



Management's Discussion and Analysis ("MD&A") For the Period Ended September 30, 2018

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

All references in this document denoted with ^{NG}, indicate a non-GAAP term which is discussed under "Non-GAAP Measures" and reconciled to the most directly comparable GAAP measure.

1. Overview

Centerra is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold and copper properties in North America, Asia and other markets worldwide. Centerra's principal mining operations are the Kumtor Gold Mine located in the Kyrgyz Republic and the Mount Milligan Gold-Copper Mine located in British Columbia, Canada. The company also operates a molybdenum business which includes purchasing and upgrading molybdenum concentrate as well as a tolling service for customers.

The Company's significant wholly-owned subsidiaries include Kumtor Gold Company ("KGC" or "Kumtor") in the Kyrgyz Republic, Thompson Creek Metals Company Inc. ("Thompson Creek") and AuRico Metals Inc. ("AuRico") in Canada, Langeloth Metallurgical Company LLC ("Langeloth") and Thompson Creek Mining Co. in the United States of America and Öksüt Madencilik Sanayi ve Ticaret A.Ş. ("OMAS") in Turkey. Additionally, the Company holds, through Thompson Creek, a 75% joint venture interest in the Endako Mine in British Columbia, Canada. The Company also owns a 50% partnership interest in Greenstone Gold Mines LP (the "Greenstone Partnership") which owns the Greenstone Gold

development property including the Hardrock deposit, located in Ontario, Canada. See “Operating Mines and Facilities”, “Development Projects” and “Other Corporate Developments” for further details.

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

Centerra’s common shares are listed for trading on the Toronto Stock Exchange under the symbol CG. As of October 30, 2018, there are 291,996,071 common shares issued and outstanding and options to acquire 6,136,396 common shares outstanding under its stock option plan.

2. Market Conditions

Gold Price

During the third quarter of 2018, the gold price decreased by 5%, falling from \$1,253 as at June 30, 2018 to \$1,191 per ounce as at September 30, 2018. The average gold price for the third quarter of 2018 was \$1,212 per ounce, \$67 lower than the third quarter of 2017 (\$1,279 per ounce) and \$94 lower per ounce than the second quarter of 2018 (\$1,306 per ounce).

Copper Price

The price of copper decreased 5% in the quarter, from \$3.00 to \$2.84 per pound. The average spot copper price for the third quarter of 2018 was \$2.78 per pound, a \$0.11 per pound decrease when compared to the third quarter of 2017 (\$2.89 per pound), and a \$0.34 per pound decrease compared to the second quarter of 2018 average (\$3.12 per pound).

Molybdenum Price

The molybdenum price began the third quarter of 2018 at \$10.62 and closed at \$11.80, an increase of 11%. The average molybdenum price for the quarter was \$11.80 per pound, a \$3.67 per pound increase compared to the third quarter of 2017 average (\$8.13 per pound) and a \$0.17 per pound increase when compared to the second quarter of 2018 average (\$11.63 per pound).

Foreign Exchange Rates

USD to CAD

The Canadian dollar averaged \$1.31 in the third quarter of 2018, with rates ranging from \$1.29 to \$1.33, and exhibited a 5% appreciation against the USD when compared to the average of the third quarter of 2017 (\$1.34). When comparing the third quarter of 2018 to the average of the second quarter of 2018 (\$1.29), the Canadian dollar weakened by 2%.

USD to Kyrgyz Som

The average U.S. dollar exchange rate for the third quarter of 2018 (68.76) was consistent with the average of the third quarter of 2017 (68.87) and the second quarter of 2018 (68.5), with rates in the third quarter of 2018 ranging from 68.0 to 69.75. The Kyrgyz som continues to be sensitive to currencies of the Kyrgyz Republic’s main trading partners – mainly Russia.

Foreign Exchange Transactions

The Company receives its revenues through the sale of gold, copper and molybdenum in U.S. dollars. The Company has operations and projects in the Kyrgyz Republic, Turkey, United States of America and

Canada. During the first nine months of 2018, the Company incurred combined expenditures (excluding the purchase of AuRico but including capital) totaling approximately \$1,232 million. Approximately \$452 million of this (37%) was in currencies other than the U.S. dollar. The percentage of Centerra's non-U.S. dollar costs, by currency was as follows: 52% in Canadian dollars, 39% in Kyrgyz soms, 4% in Euros, and 3% in Turkish lira. The monthly average value of the Turkish lira, Canadian dollar and Euro depreciated against the U.S. dollar by 22%, 3% and 1%, respectively, from their values at December 31, 2017, respectively. The Kyrgyz som appreciated against the U.S. dollar by approximately 1% from its value at December 31, 2017. The net impact of these movements in the nine months ended September 30, 2018, after taking into account currencies held at the beginning of the year and settlement of foreign exchange derivatives, was to reduce the annual costs by \$7.6 million (increase of \$6.7 million in the nine months ended September 30, 2017). The net impact during the first nine months of 2018 was predominately due to currency movements experienced in the second quarter of 2018, while the net impact in the same period of 2017 was more evenly distributed over the second and third quarter.

3. Consolidated Financial and Operational Highlights

<i>Unaudited (\$ millions, except as noted)</i>	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Financial Highlights						
Revenue	\$ 259.1	\$ 276.2	(6%)	\$ 737.8	\$ 840.8	(12%)
Cost of sales	189.0	164.2	15%	529.2	501.3	6%
Standby costs	-	-	0%	10.8	-	100%
Earnings from mine operations	66.7	107.9	(38%)	188.1	327.0	(42%)
Net earnings (loss) from continuing operations	16.2	(4.6)	(454%)	64.6	119.3	(46%)
Net earnings (loss) from discontinued operations	(10.2)	3.7	(374%)	(6.0)	(39.8)	(85%)
Net earnings (loss)	\$ 6.0	\$ (0.8)	(812%)	\$ 58.6	\$ 79.6	(26%)
Adjusted earnings ⁽³⁾	\$ 14.5	\$ 52.3	(72%)	\$ 28.9	\$ 172.4	(83%)
Cash provided by operations ⁽⁴⁾	37.6	119.5	(69%)	65.9	330.5	(80%)
Cash provided by operations before changes in working capital ^{(3) (4)}	67.1	108.0	(38%)	181.2	352.7	(49%)
Capital expenditures (sustaining) ⁽³⁾	20.2	23.8	(15%)	65.0	62.5	4%
Capital expenditures (growth and development projects) ⁽³⁾	31.8	8.1	292%	67.3	21.5	213%
Capital expenditures (stripping)	16.5	41.5	(60%)	102.8	168.4	(39%)
Total assets	\$ 2,890.7	\$ 2,656.7	9%	\$ 2,890.7	\$ 2,656.7	9%
Long-term debt and lease obligation	296.0	271.6	9%	296.0	271.6	9%
Cash, cash equivalents and restricted cash	222.1	352.9	(37%)	222.1	352.9	(37%)
Per Share Data						
Net earnings from continuing operations per common share - \$ basic ⁽¹⁾	\$ 0.06	\$ (0.02)	377%	\$ 0.22	\$ 0.41	(46%)
Net earnings from continuing operations per common share - \$ diluted ⁽¹⁾	\$ 0.05	\$ (0.02)	330%	\$ 0.21	\$ 0.40	(46%)
Net earnings per common share - \$ basic ⁽¹⁾	\$ 0.02	\$ -	100%	\$ 0.20	\$ 0.27	(27%)
Net earnings per common share - \$ diluted ⁽¹⁾	\$ 0.01	\$ -	100%	\$ 0.19	\$ 0.27	(30%)
Adjusted earnings per common share - \$ basic ⁽¹⁾⁽³⁾	\$ 0.05	\$ 0.18	(72%)	\$ 0.10	\$ 0.59	(83%)
Adjusted earnings per common share - \$ diluted ⁽¹⁾⁽³⁾	\$ 0.05	\$ 0.18	(72%)	\$ 0.10	\$ 0.59	(83%)
Per Ounce Data (except as noted)						
Average gold spot price - \$/oz ⁽²⁾	1,213	1,278	(5%)	1,283	1,251	3%
Average copper spot price - \$/lbs ⁽²⁾	3.12	2.57	21%	3.14	2.61	20%
Average realized gold price (Kumtor) - \$/oz ⁽³⁾	1,195	1,249	(4%)	1,263	1,237	2%
Average realized gold price (Mount Milligan - combined) - \$/oz ^{(3) (5)}	939	999	(6%)	963	1,002	(4%)
Average realized gold price (consolidated) - \$/oz ⁽³⁾	1,123	1,142	(2%)	1,186	1,160	2%
Average realized copper price (consolidated) - \$/lbs ⁽³⁾	2.01	2.20	(8%)	2.13	2.08	3%
Operating Highlights						
Gold produced – ounces	181,243	200,201	(9%)	441,189	568,564	(22%)
Gold sold – ounces	166,716	174,099	(4%)	439,575	550,238	(20%)
Payable Copper Produced (000's lbs)	12,704	13,677	(7%)	35,295	41,335	(15%)
Copper Sales (000's payable lbs)	13,605	18,644	(27%)	30,779	46,613	(34%)
Operating costs (on a sales basis) ^{(3) (6)}	140.6	123.3	14%	396.0	355.0	12%
Unit Costs						
Adjusted operating costs on a by-product basis - \$/oz sold ⁽³⁾⁽⁶⁾	\$ 470	\$ 329	43%	\$ 482	\$ 335	44%
Gold - All-in sustaining costs on a by-product basis – \$/oz sold ⁽³⁾⁽⁶⁾	\$ 698	\$ 723	(3%)	\$ 861	\$ 738	17%
Gold - All-in sustaining costs on a by-product basis (including taxes) – \$/oz sold ^{(3) (6)}	\$ 824	\$ 850	(3%)	\$ 1,012	\$ 862	17%
Gold - All-in sustaining costs on a co-product basis (before taxes) – \$/oz sold ⁽³⁾⁽⁶⁾	\$ 709	\$ 805	(12%)	\$ 858	\$ 796	8%
Copper - All-in sustaining costs on a co-product basis (before taxes) – \$/pound sold ⁽³⁾⁽⁶⁾	\$ 1.73	\$ 1.70	2%	\$ 1.89	\$ 1.68	13%

⁽¹⁾ As at September 30, 2018, the Company had 291,938,804 common shares issued and outstanding (291,996,071 common shares as of October 30, 2018). As of October 30, 2018, Centerra had 6,136,396 share options outstanding under its share

option plan with exercise prices ranging from US\$2.83 per share to Cdn\$22.28 per share, with expiry dates between 2018 and 2026.

- (2) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate) and London Metal Exchange (LME). This is a non-GAAP measure and is discussed under “Non-GAAP Measures”.
- (3) Non-GAAP measure. See discussion under “Non-GAAP Measures”.
- (4) Three and nine months of 2018 includes \$1.3 million and \$4.2 million of cash used by discontinued operations (\$5.3 million and \$8.1 million cash used in same periods of 2017)
- (5) Combines streamed and unstreamed amounts.
- (6) Excludes Molybdenum business.

4. Overview of Consolidated Results

Third Quarter 2018 compared to Third Quarter 2017

The Company recorded net earnings of \$6.0 million in the third quarter of 2018, compared to a loss of \$0.8 million in the same period of 2017. The earnings in the third quarter of 2018 include an after-tax impairment charge of \$8.5 million to write-down the net carrying value of the Mongolian business unit to its sale value of \$35 million. The Mongolian sale, which closed on October 11, 2018, includes the assets of Boroo Gold LLC (Boroo mine and processing facility) and Centerra Gold Mongolia LLC (including the Gatsuurt Project). Excluding this charge, adjusted earnings^{NG} for the third quarter of 2018 were \$14.5 million reflecting lower gold production at Kumtor, due primarily to processing complex Sarytor ore with lower average mill gold head grades and lower recoveries, lower throughput at Mount Milligan following unscheduled downtime of milling operations and lower realized gold and copper prices.

Production:

Gold production in the third quarter of 2018 totaled 181,243 ounces compared to 200,201 ounces in the same period of 2017. Gold production at Kumtor was 122,445 ounces in 2018, 12% lower than the 138,561 ounces produced in 2017. The decrease in ounces poured at Kumtor is a result of milling lower grade and lower recovery ore from the Sarytor stockpiles at the beginning of the third quarter 2018 (3.03 g/t and 79.0% recovery compared to 3.47 g/t and 80.5% recovery) compared to third quarter of 2017. Kumtor accessed the high-grade ore in cut-back 18 ahead of plan in late August 2018 which was then blended with lower grade stockpiles through the mill. During the third quarter of 2018, Mount Milligan produced 58,798 ounces of gold and 12.7 million pounds of copper, compared to 61,640 ounces of gold and 13.7 million pounds of copper in the third quarter of 2017. The lower production at Mount Milligan in the third quarter of 2018 was due to lower throughput as a result of an unscheduled mill shutdown in early September due to a lightning strike and a scheduled shutdown in late September to replace the SAG shell liners, as well as achieving lower recoveries compared to the same period of 2017.

