 234,845**	$ 346,583
Included in expenses:				
Contracting services provided by Kyrgyzaltyn	**$ 347**	$ 368	**$ 699**	$ 664
Management fees to Kyrgyzaltyn	**128**	119	**190**	288
Expenses paid to Kyrgyzaltyn	**$ 475**	$ 487	**$ 889**	$ 952
Dividends:				
Dividends declared to Kyrgyzaltyn	**$ 2,364**	$ 2,476	**$ 4,701**	$ 4,952
Withholding taxes	**(118)**	(124)	**(235)**	(248)
Net dividends declared to Kyrgyzaltyn	**$ 2,246**	2,352	**$ 4,466**	$ 4,704

In the three and six months ended June 30, 2016, the Company declared dividends, net of withholding taxes, of $2.2 million and $4.5 million, respectively, to Kyrgyzaltyn (three and months ended June 30, 2015 - $2.4 million and $4.7 million, respectively). These funds were held in trust as a result of Ontario court proceedings against the Kyrgyz Republic and Kyrgyzaltyn. As a result of an Ontario court decision, the dividends previously held in trust were released to Kyrgyzaltyn on July 26, 2016 (note 12).

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

Related party balances

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

		June 30, 2016		**December 31, 2015**
Amounts receivable	**$**	**39,214**	$	25,725
Dividends payable (net of withholding taxes)	**$**	**17,562**	$	13,096
Net unrealized foreign exchange gain		**(3,025)**		(3,766)
Dividends payable (net of withholding taxes)[a]		**14,537**		9,330
Amounts payable		**1,130**		1,039
Total related party liabilities	**$**	**15,667**	$	10,369

(a) Equivalent of Cdn$18.8 million as at June 30, 2016 (December 31, 2015 - Cdn$12.9 million).

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 June 30, 2016, $39.2 million was outstanding under the Sales Agreement (December 31, 2015 - $25.7 million). Subsequent to June 30, 2016, the previously outstanding balance receivable from Kyrgyzaltyn was paid in full.

14. Financial instruments

The Company's financial instruments include cash and cash equivalents, short-term investments, restricted cash, amounts receivable, reclamation trust fund, long-term receivables, short-term debt, dividends payable, revenue-based taxes payable, accounts payable and accrued liabilities.

IFRS 9 - Financial Instruments

The Company has early adopted all of the requirements of IFRS 9, with a date of initial application of April 1, 2016. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition.

The adoption of the expected credit loss impairment model did not have a significant impact on the company’s financial statements. The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	IAS 39	IFRS 9
Assets		
Cash and cash equivalents	Fair value through earnings (loss)	Fair value through earnings (loss)
Short-term investments	Fair value through earnings (loss)	Amortized cost
Restricted cash	Fair value through earnings (loss)	Fair value through earnings (loss)
Amounts receivable	Loans and receivables	Amortized cost
Reclamation trust fund	Fair value through earnings (loss)	Amortized cost
Long-term receivables	Loans and receivables	Amortized cost
Liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Short-term debt	Other financial liabilities	Amortized cost
Dividend payable to related party	Other financial liabilities	Amortized cost
Revenue-based taxes payable	Other financial liabilities	Amortized cost

IFRS 9 does not require restatement of comparative periods. Management has concluded that the adoption of IFRS 9 has no retrospective impact to the Company that would require an adjustment to opening components of equity.

As a result of the adoption of IFRS 9, the Company's accounting policy for financial instruments has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at fair value through earnings (loss), amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at fair value through earnings (loss)

Financial assets are classified at fair value if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in the Statement of Earnings.

The Company’s cash and cash equivalents and restricted cash are classified as financial assets measured at fair value through earnings (loss).

ii. Amortized cost

Financial assets are recorded at amortized cost if both of the following criteria are met: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's short-term investments, reclamation trust fund, amounts receivable and long-term receivables are recorded at amortized cost as they meet the required criteria. A provision is recorded when the estimated recoverable amount of the financial asset is lower than the carrying amount. The carrying values of short-term investments, reclamation trust fund and amounts receivable approximate their fair values, as they are short-term in nature.

