

centerra**GOLD**



NEWS RELEASE

Centerra Gold Reports Fourth Quarter and 2016 Year-end Results

All figures are in United States dollars and all production figures are on a 100% basis unless otherwise stated. This news release contains forward-looking information that is subject to risk factors and assumptions set out on page 26 and in the note Caution Regarding Forward-looking Information on page 40 in this news release. It should be read in conjunction with the Company's audited financial statements and notes for the year ended December 31, 2016 and associated Management's Discussion and Analysis. The consolidated financial statements of Centerra are prepared in accordance with International Financial Reporting Standards ("IFRS").

To view Management's Discussion and Analysis and the Audited Consolidated Financial Statements and Notes for the year ended December 31, 2016, please visit the following link:

<http://media3.marketwire.com/docs/CGQ42016MDAFS.pdf>

Toronto, Canada, February 23, 2017: Centerra Gold Inc. (TSX: CG) today reported net earnings of \$63.6 million or \$0.23 per common share (basic) in the fourth quarter of 2016 compared to a net loss of \$2.9 million or \$0.01 per common share (basic) in the fourth quarter of 2015. Results in the fourth quarter of 2015 included a \$27.2 million or \$0.11 per share (basic) inventory impairment at the Kumtor mine.

For 2016, the Company recorded net earnings of \$151.5 million or \$0.60 per share (basic) compared to \$41.6 million or \$0.18 per share (basic) in 2015. The increase in earnings in 2016 reflects higher metal prices, additional gold production at Kumtor due to improvements in mill throughput and lower operating costs as a result of the continued focus on cost reduction and lower cost of consumables in particular diesel fuel. Results for 2016 also benefitted from the reversal of an inventory impairment charge at Kumtor of \$27.2 million which was originally recorded in 2015. Net earnings provided by the Thompson Creek operations, including the Mount Milligan mine were \$11.6 million from October 20, 2016, the date of the acquisition.

Results in 2015 were negatively impacted by a non-cash impairment charge of Kumtor goodwill of \$18.7 million (\$0.08 per share (basic)) recorded in the third quarter of 2015. Excluding the goodwill impairment charge, earnings in 2015 would have been \$60.3 million (\$0.26 per share (basic)).

2016 Fourth Quarter and Full Year Highlights

- Completed the acquisition of Thompson Creek Metals Company Inc.
- Exceeded at Kumtor the mid-point of the Company's favourably revised gold production guidance and achieved lower unit costs than the Company's revised unit cost guidance.
- Increased Centerra's estimated gold mineral reserves to 16 million contained ounces of gold (673.5 Mt at 0.7 g/t gold) at year-end, primarily as a result of the acquisition of Thompson Creek. Estimated copper mineral reserves total 2,049 million pounds of contained copper (496.2 Mt at 0.187% copper). Mineral reserves are described in the Company's news release of February 23, 2017.
- Achieved Company-wide all-in sustaining costs on a by-product basis per ounce sold¹ for the fourth quarter of \$586 and \$682 for the full year.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

- Generated at Kumtor \$237 million in cash for the year after all capital expenditures and taxes in 2016, after achieving all-in sustaining costs¹ of \$640 per ounce sold for the year.
- Completed the feasibility study on the Hardrock Project and filed the technical report on SEDAR.
- Received at Kumtor the necessary permits and approvals for its 2017 mine plan. The approvals and permits are valid for the full year.
- Cash provided by operations totalled \$371.4 million for the year.
- Cash, cash equivalents and short-term investments total \$408.8 million at December 31, 2016, which includes \$247.8 million of cash that can only be used for Centerra's Kumtor subsidiary purposes.
- Commenced arbitration against the Kyrgyz Republic and Kyrgyzaltyn in relation with certain ongoing disputes relating to the Kumtor Project.
- In light of the continued inability of the Company to access cash generated by the Kumtor Project, including as a result of the denial by the Kyrgyz Republic Supreme Court of KGC's appeal of the interim order, the Company has suspended the payment of dividends.

In 2016, Centerra generated cash of \$47.2 million, consisting of cash inflows from the Kumtor operations of \$237.0 million and \$8.0 million from Mount Milligan and corporate activity of \$166.1 million (redemption of investments net of corporate administration and other costs), partially offset by cash outflows for the acquisition of Thompson Creek Metals Inc. of \$350.9 million (net of proceeds from debt, equity offering and cash received from Thompson Creek Metals Inc.) and exploration and business development of \$13.0 million.

Cash and cash equivalents at December 31, 2016 was \$160.1 million, excluding cash of \$247.8 million required to be retained in Centerra's wholly-owned Kumtor subsidiary. The cash and cash equivalents balance comprises \$99.8 million held in Centerra Gold Inc., \$51.6 million held in Centerra B.C Holdings and the remaining \$8.7 million in other Company subsidiaries. Of the funds held in Centerra Gold Inc. \$50 million can only be used for Mongolian purposes. The funds held in Centerra B.C. Holdings can only be used for expenditures on Centerra B.C. Holdings subsidiaries including the Mount Milligan mine. Cash dividends declared by Centerra B.C. Holdings for distribution to Centerra Gold Inc. will require a matching early repayment to the lender of the Centerra B.C. Holdings Credit Facility.

As previously disclosed, Centerra's Kyrgyz Republic subsidiary, Kumtor Gold Company ("KGC") is subject to an interim order of a Kyrgyz Republic court prohibiting KGC from taking any actions relating to certain financial transactions, including transferring property or assets, declaring or paying dividends or making loans to Centerra. While such order does not prohibit KGC from continuing to use its cash resources to operate the Kumtor mine, cash generated from the Kumtor mine continues to be held in KGC and is not being distributed to Centerra.

On January 12, 2017, Centerra filed an application in its international arbitration for partial award, or in the alternative, interim measures against the Kyrgyz Republic. The Company is seeking an award ordering that the Kyrgyz Republic withdraw or to stay (suspend) its claims relating to previously disclosed environmental, dividend and land use claims, and related decisions and court orders, including the interim court order discussed above. See "Other Corporate Developments" for further discussion.

At December 31, 2016, the Company had fully drawn its revolving and term credit facilities with its syndicate of lenders, in the aggregate amount of \$325 million (used for the acquisition of Thompson Creek Metals Inc.). In January 2017, the covenants for this facility in 2017 were amended to reflect the planned 2017 production profile at the Mount Milligan mine. In addition, the Company had fully drawn on its corporate revolving credit facility with EBRD in the amount of \$150 million. Subsequent to this, in February 2017 the Company repaid \$25 million of the corporate revolving credit facility with EBRD. The \$150 million credit facility with

UniCredit Bank AG and EBRD for the development of the Öksüt Project remains undrawn and is subject to the satisfaction of certain conditions, including the receipt of a pastureland permit.

It is expected that all planned capital and operating expenditures of the Company for 2017 can be funded out of cash, short-term investment and cash generated from the Mount Milligan mine, although there can be no assurance of this. Absent access to cash held by KGC due to the Kyrgyz Interim Court Order, the Company expects that it will be required to raise financing in order to fund construction and development expenditures on its development properties or to defer such expenditures. Although KGC's cash is currently restricted due to the Kyrgyz Interim Court Order, such cash can be used to fund Kumtor operations. See "Caution Regarding Forward-Looking Information".

Commentary

Scott Perry, Chief Executive Officer of Centerra stated, "Regrettably 2016 got off to an unfortunate start when a mill employee at Kumtor was fatally injured. With this tragic event the Company is rolling out a new Company-wide safety leadership program called Work Safe – Home Safe. On the operational front, as we disclosed earlier, Kumtor had another strong year and we exceeded the mid-point (540,000 ounces) of Centerra's favourably revised gold production guidance for 2016. With the addition of production from Mount Milligan, the Company produced 598,677 ounces of gold in 2016 and 10.4 million pounds of copper. I am pleased to report that we also significantly beat our unit cost guidance for the year as our all-in sustaining costs were \$682 per ounce sold¹. Our lower costs reflect Kumtor favourably exceeding its cost guidance with all-in sustaining costs¹ of \$639 per ounce sold for the year. Kumtor successfully implemented various continuous improvement initiatives throughout the year resulting in higher throughput in the mill and lower unit costs. Kumtor once again generated a significant amount of cash, after all capital expenditures and taxes -- it generated \$237 million in 2016. The Company continues its discussions with the Government of the Kyrgyz Republic to resolve all outstanding issues affecting the Kumtor Project in a manner that is fair to all of its stakeholders."

"At Mount Milligan construction of the permanent secondary crushing circuit was completed and began operations during the fourth quarter of 2016. Work continues to optimize the crushing and grinding equipment and to make adjustments in the mill to maximize the value of the new crushing circuit."

"At the Öksüt Project in Turkey we received the forestry usage permit and the operation permit for the forestry area last summer and we are continuing to work with the relevant agencies to obtain the key pastureland permit."

"In Mongolia, the Government recently established new working groups to negotiate definitive agreements relating to the Gatsuurt Project and we expect to continue such negotiations in 2017. Concurrent with the negotiations we are continuing to update the existing technical and economic studies on the project."

"Lastly, with the addition of the Mount Milligan and our share of the Hardrock Project gold mineral reserves, the Company's gold mineral reserve estimate increased to 16 million ounces of contained gold (673.5 Mt at 0.7 g/t gold). In addition the Company has 2.0 billion pounds of contained copper (496.2Mt at 0.187% copper grade)," Mr. Perry concluded.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

Consolidated Financial and Operating Summary

<i>Unaudited (\$ millions, except as noted)⁽⁹⁾</i>	<i>Quarter ended December 31,⁽⁷⁾</i>			<i>Year ended December 31,⁽⁷⁾</i>		
Financial Highlights	2016	2015	Variance(%)	2016	2015	Variance(%)
Revenue	\$ 305.7	\$ 148.3	106%	\$ 760.8	\$ 624.0	22%
Cost of sales	167.2	113.4	47%	414.6	384.5	8%
Standby costs	2.5	0.9	178%	0.3	5.7	(95%)
Regional office administration	4.0	4.6	(12)%	14.7	19.1	(24)%
Earnings from mine operations	132.0	29.4	349%	331.2	214.7	54%
Revenue-based taxes	32.6	20.2	79%	96.3	84.6	14%
Care and maintenance costs	1.8	-	0%	1.8	-	0%
Other operating expenses	1.3	0.8	63%	2.7	1.9	42%
Pre-development project costs	3.1	1.8	72%	10.7	13.2	(19)%
Impairment of goodwill	-	-	0%	-	18.7	(100)%
Thompson Creek Metals Inc. acquisition expenses	7.4	-	0%	12.0	-	0%
Exploration and business development ⁽¹⁾	4.4	2.6	49%	13.0	10.6	23%
Corporate administration	9.3	7.7	21%	27.6	35.8	(23)%
Earnings (loss) from operations	72.1	(3.6)	2103%	167.1	49.9	235%
Other expenses (income)	0.8	(1.5)	288%	-	3.4	(100)%
Finance costs	6.7	1.1	509%	11.1	4.4	152%
Earnings (loss) before income taxes	64.6	(3.2)	2119%	156.0	42.1	271%
Income tax expense (recovery)	1.0	(0.4)	(350)%	4.5	0.4	1025%
Net earnings (loss)	\$ 63.6	\$ (2.9)	2293%	\$ 151.5	\$ 41.6	264%
Earnings (loss) per common share - \$ basic ⁽²⁾	\$ 0.23	\$ (0.01)	2400%	\$ 0.60	\$ 0.18	233%
Earnings (loss) per common share - \$ diluted ⁽²⁾	\$ 0.23	\$ (0.01)	2400%	\$ 0.60	\$ 0.18	233%
Weighted average common shares outstanding - basic (thousands)	281,671	236,846	19%	251,458	236,592	6%
Weighted average common shares outstanding - diluted (thousands)	282,173	237,346	19%	252,079	236,951	6%
Total assets	\$ 2,654.8	\$ 1,660.6	60%	\$ 2,654.8	\$ 1,660.6	60%
Long-term debt and lease obligation	422.8	-	0%	422.8	-	0%
Long-term provision for reclamation, dividends payable and deferred income taxes	181.1	76.9	107%	181.1	76.9	107%
Cash provided by operations	170.4	47.5	259%	371.4	333.6	11%
Average realized gold price (third party) - \$/oz ⁽⁴⁾	1,170	1,098	7%	1,241	1,162	7%
Average realized gold price (combined) - \$/oz ⁽⁴⁾	1,154	1,098	5%	1,233	1,162	6%
Average gold spot price - \$/oz ⁽³⁾	1,222	1,106	10%	1,248	1,160	8%
Capital expenditures ⁽⁵⁾	\$ 83.6	\$ 33.6	149%	\$ 247.7	\$ 370.5	(33)%
Operating Highlights						
Gold produced – ounces poured	248,479	133,664	86%	598,677	536,920	12%
Gold sold – ounces sold	225,996	135,064	67%	580,496	536,842	8%
Payable copper produced – 000's lbs	10,399	-	-	10,399	-	-
Copper sold – 000's lbs	9,467	-	-	9,467	-	-
Operating costs (on a sales basis) ⁽⁶⁾	\$ 84.0	\$ 48.6	73%	\$ 211.5	\$ 163.4	30%
Adjusted operating costs ⁽⁴⁾	\$ 64.9	\$ 54.7	19%	\$ 201.1	\$ 189.8	6%
All-in Sustaining Costs ⁽⁴⁾	\$ 132.7	\$ 83.3	59%	\$ 395.8	\$ 437.0	(9)%
All-in Costs, excluding development projects ⁽⁴⁾	\$ 149.0	\$ 88.4	69%	\$ 438.7	\$ 461.8	(5)%
All-in Costs, excluding development projects - including taxes ⁽⁴⁾	\$ 182.6	\$ 108.6	68%	\$ 539.5	\$ 546.6	(1)%
Unit Costs						
Cost of sales - \$/oz sold ⁽⁴⁾	\$ 740	\$ 840	(12)%	\$ 714	\$ 716	0%
Adjusted operating costs - \$/oz sold⁽⁴⁾	\$ 287	\$ 405	(29)%	\$ 346	\$ 354	(2)%
All-in sustaining costs on a by-product basis – \$/oz sold⁽⁴⁾	\$ 586	\$ 617	(5)%	\$ 682	\$ 814	(16)%
All-in costs excluding development projects, on a by-product basis – \$/oz sold⁽⁴⁾	\$ 659	\$ 654	1%	\$ 756	\$ 861	(12)%
All-in costs excluding development projects, on a by-product basis (including taxes) – \$/oz sold⁽⁴⁾	\$ 808	\$ 804	1%	\$ 929	\$ 1,018	(9)%

- (1) Includes business development of \$0.5 million and \$0.5 million for the three months and year ended December 31, 2016, respectively (\$0.3 million and \$2.2 million for the three months and year ended December 31, 2015, respectively).
- (2) As at December 31, 2016, the Company had 291,276,068 common shares issued and outstanding.
- (3) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate).
- (4) Adjusted operating costs, all-in sustaining costs on a by-product basis, all-in costs excluding development projects on a by-product basis and all-in costs excluding development projects on a by-product basis - including taxes (\$ millions and per ounce sold) as well as average realized gold price (third party and combined) per ounce and cost of sales per ounce sold are non-GAAP measures and are discussed under "Non-GAAP Measures".
- (5) Includes capitalized stripping of \$58.3 million and \$136.7 million in the three months and year ended December 31, 2016, respectively (\$12.2 million and \$210.6 million in the three months and year ended December 31, 2015, respectively) and \$75.7 million relating to implementation of the Greenstone Partnership in 2016.
- (6) Operating costs (on a sales basis) are comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes reclamation costs and depreciation, depletion and amortization. Operating costs (on a sales basis) represents the cash component of cost of sales associated with the ounces sold in the period. See "Non-GAAP Measures".
- (7) 2016 includes results from Thompson Creek operations beginning October 20, 2016, the date of acquisition. Mount Milligan payable production and ounces sold are presented on a 100% basis (Royal Gold streaming agreement entitles it to 35% and 18.75% of gold and copper sales, respectively). Under the stream arrangement, Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered. No comparative results presented prior to acquisition.
- (8) Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95.0% for copper and 96.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined
- (9) Results may not add due to rounding.