Safety and Environment:

Centerra had six reportable injuries in the third quarter of 2018, which included one lost time injury, four medical aid injuries and one restricted work injury.

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

Financial Performance:

Revenue decreased to \$259.1 million in the third quarter of 2018 compared to \$ 276.2 million in the same period of 2017, as a result of lower sales at Mount Milligan (47,195 gold ounces compared to 74,585 gold ounces and 13.6 million pounds of copper compared to 18.6 million pounds of copper) and lower average realized prices^{NG}, partially offset by 20% more gold doré ounces sold at Kumtor. The decrease in sales in the third quarter of 2018 reflects lower production at both mining operations, as described above. The decrease in overall revenue was also impacted by lower combined average realized prices^{NG} for gold (2%)

and copper (9%) during the third quarter of 2018 (gold-\$1,123/oz compared to \$1,142/oz; copper- \$2.01/lb compared to \$2.20/lb, in the third quarter of 2017). Revenue in the molybdenum business increased 53% to \$44.6 million in the third quarter of 2018 compared to the same period of 2017, due mainly to higher molybdenum prices.

Cost of sales increased in the third quarter of 2018 to \$189.0 million compared to \$164.2 million in the same period of 2017, mainly resulting from higher sales volumes at Kumtor and in the molybdenum business and higher operating costs at Mount Milligan. Depreciation, depletion and amortization (“DD&A”) associated with production was \$48.4 million in 2018 as compared to \$41.0 million in the third quarter of 2017 mainly due to higher sales volumes at Kumtor and in the molybdenum business in the third quarter of 2018.

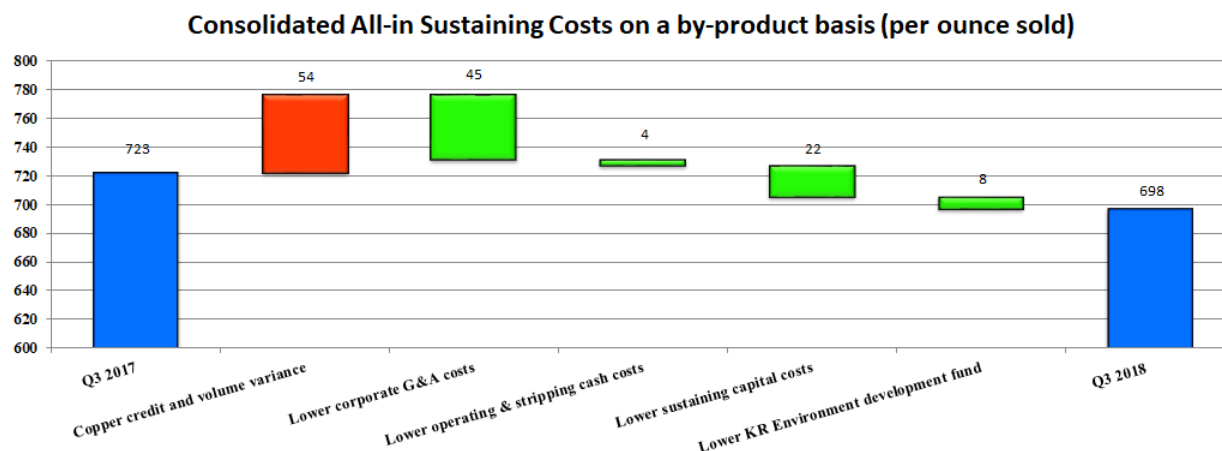
As a result of the sale of the Mongolian business unit that closed subsequent to the end of the third quarter of 2018 and given that the Mongolian business unit was a separate component of the Company, the net Mongolian activity in 2018 and in the comparative periods of 2017 have been classified as discontinued operations in the Company’s Statement of Earnings. As a result, the Company recorded a net loss of \$10.2 million and \$6.1 million from discontinued operations in the three and nine months ended September 30, 2018 (net gain of \$6.7 million and net loss of \$31.7 million in the three and nine months ended September 30, 2017). The third quarter and first nine months of 2018 include a charge to impair the carrying value of the Mongolian business unit of \$8.5 million.

Financing costs in the third quarter of 2018 totalled \$4.8 million compared to \$9.3 million in the comparative quarter of 2017, representing interest paid and amortization of deferred financing costs on the Company’s credit facilities. The decrease reflects lower debt levels during the third quarter of 2018 compared to the same period of 2017.

Operating Costs:

Operating costs (on a sales basis)^{NG} increased to \$140.6 million in the third quarter of 2018 compared to \$123.3 million in the same period of 2017. The increase in costs is primarily due to higher diesel costs, lower stripping capitalization at Kumtor and higher molybdenum prices.

Centerra’s all-in sustaining costs on a by-product basis per ounce of gold sold^{NG}, which excludes revenue-based tax and income tax, decreased to \$698 in 2018 from \$723 in the comparative period mainly as a result of lower sustaining capital^{NG}, lower capitalized stripping costs at Kumtor, partially offset by higher administration costs and 4% fewer gold ounces sold.



First Nine Months 2018 compared to First Nine Months 2017

Production:

Gold production in the first nine months of 2018 totaled 441,189 ounces compared to 568,564 ounces in the same period of 2017. Gold production at Kumtor was 306,467 ounces in 2018, 24% lower than the 404,584 ounces produced in 2017. The decrease in ounces poured at Kumtor is a result of milling lower grade and lower recovery ore from stockpiles (2.63 g/t and 74.3% recovery compared to 3.51 g/t and 78.6% recovery) compared to the same period of 2017. During the first nine months of 2018, Mount Milligan produced 134,722 ounces of gold and 35.3 million pounds of copper, compared to 163,980 ounces of gold and 41.3 million pounds of copper in the same period of 2017. The lower production at Mount Milligan is mainly due to the temporary shutdowns of milling operations and operating the mill at partial capacity for a period of time during the first quarter of 2018 due to the lack of water resources available for processing.

Safety and Environment:

Centerra had seventeen reportable injuries which included seven lost time injuries, seven medical aid injuries and three restricted work injuries in the first nine months of 2018.

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

Financial Performance:

Revenue decreased to \$737.8 million in the first nine months of 2018 from \$840.8 million, as a result of lower sales volumes for both gold and copper (gold: 439,575 ounces compared to 550,238 ounces; copper: 30.8 million pounds compared to 46.6 million pounds in the first nine months of 2017), partially offset by higher combined average realized prices^{NG} for gold (2%) and for copper (3%) during the first nine months of 2018. The decrease in gold ounces sold at Kumtor (327,060 ounces compared to 369,431 ounces in the same period of 2017) reflects the processing of complex Sarytor ore in 2018 with lower average mill gold head grades and lower recoveries. Mount Milligan sold 112,515 ounces of gold and 30.8 million pounds of copper during the first nine months of 2018 (respectively 38% and 34% lower than the prior period in 2017) reflecting the production issues explained above. The molybdenum business contributed \$150.8 million in revenues during the first nine months of 2018, an increase of 43% over the prior period of 2017, mainly due to higher molybdenum prices.

Cost of sales increased in the first nine months of 2018 to \$529.2 million compared to \$501.3 million in the first nine months of 2017. The reduced sales volumes explained above were offset by higher mining costs at Kumtor mainly as a result of higher diesel prices. DD&A associated with production was \$133.2 million in the first nine months of 2018 as compared to \$146.3 million in the same period of 2017 as a result of lower sales.

Standby costs of \$10.8 million were recorded in the first quarter and year-to-date in 2018 representing overhead costs at Mount Milligan during the mill shutdown and ramp-up period that were unrelated to normal processing volumes.

Financing costs in the first nine months of 2018 totalled \$25.3 million, as compared to \$23.9 million in the same period in 2017. Included in the 2018 amount is a charge of \$4.9 million for the write-off of the unamortized deferred financing costs associated with the Centerra B.C. Facility, EBRD Facility and the AuRico Acquisition Facility (each described below) restructured in the first quarter of 2018. Excluding this charge, the resulting decrease in the 2018 financing charge reflects lower debt levels in the current period as compared to the prior year. Financing costs in the comparative period of 2017 totalled \$23.9

million, representing interest paid and amortization of deferred financing costs on the Centerra B.C. Facility and the EBRD Facility.

Operating Costs:

Operating costs (on a sales basis) increased to \$396.0 million in the first nine months of 2018 compared to \$355.0 million in the same period of 2017, reflecting increased mining costs and lower stripping capitalization at Kumtor and higher molybdenum prices.

Centerra's all-in sustaining costs on a by-product basis per ounce of gold sold^{NG}, which excludes revenue-based tax and income tax, for the first nine months of 2018 increased to \$861 from \$738 in the comparative period mainly as a result of 20% fewer gold ounces sold, higher sustaining capital^{NG}, increased administration costs, as a result of the acquisition of AuRico, partially offset by lower capitalized stripping costs at Kumtor.

5. Liquidity and Capital Resources

The Company believes its cash on hand and working capital as at September 30, 2018, together with future cash flows from operations and cash provided by the Company's existing credit facilities will be sufficient to fund its anticipated operating cash requirements, although there can be no assurance of this.

As at September 30, 2018, the Company held cash, cash equivalents, restricted cash and short-term investments of \$222 million and had undrawn credit facilities of \$350 million.

Cash generation and capital management:

Cashflow

<i>Unaudited (\$ millions, except as noted)</i>	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Cash provided by operations before changes in working capital^{NG}	67.1	108.0	(38%)	181.2	352.7	(49%)
- Changes in working capital	(29.5)	11.5	(357%)	(115.3)	(22.2)	420%
Cash provided by operating activities⁽¹⁾	37.6	119.5	(69%)	65.9	330.5	(80%)
Cash used in investing activities:						
- Capital additions (cash)	(57.1)	(57.5)	(1%)	(188.9)	(203.7)	(7%)
- Net redemption of short-term investments	-	60.0	(100%)	-	-	-
- Acquisition of AuRico Metals Inc., net of cash acquired	-	-	-	(226.8)	-	(100%)
- Proceeds from sale of royalty assets	-	-	-	155.5	-	100%
- (Increase) decrease in restricted cash	0.5	239.2	(100%)	(26.4)	247.8	(111%)
- Other investing items ⁽²⁾	(5.1)	7.1	(172%)	(13.7)	10.2	(234%)
Cash provided by (used in) investing activities	(61.7)	248.8	(125%)	(300.3)	54.3	(653%)
Cash received from (used in) financing activities:						
- Net drawdown (repayment) of debt	36.0	(111.9)	132%	34.1	(171.9)	120%
- Proceeds from equity issuances (net)	0.2	2.2	(92%)	0.8	2.2	(65%)
- Payment of interest and borrowing costs	(4.9)	(7.9)	(38%)	(21.3)	(23.2)	(8%)
Cash provided by (used in) financing activities	31.3	(117.6)	127%	13.5	(192.9)	107%
Increase (decrease) in cash and cash equivalents	7.1	250.7	(97%)	(220.9)	191.9	(215%)

⁽¹⁾ three and nine months of 2018 includes \$1.3 million and \$4.2 million of cash used by discontinued operations (\$5.3 million and \$8.1 million cash used in same periods of 2017)

⁽²⁾ three and nine months of 2017 includes \$9.8 million of cash generated by discontinued operations (nil for same periods of 2018)

Cash provided by operations decreased to \$37.6 million in the third quarter of 2018, compared to \$119.5 million in the comparative period, as a result of lower operating earnings in the current year. Comparing the third quarter of 2018 versus 2017, Kumtor generated \$45.5 million compared to \$79.5 million, while Mount Milligan generated \$15.0 million compared to \$67.6 million, decreases mainly related to lower production at both operations. Working capital movements in the third quarter of 2018 reflect decreased levels at all operating sites due mainly to timing.

Cash used in investing activities totalled \$61.7 million in the third quarter of 2018 as compared to \$248.8 million generated in the same period of 2017. The comparative period of 2017 includes the release of Kumtor's restricted cash of \$239.2 million and net redemptions of \$60.0 million in short-term investments.

Cash provided by financing activities of \$31.3 million in the third quarter of 2018 represents the net drawdown of \$2 million under the Corporate Facility, a net drawdown of \$34 million under the OMAS Facility to fund the Öksüt construction project, and payment of interest and borrowing costs of \$5.5 million. The Company repaid \$111.9 million on its debt and paid interest and borrowing costs of \$7.9 million in the comparative quarter of 2017.