Financial liabilities

Financial liabilities (excluding derivatives) are derecognized when the obligation specified in the contract is discharged, cancelled or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at fair value through earnings (loss), the adoption of IFRS 9 did not impact our accounting policies for financial liabilities. Accounts payable and accrued liabilities, short-term debt, dividend payable to related party and revenue-based taxes payable are accounted for at amortized cost.

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

Fair value measurement

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

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

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

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

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

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

June 30, 2016

		Amortized cost		Assets/liabilities at fair value through earnings (loss)
Financial assets (Level 1)				
Cash and cash equivalents	$	**-**	$	**245,233**
Short-term investments		**282,149**		**-**
Restricted cash		**-**		**15,541**
Amounts receivable		**42,784**		**-**
Reclamation trust fund[a]		**21,952**		**-**
Long-term receivables[a]		**1,310**		**-**
	$	**348,195**	$	**260,774**
Financial liabilities (Level 1)				
Trade creditors and accruals	$	**62,418**	$	**-**
Short-term debt		**98,134**		**-**
Dividend payable to related party		**14,537**		**-**
Revenue-based taxes payable		**10,752**		**-**
	$	**185,841**	$	**-**

December 31, 2015

		Amortized cost		Assets/liabilities at fair value through earnings (loss)
Financial assets (Level 1)				
Cash and cash equivalents	$	-	$	360,613
Short-term investments		181,613		-
Restricted cash		-		9,989
Amounts receivable		28,781		-
Reclamation trust fund[a]		18,909		-
Long-term receivables[a]		1,510		-
	$	230,813	$	370,602
Financial liabilities (Level 1)				
Trade creditors and accruals	$	65,765	$	-
Short-term debt		76,000		-
Dividend payable to related party		9,330		-
Revenue-based taxes payable		9,152		-
	$	160,247	$	-

[a]Included in 'Other Assets' in the Statement of Financial Position.

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

As at June 30, 2016 and December 31, 2015, the Company did not have any financial assets or financial liabilities that are measured under Level 2 or 3.

15. Supplemental disclosures

a. Investment in PP&E

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Additions to PP&E during the period (note 7)	$ **(53,735)**	$ (86,589)	$ **(103,385)**	$ (174,814)
Purchase of Teck royalty via share issuance	**-**	-	**2,954**	-
Depreciation and amortization included in additions to PP&E (note 7)	**6,703**	16,433	**10,358**	32,281
(Decrease) increase in accruals included in additions to PP&E	**2,015**	(305)	**9,651**	(94)
	$ **(45,017)**	$ (70,461)	$ **(80,422)**	$ (142,627)

b. Changes in operating working capital

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
(Increase) decrease in amounts receivable	**$ (39,637)**	34,119	**(14,003)**	$ 42,096
(Increase) decrease in inventory - ore and metal[a]	**7,910**	30,540	**(47,573)**	57,512
Decrease in inventory - supplies	**14,148**	15,744	**18,383**	5,584
Decrease in prepaid expenses	**3,720**	2,300	**7,096**	4,504
Increase in trade creditors and accruals[b]	**9,421**	3,340	**13,559**	24,383
Increase (decrease) in revenue-based tax payable	**7,585**	(6,180)	**1,600**	(16,136)
Decrease (increase) in depreciation and amortization included in inventory	**(2,138)**	(37,948)	**10,751**	(55,801)
(Increase) decrease in accruals included in additions to PP&E	**(2,015)**	118	**(9,651)**	(94)
Increase (decrease) in other taxes payable	**116**	(317)	**659**	(249)
	$ (890)	41,716	**(19,179)**	$ 61,799

[a]Increase in the three and six months ended June 30, 2016 excludes $1.1 million inventory impairment and $11.8 million reversal of inventory impairment, respectively (three and six months ended June 30, 2015 - nil).

[b]Excludes $16.9 million of accounts payable settled via share issuance in the six months ended June 30, 2016.

16. Subsequent events

a) Acquisition of Thompson Creek

i) Definitive Arrangement Agreement

On July 5, 2016, the Company announced that it had entered into a definitive arrangement agreement with Thompson Creek pursuant to which the Company will acquire all of the issued and outstanding common shares of Thompson Creek ("the Transaction"). Under the terms of the arrangement, all of the Thompson Creek issued and outstanding common shares will be exchanged on the basis of 0.0988 of a Centerra common share for each Thompson Creek common share. Upon completion of the Transaction, Thompson Creek shareholders are expected to own approximately 8% of the combined company. In connection with the closing of the Transaction, Centerra will redeem all of Thompson Creek's outstanding Senior Secured Notes due in 2017 and Unsecured Notes due in 2018 and 2019 at their call price plus accrued and unpaid interest, in accordance with their terms.