Fourth Quarter 2016 compared to Fourth Quarter 2015

- Gold production for the fourth quarter of 2016 increased 86% to 248,479 ounces poured, including 200,762 ounces from Kumtor and 47,717 ounces from Mount Milligan. In the fourth quarter of 2016, Kumtor processed the higher grade ore obtained from cut-back 17 of the SB Zone.
- Mount Milligan produced 23,022 dry metric tonnes of concentrate, containing 47,717 ounces of gold and 10.4 million pounds of copper, since the closing of the acquisition of Thompson Creek Metals Company Inc. on October 20, 2016. Mill throughput was negatively affected by the secondary crusher commissioning activities and harder than average ore. Mine production was lower than budgeted due to unexpected harsher winter conditions.
- Cost of sales per ounce¹ sold in the fourth quarter was \$740 in 2016 compared to \$840 in 2015, a 12% decrease year over year. The 2016 result includes Kumtor and the Thompson Creek operations, with Kumtor representing \$537 per ounce sold. The comparative 2015 year represents only Kumtor and includes a charge of \$27.2 million to operating costs due to an inventory impairment recorded at the end of the year. Excluding this impairment charge from the 2015 results, cost of sales per ounce in the prior year would have been \$645 per ounce sold. The reduction at Kumtor year over year is a result of lower operating costs, the processing of material with higher grades and recoveries and process improvements in the mill achieved in the fourth quarter of 2016.
- All-in sustaining costs (on a by-product basis) per ounce sold¹, which excludes revenue-based tax and income tax, for the fourth quarter of 2016 decreased to \$586 compared to \$617 in the same period of 2015. The consolidated measure includes a contribution from Kumtor of \$538 per ounce sold, reflecting higher volumes, grades, recoveries and lower operating costs. Mount Milligan contributed \$509 per ounce sold, while corporate costs and exploration added \$17.6 million and \$3.8 million respectively of costs to the measure.
- All-in costs, excluding development project costs (on a by-product basis) per ounce sold¹, which excludes revenue-based tax and income tax, were \$659 in the fourth quarter of 2016 compared to \$654 in the same quarter of 2015. The consolidated measure includes a contribution from Kumtor of \$545

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

per ounce sold, while Mount Milligan contributed \$605 per ounce sold. The decrease at Kumtor reflects more ounces sold, lower operating costs and lower spending on capital expenditures. The fourth quarter of 2016 includes acquisition costs for Thompson Creek of \$7.4 million and increased exploration and business developments costs of \$1.6 million as compared to the comparative period.

- Revenues in the fourth quarter of 2016 increased 106% to \$305.7 million, as a result of selling 67% more ounces and a 5% higher average realized gold price¹. The higher ounces sold are a reflection of 53% more production at Kumtor and the contribution from Mount Milligan (34,154 ounces sold) in the fourth quarter of 2016.
- Cost of sales for the fourth quarter of 2016 increased 47% to \$167.2 million compared to the same quarter of 2015. The increase reflects more gold ounces sold at Kumtor and sales of gold and copper at Mount Milligan starting October 20, 2016.
- Exploration expenditures in the fourth quarter totaled \$3.9 million compared to \$2.3 million in the same period of 2015. The increase in the fourth quarter 2016 reflects increased activity and spending at the Company's projects and joint ventures in Mexico, Mongolia, Nicaragua and Portugal.
- Regional administration costs decreased 12% in the fourth quarter of 2016, primarily as a result of company-wide cost cutting measures initiated in 2015, in addition to the weakening of the Kyrgyz som in relation to the U.S. dollar. Corporate administration costs increased by \$1.6 million as compared to the same period of 2015, as a result of \$1.6 million of new costs incurred in 2016 for administration costs at the new administration office in Denver. Lastly, share-based compensation in the fourth quarter of 2016 was higher by 31.7% as compared to the same period in 2015, driven by Centerra's underlying share price performance, offset by reduced spending at the corporate office in Toronto.
- Cash provided by operations was \$170.4 million in the fourth quarter of 2016 compared to \$47.5 million in the same period of 2015. The increase is primarily driven by significantly higher earnings in the fourth quarter of 2016.
- Cash used in investing activities in the fourth quarter of 2016 totalled \$843.7 million, compared to \$21.1 million of cash provided by investing activities in the same quarter of 2015. The fourth quarter of 2016 includes the payment to Thompson Creek debtholders of \$783 million (net of cash assumed), increased capital expenditures and a net redemptions of \$25 million in short-term investment as opposed to a net \$58.0 million redeemed in the fourth quarter of 2015.
- Capital expenditures in the fourth quarter of 2016 were \$83.6 million, which included sustaining capital¹ of \$15.3 million, growth capital¹ of \$10.1 million (including \$3.1 million at Mount Milligan) and \$58.3 million of capitalized stripping costs (\$42.9 million cash). Development project spending in the quarter totalled \$5.5 million in 2016, with \$1.1 million spent at the Greenstone Gold Property, \$2.4 million at Gatsuurt and \$2.1 million at the Öksüt Project. In the fourth quarter of 2016, the mining fleet at Kumtor focused primarily on waste stripping from cut-back 18. Capital expenditures in the same quarter of 2015 were \$33.6 million, which included \$11.7 million for sustaining capital¹ and \$9.7 million for growth capital¹ and capitalized stripping of \$12.2 million (\$9.1 million cash).

Full Year 2016 compared to Full Year 2015

- Gold production for 2016 totalled 598,677 ounces, including 47,717 ounces produced by Mount Milligan since October 20, 2016. This compares to 536,920 ounces produced at Kumtor and Boroo in 2015. Kumtor's gold production in 2016 of 550,960 ounces was 30,266 ounces higher than the prior year due primarily to achieving higher throughput as a result of improvements made in the mill, while grades were 4% lower in 2016 and recoveries were slightly better as compared to 2015. Gold production in 2015 also included 16,226 ounces from Boroo as heap leach operations transitioned from operations to rinse down and eventual shutdown.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

- Cost of sales per ounce¹ sold in 2016 was \$714, including the Thompson Creek assets (Mount Milligan and Langeloth). Excluding Thompson Creek assets cost of sales per ounce sold was \$641. In comparison, cost of sales per ounce sold in 2015 was \$716. The reduction at Kumtor year over year is a result of lower operating costs and process improvements in the mill achieved in 2016 (see discussion in the Kumtor operating section) and the impact of a \$27.2 million inventory impairment charge in 2015. The inventory impairment charge was reversed in 2016.
- All-in sustaining costs (on a by-product basis) per gold ounce sold¹, which excludes revenue-based tax and income tax, for 2016 decreased to \$682 from \$814 in the comparative period of 2015. The consolidated measure includes a contribution from Kumtor of \$640 per ounce sold, while Mount Milligan contributed \$509 per ounce sold. In addition, corporate costs added \$36 million of costs to the measure in 2016. The improved result at Kumtor reflects lower operating costs and increased volumes achieved as a result of lower fuel prices and various continuous improvements projects.
- All-in costs, excluding development projects costs (on a by-product basis) per gold ounce sold¹ in 2016 was \$756 compared to \$861 in the comparative year, and includes all cash costs related to gold production, excluding revenue-based tax and income tax. The consolidated measure includes a contribution from Kumtor of \$667 per ounce sold, while Mount Milligan contributed \$605 per ounce sold. Exploration and business development activities added \$12.5 million and \$3.8 million, respectively, of costs to this measure in 2016.
- Revenue for 2016, increased to \$760.8 million, compared to \$624.0 million in the year ended December 31, 2015. Revenues in 2016 included \$74.4 million recorded by Mount Milligan and the molybdenum business unit for the period from October 20, 2016 to December 31, 2016. Kumtor recorded a 14% increase in revenues with 5% more ounces sold as a result of higher milling throughput, partially offset by 4% lower ore grades. Average realized gold prices¹ were 7% higher than the prior year (\$1,241 per ounce compared to \$1,162 per ounce in 2015). Gold sales volumes were 580,496 ounces (including 34,154 ounces from Mount Milligan) compared to 536,842 ounces in 2015. The higher revenue at Kumtor resulted in a 14% increase in revenue based taxes in the Kyrgyz Republic in 2016.
- Cost of sales in 2016 were \$414.6 million including \$64.3 million from Mount Milligan and the molybdenum business unit for the period from October 20, 2016 to December 31, 2016. Cost of sales at Kumtor were \$17.5 million or 5% lower than in 2015, benefitting from the reversal of an inventory impairment of \$27.2 million and lower consumable costs such as diesel fuel and other successful cost reduction initiatives at the Kumtor mine. The largest component of cost of sales, DD&A, was \$195.3 million, which includes the reversal of \$18.4 million of non-cash inventory impairment, in the year ended December 31, 2016, compared to \$221.1 million in 2015. The decrease reflects lower capitalized stripping charges per ounce from cut-back 17.
- Operating costs (on a sales basis)¹ increased to \$211.5 million in 2016, including \$41.4 million from Mount Milligan. Excluding Mount Milligan costs, operating costs (on a sales basis) at Kumtor was \$170.1 million which compares to \$163.4 million in 2015. The increase was due to higher ounces sold and lower capitalized stripping costs in 2016 as compared to the prior year. This was partially offset by processing lower cost ounces at Kumtor, which reflects a reduction in costs for diesel, labour and other consumables.
- Pre-development project costs decreased to \$10.7 million in 2016 compared to \$13.2 million in 2015. The decrease in 2016 represents lower spending at the Company's Greenstone Gold Property, as the feasibility study was completed in November 2016 and issued a technical report in December. The decrease also reflects lower expensed costs at the Öksüt Project as the Company began capitalization of Öksüt project costs on August 1, 2015.
- Goodwill at Kumtor was impaired by \$18.7 million in 2015 million as a result of the annual goodwill impairment test carried out as at September 1, 2015, which brought the goodwill balance to zero.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

- During 2016, \$0.3 million of standby costs at Boroo were incurred to maintain the mill and operation on care and maintenance (\$5.7 million in 2015). The spending in 2015 included mainly labour costs associated with the closure of the heap leach facility and placing the operation on standby. The Boroo mill will be kept on standby awaiting the entering into of definitive agreements and receipt of necessary permits with the Mongolian Government regarding the development of the Gatsuurt Project.
- Exploration expenditures in 2016 totalled \$12.5 million compared to \$8.4 million in 2015. The increase in 2016 reflects the Company's focus on new regions with several joint ventures commencing in 2016.
- Corporate administration costs, which primarily consist of professional fees, salaries and benefits, and other administrative costs, were \$27.6 million in 2016, including \$1.7 million spent at Thompson Creek's Denver corporate office since acquisition. This compares to \$35.8 million in 2015. Share-based compensation in 2016 decreased to \$4.6 million compared to \$12.4 million in the prior year, mainly due to movements in the Company's share price.
- The increase in income tax expense of \$4.1 million in 2016 was mainly due to \$4.3 million of withholding and income tax expense incurred on the repatriation of earnings by Boroo during the year.
- Cash provided by operations increased to \$371.4 million in 2016 from \$333.6 million in 2015, primarily from increased earnings and lower levels of working capital.
- Cash used in investing activities totalled \$824.2 million in 2016, including a net of \$783.0 million spent on the acquisition of Thompson Creek Metals Inc. and \$212.8 million spent on capital additions. The outflow of cash from investing activities was partially offset by a net redemption of \$181.5 million of short-term investments. In 2015, cash outflows from investing activities included spending on capital additions of \$243.8 million and \$75.7 million in cash contributions to the Greenstone Gold Property partially offset by \$79.9 million of net redemptions of short-term investments.
- Cash received from financing activities in the year ended December 31, 2016 was \$500.0 million and included proceeds of \$398.4 million from debt issuance and proceeds of \$141.4 million from an equity offering related to the Thompson Creek acquisition. This compares to a use of cash of \$33.4 million in 2015. Financing activities also include the payment of dividends and interest on borrowings in both years.
- Capital expenditures in 2016 were \$247.7 million, which included sustaining capital¹ of \$65.2 million, growth capital¹ of \$17.9 million, \$12.0 million on Öksüt Project development, \$7.2 million on Gatsuurt Project development, \$8.7 million on Greenstone Gold Property capital, and \$136.7 million of capitalized stripping costs (\$100.5 million cash). In 2016, lower capital expenditures resulted primarily from lower spending on capitalized stripping and on development projects, partially offset by higher spending on sustaining and growth capital¹ mainly at Kumtor. Development project spending in 2016 included activities at Gatsuurt to update various development studies, while 2015 included \$75.7 million spent on the acquisition of the Company's 50% interest in the Greenstone Gold Property. Capital expenditures in the same period of 2015 were \$370.5 million, which included \$51.1 million for sustaining capital¹ and \$15.7 million for growth capital¹, \$6.1 million on Öksüt Project development, \$11.3 million on Greenstone Gold Property capital, \$75.7 million on Greenstone Partnership acquisition and capitalized stripping of \$210.6 million (\$159.4 million cash).