Cash, cash equivalents, restricted cash and short-term investments at September 30, 2018 totalled \$222 million, as compared to \$416.6 million at December 31, 2017, before the acquisition of AuRico.

Credit Facilities

Centerra was in compliance with the terms of all of its credit facilities at September 30, 2018.

Centerra Revolving Term Corporate Facility

In the first quarter of 2018, the Company entered into a new \$500 million four-year senior secured revolving credit facility (the "Corporate Facility"). The Corporate Facility is an amendment and restatement of a credit facility previously entered into by Centerra B.C. Holdings Inc. (the "Centerra B.C. Facility"), and also replaced the previous AuRico acquisition and EBRD facilities. The Corporate Facility is for general corporate purposes, including working capital, investments, acquisitions and capital expenditures. Funds drawn under the Corporate Facility are available to be re-drawn on a quarterly basis, at the Company's discretion, and repayment of the loaned funds may be extended until February 2022.

As at September 30, 2018, a balance of \$251 million was drawn on the Corporate Facility.

OMAS Facility

In the second quarter of 2018, OMAS, a wholly-owned subsidiary of the Company that hold the Öksüt Project, satisfied all conditions precedent required under the \$150 million five-year revolving credit facility (the "OMAS Facility"). The purpose of the OMAS Facility is to assist in financing the construction of the Company's Öksüt Project. As a condition of the OMAS Facility, the Company placed \$25 million in restricted accounts with the lender during the second quarter of 2018, including \$15 million which is restricted until the Öksüt Project mining lease has been extended and \$10 million which is restricted during the construction phase.

As part of an amendment to the OMAS Facility entered into in the second quarter 2018, OMAS agreed to apply all of its excess cash flow towards debt prepayment under the OMAS Facility until the Öksüt Project's mining license is extended beyond its current expiry date of January 16, 2023. OMAS intends to apply for the extension of its mining license as soon as permitted under Turkish legislation, which is two years prior to expiry of the mining license. In addition, Centerra will provide a limited guarantee of a portion of

OMAS's obligations under the OMAS Facility (amount outstanding as of January 16, 2023) and will agree to comply with certain covenants which are consistent with the covenants under the Corporate Facility. The lenders under the OMAS Facility may call on Centerra's guarantee under certain limited circumstances – in particular if the Öksüt mining license is not extended beyond January 16, 2023.

The OMAS Facility expires on March 31, 2024 and as at September 30, 2018, \$6.1 million (December 31, 2017 - \$4.8 million) of deferred financing fees are being amortized over the term of the OMAS Facility.

As at September 30, 2018, a balance of \$49 million was drawn on the OMAS Facility.

Capital Expenditures

Capital Expenditure (spent and accrued)

\$ millions	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	Change	2018	2017	Change
Consolidated:						
Sustaining capital ^{NG}	20.2	23.8	(15%)	65.0	62.5	4%
Capitalized stripping ⁽¹⁾	16.5	41.5	(60%)	102.8	168.4	(39%)
Growth capital ^{NG}	4.4	5.2	(15%)	13.8	11.0	26%
Öksüt Project development	13.4	1.7	677%	28.7	6.0	381%
Greenstone Gold Property capital ⁽²⁾	2.4	1.8	37%	7.6	6.7	14%
Kemess Underground Project development	11.5	-	n/a	17.0	-	n/a
Gatsuurt Project development	-	0.2	(100%)	-	2.4	(100%)
Total	68.4	74.3	(8%)	234.9	256.9	(9%)

⁽¹⁾Includes cash component of \$12.3 million and \$77.6 million in the three and nine months ended September 30, 2018 (\$10.7 million and \$43.4 million in the comparative periods of 2017, respectively)

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

Capital expenditures in the third quarter of 2018 totaled \$68.4 million compared to \$74.3 million in the same period of 2017, resulting mainly from reduced spending on capitalized stripping at Kumtor (\$25 million) and lower sustaining capital^{NG} for equipment rebuilds and overhauls (\$3.6 million), partially offset by higher spending on the Company's development projects (mainly at Öksüt (\$11.7 million) and at Kemess (\$11.5 million)).

For the first nine months of 2018, capital expenditures decreased by \$22.0 million, to \$234.9 million, mainly from lower capitalized stripping as Kumtor was developing both cut-back 18 and the Sarytor pit in the comparative period of 2017. This is partially offset by higher spending on development projects and higher sustaining capital^{NG} in the first nine months of 2018.

6. Financial Instruments

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

Fuel Hedges:

In 2016, the Company established a diesel fuel price hedging strategy using derivative instruments to manage the risk associated with changes in diesel fuel prices to the cost of operations at the Kuntor Mine. The diesel fuel hedging program can cover a period not extending beyond 24 months: the Company targets to hedge up to 50% of monthly diesel purchases. The Company hedges its exposure with crude oil futures contracts, as the price of diesel fuel closely correlates to the price of crude oil.

Gold and Copper Derivative Contracts:

The Company must satisfy its obligation under the Mount Milligan Streaming Arrangement (defined below) by delivering refined physical gold and London Metal Exchange (“LME”) copper warrants to Royal Gold (defined below) at the time of receiving payment from third-party purchasers who purchase concentrate from the Mount Milligan Mine. In order to hedge the metal price risk that arises when physical purchase and concentrate sales pricing periods do not match, the Company has entered into certain forward gold and copper purchases and forward sales contracts pursuant to which it purchases gold or copper at an average price during a future quotational period and sells gold or copper at the current spot price. These derivative contracts are not designated as hedging instruments.

Mount Milligan Gold and Copper Facility Hedges:

In 2017, the Company entered in a gold and copper hedge program as a condition precedent to draw under the Centerra B.C. Facility. As part of the amendment of the Corporate Facility in the first quarter of 2018, the hedging program is no longer required.

The hedge positions for each of these programs as at September 30, 2018 are summarized as follows:

Program	Instrument	Unit	Average strike price	Type	Settlement		As at September 30, 2018	
					2018	2019	Total position	Fair value gain (loss) ('000')
Fuel Hedges	Crude oil options ⁽¹⁾	Barrels	\$65	Fixed	40,000	72,000	112,000	\$1,952
Fuel Hedges	Zero-cost collars ⁽²⁾	Barrels	\$46/\$59	Fixed	-	23,000	23,000	\$494
Centerra B.C. Facility Hedging Program (Strategic Hedges):								
Copper Hedges	Zero-cost collars ⁽²⁾	Pounds	\$2.50/\$3.30	Fixed	8.0 million	12.6 million	20.6 million	\$144
Gold Hedges	Zero-cost collars ⁽²⁾	Ounces	\$1,250/\$1,364	Fixed	21,254	36,799	58,053	\$3,241
Gold/Copper Hedges (Royal Gold deliverables):								
Gold Derivative Contracts	Forward contracts ⁽³⁾	Ounces	(4)	Float	16,470	-	16,470	\$(352)
Copper Derivative Contracts	Forward contracts ⁽³⁾	Pounds	(4)	Float	2.4 million	-	2.4 million	\$75
FX Hedges								
USD/CAD Derivative Contracts	Zero-cost collars ⁽²⁾	CAD Dollars	1.23/1.303	Fixed	27 million	-	27 million	\$50

(1) Under crude oil options, the Company can buy fuel contracts, at a specified price at a certain future date.

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

(3) Under the Royal Gold forward contracts, the Company must sell specified quantities of gold or copper, at a specified contract price at a future date.

(4) Royal Gold hedging program with a market price determined on closing of the contract.

The gold hedging program in 2018 consists of 21,254 gold ounces of zero-cost collars at an average strike price range of \$1,250 to \$1,357 per ounce. The remaining copper hedging program in 2018 consists of 8.0 million copper pounds of zero-cost collars at an average strike price range of \$2.50 to \$3.31 per pound.

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

7. Operating Mines and Facilities

Kumtor Mine

The Kumtor open pit mine, located in the Kyrgyz Republic, is one of the largest gold mines in Central Asia. It has been in production since 1997 and has produced over 11.6 million ounces of gold to September 30, 2018.

Developments in 2018

- The Company continued to work with the Government of the Kyrgyz Republic to satisfy the conditions precedent to completion of the comprehensive settlement agreement entered into with the Government on September 11, 2017. The longstop date for satisfaction of all such conditions was extended to November 2, 2018 and subsequently to January 31, 2019. See “Other Corporate Developments – Kyrgyz Republic”.

Kumtor Operating Results

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Financial Highlights:						
Revenue - \$ millions	142.8	124.3	15%	413.2	457.1	(10%)
Cost of sales (cash)	50.6	26.7	90%	137.6	101.1	36%
Cost of sales (non-cash)	36.2	27.8	30%	103.3	106.0	(2%)
Cost of sales (total)	86.8	54.4	59%	240.9	207.1	16%
Cost of sales - \$/oz sold ⁽¹⁾	726	547	33%	737	561	31%
Cash provided by operations	45.5	79.5	(43%)	141.4	265.1	(47%)
Cash provided by operations before changes in working capital ⁽¹⁾	64.1	74.3	(14%)	200.5	279.2	(28%)
Operating Highlights:						
Tonnes mined - 000s	41,559	49,251	(16%)	132,366	131,108	1%
Tonnes ore mined - 000s	2,759	2,465	12%	5,120	2,477	107%
Average mining grade - g/t	3.87	1.93	100%	2.96	1.93	53%
Tonnes milled - 000s	1,641	1,505	9%	4,880	4,578	7%
Average mill head grade - g/t	3.03	3.47	(13%)	2.63	3.51	(25%)
Mill Recovery - %	79.0%	80.5%	(2%)	74.3%	78.6%	(5%)
Mining costs - total (\$/t mined material)	1.26	1.01	26%	1.19	1.11	7%
Milling costs (\$/t milled material)	10.34	12.97	(20%)	10.55	11.24	(6%)
Gold produced - ounces	122,445	138,561	(12%)	306,467	404,584	(24%)
Gold sold - ounces	119,521	99,514	20%	327,060	369,431	(11%)
Average realized gold price ⁽¹⁾ - \$/oz sold	\$ 1,195	\$ 1,249	(4%)	\$ 1,263	\$ 1,237	2%
Capital Expenditures (sustaining) ⁽¹⁾ - cash	10.6	15.5	(31%)	31.8	44.2	(28%)
Capital Expenditures (growth) ⁽¹⁾ - cash	4.4	5.2	(15%)	13.8	11.0	26%
Capital Expenditures (stripping) - cash	12.3	30.8	(60%)	77.6	125.0	(38%)
Capital Expenditures (stripping) - non-cash	4.2	10.7	(61%)	25.2	43.4	(42%)
Capital expenditures (total)	31.6	62.2	(49%)	148.4	223.5	(34%)
Operating Costs (on a sales basis) ⁽²⁾	50.6	26.7	90%	137.6	101.1	36%
All-in sustaining costs (including taxes) ⁽¹⁾	99.2	97.7	2%	323.1	353.2	(9%)
Adjusted operating costs ⁽¹⁾ - \$/oz sold	\$ 467	\$ 337	39%	\$ 472	\$ 321	47%
Operating Costs (on a sales basis) - \$/oz sold ⁽¹⁾	\$ 425	\$ 264	61%	\$ 422	\$ 271	56%
Gold - All-in sustaining costs on a by-product basis - \$/oz sold ⁽¹⁾	\$ 662	\$ 806	(18%)	\$ 810	\$ 782	4%
Gold - All-in sustaining costs on a by-product basis (including taxes) - \$/oz sold ⁽¹⁾	\$ 831	\$ 982	(15%)	\$ 988	\$ 956	3%

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

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

Production:

During the third quarter of 2018, Kumtor continued development activities in the Central Pit through mining cut-backs 18 and 19 and unloading of ice. In addition, Kumtor carried out advanced work to access cut-back 20.

Total waste and ore mined in the third quarter of 2018 was 41.6 million tonnes compared to 49.3 million tonnes in the third quarter of 2017, representing a decrease of 16%. This was mainly due to the increased haulage distance (8.8 kilometres compared to 7.5 kilometres in the third quarter of 2017), as a result of mining at the bottom of the Central Pit in comparison to the shorter haul distances mining in the Sarytor Pit in the third quarter of 2017. During the third quarter of 2018, Kumtor accessed the high-grade ore in the Central Pit ahead of plan resulting in the average grade mined increasing to 3.87 g/t.