Thompson Creek's primary asset is the Mount Milligan mine in British Columbia, Canada. In connection with the Transaction, Centerra has entered into a binding commitment letter with Royal Gold Inc. ("Royal Gold") whereby, upon closing of the Transaction, Royal Gold's current 52.25% gold streaming interest at Mount Milligan will be amended to a 35.00% gold stream and 18.75% copper stream.

The acquisition is subject to TCM shareholders and other applicable regulatory approvals, and satisfaction of other customary conditions. If approved, the Transaction is expected to close in the fall of 2016. Should the Transaction not be completed, in certain circumstances termination fees of $35 million will be paid to Centerra.

ii) Financing

In connection with the Transaction, the Company entered into an agreement with BMO Capital Markets Inc., Scotia Capital Inc. and Credit Suisse Securities (Canada) Inc. (collectively, the "Underwriters"), under which the Underwriters purchased on a bought deal basis 26,599,500 subscription receipts (the "Subscription Receipts"), at a price of Cdn$7.35 per Subscription Receipt for gross proceeds to the Company of approximately Cdn$195.5 million (the "Offering"). The net proceeds of the Offering, Cdn$185.7 million, will be used to partially fund the redemption of the secured and unsecured notes of Thompson Creek in connection with the Transaction. The funds will be held in escrow until the Transaction is finalized.

Each Subscription Receipt represents the right of the holder to receive, upon closing of the Transaction, without payment of additional consideration or further action, one common share of Centerra plus an amount equal to the amount per Common Share of any cash dividends for which a record date has occurred on or after the closing of the Offering and before the date on which Common Shares underlying the Subscription Receipts are issued or deemed to be issued, net of applicable withholding taxes, if any.

The Offering closed on July 20, 2016.

In connection with the Transaction, the Bank of Nova Scotia has committed to provide credit facilities with an aggregate principal amount of $325 million to finance a portion of the Transaction and to pay certain related fees and expenses. The 5-year term facilities will consist of a $75 million senior secured revolving credit facility (the "Revolving Facility") and a $250 million senior secured non-revolving term credit facility (the "Term Facility"). The Term Facility is to be used to fund part of the Transaction, while the Revolving Facility is to be used in part for the Transaction but can also be used for working capital purposes. Finalizing the credit facilities is contingent on completing the Transaction.

b) Approval of Dividend

On July 26, 2016, the Company announced that its Board of Directors approved a quarterly dividend of Cdn$0.04 per common share. The dividend is payable August 25, 2016 to shareholders of record on August 11, 2016.

17. 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, except where otherwise indicated)

Three months ended June 30, 2016

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Turkey	Corporate and other	Total
Revenue from gold sales	**$ 161.6**	**$ -**	**$ -**	**$ -**	**$ 161.6**
Cost of sales	**118.0**	**-**	**-**	**-**	**118.0**
Standby costs, net	**-**	**(0.6)**	**-**	**-**	**(0.6)**
Regional office administration	**3.7**	**-**	**-**	**-**	**3.7**
Earnings from mine operations	**39.9**	**0.6**	**-**	**-**	**40.5**
Revenue-based taxes	**22.6**	**-**	**-**	**-**	**22.6**
Other operating expenses	**0.7**	**-**	**-**	**-**	**0.7**
Pre-development project costs	**-**	**-**	**-**	**4.0**	**4.0**
Exploration and business development	**-**	**0.5**	**-**	**4.6**	**5.1**
Corporate administration	**0.1**	**-**	**-**	**6.7**	**6.8**
Earnings (loss) from operations	**16.5**	**0.1**	**-**	**(15.3)**	**1.3**
Other income, net					**(0.4)**
Finance costs					**1.4**
Earnings before income tax					**0.3**
Income tax recovery					**(2.6)**
Net earnings and comprehensive income					**$ 2.9**
Capital expenditure for the period	**$ 44.6**	**$ 3.0**	**$ 1.6**	**$ 4.5**	**$ 53.7**