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

Operations Update Kumtor

Kumtor Operating Results	Three months ended December 31, ⁽³⁾			Year ended December 31, ⁽³⁾		
	2016	2015	% Change	2016	2015	% Change
<i>Unaudited (\$ millions, except as noted)</i>						
Revenue	231.3	144.5	60%	686.4	604.5	14%
Cost of sales-cash	43.2	46.9	(8%)	170.4	151.1	13%
Cost of sales-non-cash	59.9	65.2	(8%)	180.0	216.8	(17%)
Cost of sales-total	103.1	112.1	(8%)	350.4	367.9	(5%)
Cost of sales - \$/oz sold ⁽¹⁾	537	852	(37%)	641	707	(9%)
Tonnes mined - 000s	35,542	45,418	(22%)	144,399	169,527	(15%)
Tonnes ore mined – 000s	223	3,941	(94%)	8,911	6,583	35%
Average mining grade - g/t	8.62	2.06	318%	3.45	2.25	53%
Tonnes milled - 000s	1,581	1,504	5%	6,303	5,729	10%
Average mill head grade - g/t	4.71	3.42	38%	3.44	3.57	(4%)
Recovery - %	83.5%	79.9%	5%	79.2%	78.8%	1%
Mining costs - total (\$/t mined material)	1.24	1.13	10%	1.27	1.24	3%
Milling costs (\$/t milled material)	9.37	9.95	(6%)	9.87	11.17	(12%)
Gold produced – ounces	200,762	130,610	54%	550,960	520,694	6%
Gold sold – ounces	191,842	131,549	46%	546,342	520,517	5%
Average realized gold price - \$/oz ⁽¹⁾	1,206	1,098	10%	1,256	1,161	8%
Capital expenditures (sustaining) ⁽¹⁾	11.5	11.8	(3%)	61.0	50.5	21%
Capital expenditures (growth) ⁽¹⁾	1.4	2.5	(44%)	14.8	14.2	4%
Capital expenditures (stripping)	58.3	12.1	382%	136.7	210.6	(35%)
Capital expenditures (total)	71.2	26.4	170%	212.5	275.3	(23%)
Operating costs (on a sales basis) ⁽²⁾	44.6	46.9	(5%)	171.8	151.1	14%
Adjusted operating costs ⁽¹⁾	48.5	51.6	(6%)	186.8	169.5	10%
All-in Sustaining Costs ⁽¹⁾	103.1	72.7	42%	349.5	380.3	(8%)
All-in Costs ⁽¹⁾	104.6	75.2	39%	364.3	394.5	(8%)
All-in Costs - including taxes ⁽¹⁾	137.2	95.4	44%	460.6	479.1	(4%)
Adjusted operating costs - \$/oz sold⁽¹⁾	253	392	(36%)	342	326	5%
All-in sustaining costs – \$/oz sold⁽¹⁾	538	553	(3%)	640	731	(12%)
All-in costs – \$/oz sold⁽¹⁾	545	572	(5%)	667	758	(12%)
All-in costs (including taxes) – \$/oz sold⁽¹⁾	715	725	(1%)	843	921	(9%)

(1) Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs (including taxes) (in each case, on an aggregate or per ounce sold basis), as well as average realized gold price per ounce sold, cost of sales per ounce sold and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under “Non-GAAP Measures”.

(2) Operating costs (on a sales basis) is comprised of mine operating costs such as mining, processing, regional office administration, but excludes revenue-based taxes, reclamation costs and depreciation, depletion and amortization. See “Non-GAAP Measures”.

(3) Results may not add due to rounding.

At the Kumtor mine in the Kyrgyz Republic, mining activities in the fourth quarter of 2016 focused on waste stripping of cut-back 18 in accordance to the mine development plan, while the mill primarily processed ore from stockpiles. Mining of cut-back 17 was completed in early-October 2016. In 2017, Kumtor will continue to process ore stockpiled from cut-back 17, while mining focuses on waste stripping from cut-back 18, and mining the recently permitted near surface Sarytor satellite deposit.

The total waste and ore mined in the fourth quarter of 2016 was 35.5 million tonnes compared to 45.4 million tonnes in the comparative period of 2015. The 22% decrease in tonnes mined is mainly attributed to a longer average waste haulage distance of 8.9 kilometres in 2016 versus 7.5 in 2015. During the fourth quarter of 2016, Kumtor mined 0.2 million tonnes of ore at an average grade of 8.62 g/t from cut-back 17, compared to 3.9 million tonnes of ore mined at an average grade of 2.06 g/t in the fourth quarter of 2015.

Gold production for the fourth quarter of 2016 was 200,762 ounces compared to 130,610 ounces in the comparative quarter of 2015 due to 38% higher average mill head grade and a 5% higher recovery rate, as a result of mining and processing the high-grade ore from cut-back 17 during the quarter. In addition, Kumtor's mill processed approximately 1.6 million tonnes for the fourth quarter of 2016, 5% higher than the comparative quarter of 2015, as a result of actions taken to increase the throughput including blending harder and softer ore, opening screens in the SAG mill and increasing the grinding media sizes in the SAG and Ball mills. During the fourth quarter of 2016, Kumtor's average mill head grade was 4.71 g/t with a recovery of 83.5%, compared with 3.42 g/t and a recovery of 79.9% for the same quarter in 2015.

Operating costs (on a sales basis)¹, excluding capitalized stripping, decreased 5% to \$44.6 million during the fourth quarter of 2016 reflecting the results of Kumtor's continuous improvement program and a reduction in cost of diesel, reagents and other consumables.

DD&A associated with sales decreased to \$59.9 million in the fourth quarter of 2016 from \$65.2 million in the comparative period of 2015. DD&A in the fourth quarter of 2015 included a non-cash inventory impairment of \$18.4 million. Excluding the impact of this impairment, DD&A at Kumtor increased year over year by 13.1 million reflecting 46% more ounces sold in the fourth quarter of 2016.

All-in sustaining costs per ounce sold¹, which excludes revenue-based tax, for the fourth quarter of 2016 decreased to \$537 compared to \$553 in the comparative period of 2015. The decrease results primarily from a 46% increase in ounces sold and lower operating costs.

All-in costs per ounce sold¹, which excludes revenue-based tax, for the fourth quarter of 2016 was \$545 compared to \$572 in the comparative period of 2015. The 5% decrease is mainly due to the factors explained above and reduced growth capital spending.

Capital expenditures in the fourth quarter of 2016 were \$71.2 million which includes \$11.5 million of sustaining capital¹, \$1.4 million invested in growth capital¹ and \$58.3 million for capitalized stripping (\$42.9 million cash). Capital expenditures in the comparative quarter of 2015 totaled \$26.4 million, consisting of \$11.8 million for sustaining capital¹, \$2.5 million for growth capital¹ and \$12.1 million of capitalized stripping (\$9.1 million cash).

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

Mount Milligan

	Period ended
Mount Milligan Mine (\$ millions, except as noted)	December 31, 2016 ⁽¹⁾⁽⁵⁾
Gold sales	29.4
Copper sales	26.0
Total Revenues	55.4
Cost of sales - cash	38.8
Cost of sales - non-cash	5.9
Cost of sales - total	44.7
Mining / Milling	
Ore Mined (000's t)	3,910
Total Mined (000's t)	7,592
Rehandle Tonnes	446
Total Moved (000's t)	8,038
Tonnes Milled	3,904
Mill Head Grade Cu%	0.19%
Mill Head Grade Gold (g/t)	0.58
Copper Recovery	75%
Gold Recovery	59%
Concentrate Produced (dmt)	23,022
Payable Copper Produced (000's lbs) ⁽⁵⁾	10,399
Payable Gold Produced (oz) ⁽⁵⁾	47,717
Gold Sales (payable oz)	34,154
Copper Sales (000's payable lbs)	9,467
Average Realized Price - Gold (combined) - \$/oz ⁽²⁾⁽⁴⁾	861
Average Realized Price - Copper (combined) - \$/lb ⁽²⁾⁽⁴⁾	2.74
Capital expenditures - sustaining ⁽²⁾	3.4
Capital expenditures - growth ⁽²⁾	3.1
Capital expenditures - total	6.5
Operating Costs (on a sales basis) ⁽³⁾	39.5
Adjusted Operating Costs ⁽²⁾	14.0
All-In Sustaining Costs on a by-product basis ⁽²⁾	17.4
All-In Costs on a by-product basis ⁽²⁾	20.6
All-In Costs on a by-product basis (including taxes) ⁽²⁾	21.2
Total Adjusted Operating costs - \$/oz sold ⁽²⁾	410
All in Sustaining costs on a by-product basis - \$/oz sold ⁽²⁾	509
All-in Costs on a by-product basis - \$/oz sold ⁽²⁾	602
All-in Costs on a by-product basis (including taxes) - \$/oz sold ⁽²⁾	621

- 1) 2016 includes results beginning October 20, 2016, the date of acquisition. No comparative results presented prior to acquisition.
- 2) Adjusted operating costs, all-in sustaining costs on a by-product basis, all-in costs on a by-product basis and all-in costs on a by-product basis (including tax) (in each case, on an aggregate or per ounce sold basis), as well as average realized gold price per ounce sold (gold and copper), cost of sales per ounce sold and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under "Non-GAAP Measures".
- 3) Operating costs (on a sales basis) is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes, but excludes reclamation costs and depreciation, depletion and amortization.
- 4) The average realized price of gold is a combination of market price paid by third parties and \$435 per ounce paid by Royal Gold, while the average realized price of copper is a combination of market price paid by third parties and 15% of the spot price per metric tonne of copper delivered paid by Royal Gold, both under the Royal Gold streaming arrangement.

- 5) Mount Milligan payable production and ounces sold are presented on a 100% basis (Royal Gold streaming agreement entitles it to 35% and 18.75% of gold and copper sales, respectively). Under the stream arrangement, Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95.0% for copper and 96.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.

The Mount Milligan mine is an open pit mine located in north central British Columbia. The Mount Milligan mine in Canada is subject to a streaming arrangement whereby Royal Gold is entitled to receive 35% of the gold produced and 18.75% of the copper production. Royal Gold will pay Centerra \$435 per ounce of gold delivered and will pay 15% of the spot price per metric tonne of copper delivered.

For the period October 20, 2016 (date of acquisition) to December 31, 2016, the mill throughput averaged 53,000 tonnes per day (tpd) while mine throughput averaged 110,000 tpd. Total mill throughput was 3.9 million tonnes and total mine tonnes moved was 8.0 million tonnes. Total payable copper production for the period was 10.4 million pounds (lbs) while total payable gold production was 47,717 ounces. Mill throughput was affected by the secondary crusher commissioning activities and harder than average ore. Mine production was lower than planned due to harsh winter conditions. Several continuous improvement projects continued throughout the period.

In the processing plant, two collector trials and one frother trial were completed in the quarter. As a result, going forward, the operation expects to achieve a sustainable 1% improvement for gold recovery and 2% improvement in copper recovery. The installation of two secondary crushers was completed in the fourth quarter. Also during the fourth quarter, one SAG mill reline was completed and smaller grates were installed to help rebalance the circuit with the addition of smaller feed material to the SAG mill. Throughout the year, high powder factor blasting was implemented to improve throughput at the mill with success. A blast monitoring trial commenced with the aim to reduce blast movement and dilution with the objective of improving feed grade to the mill.

During the post-acquisition period of October 20 to December 31, 2016, the average realized price of gold was impacted by final price and metal content adjustments on pre-acquisition shipments that had not finalized prior to the transaction date. The effect of these open shipments closing post-transaction was a \$6 million reduction in the realized price of gold sold¹. The average realized price of gold was also impacted by the Royal Gold streaming agreement (see “Non-GAAP Measures”).

Construction of the permanent secondary crushing circuit at Mount Milligan was completed during the fourth quarter of 2016. The crusher processed its first ore in late October and began 24-hour operations in November. Work continues to optimize the crushing and grinding equipment and to make adjustments in the mill standard operating procedures, to maximize the value of the circuit.

The Company plans to complete and file a new technical report on the Mount Milligan mine by the end of March.

Molybdenum Business

(\$ millions, except as noted)	Period ended
	December 31, 2016 ⁽¹⁾
Molybdenum (Mo) Sales	16.8
Tolling, Calcining and Other	2.2
Total Revenues and Other Income	19.0
Cost of sales - cash	18.0
Cost of sales - non-cash	1.5
Cost of Sales - Total	19.5
Care & Maintenance costs - Molybdenum mines	1.8
Capital expenditures - Endako	-
Capital expenditures - Langeloth	0.1
Capital expenditures - Thompson Creek Mine	0.2
Total capital expenditures	0.3
Net Cash used, before working capital	(1.3)
Production	
Mo purchased (000's lbs)	3,378
Mo oxide roasted (000's lbs)	4,198
Mo sold (000's lbs)	2,188
Toll roasted and upgraded Mo (000's lbs)	1,584
(1) 2016 includes results beginning October 20, 2016, the date of acquisition. No comparative results presented prior to acquisition.	

A total of 2.2 million pounds of molybdenum were sold and 1.6 million pounds tolled during the period from October 20, 2016 to December 31, 2016 resulting in sales revenue of \$19.0 million.