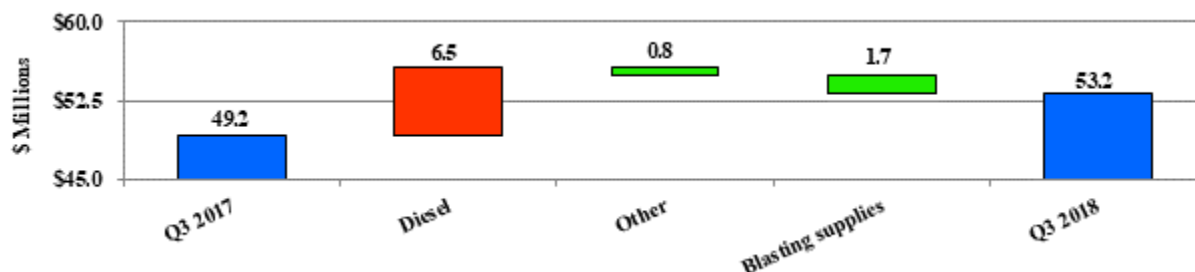
Kumtor produced 122,445 ounces of gold in the third quarter of 2018 compared to 138,561 ounces of gold in the same period of 2017. The decrease in ounces poured is a result of processing and blending stockpiled

ore from the Sarytor Pit which is lower in grade and recovery, as compared to the stockpiled ore processed from cut-back 17 in the comparative period of 2017. During the third quarter of 2018, Kumtor's average mill head grade was 3.03 g/t with a recovery of 79.0% compared to 3.47 g/t and a recovery of 80.5% for the same period in 2017.

Operating costs and All-in Measures:

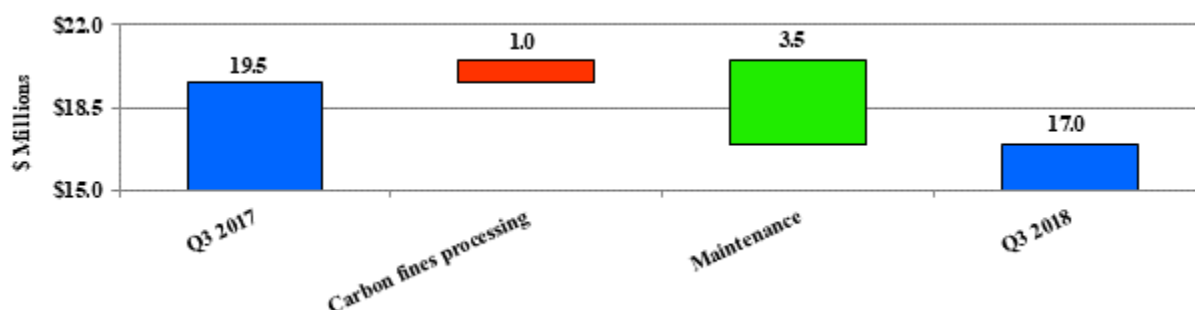
Operating costs (on a sales basis)^{NG}, including capitalized stripping, increased in the third quarter of 2018 by \$5.5 million to \$62.9 million compared to \$57.4 million in the same period of 2017. The movements in the major components of operating costs (mining, milling and site support), including capitalized stripping but before changes in inventory, is explained below:

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



Mining costs, including capitalized stripping, totaled \$53.2 million in the third quarter of 2018, which was \$4.6 million higher than the comparative quarter in 2017. Increased costs for third quarter of 2018 includes higher diesel costs (\$6.5 million), which were due to higher fuel prices and higher consumption resulting from increased haulage distance and increased heavy equipment availability. Higher diesel cost was partially offset by lower blasting supplies costs (\$1.7 million) and benefits from implementing continuous improvement initiatives, compared to the same period of 2017.

Milling Costs (Third Quarter 2018 compared to Third Quarter 2017):



Milling costs amounted to \$17.0 million in the third quarter of 2018 compared to \$19.5 million in the comparative quarter of 2017. The decrease is mainly from lower maintenance costs (\$3.5 million), as a result of a comprehensive mill shutdown for the SAG, Ball and Regrind mills which occurred in the third quarter of 2017 but not performed in the third quarter of 2018. This was partially offset by higher carbon fines processing costs, which activities only commenced in 2018.

Site support Costs (Third Quarter 2018 compared to Third Quarter 2017):

Site support costs in the third quarter of 2018 totalled \$12.1 million compared to \$10.6 million in 2017. The increase is attributable primarily to higher costs for food and other supplies, partially offset by lower insurance premiums.

Other Cost movements:

Depreciation, depletion and amortization (“DD&A”) associated with sales increased to \$36.2 million in the third quarter of 2018 from \$27.8 million in the comparative period, mainly due to higher ounces sold and higher amortization of capitalized stripping resulting from the release of high-grade ore from cut-back 18.

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes revenue-based tax, was \$662 in the third quarter of 2018 compared to \$806 in the same period of 2017. The decrease was mainly due to higher ounces sold, lower capitalized stripping costs and sustaining capital.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold^{NG} was \$831 in the third quarter of 2018 compared to \$982 in the same period of 2017. The decrease was mainly due to lower all-in sustaining costs^{NG} (explained above).

First Nine Months 2018 compared to First Nine Months 2017***Production:***

During the third quarter of 2018, Kumtor focused on developing the Central Pit, through mining cut-backs 18 and 19 and unloading of ice, and advancing access to cut-back 20.

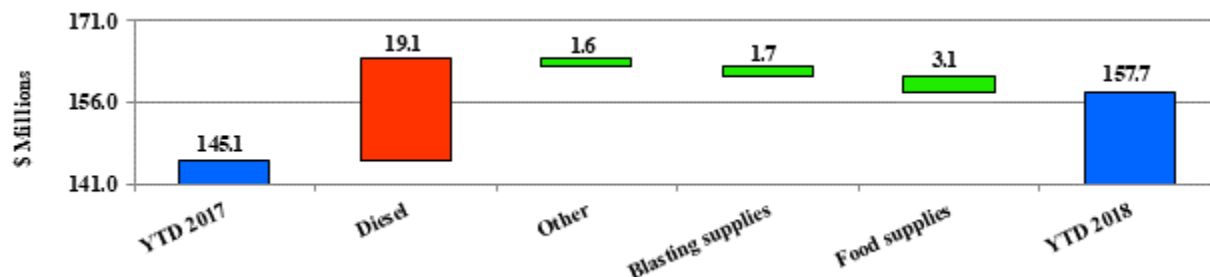
Total waste and ore mined in the first nine months of 2018 was 132.4 million tonnes compared to 131.1 million tonnes in the comparative period of 2017, representing a small increase of 1%, primarily resulting from higher mechanical availability of haul trucks.

During the third quarter of 2018, the Company processed ore from stockpiles, including the lower grade stockpiled ore remaining from cut-back 17 and stockpiled ore from the Sarytor pit. Kumtor produced 306,467 ounces of gold in the first nine months of 2018 compared to 404,584 ounces of gold in the first nine months of 2017. The decrease in ounces produced results from milling hard ore from stockpiles with high preg-robbing Sarytor ore in the first nine months of 2018, compared with processing of stockpiled ore from cutback 17 with higher grade and recovery in the comparative period of 2017. During the first nine months of 2018, Kumtor’s average mill head grade was 2.63 g/t with a recovery of 74.3%, compared with 3.51 g/t and a recovery of 78.6% for the same period in 2017.

Operating costs and All-in Measures:

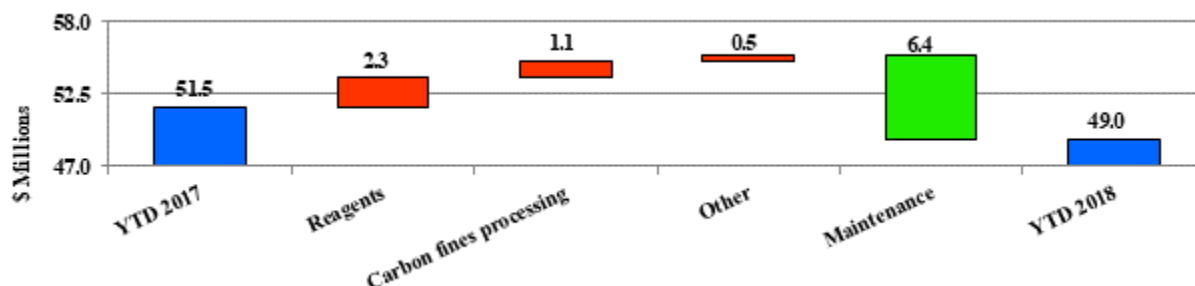
Operating costs (on as sales basis), including capitalized stripping, decreased by \$10.8 million to \$215.2 million as compared to \$226.0 million in the first nine months of 2017. The movements in the major components of operating costs (mining, milling and site support) before changes in inventory are explained below.

Mining Costs, including capitalized stripping (First Nine Months 2018 compared to First Nine Months 2017):



Mining costs, including capitalized stripping, totaled \$157.7 million in the first nine months of 2018 compared to \$145.1 million in the comparative period of 2017. Increased costs for the first nine months of 2018 include higher diesel costs (\$19.1 million) due to higher fuel prices and higher consumption resulting from increased haulage distance and increased heavy equipment availability. These were partially offset by lower camp catering costs and lower blasting supplies costs (\$1.7 million) and benefits from continuous improvement initiatives in the first nine months of 2018 compared to 2017.

Milling Costs (First Nine Months 2018 compared to First Nine Months 2017):



Milling costs of \$49.0 million in the first nine months of 2018 compare to \$51.5 million in the comparative period of 2017. Lower maintenance costs (\$6.4 million) are primarily a result of performing two comprehensive mill shutdowns and higher maintenance activities in 2017, compared to one mill shutdown in 2018. This was partially offset by higher mill reagents costs (\$2.3 million) from increased mill throughput and carbon fines processing costs, which activities only commenced in 2018.

Site support Costs (First Nine Months 2018 compared to First Nine Months 2017):

Site support costs in the first nine months of 2018 totaled \$37.8 million compared to \$32.5 million in the comparative year. The increase is attributable primarily to higher costs for food and other supplies, partially offset by lower insurance premiums.

Other Cost movements:

DD&A associated with sales decreased to \$103.3 million in the first nine months of 2018 from \$106.0 million in the comparative period, mainly due to decreased ounces sold, partially offset by higher amortization of capitalized stripping from the release of high grade ore from cut-back 18.

All-in sustaining costs on a by-product basis per ounce sold^{NG}, which excludes revenue-based tax, was \$810 in the first nine months of 2018 compared to \$782 in the same period of 2017, representing an increase of 5%. The increase was mainly due to lower ounces sold, which was partially offset by lower capitalized stripping costs and decreased sustaining capital expenditures.

Including revenue-based taxes, all-in sustaining costs on a by-product basis per ounce sold^{NG} was \$988 in the first nine months of 2018 compared to \$956 in the same period of 2017. The increase was mainly due to higher all-in sustaining costs (explained above).

Mount Milligan Mine

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

Water Permitting Update

Mount Milligan continues to pursue the strategy announced in the Company’s news release of September 14, 2018 to obtain additional sources of water to supply its mill processing facility.

In the near term, as previously disclosed, the Company has obtained approvals to (i) pump from groundwater wells within Mount Milligan’s tailings storage facility (“TSF”), as well as from a single groundwater well outside of the TSF, for the entire life-of-mine, and (ii) pump up to 15% of the base flow from Philip Lake until November 15, 2018. An application to further extend the pumping from Philip Lake for the winter period has been submitted and is currently under review as planned, although as noted above, the Company has secured access to groundwater wells for the entire life of mine.

Centerra re-affirms its expectation that Mount Milligan will meet its annual production guidance for 2018 (see “2018 Outlook”).

As the flow from such sources of water declines during the fourth quarter and during the remainder of the winter season, Mount Milligan expects to reduce its throughput to properly manage its water balance until the water flow increases in the spring. At that time, the Company expects to receive significant volumes of additional water from a number of sources (Philip Lake and Rainbow Creek, and additional ground water sources within a radius of approximately 6 kilometres of the TSF). To that end, the Company submitted an application on October 18, 2018 to further amend its environmental assessment certificate as well as water license applications to enable drawing of water from such sources at rates that are protective of the environment. The Company is still in discussions with regulators, First Nations and other affected stakeholders regarding these applications and expects that access to these sources may be granted as early as end of January 2019. Such approvals would apply until the summer of 2021, enabling the company to benefit from spring melt flows for three seasons while a long-term updated water supply plan is developed.