Three months ended June 30, 2015

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Turkey	Corporate and other	Total
Revenue from gold sales	141.6	$ 5.2	$ -	$ -	$ 146.8
Cost of sales	76.3	4.7	-	-	81.0
Standby costs	-	1.1	-	-	1.1
Regional office administration	4.1	0.9	-	-	5.0
Earnings (loss) from mine operations	61.2	(1.5)	-	-	59.7
Revenue-based taxes	19.8	-	-	-	19.8
Other operating expenses	0.6	0.2	-	-	0.8
Pre-development project costs	-	-	-	4.9	4.9
Exploration and business development	-	0.2	-	1.9	2.1
Corporate administration	-	0.1	-	10.7	10.8
Earnings (loss) from operations	40.8	(2.0)	-	(17.5)	21.3
Other income, net					(1.6)
Finance costs					1.1
Earnings before income tax					21.8
Income tax recovery					(0.1)
Net earnings and comprehensive income					$ 21.9
Capital expenditure for the period	$ 81.7	$ 0.5	$ -	$ 4.5	$ 86.7

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

Six months ended June 30, 2016

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Turkey	Corporate and other	Total
Revenue from gold sales	$ **234.8**	$ **-**	$ **-**	$ **-**	$ **234.8**
Cost of sales	**149.5**	**-**	**-**	**-**	**149.5**
Standby costs, net	**-**	**(0.7)**	**-**	**-**	**(0.7)**
Regional office administration	**7.0**	**-**	**-**	**-**	**7.0**
Earnings (loss) from mine operations	**78.3**	**0.7**	**-**	**-**	**79.0**
Revenue-based taxes	**32.9**	**-**	**-**	**-**	**32.9**
Other operating expenses (income)	**1.3**	**(0.1)**	**-**	**-**	**1.2**
Pre-development project costs	**-**	**-**	**-**	**5.3**	**5.3**
Exploration and business development	**-**	**0.6**	**-**	**6.6**	**7.2**
Corporate administration	**0.1**	**-**	**-**	**12.5**	**12.6**
Earnings (loss) from operations	**44.0**	**0.2**	**-**	**(24.4)**	**19.8**
Other income, net					**(1.7)**
Finance costs					**2.6**
Earnings before income tax					**18.9**
Income tax recovery					**(2.1)**
Net earnings and comprehensive income					**$ 21.0**
Capital expenditure for the period	**$ 86.5**	**$ 3.4**	**$ 8.2**	**$ 5.3**	**$ 103.4**
Assets	**$ 958.3**	**$ 175.1**	**$ 27.3**	**$ 551.1**	**$ 1,711.8**
Total liabilities	**$ 105.1**	**$ 28.8**	**$ 3.4**	**$ 125.6**	**$ 262.9**

Six months ended June 30, 2015

(Millions of U.S. Dollars)	Kyrgyz Republic	Mongolia	Turkey	Corporate and other	Total
Revenue from gold sales	$ 346.6	$ 12.8	$ -	$ -	$ 359.4
Cost of sales	183.0	11.9	-	-	194.9
Standby costs	-	3.8	-	-	3.8
Regional office administration	8.4	1.9	-	-	10.3
Earnings from mine operations	155.2	(4.8)	-	-	150.4
Revenue-based taxes	48.5	-	-	-	48.5
Other operating expenses (income)	1.2	(0.5)	-	-	0.7
Pre-development project costs	-	-	3.6	4.6	8.2
Exploration and business development	-	0.4	0.1	4.4	4.9
Corporate administration	-	0.2	(0.1)	20.0	20.1
Earnings (loss) from operations	105.5	(4.9)	(3.6)	(29.0)	68.0
Other expenses, net					2.6
Finance costs					2.2
Earnings before income tax					63.2
Income tax expense					0.6
Net earnings and comprehensive income					$ 62.6
Capital expenditure for the period	$ 168.1	$ 0.5	$ -	$ 73.6	$ 242.2
Goodwill	$ 18.7	$ -	$ -	$ -	$ 18.7
Assets (excluding Goodwill)	$ 915.8	$ 173.9	$ 3.3	$ 580.4	$ 1,673.4
Total liabilities	$ 100.4	$ 32.7	$ 0.8	$ 110.1	$ 244.0