The Company's US operations for molybdenum include the Thompson Creek Mine ("TC Mine") (mine and mill) in Idaho and the Langeloth Metallurgical Processing Facility (the "Langeloth Facility") in Pennsylvania. The Canadian operations for molybdenum consist of a 75% joint venture interest in the Endako Molybdenum Mine Joint Venture ("Endako Mine") (mine, mill and roaster) in British Columbia.

Due to weakness in the molybdenum market, the Endako Mine was placed on care and maintenance effective July 1, 2015 while the TC Mine was placed on care and maintenance in December 2014. TC Mine operates a commercial molybdenum beneficiation circuit to treat molybdenum concentrates to supplement the concentrate feed sourced directly for the Langeloth Facility. This beneficiation process at TC Mine has allowed the Company to process high copper molybdenum concentrate purchased from third parties, which is then transported to Langeloth for processing.

The molybdenum business provides toll roasting services for customers by converting molybdenum concentrates to molybdenum oxide powder and briquettes and ferromolybdenum products. Additionally, molybdenum concentrates are also purchased from third parties to convert to upgraded products which are then sold into the metallurgical and chemical markets. The Company expects the Langeloth facility to generate sufficient cash flow to continue to substantially cover the annual costs of care and maintenance at its two primary molybdenum mines, enabling the Company to hold its molybdenum business on a cash neutral

basis and allowing it to retain the optionality to re-start the mines if a more favorable molybdenum market presents itself.

Project Development

Öksüt Project

At the Öksüt Project in Turkey, the Company spent \$2.1 million during the fourth quarter of 2016 and \$12.0 million during the year ended December 31, 2016 (\$4.0 million and \$10.0 million, respectively in the same periods of 2015) on development activities to progress the Environmental and Social Impact Assessment (“ESIA”), access and site preparation and detailed engineering works. Since the approval of the Öksüt feasibility study in July 2015, development costs associated with the Öksüt Project are capitalized.

In November 2015, the Company received approval of its EIA (Environmental Impact Assessment) from the Turkish regulatory authorities, followed by approval of the business operating permit from local authorities in December 2015. In July 2016, the project received a forestry land usage permit and the operation permit for forestry area was obtained in August 2016. The pastureland permit is currently outstanding and the Company is working with the relevant agencies to obtain the permit. There is no assurance that the approval of the key pastureland or other permits will be obtained by the Company in a timely manner or at all. If the pastureland permit is received in the second quarter of 2017, construction activities at the Öksüt Project are expected to commence in July 2017. As a result, first gold production would not be expected to occur before the third quarter of 2018.

In April 2016, the Company’s wholly-owned Turkish subsidiary Öksüt Madencilik Sanayi ve Ticaret A.S. (“OMAS”) entered into a \$150 million project financing term loan facility with UniCredit to assist in financing the construction of its Öksüt Project (the “Öksüt Facility”). In August 2016, EBRD became a lender under the Facility. The interest rate on the Öksüt Facility is LIBOR plus 2.65% to 2.95% (dependent on project completion status). The Facility is secured by the Öksüt assets and is non-recourse to Centerra. Availability of the Öksüt Facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals. The deadline to satisfy such conditions was extended until June 30, 2017 by the lenders, because of the delay in receiving the pastureland permit. The Company continues to work on satisfying the conditions precedent by such deadline, however some conditions, such as the receipt of the pastureland permit for the Öksüt Project, are beyond Centerra’s control.

Gatsuurt Project

The Gatsuurt Project, located in Mongolia 55 kilometres from the Company’s Boroo mine, was designated as a mineral deposit of strategic importance by the Mongolian Parliament in January 2015. In mid-October 2015, the Company and the Government agreed to a 3% special royalty in place of the Government acquiring a 34% ownership interest in the project. On February 4, 2016, the Mongolian Parliament approved the level of Mongolia state ownership in the project at 34% which allows the Government to substitute the 34% state ownership with a special royalty. The final ownership in the Gatsuurt Project is subject to signing definitive agreements with the Mongolian authorities.

The Company continued to engage in discussions with the Mongolian Government regarding definitive agreements in relation to the future operations and economics of the Gatsuurt Project throughout 2016 and expects to continue such discussions in 2017. See “Other Corporate Developments – Mongolia”.

During 2016, the Company funded \$7.2 million (\$1.3 million in 2015) on development activities for drilling on the property and carrying out resource definition, metallurgical, geo-technical and hydrogeological drilling

and environment and operational studies in support of eventual project development at Gatsuurt Project. In the fourth quarter of 2016, the Company was required to file with local authorities an updated Mongolian feasibility study on the Gatsuurt Project for review and approval by the Minerals Professional Council of Mongolia. The feasibility study was filed based on management's best information at the time and did not benefit from the work undertaken in 2016 to update various project studies as these are ongoing and will be completed by the end of second quarter of 2017.

Greenstone Gold Property

The Company spent \$5.6 million in the fourth quarter of 2016 and \$19.4 million for the year ended December 31, 2016 (\$4.3 million and \$17.3 million, respectively in the same periods of 2015) on project development activities on the Greenstone Gold Property and advancing the feasibility study for the Hardrock Project. During the year, the Greenstone Partnership further advanced the Environmental Impact Study/Environmental Assessment ("EIS/EA") on the Greenstone property, including the submission of a draft in February 2016 to the various provincial and federal agencies, and expects to submit a final version in the second quarter of 2017. The comments received on the draft EIS/EA related primarily to the location and management of the tailings storage facility, the management and location of the waste dumps, and water quality.

On November 16, 2016, the Company, along with its joint venture partner Premier Gold Mines Limited, announced the feasibility study results on the Hardrock Project. A NI 43-101 technical report was filed on SEDAR on December 22, 2016. No development or construction decision has been made yet by the partnership.

Greenstone Gold continues to engage and consult with local communities of interest, including First Nations, and negotiations commenced early 2017 on mutually beneficial impact benefit agreements.

Exploration Update

Exploration expenditures for the fourth quarter of 2016 totalled \$3.9 million compared to \$2.3 million in the same period of 2015. Total exploration spending for 2016 was \$12.5 million compared to \$8.4 million in 2015. Exploration activities during the quarter included: drilling, trenching, geological mapping, soil/chip and channel sampling, and ground geophysics.

Mongolia

Gatsuurt Project

During the fourth quarter Gatsuurt completed six drill holes for 818 metres with drilling carried out at South Slope in an area northeast and upslope from the Central Zone ultimate open pit limit and at the southwest extension of Main Zone.

South Slope oriented drilling indicates complicated, vertical (breccia) and gently dipping, morphology of the gold mineralization. These holes have clarified the structure and morphology of the eastern periphery of the South Slope gold mineralization.

Some of the better results are:

GT-663:	6.71 g/t Au @ 2.2 metres (115.3 – 117.5 metres),
GT-664:	2.28 g/t Au @ 7.5 metres (19.9 – 27.4 metres),
GT-665:	2.92 g/t Au @ 4.8 metres (23.9 – 28.7 metres) and 2.33 g/t Au @ 8.7 metres (34.6 – 43.2 metres).

The objective of the drilling in Main Zone was to connect this zone to the SW Extension. These holes indicate narrow, but high-grade mineralization along the Sujigtei fault and broad but <1 g/t Au envelope. The latest results indicate that its mineralization continues for another 500 – 700 metres southwest of the ultimate open pit boundaries and thus requires additional drilling to outline the resource.

One of the better intersections is:

GT-667: 2.93 g/t Au @ 5.8 metres (60.9 – 66.7 metres).

The above mineralized intercepts were calculated using a cut-off grade of 1 g/t Au and a maximum internal dilution interval of 4.0 metres. Drill collar locations and associated graphics are available at the following link: <http://media3.marketwire.com/docs/Q42016Websitev2.pdf>

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

Other Projects

Centerra continues to advance other exploration projects in Armenia, Canada, Mexico, Nicaragua, Portugal and Turkey.

Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries. Readers are cautioned that there are a number of legal and regulatory matters that are currently affecting the Company and that the following is only a brief summary of such matters. For a more complete discussion of these matters, see the Company's most recently filed Annual Information Form available on SEDAR at www.sedar.com. The following summary also contains forward-looking statements and readers are referred to "Caution Regarding Forward-looking Information".

Kyrgyz Republic

Arbitration

As previously disclosed, Centerra commenced an arbitration against the Kyrgyz Republic and Kyrgyzaltyn on July 12, 2016 in relation with certain ongoing disputes relating to the Kumtor Project.

On January 12, 2017, Centerra filed with the Permanent Court of Arbitration ("PCA") a request for partial award, or in the alternative, interim measures, against the Kyrgyz Republic. The Company is seeking an award ordering that the Kyrgyz Republic withdraw or to stay (suspend) its claims relating to previously disclosed environmental, dividend and land use claims, and related decisions and court orders. The Kyrgyz Republic, Kyrgyzaltyn and Centerra are expected to make submissions by the end of April 2017 and the Company expects that the arbitrator will render a decision on this matter in mid-2017.

In addition to the above application to the PCA, Centerra expects to file with the PCA a full statement of claim on February 23, 2017. Under Centerra's Restated Investment Agreement with the Kyrgyz Republic dated as of June 6, 2009, the arbitration will be determined by a single arbitrator and conducted under UNCITRAL Arbitration Rules in Stockholm, Sweden. Disputes arising out of the 2009 Restated Investment Agreement will be governed by the law of the State of New York, USA and the conduct and operations of the parties will be governed by the 2009 Restated Investment Agreement, the 2009 Restated Concession Agreement and the laws of the Kyrgyz Republic.

Even if the Company receives an arbitral award in its favour against the Kyrgyz Republic and/or Kyrgyzaltyn, there are no assurances that it will be recognized or enforced in the Kyrgyz Republic. Accordingly, the Company may be obligated to pay part of or the full amounts of, among others, the SIETS and SAEPF claims regardless of the action taken by the arbitrator. The Company does not have insurance or litigation reserves to cover these costs. If the Company were obligated to pay these amounts, it would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Kyrgyz Permitting and Regulatory Matters

As previously disclosed, KGC has all key permits and approvals in place for mining operations at the Kumtor Project in 2017. Kumtor routinely discharges water from its tailings facility starting in the spring and expects to apply for and receive, in the ordinary course, the required discharge permit prior to such time.

The withdrawal of any required permit could lead to a suspension of Kumtor operations.

Amendments to the Kyrgyz Republic Constitution

In December 2016, the Kyrgyz Republic constitution was amended. The Company understands that the amendments remove the limitation period that would otherwise apply to officials and non-officials charged with abuse of office or abuse of duty in connection with Kumtor development or operations. As previously noted, the Company is not aware of any basis for allegations of criminal misconduct in connection with the development of the Kumtor Project. Centerra has previously asked the Kyrgyz Republic government for evidence of any such wrongdoing but has never received any such evidence. Centerra is not aware of any criminal proceedings or investigations being undertaken as result of the constitutional amendment.

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. Such claims are not based on allegations of improper environmental practices or damage to the environment.

The latest such claim, originally filed on August 23, 2016 by the Chui-Bishkek-Talas Local Fund of Nature Protection and Forestry Development of SAEPF, seeks compensation for environmental pollution in the amount of 40,340,819.01 Kyrgyz soms (approximately US\$600,000).

As previously disclosed, on May 25, 2016, the Bishkek Inter-District Court in the Kyrgyz Republic ruled against 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 US\$96.5 million, based on an exchange rate of 69.43 Kyrgyz soms per US\$1.00) and 663,839 Kyrgyz soms (approximately US\$9,500), respectively. On June 1, 2016, the Inter-District Court ruled against KOC on two other claims made by SIETS in relation to alleged land damage and failure to pay for water use. The Inter-District Court awarded damages of 161,840,109 Kyrgyz soms (approximately US\$2.3 million) and 188,533,730 Kyrgyz soms (approximately US\$2.7 million), respectively. Centerra, KOC and KGC (added by the Kyrgyz courts) 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 US\$220 million. The

court did not issue a decision on the merits of the claim itself. However, at the request of SAEPF, the court granted the KR Interim Court Order which prohibits KGC from taking any actions relating to certain financial transactions including, transferring property or assets, declaring or paying dividends, pledging assets or making loans. The cash generated from the Kumtor Project which is held in KGC is however available to fund Kumtor's operation. As at December 31, 2016, KGC's cash balance was approximately \$248 million. The injunction was effective immediately. KGC's appeal of the Inter-District Court's order to Bishkek City Court was dismissed on July 19, 2016, and its subsequent appeal to the Kyrgyz Republic Supreme Court was dismissed on October 19, 2016. As a result of the appeal by KGC, the proceedings on the merits of the SAEPF claim were suspended, however, the Company now expects such hearings on the merits to resume.

Kyrgyz Republic General Prosecutor's Office Proceedings

Criminal Proceedings Against Unnamed KGC Managers

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

2013 KGC Dividend Civil and Criminal Proceeding

On June 3, 2016, the Inter-District Court renewed a claim previously commenced by the GPO seeking to unwind the \$200 million dividend paid by KGC to Centerra in December 2013 (the "2013 Dividend"). The Company understands that the GPO has also initiated a criminal investigation of executives of the Company and KGC in respect of the 2013 Dividend but that investigation is currently suspended.

KGC Employee Movement Restrictions

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

GPO Review of Kumtor Project Agreements

On June 14, 2016, according to reports in the Kyrgyz Republic, the Kyrgyz Republic President instructed the GPO to investigate the legality of the agreements relating to the Kumtor Project which were entered into in 2003, 2004 and 2009. The 2009 Restated Investment Agreement governing the Kumtor Project which was entered into in 2009 superceded entirely the 2003 and 2004 agreements. The 2009 Restated Investment Agreement was negotiated with the Kyrgyz Republic government, Kyrgyzaltyn JSC and their international advisers, and approved by all relevant Kyrgyz Republic state authorities, including the Kyrgyz Republic Parliament and any disputes under the 2009 Restated Investment Agreement are subject to resolution by international arbitration.

Criminal Charges Regarding 2016 Casualty at Kumtor Mill

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

Land Use Claim

As previously noted, KGC continues to challenge the purported 2012 cancellation of its land use (surface) rights over the Kumtor concession areas in the Kyrgyz Republic courts as well as in its arbitration claim (described above).