With respect to the updated long-term water supply plan, the Company has retained a consultant to develop a methodology to assess water sources that are best able to supply water to the mill for life-of-mine while meeting environmental and other parameters. Formal applications and government review of that methodology is expected to commence within the fourth quarter 2018, and will be the subject of discussion with regulators, First Nations and other interested parties. The Company’s expectation is that its updated long-term water source (or sources) will be available from and after 2021 for the entire life-of-mine.

Mount Milligan Operating Results

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Financial Highlights:						
Gold sales	44.3	74.4	(40%)	108.3	181.3	(40%)
Copper sales	27.4	40.9	(33%)	65.6	96.8	(32%)
Total Revenues	71.7	115.3	(38%)	173.9	278.0	(37%)
Cost of sales (cash)	48.8	62.7	(22%)	119.5	158.1	(24%)
Cost of sales (non-cash)	10.4	11.9	(12%)	25.9	35.0	(26%)
Cost of sales (total)	59.2	74.6	(21%)	145.4	193.1	(25%)
Cash provided by (used in) operations	15.0	67.6	(78%)	(2.0)	121.0	(102%)
Cash provided by operations before changes in working capital ⁽¹⁾	18.7	48.0	(61%)	33.9	108.8	(69%)
Operating Highlights:						
Tonnes mined - 000s	8,192	10,453	(22%)	24,793	32,174	(23%)
Tonnes ore mined - 000s	3,413	5,005	(32%)	9,782	16,725	(42%)
Tonnes milled - 000s	3,754	4,473	(16%)	9,803	13,903	(29%)
Mill Head Grade Copper (%)	0.21%	0.18%	13%	0.21%	0.18%	18%
Mill Head Grade Gold (g/t)	0.79	0.70	14%	0.69	0.61	13%
Copper Recovery - %	78.3%	79.6%	(2%)	81.1%	79.1%	3%
Gold Recovery - %	62.7%	62.8%	(0%)	63.5%	61.7%	3%
Mining costs - total (\$/t mined material)	\$ 2.40	\$ 1.95	23%	\$ 2.22	\$ 1.77	26%
Milling costs - total (\$/t milled material)	\$ 7.40	\$ 6.48	14%	\$ 6.43	\$ 5.32	21%
Concentrate Produced (dmt)	30,123	31,573	(5%)	79,137	93,344	(15%)
Payable Copper Produced (000's lbs) ⁽⁴⁾	12,704	13,677	(7%)	35,295	41,335	(15%)
Payable Gold Produced (oz) ⁽⁴⁾	58,798	61,640	(5%)	134,722	163,980	(18%)
Gold Sales (payable oz) ⁽⁴⁾	47,195	74,585	(37%)	112,515	180,807	(38%)
Copper Sales (000's payable lbs) ⁽⁴⁾	13,605	18,644	(27%)	30,779	46,613	(34%)
Average Realized Price - Gold (combined) - \$/oz ⁽¹⁾⁽³⁾	\$ 939	\$ 999	(6%)	\$ 963	\$ 1,002	(4%)
Average Realized Price - Copper (combined) - \$/lb ⁽¹⁾⁽³⁾	\$ 2.01	\$ 2.20	(8%)	\$ 2.13	\$ 2.08	3%
Capital Expenditures (sustaining) ⁽¹⁾ - cash	9.0	8.4	7%	32.1	18.1	77%
Capital expenditures (total)	9.0	8.4	7%	32.1	18.1	77%
Operating Costs (on a sales basis) ('000s)⁽²⁾	48.8	62.7	(22%)	119.5	158.1	(24%)
Adjusted Operating costs- \$/oz sold⁽¹⁾	478	318	50%	511	365	40%
Gold - All in Sustaining costs on a by-product basis - \$/oz sold⁽¹⁾	677	442	53%	808	475	70%
Gold - All in Sustaining costs on a by-product basis (including taxes) - \$/oz sold⁽¹⁾	695	463	50%	826	495	67%
Gold - All in Sustaining costs on a co-product basis - \$/oz sold⁽¹⁾	716	632	13%	790	650	21%
Copper - All in Sustaining costs on a co-product basis - \$/pound sold⁽¹⁾	1.73	1.70	2%	1.89	1.68	13%

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

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

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

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

Third Quarter 2018 compared to Third Quarter 2017

Production:

During the third quarter of 2018, all ore feed to the mill and the majority of waste rock mined was from Phases 3 and 4 in the pit. Stripping of topsoil and overburden waste material from Phase 8 continued through the third quarter of 2018. During the third quarter, the large shovel and truck fleet was mobilized to continue bench development in Phase 8. Total waste and ore mined in the third quarter of 2018 was 8.2

million tonnes and total tonnes moved was 9.1 million, compared to 10.5 million tonnes and 11.3 million tonnes respectively in the same period of 2017.

Total mill throughput was 3.8 million tonnes in the third quarter of 2018 compared to 4.5 million tonnes in the same quarter of 2017. During the quarter, mill throughput averaged 40,805 tonnes per calendar day (roughly 55,000 tonnes per operating day), compared to 48,619 tonnes per day (or 56,000 tonnes per operating day) in the same quarter of 2017. During August, the process plant operated at 61,135 tonnes per operating day. Lower mining rates in the third quarter of 2018 was primarily due to lower processing levels (mainly due to shutdowns) and lower than planned manpower levels on mine crews (partially due to extensive wildfire activity affecting local communities).

Throughput during the quarter was also impacted by lower than forecast mechanical availability related to an unscheduled shutdown in mid-July to repair the primary crusher eccentric and hydro-set and another unscheduled shutdown at the end of August and into early September to repair transformer damage from a lightning strike. A scheduled shutdown in late September was also extended to replace the SAG shell liners at the same time.

Grinding rate continues to show strong performance as a result of improved liner and discharge designs, and higher ball charge levels, enabling the operation of the SAG mill at higher average speed and power draw.

Mount Milligan also continues to examine potential flowsheet modifications to further improve performance and results.

Mill performance in August achieved all-time high records for daily and monthly gold ounces produced at 2,400 ounces and 35,658 ounces respectively. Mechanical availability of 95.4% was a significant contributing factor to production success in August.

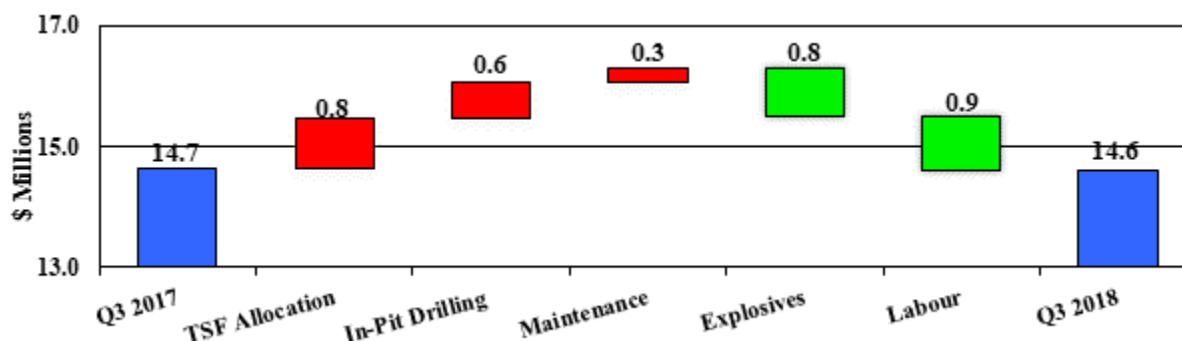
For the third quarter of 2018, total payable gold production was 58,798 ounces compared to 61,640 ounces in the comparative quarter of 2017. Total payable copper was 12.7 million pounds in the third quarter of 2018 compared to 13.7 million pounds in the same quarter of 2017.

Operating costs and All-in Measures:

Operating cost (on a sales basis)^{NG}, including standby costs, in the third quarter of 2018 was \$48.8 million compared to \$62.7 million in the same quarter of 2017. Operating costs in the third quarter of 2018 were lower than the same quarter of 2017 mainly due to lower sales volumes.

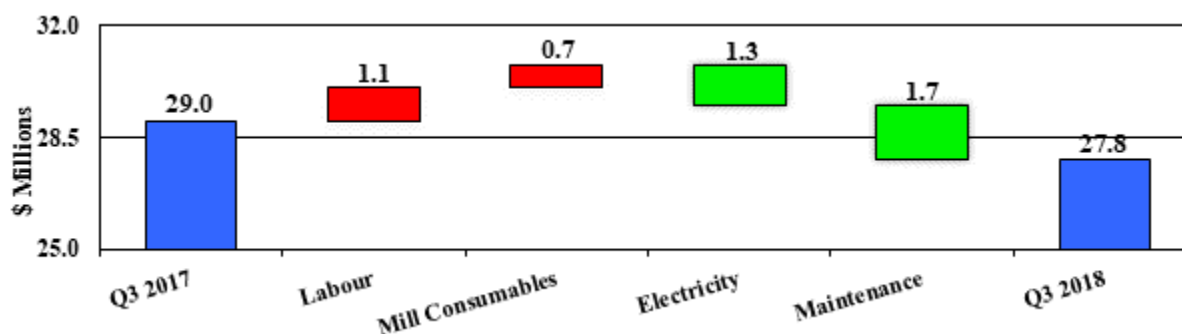
The movements in the major components of operating costs (mining, milling and site support), before changes in inventory, is explained below:

Mining Costs (Third Quarter 2018 compared to Third Quarter 2017):



Mining costs totaled 14.6 million in the third quarter of 2018, which was slightly lower than the comparative quarter of 2017. The decrease in costs for the third quarter of 2018 includes higher capital allocation to the tailings facility (\$0.8 million), lower labour costs (\$0.9 million) due to manpower shortage, lower explosive costs (\$0.8 million) due to lower tonnes mined (8.2 million tonnes versus 10.5 million tonnes) and the impact from a reduced powder factor, partially offset by higher in-pit drilling services cost (\$0.6 million) associated with long-term mine planning process improvements and higher maintenance costs attributed to a mining fleet rebuild program.

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



Milling costs totaled 27.8 million in the third quarter of 2018 compared to 29.0 million in the comparative quarter of 2017. The decrease in operating costs was due to lower maintenance costs (\$1.7 million) resulting from lower conveyor liners replacement and lower electricity costs (\$1.3 million) due to lower mill availability (74.1% versus 86.7%). This was partially offset by higher labour costs (\$1.1 million) due to an increase in manpower with the addition of a maintenance night shift crew and higher mill consumables costs (\$0.7 million) due to higher grinding media prices and consumption.

Other Cost movements:

Site support costs in the third quarter of 2018 totaled \$10.9 million which was similar to the comparative quarter of 2017. This was a result of higher labour cost (\$0.5 million) due to increase in manpower and higher environmental consulting cost (\$0.4 million) attributed to water permitting updates, partially offset by lower royalties cost (\$0.9 million) due to fewer sales.

DD&A was \$10.4 million in the third quarter of 2018 compared \$11.9 million in the comparative quarter of 2017, reflecting decreased production and sales levels.

All-in sustaining costs before tax on a by-product basis per ounce sold^{NG} was \$677 for the third quarter of 2018 compared to \$442 in the third quarter of 2017. The unit cost increase results from higher capital expenditures and fewer gold ounces sold in the third quarter of 2018 compared to the same period of 2017.

All-in sustaining costs after tax on a by-product basis per ounce sold^{NG} was \$695 for the third quarter of 2018 compared to \$463 in the third quarter of 2017.

Sustaining capital expenditures^{NG} in the third quarter of 2018 was 9.0 million, which includes developing the tailings storage facility (\$4.9 million), major repair of mining equipment (\$2.4 million), development of additional water wells (\$0.7 million), construction of core logging facility (0.4 million), purchase of milling equipment and capital spares (\$0.4 million), and other projects (\$0.2 million). Sustaining capital expenditures^{NG} in the comparative quarter of 2017 was \$8.2 million including spending on the tailings storage facility (\$5.6 million), major repair of mining equipment (\$1.0 million), purchase of milling equipment and capital spares (\$0.6 million), in-pit drilling capital works (\$0.6 million) and purchase of mining equipment (\$0.4 million).

First Nine Months 2018 compared to First Nine Months 2017

Production:

During the first nine months of 2018, mining activities continued to focus on phases 3 and 4, with the majority of ore mined from Phase 3 and an increasing percentage of ore from phase 4. The majority of waste mined was from phase 4. Waste stripping continued to develop phase 8 into the third quarter of 2018 as the first mining benches were developed. Total waste and ore mined in the first nine months of 2018 was 24.8 million tonnes and total tonnes moved was 26.6 million. Comparatively, for the same period of 2017, total waste and ore mined was 32.2 million tonnes and total tonnes moved was 34.2 million. Mine production for the first nine months of 2018 was lower than the comparative period in 2017 due to overall lower mill throughput, poor road conditions through the spring, along with lower than planned truck availability and manpower levels on the mine crews. Staffing and production levels through the summer months were impacted by wildfire activities affecting local communities.