Management Assessment of Claims

The Company remains committed to working with Kyrgyz Republic authorities to resolve these issues in accordance with the 2009 Kumtor Project Agreement, which provide for all disputes to be resolved by international arbitration, if necessary. Although the Company has reviewed the various claims discussed above and believes that all disputes related to the 2009 Restated Investment Agreement should be determined in arbitration, there is a risk that the arbitrator may reject the Company's claims. There are also risks that an arbitrator will determine it does not have jurisdiction and/or may stay the arbitration pending determination of certain issues by the Kyrgyz Republic courts. As noted above, there is also a risk that the Kyrgyz Republic or a Kyrgyz Republic court would not recognize and/or enforce an arbitration award issued by the arbitrator.

While the Company has filed a notice of arbitration in 2016 and undertaken other actions with respect to the arbitration, Centerra continues to be in discussions with the Kyrgyz Republic Government with a view to resolving all outstanding matters impacting the Kumtor Project. There are no assurances that: (i) the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project; (ii) any discussions between the Kyrgyz Republic government and Centerra will result in a mutually acceptable resolution; (iii) Centerra will receive the necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law for any such resolution; or (iv) the Kyrgyz Republic Government and/or Parliament will not take actions that are inconsistent with the Government's obligations under the Kumtor Project Agreements, including adopting a law "denouncing" or purporting to cancel or invalidate the Kumtor Project Agreements or laws enacted in relation thereto which have the effect of nationalization of the Kumtor project. The inability to successfully resolve all such matters could lead to suspension of operations of the Kumtor Project and would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Mongolia

Gatsuurt – Development

Since 2016, the Company has been in discussions with the Mongolian Government to implement a 3% special royalty in lieu of the Government's 34% direct interest in the Gatsuurt Project. Various working groups were 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. The Company expects to continue such negotiation in 2017.

Concurrent with the negotiations of such agreements, the Company is undertaking economic and technical studies to update the existing studies on the project, which were initially completed and published in May 2006.

There are no assurances that Centerra will be able to negotiate definitive agreements with the Mongolian Government (in a timely fashion or at all) or that such economic and technical studies will have positive results. The inability to successfully negotiate definitive agreements and/or the absence of positive results on the additional and technical studies could have a material impact on the Company's future cash flows, earnings, results of operations and financial condition and the Company may be required to write-off approximately \$48 million related to the investment in Gatsuurt and approximately \$53 million of remaining capitalized costs for the Boroo mill facility, other surface structures and equipment parts.

Gatsuurt – Illegal Mining

CGM and Centerra continue to work with appropriate Mongolian federal and aimag (local) governments, relevant state bodies and police to clear the Gatsuurt site from artisanal miners and to restrict their access to the site. Centerra does not condone any violence or use of force by Mongolian authorities and has communicated to Mongolian authorities that matters are to be resolved in a peaceful manner.

Claim Against the Mongolian Mineral Resources Authority to Revoke Gatsuurt Mining Licenses

In the first quarter of 2016, a non-governmental organization called “Movement to Save Mt. Noyon” filed a claim against the Mongolian Mineral Resources Authority (MRAM) requesting that MRAM revoke the two principle mining licenses underlying the Gatsuurt Project. CGM, the holder of these two mining licenses, is involved in the claim as a third party. Such proceedings are ongoing.

Subsequent to December 31, 2016 - Sale of ATO

On January 31, 2017, Centerra Gold’s Mongolian subsidiary, Centerra Gold Mongolia (CGM) entered into definitive agreements to sell the ATO Project, located in Eastern Mongolia, to Steppe Gold LLC and Steppe Gold Limited for gross proceed of \$19,800,000. CGM has received \$800,000 upon signing of the definitive agreements and is to receive \$9,000,000 at closing, scheduled for the second quarter of 2017, followed by two additional \$5 million cash payments at the first anniversary and second anniversary date of the closing of the transaction. The closing of the transaction is conditional upon Steppe Gold Limited executing their financing plans which the Company understands is scheduled to be completed in mid-2017.

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, 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 Centerra common shares held by Kyrgyzaltyn, a state controlled entity, and therefore that such applicant(s) are entitled to seize such number of common shares and/or such amount of dividends as necessary to satisfy their respective arbitral awards against the Kyrgyz Republic. On July 11, 2016, the Ontario Superior Court of Justice released a decision on the common issue in these four applications -- whether the Kyrgyz Republic has an exigible ownership interest in the Centerra common shares held by Kyrgyzaltyn. The Ontario Superior Court of Justice determined 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. As a result, on July 20, 2016, the Ontario Superior Court of Justice set aside previous injunctions which prevented Centerra from, among other things, paying any dividends to Kyrgyzaltyn. Accordingly, Centerra released to Kyrgyzaltyn approximately Cdn\$18.9 million which was previously held in trust for the benefit of two Ontario court proceedings.

Three of the applicants appealed the decision to the Ontario Court of Appeal which heard the case on December 4, 2016. The court issued its decision on January 3, 2017 which upheld the trial judge’s decision.

2017 Outlook

See “Material Assumption and Risks” for other material assumptions or factors used to forecast production and costs for 2017.

2017 Gold Production

Centerra’s 2017 gold production is expected to be between 715,000 to 795,000 ounces. Kumtor’s production forecast is expected to be in the range of 455,000 ounces to 505,000 ounces with 30% of the production expected to be in the fourth quarter. At Mount Milligan, the Company expects payable gold production to be in the range of 260,000 to 290,000 ounces with approximately 35% of the ounces expected to be produced in the fourth quarter.

The Mongolian operations will continue with care and maintenance activities at the Boroo mine mainly focusing on reclamation work. Any revenue from Boroo gold production from the rinsing of the heap leach pad will be offset against care and maintenance costs. The 2017 production forecast assumes no gold production from Boroo, Gatsuurt or Öksüt.

2017 Copper Production

Centerra expects concentrate production from the Mount Milligan mine to be in the range of 125,000 to 135,000 dry tonnes for 2017. Payable copper production is expected to be in the range of 55 million pounds to 65 million pounds.

Centerra’s 2017 production is forecast as follows:

2017 Production Guidance	Units	Kumtor	Mount Milligan⁽¹⁾	Centerra
Gold				
Unstreamed Gold Payable Production	(Koz)	455 – 505	169 – 189	624 – 694
Streamed Gold Payable Production ⁽¹⁾	(Koz)	–	91 – 101	91 – 101
Total Gold Payable Production⁽²⁾	(Koz)	455 – 505	260 – 290	715 – 795
Copper				
Unstreamed Copper Payable Production	(Mlb)	–	45 – 53	45 – 53
Streamed Copper Payable Production ⁽¹⁾	(Mlb)	–	10 – 12	10 – 12
Total Copper Payable Production⁽³⁾	(Mlb)	–	55 – 65	55 – 65
Concentrate production in dry tonnes	(Kt)	–	125 – 135	125 – 135

1. Royal Gold streaming agreement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively, from the Mount Milligan mine. Under the stream arrangement, Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95.0% for copper and 96.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.
2. Gold production assumes 78.8% recovery at Kumtor and 62.5% recovery at Mount Milligan.
3. Copper production assumes 75.5% recovery for copper at Mount Milligan.

2017 All-in Sustaining Unit Costs¹

Centerra's 2017 all-in sustaining costs per ounce sold¹ are calculated on a by-product basis and are forecast as follows:

	Kumtor	Mount Milligan⁽²⁾	Centerra⁽²⁾
Ounces sold forecast	455,000 – 505,000	260,000 – 290,000	715,000-795,000
<i>US \$ / gold ounce sold</i>			
Operating costs	288 – 319	748 – 834	456 – 507
Changes in inventory	35 – 39	35 – 39	35 – 39
Operating costs (on a sales basis)⁽³⁾	\$323 - \$358	\$783 - \$873	\$491 – \$546
Selling & marketing	-	18 – 20	6 – 7
Regional office administration	31 – 34	-	20 – 22
Social development costs	5	-	3
Treatment & refining charges	6 – 7	71 – 79	30 – 33
Copper credits ⁽²⁾	-	(484) – (540)	(177) – (196)
Silver credits	(6) – (7)	(23) – (26)	(12) – (14)
Subtotal (Adjusted operating costs)^{(1), (2)}	\$359 - \$397	\$365 - \$406	\$361 – \$401
Accretion expense	2	1	2
Capitalized stripping costs (cash)	340 – 377	-	216 – 240
Sustaining capital expenditures ⁽¹⁾	135 – 149	91 – 101	120 – 133
Corporate general and administrative costs	-	-	44 – 48
All-in sustaining costs on a by-product basis^{(1), (2)}	\$836 - \$925	\$457 - \$508	\$743 - \$824
Revenue-based tax ⁽⁴⁾ and taxes ⁽⁴⁾	166 – 184	19 - 21	113 – 125
All-in sustaining costs on a by-product basis (including taxes)^{(1), (2), (4)}	\$1,002 – \$1,109	\$476 - \$529	\$856 - \$949
Gold - All-in sustaining costs on a co-product basis (\$/ounce)^{(1),(2),(5)}	\$836 - \$925	\$575 - \$640	\$786 - \$873
Copper - All-in sustaining costs on a co-product basis (\$/pound)^{(1),(2),(5)}	-	\$1.63 - \$1.93	\$1.63 - \$1.93

- (1) Adjusted operating costs per ounce sold, all-in sustaining costs per ounce sold on a by-product basis, all-in sustaining costs per ounce on a by-product basis plus taxes, all-in sustaining costs per ounce of gold sold or per pound of copper sold on a co-product basis and sustaining capital expenditures are non-GAAP measures and are discussed under “Non-GAAP Measures”.
- (2) Mount Milligan payable production and ounces sold are presented on a 100% basis (Royal Gold streaming agreement entitles it to 35% and 18.75% of gold and copper sales, respectively). Unit costs and consolidated unit costs include a credit for forecasted copper sales treated as by-product for all-in sustaining costs and all-in sustaining costs plus taxes. The copper sales are based on a copper price assumption of \$2.50 per pound sold for Centerra's 81.25% share of copper production and the remaining 18.75% of copper revenue at \$0.375 per pound (15% of spot price, assuming spot at \$2.50 per pound), representing the Royal Gold copper stream arrangement. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters. The current payable percentage applied is approximately 95.0% for copper and 96.5% for gold, which may be revised on a prospective basis after sufficient history of payable amounts is determined.
- (3) Operating costs (on a sales basis) are comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes reclamation costs and depreciation, depletion and amortization. Operating costs (on a sales basis) represents the cash component of cost of sales associated with the ounces sold in the period.
- (4) Includes revenue-based tax at Kumtor that reflects a forecast gold price assumption of \$1,200 per ounce sold and at Mount Milligan the British Columbia mineral tax.
- (5) All-in sustaining costs per ounce of gold sold or per pound of copper sold on a co-product basis is defined in “Non-GAAP Measures”.

Results in chart may not add due to rounding.

¹ Non-GAAP measure, see discussion under “Non-GAAP Measures”.

2017 Exploration Expenditures

Planned exploration expenditures for 2017 totals \$9 million. The 2017 exploration plan includes \$6.4 million to fund ongoing projects (excluding Greenstone) and \$2.6 million for generative and other exploration programs. See also 2017 Greenstone Gold Property.

2017 Capital Expenditures

Centerra's projected capital expenditures for 2017, excluding capitalized stripping, are estimated to be \$148 million, including \$96 million of sustaining capital¹ and \$52 million of growth capital¹.

Projected capital expenditures (excluding capitalized stripping) include:

Projects	2017 Sustaining Capital ¹ (\$ millions)	2017 Growth Capital ¹ (\$ millions)
Kumtor mine	68	28
Mount Milligan mine	26	-
Öksüt project	-	11
Greenstone Gold property	-	8
Mongolia	-	5
Other (Thompson Creek mine, Endako mine (75%), Langeloth facility and Corporate)	2	-
Consolidated Total	\$96	\$52

Kumtor

At Kumtor, 2017 total capital expenditures, excluding capitalized stripping, are forecast to be \$96 million. Spending on sustaining capital¹ of \$68 million relates primarily to major overhauls and replacements of the heavy duty mine equipment (\$58 million), major overhauls and replacements of mill equipment (\$3 million) and other items (\$7 million).

Growth capital¹ investment at Kumtor for 2017 is forecast at \$28 million and includes the relocation of certain infrastructure at Kumtor related to the life-of-mine expansion plan amounting to \$9 million, tailings dam construction (\$11 million), purchase of new mining equipment (\$4 million), dewatering projects (\$2 million) and other items (\$2 million). The tailings dam construction in 2017 is the first such construction required to contain the tailings attributable to the additional 3.6 million ounces of gold reserves that resulted from the KS-13 pit expansion. As such, it is classified as growth capital¹. This initial raise is the start of a 3-year program that will not be completed until 2019 (total estimated cost of \$32 million). All tailings dam construction prior to 2017 was related to containing tailings that were generated from the approved ore reserve prior to approval of the KS-13 pit expansion.

The cash component of capitalized stripping costs related to the development of the open pit is expected to be \$172 million of the \$234 million total capitalized stripping in 2017.

Mount Milligan

At Mount Milligan, 2017 sustaining capital expenditures are forecast to be \$26 million. Spending on sustaining capital¹ of \$26 million relates primarily to tailing dam construction (\$20 million), purchases of the heavy duty mine equipment (\$3 million), and other items (\$3 million).

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

Mongolia (Boroo and Gatsuurt)

In Mongolia 2017 sustaining capital¹ expenditures are expected to be minimal and growth capital¹ expenditures are estimated at \$5 million which covers costs for additional studies and capitalized project support and administration costs related to the Gatsuurt Project.

Öksüt Project

The Company expects to spend \$11 million at the Öksüt property in 2017. The total planned spending of \$11 million includes detailed engineering, powerline construction, and capitalized project support and administration costs. Expected capital expenditures at Öksüt in 2017 will be re-assessed upon the Company obtaining all required permits for construction from local authorities.

Greenstone Gold Property

Centerra's guidance for 2017 expenditures in connection with the Greenstone Gold Property is approximately \$8 million (C\$11 million) and represents costs forecast to be spent for capitalized project support and administration costs and other capital expenditures for the project. During 2017, Greenstone Gold Mines expects to evaluate programs to minimize the risk profile of the Hardrock Project including advancing permitting, First Nation discussions and completing and submitting the Environmental Assessments based on the Feasibility Study which would incorporate comments already received from the agencies and impacted stakeholders.

Other sites and Corporate

At the Thompson Creek mine, Endako mine (75% share) and Langeloth metallurgical processing facility, 2017 sustaining capital¹ expenditures are expected to be approximately \$1 million. Sustaining capital¹ expenditures for 2017 at the corporate office are expected to be approximately \$1 million.

2017 Corporate Administration and Community Investment

Corporate and administration expense for 2017 is forecast to be \$40 million, which includes \$35 million (including \$8 million of stock-based compensation expense) for corporate and administration costs, and \$5 million for community investment activities.

2017 Depreciation, Depletion and Amortization

Consolidated depreciation, depletion and amortization (DD&A) expense included in costs of sales expense for 2017 is forecasted to be in the range of \$201 million to \$223 million including Kumtor's DD&A expense of \$153 million to \$169 million, Mount Milligan's DD&A expense of \$40 million to \$45 million, and Langeloth's DD&A expense range of \$8 million to \$9 million.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

<i>(In millions)</i>	2017 DD&A Forecast (Unaudited)	2016 DD&A Actual
Kumtor		
Mine equipment	\$ 73	65
Less DD&A capitalized to stripping costs ⁽¹⁾	(62)	(36)
Capital stripping costs amortized	37 – 42	195
Other mining assets	3	3
Mill assets	10	9
Administration assets and other	16	16
Inventory adjustment (non-cash depreciation)	76 – 87	(55)
Subtotal for Kumtor	\$ 153 – 169	197
Mount Milligan		
Plant & equipment	\$ 21 – 22	4
Mineral properties	7 – 8	1
Buildings and other	7 – 8	1
Tailings storage facility	3 - 4	1
Inventory adjustment (non-cash depreciation)	2 – 3	-
Subtotal for Mount Milligan	\$ 40 – 45	7
Langeloth		
Plant & equipment	\$ 6 – 7	1
Buildings and other	2	1
Subtotal for Langeloth	\$ 8 – 9	2
Consolidated Total	\$ 201 – 223	206

Kumtor

At Kumtor, depreciation, depletion and amortization expense included in costs of sales expense for 2016 was \$197 million which is within the guidance for 2016 of \$194 million to \$208 million disclosed in the 2016 Outlook section of the Company's 2015 MD&A filed on SEDAR on February 24, 2016.

The forecast for 2017 DD&A to be expensed as part of costs of sales is between \$153 million and \$169 million. The mine equipment assets are depreciated on a straight-line basis over their estimated useful lives. The total mine equipment depreciation for 2017 is forecasted at \$73 million reflecting increased depreciation on replacement and expansion of mining equipment. The depreciation related to mine equipment engaged in a stripping campaign and capitalized as stripping costs is forecasted to be \$62 million in 2017.

Mount Milligan

At Mount Milligan, depreciation, depletion and amortization expense included in costs of sales expense for 2016 was approximately \$7 million which represents DD&A expense from October 20 to December 31, 2016. The forecast for 2017 DD&A to be expensed as part of costs of sales is forecasted to be between \$40 million and \$45 million.

Langeloth

At Langeloth, depreciation, depletion and amortization expense included in costs of sales expense for 2016 was approximately \$2 million which represents DD&A expense from October 20 to December 31, 2016. The forecast for 2017 DD&A to be expensed as part of costs of sales is forecasted to be between \$8 million and \$9 million.

2017 Taxes

Pursuant to the Restated Investment Agreement, Kumtor's operations are not subject to corporate income taxes. The agreement assesses tax at 13% on gross revenue (plus 1% for the Issyk-Kul Oblast Development Fund). The Mount Milligan operations are subject to corporate income tax and British Columbia mineral tax. Corporate income tax for 2017 is forecast to be nil, while British Columbia mineral tax is forecast to be between \$3.8 million and \$5.4.

Sensitivities

Centerra's revenues, earnings and cash flows for 2017 are sensitive to changes in certain key inputs or currencies. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	Impact on (\$ millions)				Impact on (\$ per ounce sold)
		Costs	Revenues	Cash flows	Net Earnings (after tax)	AISC ⁽²⁾ on by-product basis
Gold Price	\$50/oz	3.4 - 3.8	31.2 – 34.7	27.7 - 30.7	27.7 - 30.7	1.0
Copper Price ⁽³⁾	10%	0.1 - 0.2	4.6 – 6.7	4.5 – 6.6	4.5 – 6.6	6.3 – 8.3
Diesel Fuel	10%	3.5	-	8.3	3.5	10.4 – 11.6
Kyrgyz som ⁽¹⁾	1 som	0.9	-	1.4	0.9	1.8 – 2.0
Canadian dollar ⁽¹⁾	10 cents	21.0	-	22.7	21.0	28.5 – 31.7

⁽¹⁾ Appreciation of currency against the US dollar will result in higher costs and lower cash flow and earnings, depreciation of currency against the US dollar results in decreased costs and increased cash flow and earnings.

⁽²⁾ All-in sustaining costs per ounce sold ("AISC") on a by-product basis is a non-GAAP measure and is discussed under "Non-GAAP Measures"

⁽³⁾ The Company has recalculated the sensitivities for its revenues, earnings and cash flows for 2017 to copper price changes following a commencement in the first quarter of 2017 of a program to mitigate copper price risk by purchasing fixed price forward sales contracts and zero-cost collar.

Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for 2017 include the following:

- a gold price of \$1,200 per ounce,
- a copper price of \$2.50 per pound,
- a molybdenum price of \$7.35 per pound,
- exchange rates:
 - \$1USD:\$1.32 CAD
 - \$1USD:67.0 Kyrgyz som
 - \$1USD:0.90 Euro
- diesel fuel price assumption:
 - \$0.50/litre at Kumtor
 - \$0.65/litre at Mount Milligan

The assumed diesel price of \$0.50/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately \$45 per barrel. Crude oil is a component of diesel fuel purchased by the Company, such that changes in the price of Brent crude oil generally impacts diesel fuel prices. The Company established a hedging strategy to manage changes in diesel fuel prices on the cost of operations at the Kumtor mine. The diesel fuel hedging program is a 24-month rolling program. The Company targets to hedge up to 70% of monthly diesel

purchases for the first 12 months and 50% of the 13 through 24 month exposure by entering into hedging arrangements for Brent crude oil.

Other material assumptions were used in forecasting production and costs for 2017. These material assumptions include the following:

- That the Company has sufficient cash on hand or available to it in order to fund anticipated operating and development costs.
- The Company and its applicable subsidiaries throughout the year continue to meet the terms of the Thompson Creek Metals credit facility, the Öksüt Facility and the Corporate Facility in order to maintain current borrowings and compliance with the facilities financial covenants.
- That any discussions between the Government of the Kyrgyz Republic and Centerra regarding the resolution of all outstanding matters affecting the Kumtor mine are satisfactory to Centerra, fair to all of Centerra's stakeholders, and that any such resolution will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.
- All mine plans, expertises and related permits and authorizations at Kumtor, including permits to allow the raising of the tailings dam and to discharge from the tailings facility, receive timely approval from all relevant governmental agencies in the Kyrgyz Republic and are not subsequently withdrawn.
- Any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine and/or power to the mine site.
- Any actions taken by the Kyrgyz Republic Parliament and Government do not have a material impact on operations or financial results. This includes any actions (i) being taken by the Parliament or Government to cancel the Kumtor Project Agreements; (ii) which are not consistent with the rights of Centerra and KGC under the Kumtor Project Agreements; or (iii) that cause any disruptions to the operation and management of KGC and / or the Kumtor Project.
- The previously disclosed claims received from the Kyrgyz regulatory authorities (SIETS and SAEPPF) and related Kyrgyz Republic court decisions, the claims of the Kyrgyz Republic's General Prosecutor's Office purporting to invalidate land use rights and/or seize land at Kumtor and to unwind the \$200 million inter-company dividend declared and paid by KGC to Centerra in December 2013, criminal and other investigations initiated by the GPO in connection with loans and dividends made by KGC and the alleged misuse of funds or other property at KGC, any further claims by Kyrgyz authorities, whether environmental allegations or otherwise and the securities litigation involving Thompson Creek are resolved without material impact on Centerra's operations or financial results.
- Any sanctions imposed on Russian entities do not have a negative effect on the costs or availability of inputs or equipment to the Kumtor Project.
- The movement in the Central Valley Waste Dump at Kumtor, initially referred to in the Annual Information Form for the year ended December 31, 2013, and in the Lysii and Sarytor Waste Dumps, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production.
- The buttress constructed at the bottom of the Davidov glacier continues to function as planned.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The pit walls at Kumtor and Mount Milligan remain stable.
- The resource block model at Kumtor and Mount Milligan reconciles as expected against production.

- Grades and recoveries at Kumtor and Mount Milligan remain consistent with the 2017 production plan to achieve the forecast gold and copper production.
- The Kumtor mill and the Mount Milligan processing plant continue to operate as expected.
- Commissioning of the permanent secondary crushing plant at Mount Milligan continues within schedule and budget, and performs as designed.
- The Mount Milligan processing facility continues to have access to sufficient water supplies to operate year round.
- There are no unfavourable changes to concentrate sales arrangements at Mount Milligan and roasting arrangements at the Langeloth facility.
- There are no adverse regulatory changes affecting the Company's operations.
- Exchange rates, prices of key consumables, costs of power, water usage fees, and any other cost assumptions at all operations and projects of the Company are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to climate/weather conditions, political or civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.

The Company cannot give any assurances in this regard.

Production, cost and capital forecasts for 2017 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions & Risks" and "Cautionary Note Regarding Forward-Looking Information" in this news release and under the heading "Risk Factors" in the Company's third quarter 2016 MD&A and in the Company's Annual Information Form for the year ended December 31, 2015.

Qualified Person & QA/QC

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

The Kumtor deposit is described in Centerra's most recently filed Annual Information Form and a NI 43-101 technical report dated March 20, 2015 and filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site prior to April 2013 are described in the technical report.

The Mount Milligan deposit is described in the NI 43-101 Technical Report, Mount Milligan Mine, Northern Central British Columbia dated January 21, 2015 and filed on SEDAR at www.sedar.com by Thompson Creek Metals Company Inc. The technical report describes the exploration history, geology and style of gold mineralization at the Mount Milligan deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs.

The Boroo deposit is described in Centerra's most recently filed Annual Information Form and a technical report dated December 17, 2009 prepared in accordance with NI 43-101, both of which are available on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Boroo deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Boroo site are the same as, or similar to, those described in the technical report.

The Gatsuurt deposit is described in Centerra's most recently filed Annual Information Form and a technical report dated May 9, 2006 prepared in accordance with NI 43-101. The technical report has been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Gatsuurt deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Gatsuurt Project are the same as, or similar to, those described in the technical report.

The Öksüt deposit is described in Centerra's most recently filed Annual Information Form and a technical report dated September 3, 2015 prepared in accordance with NI 43-101. The technical report has been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Öksüt deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Öksüt Project are the same as, or similar to, those described in the technical report.

The Hardrock deposit is described in Centerra's most recently filed Annual Information Form and a technical report dated December 21, 2016 prepared in accordance with NI 43-101. The technical report has been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Hardrock deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Hardrock Project are the same as, or similar to, those described in the technical report.

Non-GAAP Measures

This news release contains the following non-GAAP financial measures: all-in sustaining costs per ounce sold on a by-product basis, all-in sustaining costs per ounce sold on a by-product basis including taxes, and all-in sustaining costs per ounce sold on a co-product basis. In addition, non-GAAP financial measures include all-in costs on a by-product basis per ounce sold (with or without tax), all-in costs excluding development projects (on a by-product basis) per ounce sold (with or without tax), operating costs (on a sales basis), adjusted operating costs in dollars (millions) and per ounce sold, as well as cost of sales per ounce sold, capital expenditures (sustaining) and capital expenditures (growth). These financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers, even as compared to other issuers who may be applying the World Gold Council ("WGC") guidelines, which can be found at <http://www.gold.org>.

Management believes that the use of these non-GAAP measures will assist analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, understanding the economics of gold mining, assessing our operating performance, our ability to generate free cash flow from current operations and to generate free cash flow on an overall Company basis, and for planning and forecasting of future periods. However, the measures do have limitations as analytical tools as they may be influenced by the point in the life cycle of a specific mine and the level of additional exploration or

expenditures a company has to make to fully develop its properties. Accordingly, these non-GAAP measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

Definitions

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

- *Production costs* represent operating costs associated with the mining, milling and site administration activities at the Company's operating sites, excluding costs unrelated to production such as mine standby and community costs related to current operations.
- *Operating costs* (on a sales basis) include mine operating costs such as mining, processing, site support, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization (DD&A), reclamation costs, financing costs, capital development and exploration.
- *Adjusted operating costs per ounce sold* include operating costs (on a sales basis), regional office administration, mine standby costs, community costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs on a by-product basis per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, corporate general and administrative expenses, accretion expenses, and sustaining capital, net of copper and silver credits. The measure incorporates costs related to sustaining production. Copper and silver credits represent the expected revenue from the sale of these metals.
- *All-in sustaining costs on a by-product basis per ounce sold including taxes* include revenue-based tax at Kumtor and taxes at Mount Milligan.
- *All-in sustaining costs on a co-product basis per ounce of gold sold or per pound of copper sold*, operating costs are allocated between copper and gold based on production. To calculate allocation of operating costs, copper production has been converted to ounces of gold equivalent using the copper production for the periods presented, as well as the forecasted average prices for copper and gold.
- *All-in costs per ounce sold* include all-in sustaining costs and additional costs for growth capital, global exploration expenses, business development costs, project development costs and social development costs not related to current operations.
- *All-in cost per ounce sold* exclude the following:
 - Working capital (except for adjustments to inventory on a sales basis).
 - All financing charges (including capitalized interest).
 - Costs related to business combinations, asset acquisitions and asset disposals.
 - Other non-operating income and expenses, including interest income, bank charges, and foreign exchange gains and losses.
- *All-in costs per ounce sold (excluding growth projects)* measure comprises all-in costs per ounce sold as described above and excluded the Company's growth projects.
- *All-in costs including taxes per ounce sold* measure includes revenue-based taxes at Kumtor and income taxes at Boroo.
- *Capital expenditure (Sustaining)* is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.
- *Capital expenditure (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Growth projects* are defined as projects that are beyond the exploration stage but are pre-operational. For 2016, growth projects include Öksüt, Gatsurt and the Greenstone Gold Property.