Total mill throughput was 9.8 million tonnes in the first nine months of 2018 compared to 13.9 million tonnes in the same period of 2017. In the first nine months of 2018, mill throughput averaged roughly 35,900 tonnes per calendar day (48,000 tonnes per operating day), compared to 50,900 tonnes per calendar day (56,000 tonnes per operating day) in the same period of 2017, reflecting the total mill shutdown in January 2018, processing with one ball mill only from early February 2018 to March 2018, the gradual ramp up during spring melt, and significant unplanned downtime in July and September.

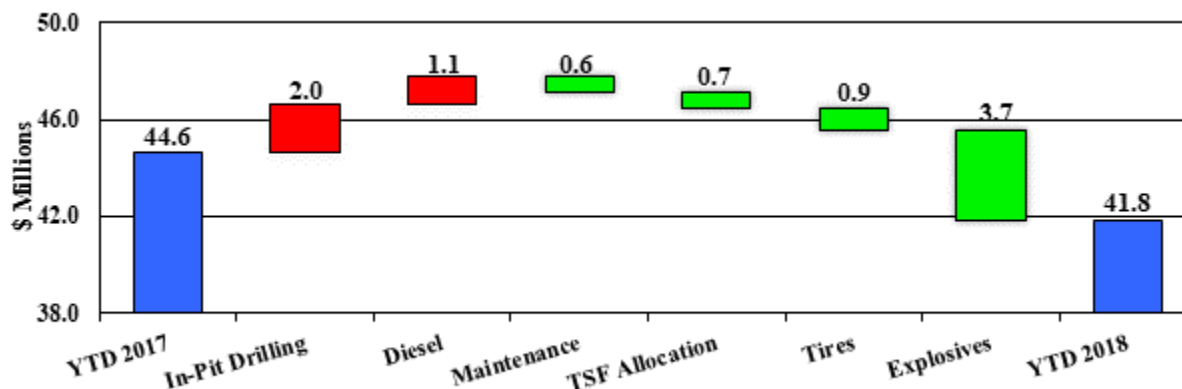
In the first nine months of 2018, total payable gold and copper production was 134,722 ounces and 35.3 million pounds, respectively, compared to 163,980 ounces of gold and 41.3 million pounds of copper in the first nine months of 2017.

Operating costs and All-in Measures:

Operating cost (on a sales basis)^{NG}, including standby costs, in the first nine months of 2018 was \$119.5 million compared to \$158.3 million in the same period of 2017. Operating costs in the first nine months of 2018 were lower than the same period of 2017 mainly due to lower sales volumes.

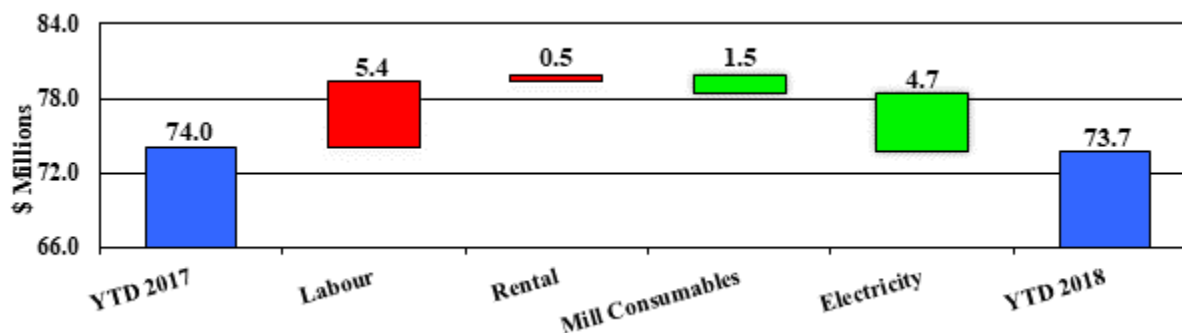
The movements in the major components of operating costs (mining, milling and site support), before changes in inventory, is explained below:

Mining Costs, including capitalized stripping (First Nine Months 2018 compared to First Nine Months 2017):



Mining costs totalled 41.8 million in the first nine months of 2018, which was \$2.8 million lower than the comparative period of 2017. The decrease in costs for the first nine months of 2018 includes lower explosive costs (\$3.7 million) due to lower tonnes mined (24.8 million tonnes versus 32.3 million tonnes) and impact of a reduced powder factor, lower tire costs (\$0.9 million) resulting from extended tire life due to improved road conditions, higher allocation to the tailings facility (\$0.7 million) due to higher mining costs per tonne and lower maintenance costs (\$0.6 million) resulting from the close of a long term maintenance agreement. This was partially offset by higher in-pit drilling services costs (\$2.0 million) associated with long-term mine planning process improvements, and higher diesel costs (\$1.1 million) due to higher prices.

Milling Costs (First Nine Months 2018 compared to First Nine Months 2017):



Milling costs (including standby costs) totaled 73.7 million in the first nine months of 2018 compared to 74.0 million in the comparative period of 2017. The decrease in operating costs was due to lower electricity costs (\$4.7 million) resulting from lower mill availability (74.8% versus 90.9%) and lower milling consumable costs (\$1.5 million) due to lower production. This was partially offset by higher labour costs (\$5.4 million) due to an increase in manpower with the addition of a maintenance night shift crew and higher rental costs (\$0.5 million) attributed to additional water supply.

Other Cost movements:

Site support costs in the first nine months of 2018 totaled \$32.0 million versus \$27.7 million in the comparative period of 2017. The increase in site support costs includes higher labour costs (\$1.8 million) due to increased manpower, higher consultants costs (\$1.7 million) associated with environmental assessments and higher administration costs for materials and supplies (\$1.2 million). This was partially offset by lower cost of royalties (\$2.3 million) resulting from lower product sales.

DD&A was \$25.9 million in the first nine months of 2018 compared \$35.0 million in the comparative period of 2017, reflecting decreased production and sales levels.

All-in sustaining costs before tax on a by-product basis per ounce sold^{NG} was \$808 for the first nine months of 2018 compared to \$475 in the first nine months of 2017. The unit cost increase results mainly from lower sales where seven concentrate shipments were recorded in the first nine months of 2018 (due to the reduced mill production) compared to ten concentrate shipments in the same period of 2017 (112,515 gold ounces sold versus 180,807 gold ounces sold).

All-in sustaining costs after tax on a by-product basis per ounce sold^{NG} was \$826 for the first nine months of 2018 compared to \$495 in the first nine months of 2017.

Sustaining capital expenditures^{NG} in the first nine months of 2018 was \$32.1 million which includes developing the tailings storage facility (\$13.4 million), major repair of mining equipment (\$9.1 million), purchase of milling equipment (\$3.3 million), Philip Lake water infrastructure development (\$2.1 million), development of additional water wells (\$2.0 million), site infrastructure development (\$1.1 million) and other projects (\$1.1 million). Sustaining capital expenditures^{NG} in the comparative period of 2017 was \$17.3 million including spending on the tailings storage facility (\$12.7 million), major repair of mining equipment (\$1.9 million), in-pit drilling capital works (\$0.9 million) purchase of milling equipment (\$0.8 million), purchase of mining equipment (\$0.7 million), and other projects (\$0.3 million).

Molybdenum Business

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

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

Molybdenum Operating Results

(\$ millions, except as noted)	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Financial Highlights:						
Molybdenum (Mo) Sales - \$ millions	43.0	35.0	23%	144.3	99.9	44%
Tolling, Calcining and Other	1.6	1.6	(5%)	6.5	5.8	11%
Total Revenues and Other Income	44.6	36.6	22%	150.8	105.7	43%
Cost of sales - cash	41.8	33.9	23%	139.0	95.7	45%
Cost of sales - non-cash	3.5	1.3	164%	6.1	5.2	16%
Cost of Sales - Total	45.3	35.2	29%	145.1	100.9	44%
Care & Maintenance costs - Molybdenum mines	1.5	3.3	(56%)	6.7	9.9	(33%)
Total capital expenditure	0.3	0.2	109%	0.8	0.5	45%
Cash provided by (used in) operations	(5.0)	(1.4)	264%	(14.7)	(7.2)	103%
Cash (used in) provided by operations before changes in working capital ⁽¹⁾	(0.4)	(0.3)	31%	2.5	0.5	457%
Production Highlights (000's lbs):						
Mo oxide purchased	3,967	4,899	(19%)	11,926	11,997	(1%)
Mo oxide roasted	4,047	4,828	(16%)	12,271	13,730	(11%)
Mo sold	3,409	3,927	(13%)	11,476	11,116	3%
Toll roasted and upgraded Mo	1,242	901	38%	4,017	3,591	12%

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

Third Quarter 2018 compared to Third Quarter 2017

Financial:

The average molybdenum sale price was significantly higher in the third quarter of 2018 than in the third quarter of 2017, \$12.62 per pound compared to \$8.90 per pound, resulting in an increase in sales revenues as well as cost of sales, 23% and 25%, respectively, in 2018 compared to 2017. Molybdenum sales in the third quarter of 2018 were down slightly versus 2017, resulting in 13% lower pounds sold.

Production:

A total of 3.4 million pounds of molybdenum were sold and 1.2 million pounds were tolled during the third quarter of 2018 resulting in an increase in sales revenues as well as cost of sales, 23% and 25%, respectively, in 2018 compared to 2017. Molybdenum sales in the third quarter of 2018 were down slightly versus 2017, resulting in 13% lower pounds sold.

First Nine Months 2018 compared to First Nine Months 2017

Financial:

The average molybdenum sale price for the first nine months of 2018 of was \$12.58 per pound compared to \$8.99 per pound for the same period in 2017. This increase is reflected in the 44% and 45% increases in molybdenum sales revenue and costs of sales. Sales of molybdenum for the first nine months of 2018 were 3% better than the same period in 2017, primarily due to an increase in demand and tightening of supply.

Production:

A total of 11.5 million pounds of molybdenum were sold and 4.0 million pounds were tolled during the first nine months of 2018 resulting in sales revenue of \$150.8 million. In the first nine months of 2018, the molybdenum business generated \$2.5 million of cash from the operations before changes in working capital^{NG}, net of \$6.7 million in care and maintenance expenses at the two molybdenum mines. Total capital spending was \$0.8 million.

8. Construction and Development Projects

Öksüt Construction Project:

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

2018 First Nine Months Developments:

- In January 2018, OMAS received a pastureland permit for the Öksüt Project, which was the last remaining permit needed to begin project construction.
- In February 2018, the Öksüt Project received Board approval for the construction and development of the property. OMAS also received an Investment Incentive Certificate (“IIC”) from the Turkish Ministry of Economy which provides Öksüt with tax related advantages for the development of the Project.
- In late March 2018, construction activities commenced with a contractor mobilizing equipment and breaking ground on main road access construction.
- In September 2018, the Turkish authorities mandated that certain contracts denominated in foreign currencies be amended to be denominated in Turkish Lira. The Öksüt Project is in the process of amending its contracts in line with the new regulations. The impacted contracts will be subject to negotiations with contractors and suppliers. The Company is in the process of determining whether the required changes will have a material impact on the construction cost of the mine or its subsequent operations.

Construction Highlights – First Nine Months 2018:

As at September 30, 2018 the Öksüt Project construction is approximately 26% complete. The following summarizes construction activities from April to September 30, 2018:

- Work on the main access roads began in April 2018 and are substantially completed.
- Topsoil stripping has been completed within the plant construction area, while stripping continues along the haul roads to the mine site. Topsoil stripping at the mine will start in June 2019.
- Power sub-station excavation was completed in early July. Construction of the sub-station started in early September 2018.
- ADR (absorption, desorption and refining) plant excavation of the construction area was completed at the end of July 2018, with construction commencing in late August 2018.
- Crusher area topsoil stripping and main excavation was completed. Mobilization and construction of the secondary crusher/radial stacker/ crusher laydown area, commenced in mid-August 2018.
- Heap leach area phase 1 stripping of the top soil was completed in mid-September 2018.
- Construction of the boundary fence around the property is substantially completed.
- Water infrastructure earthworks activities in the well areas have been completed. Construction of the water infrastructure started in late July 2018 and construction of the raw water pipe line commenced in September 2018.
- Cyanide and reagent storage area excavation work has been completed.

The project is on time and on budget and the Company continues to expect that the first gold pour from the Öksüt Project will occur in the first quarter of 2020.