- *Cost of sales per ounce sold* is calculated by dividing cost of sales by gold ounces sold.
- *Average realized gold price* is calculated by dividing revenue derived from gold sales by the number of ounces sold.
- *Average realized copper price* is calculated by dividing revenue derived from gold sales by the number of pounds sold.

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

**1) By Operation
Kumtor**

<i>(unaudited)</i> (\$ millions, unless otherwise specified)	Year ended December 31, ⁽¹⁾		Three months ended December 31, ⁽¹⁾	
	2016	2015	2016	2015
Cost of sales, as reported	\$ 350.4	\$ 367.9	\$ 103.0	\$ 112.1
Less: By-product credits included in cost of sales	(1.4)	-	(1.4)	-
Less: Non-cash component	180.0	216.8	59.9	65.2
Cost of sales, cash component	\$ 171.8	\$ 151.1	\$ 44.5	\$ 46.9
Adjust for:				
Regional office administration	14.5	15.7	3.8	3.9
Refining fees	3.8	3.3	1.3	1.0
By-product credits	(4.5)	(2.8)	(1.4)	(0.9)
Community costs related to current operations	1.2	2.2	0.3	0.7
Adjusted Operating Costs	\$ 186.8	\$ 169.5	\$ 48.5	\$ 51.6
Accretion expense	0.9	0.9	0.2	0.2
Capitalized stripping and ice unload	100.5	159.4	42.9	9.1
Capital expenditures (sustaining)	61.0	50.5	11.5	11.8
All-in Sustaining Costs	\$ 349.2	\$ 380.3	\$ 103.1	\$ 72.7
Capital expenditures (growth)	14.8	14.2	1.4	2.5
All-in Costs on a by-product basis	\$ 364.0	\$ 394.5	\$ 104.5	\$ 75.2
Revenue-based taxes and income taxes	96.3	84.6	32.6	20.2
All-in Costs on a by-product basis (including taxes)	\$ 460.3	\$ 479.1	\$ 137.1	\$ 95.4
Ounces sold (000)	546.4	521	191.8	132
Adjusted Operating Costs per oz sold	\$ 342	\$ 326	\$ 253	\$ 392
All-in Sustaining Costs on a by-product basis, per oz sold	\$ 640	\$ 731	\$ 538	\$ 553
All-in Costs on a by-product basis, per oz sold	\$ 667	\$ 758	\$ 545	\$ 572
All-in Costs on a by-product basis (including taxes) per oz sold	\$ 843	\$ 921	\$ 715	\$ 725
(1) Result may not add due to rounding				

(1) By operation

Mount Milligan

<i>(unaudited)</i>		October 20 to
(\$ millions, unless otherwise specified)		December 31, 2016 ⁽¹⁾
Cost of sales, as reported	\$	44.7
Less: By-product credits included in cost of sales		(0.6)
Less: Non-cash component		5.9
Cost of sales, cash component	\$	39.4
Adjust for:		
Selling and marketing		1.0
Refining fees		0.2
By-product credits - silver		(0.7)
By-product credits - copper		(26.0)
Adjusted Operating Costs	\$	13.9
Accretion expense		0.1
Capital expenditures (sustaining)		3.4
All-in Sustaining Costs	\$	17.4
Capital expenditures (growth)		3.2
All-in Costs, on a by-product basis	\$	20.6
BC mineral taxes and income taxes		0.6
All-in Costs, on a by-product basis (including taxes)	\$	21.2
Ounces sold (000)		34.2
Adjusted Operating Costs per ounce sold	\$	407
All-in Sustaining Costs per ounce sold	\$	509
All-in Costs, on a by-product basis per ounce sold	\$	602
All-in Costs, on a by-product basis(including taxes) per ounce sold	\$	621
(1) Result may not add due to rounding		

2) Consolidated

Centerra

<i>(unaudited)</i> (\$ millions, unless otherwise specified)	Year ended December 31, ⁽¹⁾		Three months ended December 31, ⁽¹⁾	
	2016	2015	2016	2015
Cost of sales excluding molybdenum segment, as reported	\$ 395.1	\$ 384.5	\$ 147.6	\$ 113.4
Less: By-product credits included in cost of sales	(2.1)	-	(2.2)	-
Less: Non-cash component	185.9	221.1	65.8	64.8
Cost of sales, cash component	\$ 211.3	\$ 163.4	\$ 84.0	\$ 48.6
Adjust for:				
Regional office administration	14.7	19.1	4.0	4.6
Standby costs	0.3	4.3	2.5	0.6
Refining fees	4.0	3.3	1.4	1.0
Selling and marketing	0.9	-	0.9	-
By-product credits (copper and silver)	(31.1)	(2.8)	(28.1)	(0.9)
Community costs related to current operations	1.1	2.5	0.1	0.7
Adjusted Operating Costs on a by-product basis	\$ 201.1	\$ 189.8	\$ 64.8	\$ 54.6
Corporate general administrative costs	27.6	35.3	9.3	7.5
Accretion expense	1.9	1.5	0.7	0.4
Capitalized stripping and ice unload	100.5	159.4	42.9	9.1
Capital expenditures (sustaining)	64.8	51.0	14.8	11.5
All-in Sustaining Costs on a by-product basis	\$ 395.8	\$ 437.0	\$ 132.5	\$ 83.1
Capital expenditures (growth)	17.9	14.2	4.5	3.0
Exploration and business development	13.0	10.6	4.4	2.6
Thompson Creek acquisition and integration costs	12.0	-	7.4	-
All-in Costs excluding development projects costs, on a by-product basis	\$ 438.7	\$ 461.8	\$ 148.8	\$ 88.7
Revenue-based taxes and income taxes	100.8	84.8	33.6	20.2
All-in Costs excluding development projects costs, on a by-product basis (including taxes)	\$ 539.5	\$ 546.6	\$ 182.4	\$ 108.9
Ounces sold (000)	580.5	536.8	226.0	135.1
Adjusted Operating Costs on a by-product basis per oz sold	\$ 346	\$ 354	\$ 287	\$ 405
All-in Sustaining Costs on a by-product basis per oz sold	\$ 682	\$ 814	\$ 586	\$ 617
All-in Costs excluding development projects costs, on a by-product basis per oz sold	\$ 756	\$ 861	\$ 659	\$ 654
All-in Costs excluding development projects costs, on a by-product basis (including taxes) per oz sold	\$ 929	\$ 1,018	\$ 808	\$ 804

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

Year ended December 31,	Kumtor	Mount Milligan	Turkey	Boroo	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>						
2016						
Capitalized stripping –cash	100.5	-	-	-	-	100.5
Sustaining capital - cash	61.0	3.4	-	-	0.4	64.8
Growth capital - cash	14.8	3.1	-	-	-	17.9
Gatsuurt project development capital cash	-	-	-	-	7.2	7.2
Greenstone Gold Property pre-development capital cash	-	-	-	-	11.4	11.4
Öksüt project development capital - cash	-	-	12.0	-	-	12.0
Molybdenum business capital - cash	-	-	-	-	0.3	0.3
Net increase in accruals included in additions to PP&E	(1.3)	-	-	-	-	(1.3)
Total - Additions to PP&E	175.0	6.5	12.0	-	19.3	212.8
2015						
Capitalized stripping –cash	159.4	-	-	-	-	159.4
Sustaining capital - cash	50.5	-	-	-	0.5	51
Growth capital - cash	14.2	-	-	-	1.5	15.7
Greenstone Gold Property pre-development capital cash	-	-	-	-	11.3	11.3
Öksüt project development capital - cash	-	-	6.1	-	-	6.1
Net decrease in accruals included in additions to PP&E	0.2	-	-	-	-	0.2
Total - Additions to PP&E	224.3	-	6.1	-	13.3	243.7

Three months ended December 31,	Kumtor	Mount Milligan	Turkey	Boroo	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>						
2016						
Capitalized stripping –cash	42.9	-	-	-	-	42.9
Sustaining capital - cash	11.5	3.4	-	-	0.1	15.0
Growth capital - cash	1.4	3.1	-	-	-	4.5
Gatsuurt project development capital cash	-	-	-	-	2.4	2.4
Greenstone Gold Property pre-development capital cash	-	-	-	-	3.6	3.6
Öksüt project development capital - cash	-	-	2.1	-	-	2.1
Molybdenum business capital - cash	-	-	-	-	0.3	0.3
Net decrease in accruals included in additions to PP&E	11.0	-	-	-	-	11.0
Total - Additions to PP&E	66.8	6.5	2.1	-	6.4	81.8
2015						
Capitalized stripping –cash	9.1	-	-	-	-	9.1
Sustaining capital - cash	11.8	-	-	-	-	11.8
Growth capital - cash	2.5	-	-	-	0.5	3.0
Greenstone Gold Property pre-development capital cash	-	-	-	-	2.6	2.6
Öksüt project development capital - cash	-	-	3.9	-	-	3.9
Net decrease in accruals included in additions to PP&E	1.6	-	-	-	-	1.6
Total - Additions to PP&E	25.0	-	3.9	-	3.1	32.0

⁽¹⁾ As reported in the Company's Consolidated Statement of Cash Flows as "Investing Activities - Additions to property, plant & equipment".

Average realized gold price

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

<i>(unaudited)</i> <i>(\$ millions, unless otherwise specified)</i>	Year ended December 31,		Three months ended December 31,	
	2016	2015	2016	2015
Gold sales reconciliation (\$ millions)				
Gold sales - Kumtor (plus Boroo in 2015)	686.4	624.0	231.3	148.0
<u>Gold sales - Mt. Milligan</u>				
Gold sales related to cash portion of Royal Gold stream	5.3	-	5.3	-
Mark-to-market adjustments on sales to Royal Gold	3.7	-	3.7	-
Final adjustments on sales to Royal Gold	0.9	-	0.9	-
Total gold sales under Royal Gold stream	9.9	-	9.9	-
Gold sales to third party customers	25.7	-	25.7	-
Mark-to-market adjustments	1.3	-	1.3	-
Final pricing adjustments	(7.3)	-	(7.3)	-
Total gold sales to third party customers	19.7	-	19.7	-
Gold sales, net of adjustments	29.6	-	29.6	-
Refining and treatment costs	(0.2)	-	(0.2)	-
Total gold sales	29.4	-	29.4	-
Total gold revenue - Consolidated	715.8	624.0	260.7	148.0
Ounces of gold sold				
Gold ounces sold - Kumtor (plus Boroo in 2015)	546,342	536,842	191,842	135,064
Ounces sold to Royal Gold - Mt. Milligan	12,249	-	12,249	-
Ounces sold to Royal Gold - Mt. Milligan - Assay adjustment	(711)	-	(711)	-
Ounces sold to third party customers - Mt. Milligan	22,616	-	22,616	-
Total ounces sold - Consolidated	580,496	536,842	225,996	135,064
Average realized sales price for gold on a per ounce basis				
Average realized sales price - Kumtor (plus Boroo in 2015)	1,256	1,162	1,206	1,096
Average realized gold price - Royal Gold	435	-	435	-
Average realized gold price - Mark-to-market adjustments	316	-	316	-
Average realized gold price - Final pricing adjustments	76	-	76	-
Average realized gold price - Mt. Milligan - Royal Gold	828	-	828	-
Average realized gold price - Third party	1,136	-	1,136	-
Average realized gold price - Mark-to-market adjustments	58	-	58	-
Average realized gold price - Final pricing adjustments	(323)	-	(323)	-
Average realized gold price - Mt. Milligan - Third party	871	-	871	-
Average realized gold price - Mt. Milligan - Combined	861	-	861	-
Average realized sales price for gold - Consolidated	1,233	1,162	1,154	1,096

Average realized copper price

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

<i>(unaudited)</i> <i>(\$ millions, unless otherwise specified)</i>	Oct. 20 to Dec. 31, 2016
Copper sales reconciliation - Mount Milligan (\$ millions)	
Copper sales related to cash portion of Royal Gold stream	0.7
Mark-to-market adjustments on Royal Gold stream	0.1
Total copper sales under Royal Gold stream	0.8
Copper sales to third party customers	19.6
Mark-to-market adjustments	1.3
Final price adjustments	7.0
Total copper sales to third party customers	27.9
Copper sales, net of adjustments	28.7
Refining and treatment costs	(2.7)
Copper sales - Mount Milligan	26.0
Pounds of copper sold (000's lbs)	
Pounds sold to Royal Gold	1,775
Pounds sold to third party customers	7,693
Total pounds sold	9,467
Average realized sales price for copper - \$ per pound	
Copper sales related to cash portion of Royal Gold stream	0.38
Mark-to-market adjustments on Royal Gold stream	0.05
Average realized copper price (Royal Gold) - \$ per pound	0.43
Average realized copper price - Third party	2.55
Average realized copper price - Mark-to-market adjustments	0.17
Average realized copper price - Final pricing adjustments	0.90
Average realized copper price (Third party) - \$ per pound	3.63
Average realized copper price (Combined) - \$ per pound	2.74

Centerra Gold Inc.
Consolidated Statements of Financial Position

	December 31, 2016	December 31, 2015
(Expressed in Thousands of United States Dollars)		
Assets		
Current assets		
Cash and cash equivalents	\$ 160,017	\$ 360,613
Short-term investments	74	181,613
Restricted cash	247,844	-
Amounts receivable	48,097	28,781
Inventories	540,753	347,011
Prepaid expenses	18,418	12,880
	<u>1,015,203</u>	<u>930,898</u>
Property, plant and equipment	1,564,891	693,016
Goodwill	16,070	-
Restricted cash	824	9,989
Reclamation deposits	32,035	18,909
Other assets	25,728	7,772
	<u>1,639,548</u>	<u>729,686</u>
Total assets	<u>\$ 2,654,751</u>	<u>\$ 1,660,584</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 130,342	\$ 75,292
Short-term debt	72,281	76,000
Revenue-based taxes payable	19,202	9,152
Taxes payable	2,302	1,286
Current portion of provision for reclamation	918	1,062
Other current liabilities	1,563	-
	<u>226,608</u>	<u>162,792</u>
Dividend payable to related party	-	9,330
Long-term debt	392,851	-
Provision for reclamation	157,498	65,087
Lease obligations	29,901	-
Deferred income tax liability	1,661	2,524
Other liabilities	21,950	-
	<u>603,861</u>	<u>76,941</u>
Shareholders' equity		
Share capital	944,633	668,705
Contributed surplus	25,876	24,153
Accumulated other comprehensive (loss) income	(2,592)	220
Retained earnings	856,365	727,773
	<u>1,824,282</u>	<u>1,420,851</u>
Total liabilities and Shareholders' equity	<u>\$ 2,654,751</u>	<u>\$ 1,660,584</u>

Centerra Gold Inc.

Consolidated Statements of Earnings and Comprehensive Income (Loss)

(Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
(Expressed in Thousands of United States Dollars)				
(except per share amounts)				
Gold sales	\$ 260,737	\$ 148,332	\$ 715,772	\$ 623,950
Copper sales	25,951	-	25,951	-
Molybdenum sales	16,780	-	16,780	-
Tolling, calcining and other	2,255	-	2,255	-
Revenue	\$ 305,723	\$ 148,332	\$ 760,758	\$ 623,950
Cost of sales	167,226	113,414	414,642	384,459
Standby costs	2,497	882	259	5,684
Regional office administration	4,047	4,631	14,722	19,068
Earnings from mine operations	131,953	29,405	331,135	214,739
Revenue-based taxes	32,588	20,225	96,293	84,633
Corporate administration	9,054	7,669	27,583	35,780
Exploration expenses	3,914	2,310	12,535	8,413
Thompson Creek Metals Inc. acquisition and integration expenses	7,607	-	12,015	-
Pre-development project costs	3,094	1,762	10,687	13,252
Other operating expenses	1,348	784	2,744	1,869
Care and maintenance expense	1,766	-	1,766	-
Business development	459	319	459	2,208
Impairment of goodwill	-	-	-	18,705
Earnings from operations	72,123	(3,664)	167,053	49,879
Other expenses, net	803	(1,501)	(40)	3,375
Finance costs	6,659	1,097	11,053	4,426
Earnings before income tax	64,661	(3,260)	156,040	42,078
Income tax expense	1,033	(383)	4,502	449
Net earnings	\$ 63,628	\$ (2,877)	\$ 151,538	\$ 41,629
Other Comprehensive Income				
Items that may be subsequently reclassified to				
Net (loss) gain on translation of foreign	(2,397)	159	(2,573)	220
Loss on derivative instruments, net of tax	(22)	-	(387)	-
Post-retirement benefit, net of tax	148	-	148	-
Other comprehensive (loss) income	(2,271)	159	(2,812)	220
Total comprehensive income	\$ 61,357	\$ (2,718)	\$ 148,726	\$ 41,849
Basic earnings per common share	\$ 0.23	\$ (0.01)	\$ 0.60	\$ 0.18
Diluted earnings per common share	\$ 0.23	\$ (0.01)	\$ 0.60	\$ 0.18

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

	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
(Expressed in Thousands of United States Dollars)				
Operating activities				
Net earnings	\$ 63,628	\$ (2,877)	\$ 151,538	\$ 41,629
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	67,623	47,703	205,176	205,390
Finance costs	6,659	1,098	11,053	4,426
Loss on disposal of equipment	91	(4)	210	1,972
Compensation expense on stock options	551	621	2,456	2,611
Other share based compensation expense	(303)	(5,618)	(668)	828
Impairment of goodwill	-	-	-	18,705
Inventory impairment (reversal of)	-	27,216	(27,216)	27,216
Income tax expense (recovery)	1,033	(383)	4,502	449
Other operating items	(852)	70	(371)	(512)
	138,430	67,826	346,680	302,714
Changes in operating working capital	37,874	(19,709)	33,029	32,532
Purchase and settlement of derivatives	(296)	-	(2,099)	-
Payments toward provision for reclamation	(341)	(247)	(613)	(1,004)
Income taxes paid	(5,270)	(336)	(5,553)	(676)
Cash provided by operations	170,397	47,534	371,444	333,566
Investing activities				
Additions to property, plant and equipment	(81,830)	(32,030)	(212,831)	(243,767)
Equipment finance lease payments	(3,811)	-	(3,811)	-
Net redemption of short-term investments	24,981	58,010	181,539	79,890
Payment to Thompson Creek Metals Inc. debtholders	(881,018)	-	(881,018)	-
Cash received on completion of acquisition	98,054	-	98,054	-
Purchase of interest in Greenstone Partnership	-	(17)	-	(75,718)
Decrease (increase) in restricted cash	71	(2,478)	(201)	2,448
Payments for long-term reclamation deposits and other assets	(118)	(2,398)	(5,964)	(2,958)
Cash (used in) provided by investing	(843,671)	21,087	(824,232)	(240,105)
Financing activities				
Dividends paid - declared in period	(812)	(7,092)	(18,480)	(29,389)
Dividends paid - from trust account	-	-	(4,466)	(2,936)
Proceeds from equity offering (net)	(4,029)	-	141,361	-
Proceeds from debt	374,363	-	398,363	-
Payment of interest and borrowing costs	(9,723)	3	(18,323)	(2,974)
Proceeds from common shares issued for options	279	1,298	1,581	1,937
Cash received from (used in) financing	360,078	(5,791)	500,036	(33,362)
(Decrease) increase in cash during the year	(313,196)	62,830	47,248	60,099
Cash and cash equivalents at beginning of the year	454,060	297,783	360,613	300,514
Restricted cash in respect of subscription receipts	145,390	-	-	-
Restricted cash in respect of court order	(126,237)	-	(247,844)	-
Cash and cash equivalents at end of the year	\$ 160,017	\$ 360,613	\$ 160,017	\$ 360,613
Cash and cash equivalents consist of:				
Cash	\$ 60,995	\$ 122,581	\$ 60,995	\$ 122,581
Cash equivalents	99,022	238,032	99,022	238,032
	\$ 160,017	\$ 360,613	\$ 160,017	\$ 360,613

Centerra Gold Inc.
Consolidated Statements of Shareholders' Equity

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

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Income ("OCI")	Retained Earnings	Total
Balance at January 1, 2015	236,403,958	\$ 660,554	\$ 22,556	\$ -	\$ 715,533	\$ 1,398,643
Share-based compensation expense	-	-	2,611	-	-	2,611
Shares issued on exercise of stock options	461,697	2,951	(1,014)	-	-	1,937
Shares issued on redemption of restricted share units	61,077	340	-	-	-	340
Purchase of Öksüt royalty	962,542	4,860	-	-	-	4,860
Foreign currency translation	-	-	-	220	-	220
Dividends declared	-	-	-	-	(29,389)	(29,389)
Net earnings for the year	-	-	-	-	41,629	41,629
Balance at December 31, 2015	237,889,274	\$ 668,705	\$ 24,153	\$ 220	\$ 727,773	\$ 1,420,851
Share-based compensation expense	-	-	2,456	-	-	2,456
Shares issued on exercise of stock options	337,669	2,314	(733)	-	-	1,581
Shares issued to settle obligations	4,117,120	19,857	-	-	-	19,857
Shares issued on redemption of restricted share units	5,504	28	-	-	-	28
Shares issued to former Thompson Creek Metals Inc. shareholders	22,327,001	112,368	-	-	-	112,368
Shares issued in equity offering	26,599,500	141,361	-	-	-	141,361
Dividends declared	-	-	-	-	(22,946)	(22,946)
Foreign currency translation	-	-	-	(2,573)	-	(2,573)
Loss on derivative instruments, net of tax	-	-	-	(387)	-	(387)
Post retirement benefit, net of tax	-	-	-	148	-	148
Net earnings for the year	-	-	-	-	151,538	151,538
Balance at December 31, 2016	291,276,068	\$ 944,633	\$ 25,876	\$ (2,592)	\$ 856,365	\$ 1,824,282

Caution Regarding Forward-Looking Information

Information contained in this news release which are not statements of historical facts, and the documents incorporated by reference herein, may be “forward-looking information” for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, the Company’s expectations regarding funding all planned capital and operating expenditures of the Company for 2017 from cash, short-term

investments and cash generated from the Mount Milligan mine; expectations regarding continued discussions with the Government of the Kyrgyz Republic to resolve all outstanding issues affecting the Kumtor Project in a manner that is fair to all stakeholders; the continuation of negotiations with the Mongolian Government on definitive agreements related to the Gatsuert Project; the impact of continuous improvement projects at Mount Milligan, including improvements on gold and copper recovery rates; the timing for a new technical report on the Mount Milligan Project; timing for gold production from the Öksüt Project; ability to satisfy conditions precedents to access funds under the Öksüt Facility, including the receipt of the key pastureland permit; expected time frames for an arbitral decision on the Company's application for partial award or in the alternative, interim relief; the expectation of applying for and receiving the permit to discharge water from its tailings facility starting in the spring; plans to appeal to the Kyrgyz Republic Supreme Court any court decisions on the Kumtor environmental court claims (if needed); expectations of the resumption of the Kumtor environmental pollution claim in the Kyrgyz Republic court; timing for the closing of the sale of ATO; statements made under the heading, "2017 Outlook" including 2017 production, all-in sustaining costs per ounce sold¹; 2017 exploration expenditures, 2017 capital expenditures, 2017 corporate administration and community investment expenses, 2017 depreciation, depletion and amortization expenses, expectations of our hedging program, and 2017 tax expenses; planned mining activities in 2017; expectations regarding the continuation of the cash neutral basis of the Company's molybdenum business unit; the expected time frame for the tailings dam construction at the Kumtor mine.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Factors that could cause actual results or events to differ materially from current expectations include, among other things: (A) strategic, legal, planning and other risks, including: political risks associated with the Company's operations in the Kyrgyz Republic, Mongolia and Turkey; resource nationalism including the management of external stakeholder expectations; liquidity risks created by Centerra's inability to access funds held at KGC; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates including any delays or refusals to grant required permits and licenses, unjustified civil or criminal action against the Company, its affiliates or its current or former employees; risks that community activism may result in increased contributory demands or in business interruptions; the impact of any actions taken by the Kyrgyz Republic Government and Parliament relating to the Kumtor Project Agreements which are inconsistent with the rights of Centerra and KGC under the Kumtor Project Agreements; any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project pursuant to a court claim commenced by the Kyrgyz Republic GPO; the risks related to other outstanding litigation affecting the Company's operations in the Kyrgyz Republic and elsewhere; the potential impact on the Kumtor Project of investigations by Kyrgyz Republic instrumentalities and movement restrictions on KGC employees and managers; the impact of changes to, the increased enforcement of, environmental laws and regulations relating to the Company's operations; the impact of any sanctions imposed by Canada, the United States or other jurisdictions against various Russian individuals and entities; potential defects of title in the Company's properties that are not known as of the date hereof; the inability of the Company and its subsidiaries to enforce their legal rights in certain circumstances; the presence of a significant shareholder that is a state-owned company of the Kyrgyz Republic; risks related to anti-corruption legislation; risks related to the concentration of assets in Central Asia; Centerra's future exploration and development activities not being successful; Centerra not being able to replace mineral reserves; difficulties with Centerra's joint venture partners; and aboriginal claims and consultative issues relating to the Company's properties which are in proximity to First Nations communities; potential risks related to kidnapping or acts of terrorism; (B) risks relating to financial matters, including: sensitivity of the Company's business to the volatility of gold and copper prices, the use of provisionally-priced sales contracts for

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

production at Mount Milligan, reliance on a few key customers for the gold-copper concentrate at Mount Milligan, use of commodity derivatives, the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's credit facilities which may, among other things, restrict the Company from pursuing certain business activities or making distributions from its subsidiaries, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (C) risks related to operational matters and geotechnical issues and the Company's continued ability to successfully manage such matters, including: movement of the Davidov Glacier and the waste and ice movement at the Kumtor Project, the continued performance of the buttress; the occurrence of further ground movements at the Kumtor Project and mechanical availability; the ability of the Company to successfully ramp-up to design criteria of the secondary crusher at the Mt. Milligan Project; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; inherent risks associated with the use of sodium cyanide in the mining operations; the adequacy of the Company's insurance to mitigate operational risks; mechanical breakdowns; the Company's ability to obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height; the Company's ability to replace its mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required; the risk that Centerra's workforce may be exposed to widespread epidemic; seismic activity in the vicinity of the Company's properties; long lead times required for equipment and supplies given the remote location of some of the Company's operating properties; reliance on a limited number of suppliers for certain consumables, equipment and components; illegal mining on the Company's Mongolian properties; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to attract and retain qualified personnel; competition for mineral acquisition opportunities; and risks associated with the conduct of joint ventures/partnerships; the Company's ability to manage its projects effectively and to mitigate the potential lack of availability of contractors, budget and timing overruns and project resources. See "Risk Factors" in the Company's Management's Discussion and Analysis for the year ended December 31, 2016 and the 2015 Annual Information Form, both of which are available on SEDAR at www.sedar.com.

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

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward-looking information is as of February 23, 2017. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

About Centerra

Centerra Gold Inc. is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in North America, Asia, and other markets worldwide. Centerra is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

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

Conference Call

Centerra invites you to join its 2016 fourth quarter, year-end conference call on Friday, February 24, 2017 at 11:00AM Eastern Time. The call is open to all investors and the media. To join the call, please dial Toll-Free in North America (800) 706-9230 or International callers dial +1 (416) 359-3128.

Alternatively, an audio feed web cast will be broadcast live by Thomson Reuters and can be accessed at Centerra Gold's website at www.centerragold.com.

A slide presentation will also be accessible on Centerra Gold's website at www.centerragold.com.

An audio recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight on Friday, March 3, 2017 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21842730. In addition the web cast will be archived on Centerra Gold's website www.centerragold.com.

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

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