During the three and nine months ended September 30, 2018, the Company spent \$14.0 million and \$29.7 million respectively, mainly on development activities and associated fees as explained above.

In the comparative periods of 2017, the Company spent \$1.7 million and \$6.0 million in the three and nine months ended September 30, 2017 on development activities to progress access and site preparation and detailed engineering plans.

Development Projects

Kemess Underground Project:

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

In May 2018, Centerra’s board approved a development program of \$48 million for 2018 to further advance the project.

During the third quarter of 2018, the Company spent \$5.7 million on care and maintenance and \$5.9 million on capital expenditures at Kemess, including access corridor construction which will provide access between the existing Kemess South facilities and the Kemess Underground mine (\$9.3 million, and \$17.0 million respectively, in the first nine months of 2018). Capital expenditures included access corridor construction, trenching, earthworks and piping required for the water discharge system, materials required to start the fabrication of the water treatment plant and mobile equipment purchases.

On July 6, 2018, the Company received its amended Mines Act Permit approving the Kemess underground mine plan and reclamation program for the Kemess Underground Project. This permit allows the Company to commence construction activities associated with the water treatment and water discharge system, and would allow the Company to proceed with other construction activities. On September 21, 2018, the Company received its effluent discharge permit which allows discharging treated water from the site. The Company is awaiting receipt of its amended/new air emissions permit, which is expected in the fourth quarter of 2018.

The Company’s plans are to advance the water treatment plant and water discharge system construction, continue to maintain the Kemess site, progress detailed engineering and complete optimization studies before seeking board approval to commence construction of the project.

Greenstone Gold Property:

As previously disclosed, the Greenstone Partnership has not made a development or construction decision on the Hardrock Project. The Greenstone Partnership continued to advance environmental, community and engineering activities in the third quarter of 2018 to further de-risk the project. For example, the Greenstone Partnership signed a Definitive Agreement with Long Lake #58 First Nation in June 2018 that provides for environmental monitoring, employment, training, business and contracting opportunities, along with a

framework for regulatory permitting that extend not only to the Hardrock open pit, but to all properties within the Greenstone Partnership's regional portfolio that lie within the traditional territory of Long Lake #58 First Nation. The Greenstone Partnership has also completed and submitted the Environmental Impact Study and Environmental Assessment ("EIS/EA") to the Canadian Environmental Assessment Agency ("CEAA") and Ministry of Environment, Conservation and Parks ("MECP") in July 2017, and has received the Draft Environmental Assessment Report from CEAA in October 2018 stating that the Hardrock Project is not likely to cause significant adverse environmental effects, taking into account the implementation of key mitigation measures and follow-up programs measures. The draft report from MECP was received on October 15, 2018.

The Company spent \$6.4 million in the third quarter of 2018 (\$1.8 million in 2017) addressing final information requests and consultation on the EIS/EA, permitting work, engineering on public infrastructure programs and engineering to support permit applications, and continued engagement with Aboriginal communities in negotiating impact benefit agreements.

To date, Centerra's funding towards its C\$185 million commitment in the Greenstone Partnership totals C\$85.9 million (\$66.1 million).

9. Quarterly Results – Previous Eight Quarters

Over the last eight quarters, Centerra's results reflect the impact of decreasing input costs (mainly for consumables) which have seen a continued decrease since 2016, except for diesel prices which increased in 2017 and into the first half of 2018. Over the same periods, gold prices progressively increased over the 2017 year, stabilizing into the first half of 2018 and declining in the third quarter. In 2017, the Euro, Canadian dollar, Mongolian tugrik and Kyrgyz som appreciated against the U.S. dollar thereby putting pressure on operating costs spent in these currencies. These currencies remained stable in the first nine months of 2018. Comparatively, most currencies weakened in 2016 as compared to the U.S. dollar which had a positive impact on Centerra's foreign-currency denominated costs (such as labour). The Company reduced its carrying value of its Mongolian assets by \$41.3 million (pre-tax) in the second quarter of 2017 and recorded a provision of \$60 million in connection with the Strategic Agreement with the Kyrgyz Government in the third quarter of 2017. An after-tax gain of \$21.3 million on the sale of the Company's royalty portfolio and an after-tax gain of \$9.4 million on the final instalments of the ATO property sale (gain of \$6.9 million on the initial instalment booked in the third quarter of 2017) were recorded in the second quarter of 2018. The third quarter of 2018 includes a charge to impair the carrying value of the Company's Mongolian business unit of \$8.5 million (included in loss from discontinued operations). The quarterly production profile at Kumtor for 2017 was more consistent across each quarter, while the production profile in 2016 was concentrated in the last nine months of the year. Kumtor's production profile for 2018 is more concentrated in the last half of the year, impacting the fourth quarter. Non-cash costs have progressively increased at Kumtor due to its expanded mining fleet and the increased amortization of capitalized stripping resulting from increased stripping as the Central pit has become larger. The addition of Mount Milligan's results and the molybdenum business' results began with the closing of the acquisition of Thompson Creek on October 20, 2016. The quarterly financial results for the last eight quarters are shown below:

<i>\$ million, except per share data</i> <i>Quarterly data unaudited</i>	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	259	243	235	358	276	279	285	306
Net earnings (loss)	6	44	9	130	(1)	23	57	64
Basic earnings (loss) per share	0.02	0.15	0.03	0.45	-	0.08	0.20	0.23
Diluted earnings (loss) per share	0.01	0.15	0.03	0.43	-	0.08	0.20	0.23

10. Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries. Readers are cautioned that there are a number of legal and regulatory matters that are currently affecting the Company and that the following is only a brief summary of such matters. For a more complete discussion of these matters, see the Company's news releases and its 2017 Annual Information Form and specifically the section entitled "Risks that can affect our business" therein available on SEDAR at www.sedar.com. The following summary also contains forward-looking statements and readers are referred to "Caution Regarding Forward-looking Information".

Kyrgyz Republic

Strategic Agreement

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

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

Kumtor's current reclamation costs) subject to a minimum total reclamation cost of \$69 million (which is broadly in line with KGC's current estimated reclamation cost for the Kumtor Project);

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

The Company understands that certain Kyrgyz Government officials have made public statements suggesting a desire to enhance the terms of the Strategic Agreement. The Company is continuing to work closely with the Kyrgyz Government to expeditiously satisfy the remaining conditions precedent to the Strategic Agreement, including the termination of certain legal proceedings and receipt of land use certificates. The Company is also working to resolve outstanding tax disputes with the Kyrgyz Republic Government prior to completion of the Strategic Agreement. The initial longstop date for the satisfaction of all of the conditions precedent to completion of the Strategic Agreement has been extended by agreement of all the parties to January 31, 2019.

In connection with the Strategic Agreement, the arbitration previously commenced by Centerra, KGC and KOC against the Government of the Kyrgyz Republic and Kyrgyzaltyn has been suspended until January 31, 2019. During the suspension, the parties will work towards completing the Strategic Agreement and the resolution of all outstanding matters affecting the Kumtor Project.

Kyrgyz Republic Claims

SIETS Claims

As previously disclosed, on May 25, 2016, the Bishkek Inter-District Court in the Kyrgyz Republic ruled against Kumtor Operating Company ("KOC"), Centerra's wholly-owned subsidiary, on two claims made by the State Inspectorate Office for Environmental and Technical Safety of the Kyrgyz Republic ("SIETS") in relation to the placement of waste rock at the Kumtor waste dumps and unrecorded wastes from Kumtor's effluent and sewage treatment plants. The Inter-District Court awarded damages of 6,698,878,290 Kyrgyz soms (approximately \$96.6 million at current exchange rates) and 663,839 Kyrgyz soms (approximately \$9,600 at current exchange rates), respectively. On June 1, 2016, the Inter-District Court ruled against KOC on two other claims made by SIETS in relation to alleged land damage and failure to pay for water use. The Inter-District Court awarded damages of 161,840,109 Kyrgyz soms (approximately \$2.3 million) and 188,533,730 Kyrgyz soms (approximately \$2.7 million), respectively.

On March 27, 2018, upon the application of SIETS, the Bishkek City Court terminated each of the SIETS claims noted above. However, in April 2018, SIETS successfully appealed the decisions to terminate these claims and the claims have been returned to the court of first instance for further consideration. Despite this, the Company expects these claims to be resolved in connection with the Strategic Agreement.

Kyrgyz Republic General Prosecutor's Office Proceedings

The Company is and was subject to a number of other criminal proceedings commenced by the Kyrgyz Republic General Prosecutor's Office and other Kyrgyz Republic state agencies as described below.

Criminal Investigation into Environmental Matters

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

Land Use Claim

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

Kyrgyz State Tax Orders

In August 2018, KGC commenced a claim in the Kyrgyz courts (refiled on September 26, 2018) seeking to invalidate orders of the Kyrgyz Republic State Tax Service which reassessed taxes (including sanctions and penalties) owing from KGC for the period from 2016 to 2017 in the amount of 1,377,709,739.44 Kyrgyz Soms (approximately \$20 million), primarily in relation to the alleged failure to pay taxes on high altitude premiums paid to employees at the Kumtor mine site. The Company believes that the claims are without merit and is working to resolve the claims and the underlying order of the Kyrgyz State Tax Service prior to completion of the Strategic Agreement.

GPO Review of Kumtor Project Agreements

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

Criminal Charges Regarding 2016 Casualty at Kumtor Mill

On June 16, 2016, the Investigator of the Jety-Oguz District Department of Interior Affairs initiated criminal proceedings against two KGC managers in relation to the previously disclosed death of a KGC employee due to an industrial accident which occurred in January 2016. On July 11, 2017, the criminal proceedings were dismissed by the Kyrgyz courts but were later sent for new consideration by the courts upon the request of the deceased's family. On August 17, 2018, the criminal proceedings were terminated by Kyrgyz courts due to a settlement being reached with the deceased family, as permitted under Kyrgyz law.

Management Assessment of Outstanding Kumtor Matters

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

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

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

Furthermore, if all such claims are not resolved as provided for in the Strategic Agreement and despite the Company's view that all disputes related to the 2009 Restated Investment Agreement should be determined in arbitration, there are risks that the arbitrator may (i) reject the Company's claims; (ii) determine it does not have jurisdiction; and/or (iii) stay the arbitration pending determination of certain issues by the Kyrgyz Republic courts. Even if the Company receives an arbitral award in its favour against the Kyrgyz Republic and/or Kyrgyzaltyn, there are no assurances that it will be recognized or enforced in the Kyrgyz Republic. Accordingly, the Company may be obligated to pay part of or the full amounts of, among others, the SIETS claims and the Kyrgyz State tax orders, regardless of the action taken by the arbitrator. The Company does not have insurance or litigation reserves to cover these costs. If the Company were obligated to pay these amounts, it would have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Other

The Company operates in multiple countries around the world and accordingly is subject to, and pays, taxes under the various regimes in those jurisdictions in which it operates. These tax regimes are determined under general corporate income tax and other laws of the respective jurisdiction. The Company has historically filed, and continues to file, all required tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are complex and subject to interpretation. From time to time the Company's tax filings are subject to review and in connection with such reviews disputes can arise with the taxing authorities over the Company's interpretation of the country's tax laws. The Company records provisions for future disbursements considered probable. As at September 30, 2018, the Company did not have any material provision for claims or taxation assessments.

11. Accounting Estimates, Policies and Changes

Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS required management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The critical estimates and judgments applied in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017.

Accounting policies and recent changes

The accounting policies applied in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017, with the exceptions listed in note 3 of the condensed consolidated interim financial statements.

Recently issued but not adopted accounting guidance

Note 3 in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 presents a list of recently issued accounting standards either adopted or not yet adopted by the Company, including a brief description on the nature of these changes and potential impact on the Company. Recently issued accounting standards and amendments not yet adopted relate to IFRS 16, *Leases* and amendments and IFRIC 23, *Uncertainty over Income Tax Treatments*, which comes into effect on January 1, 2019.

12. Disclosure Controls and Procedures and Internal Control Over Financial Reporting ("ICFR")

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

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

13. 2018 Outlook

Production, cost and capital forecasts for 2018 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially. These risks and assumptions are discussed herein under the headings "Material Assumptions & Risks" and "Caution Regarding Forward-Looking Information" in this document. Also refer to the Company's most

recent Annual Information Form and specifically the section entitled “Risks That Can Affect Our Business” therein available on SEDAR.

2018 Gold Production

Centerra’s 2018 gold production has been revised to 665,000 to 705,000 ounces reflecting an increase from the previous guidance of 625,000 to 695,000 ounces disclosed in the Company’s news release dated August 1, 2018.

Kumtor’s gold production has been revised to a range of 490,000 to 510,000 ounces, compared to the previous guidance of 450,000 to 500,000 ounces, because the mine accessed the high-grade benches ahead of the planned mining schedule.

Mount Milligan’s payable gold production is expected to be in the range of 175,000 to 195,000 ounces, which is unchanged from previous guidance.

2018 Copper Production

Mount Milligan’s payable copper production is expected to be in the range of 40 million to 47 million pounds, which is unchanged from previous guidance.

Mount Milligan Production

As noted above, the Company is taking steps to secure longer term, more stable sources of water supply for the Mount Milligan Mine. The Company has filed a formal request with the BC Environmental Assessment Office for an amendment to its environmental assessment certificate to provide additional short-term water sources until 2021, and to initiate the development of a longer-term water supply plan for subsequent years.

The Mount Milligan gold and copper production guidance takes into account the shutdowns in July and September and assumes availability of short-term water sources. However, as the flow from such sources of water declines during the fourth quarter and during the remainder of the winter season, Mount Milligan expects to reduce its throughput to properly manage its water balance until the water flow increases in the spring. Please refer to the “Operating Mines and Facilities – Mount Milligan Mine – Water Permitting Update” above.

In addition to the risks relating to obtaining approvals to the environmental assessment certificate to provide for additional/extended water sources, Mount Milligan’s production is also subject to the risks that the flows from presently permitted or new sources are not as great as expected; dry weather conditions experienced in the first half of 2018 persist for the remainder of 2018; the Company is unable to recover significant amounts of water that has drained into sands and gravels within Mount Milligan’s tailings management facility; or actual water levels in Mount Milligan’s tailings management facility vary significantly from those predicted in the Mount Milligan’s water model, which is the subject of ongoing evaluation and refinement.

Centerra’s 2018 production is forecast as follows:

2018 Production Guidance	Units	Kumtor	Mount Milligan⁽¹⁾	Centerra
Gold				
Unstreamed Gold Payable Production	(Koz)	490 - 510	114 - 127	604 - 637
Streamed Gold Payable Production ⁽¹⁾	(Koz)	—	61 - 68	61 - 68
Total Gold Payable Production⁽²⁾	(Koz)	490 - 510	175 - 195	665 - 705
Copper				
Unstreamed Copper Payable Production	(Mlb)	—	32 - 38	32 - 38
Streamed Copper Payable Production ⁽¹⁾	(Mlb)	—	8 - 9	8 - 9
Total Copper Payable Production⁽³⁾	(Mlb)	—	40 - 47	40 - 47

1) The Royal Gold Stream Arrangement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively, from the Mount Milligan Mine and Royal Gold will pay \$435 per ounce of gold delivered and 15% of the spot price per metric tonne of copper delivered.

2) Gold production assumes 76% recovery at Kumtor and 61% recovery at Mount Milligan.

3) Copper production assumes 79% recovery for copper at Mount Milligan.

2018 All-in Sustaining Unit Costs^{NG}

Centerra's 2018 all-in sustaining costs on a by-product basis per ounce sold^{NG} are updated to reflect a change to Kumtor's production guidance and are forecast as follows:

2018 All-in Sustaining Unit Costs^{NG (4)}	Kumtor	Mount Milligan⁽²⁾	Centerra
Ounces sold forecast	490,000 - 510,000	175,000 - 195,000	665,000 - 705,000
All-in sustaining costs on a by-product basis^{(1), (2)}	\$700 - \$750	\$825 - \$875	\$782 - \$829
Revenue-based tax ⁽³⁾ and mineral taxes ⁽³⁾	\$174 - \$181	\$17 - \$18	\$131 - \$139
All-in sustaining costs on a by-product basis, including taxes^{(1), (2), (3)}	\$874 - \$931	\$842 - \$893	\$913 - \$968
Gold - All-in sustaining costs on a co-product basis (\$/ounce)^{(1),(2)}	\$700 - \$750	\$820 - \$914	\$786 - \$833
Copper - All-in sustaining costs on a co-product basis (\$/pound)^{(1),(2)}	—	\$1.91 - \$2.24	\$1.91 - \$2.24

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

2) Mount Milligan payable production and ounces sold are on a 100% basis (the Mount Milligan Streaming Arrangement entitles Royal Gold to 35% and 18.75% of gold and copper sales, respectively). Unit costs and consolidated unit costs include a credit for forecasted copper sales treated as by-product for all-in sustaining costs and all-in sustaining costs plus taxes. The copper sales are based on a copper price assumption of \$2.70 per pound sold for Centerra's 81.25% share of copper production and the remaining 18.75% of copper revenue at \$0.41 per pound (15% of spot price, assuming spot at \$2.70 per pound), representing the Mount Milligan Streaming Arrangement. Payable production for copper and gold reflects estimated metallurgical losses resulting from handling of the concentrate and payable metal deductions, subject to metal content, levied by smelters.

3) Includes revenue-based tax at Kumtor and the British Columbia mineral tax at Mount Milligan based on a forecast gold price assumption of \$1,200 per ounce sold.

4) Results in chart may not add due to rounding.

Kumtor's prior guidance for all-in sustaining cost on a by-product basis per ounce sold^{NG} was \$733 - \$815, and \$904 - \$1,005 including taxes. Mount Milligan's prior guidance for all-in sustaining costs on a by-

product basis per ounce sold^{NG} was \$834 - \$929, and \$857 - \$955 including taxes. On a consolidated basis, Centerra's prior guidance for all-in sustaining costs on a by-product basis per ounce sold^{NG} was \$812 - \$903, and \$941 - \$1,047 including taxes.

2018 forecast for exploration expenditures, corporate and administration expenses, and DD&A expenses is unchanged from the guidance disclosed in the Company's news release of August 1, 2018.

2018 Capital Spending

Centerra's 2018 guidance for capital spending, excluding capitalized stripping, has been revised to \$217 million, including \$94 million of sustaining capital^{NG} and \$123 million of growth capital^{NG} from the previous guidance of \$237 million, including \$100 million of sustaining capital^{NG} and \$137 million of growth capital^{NG} disclosed in the Company's news release of August 1, 2018.

Projected capital expenditures (excluding capitalized stripping) include:

Projects	2018 Sustaining Capital⁽¹⁾ (\$ millions)	2018 Growth Capital⁽¹⁾ (\$ millions)
Kumtor mine	41	17
Mount Milligan mine	52	-
Öksüt project	-	62
Kemess Underground project	-	33
Greenstone Gold property	-	11
Other (Thompson Creek mine, Endako mine (75%), Langeloth facility and Corporate)	1	-
Consolidated Total	\$94	\$123

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

Kumtor

At Kumtor, 2018 total capital expenditures, excluding capitalized stripping, are forecast to be \$58 million, compared to \$63 million in the previous guidance.

Spending on sustaining capital^{NG} of \$41 million is \$8 million lower from the previous forecast of \$49 million mainly due to lower costs for major overhauls and replacements of the heavy-duty mine equipment.

Growth capital^{NG} investment at Kumtor for 2018 is forecast at \$17 million compared to \$14 million in the previous forecast due to higher forecast for infrastructure relocation costs.

The cash component of capitalized stripping costs related to the development of the open pit is now expected to be \$92 million of the total capitalized stripping of \$120 million compared to the cash component of \$122 million of the \$168 million total capitalized stripping as discussed in the Company's news release of August 1, 2018. The decrease is due to earlier than planned access to higher grade benches in the Kumtor pit resulting in lower capitalization of stripping costs.

Mount Milligan

At Mount Milligan, 2018 sustaining capital expenditures^{NG} are forecast to be \$52 million compared to \$44 million in the previous guidance. The increase is primarily due to additional site water management projects.

Öksüt Project

Construction spending at Öksüt in 2018 is expected to be \$62 million compared to \$82 million in the previous guidance. Revised capital spending forecast reflects realized cost savings year-to-date as well as timing difference in the capital spending, and favourable exchange rates between the Turkish Lira and the U.S. dollar.

Kemess Underground Project

2018 pre-construction activities at the Kemess Underground Project (KUG) are forecast to be \$33 million, comparing to \$31 million from the previous guidance, mainly due to additional capital equipment requirements.

Sensitivities

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

	Change	Impact on (\$ millions)				Impact on (\$ per ounce sold)
		Costs	Revenues	Cash flows	Net Earnings (after tax)	AISC ⁽³⁾ on by-product basis
Gold price ⁽¹⁾	\$50/oz	1.7 - 2.0	10.2 - 11.8	8.5 - 9.8	8.5 - 9.8	-
Copper price ⁽¹⁾	10%	0.5 - 1.0	2.0 - 3.6	1.5 - 2.6	1.5 - 2.6	3 - 5
Diesel fuel	10%	2.4 - 3.3	-	2.4 - 3.3	2.4 - 3.3	4 - 5
Kyrgyz som ⁽²⁾	1 som	0.3 - 0.8	-	0.3 - 0.8	0.3 - 0.8	0 - 1
Canadian dollar ⁽²⁾	10 cents	4.9 - 5.8	-	4.9 - 5.8	3.8 - 4.5	5 - 7

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

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

⁽³⁾ Non-GAAP measure. See discussion under "Non-GAAP Measures".

Material Assumptions and Risks

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

- a gold price of \$1,200 per ounce, compared to \$1,275 per ounce in the previous guidance,
- a copper price of \$2.70 per pound, compared to \$2.90 per pound in the previous guidance,

- a molybdenum price of \$12 per pound, unchanged from the previous guidance,
- exchange rates:
 - \$1USD:\$1.27 CAD, compared to \$1.25 CAD in the previous guidance,
 - \$1USD:70.0 Kyrgyz som, compared to 71 Kyrgyz som in the previous guidance,
 - \$1USD:5.00 Turkish lira, compared to 3.5 Turkish lira in the previous guidance,
 - \$1USD:0.80 Euro, compared to 0.87 Euro in the previous guidance,
- diesel fuel price assumption:
 - \$0.52/litre at Kumtor, compared to \$0.45/litre in the previous guidance.
 - \$0.87/litre (CAD\$1.10/litre) at Mount Milligan, compared to \$0.84/litre (CAD\$1.05/litre) in the previous guidance.

The assumed diesel price of \$0.52/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel for Kumtor is sourced from separate Russian suppliers. The diesel fuel price assumptions were made when the price of oil was approximately \$80 per barrel. Crude oil is a component of diesel fuel purchased by the Company, such that changes in the price of Brent crude oil generally impacts diesel fuel prices. The Company established a hedging strategy to manage changes in diesel fuel prices on the cost of operations at the Kumtor mine. The Company targets to hedge up to 50% of crude oil component of monthly diesel purchases exposure.

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

- The Company and its applicable subsidiaries throughout the year continue to meet the terms of their respective credit facilities in order to maintain current borrowings and compliance with the facilities financial covenants.
- The Company and the Kyrgyz Republic Government (“Government”) continue to work constructively to complete the Kumtor Strategic Agreement, the Government does not take any actions that are contrary to the Strategic Agreement and/or the Kumtor Project Agreement and which have a material adverse impact on the Kumtor operations, and the Kyrgyz proceedings are not reinstated or progressed contrary to the terms of the Strategic Agreement and/or the Kumtor Project Agreements.
- The mine plans, expertises and related permits and authorizations at Kumtor which have been received to date for 2018 are not withdrawn and that any further approvals are obtained in a timely manner from relevant governmental agencies in the Kyrgyz Republic.
- Any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine and/or power to the mine site.
- Any sanctions imposed on Russian entities do not have a negative effect on the costs or availability of inputs or equipment to the Kumtor Project.
- Any political issues in Turkey do not have a negative effect on the Öksüt Project.
- The movement in the Central Valley Waste Dump at Kumtor, initially referred to in the Annual Information Form for the year ended December 31, 2013, and in the Lysii and Sarytor Waste Dumps, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production.
- The buttress constructed at the bottom of the Davidov glacier continues to function as designed.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The pit walls at Kumtor and Mount Milligan remain stable.

- The resource block model at Kumtor and Mount Milligan reconcile as expected against production.
- The Mount Milligan processing facility continues to have access to sufficient water supplies to operate year-round at the intended capacity. This includes management's expectations of annual average precipitation, reduction in water losses/deferrals to the sands and gravels, that we continue to successfully draw water from existing permitted water wells, identify and access new water wells available for permitting and capture permissible water sources from within the existing operations. Guidance assumes that Mount Milligan will pump water from nearby Philip Lake until November 15, 2018, as currently permitted under an amendment to the Mount Milligan Environmental Assessment Certificate.
- Grades and recoveries at Kumtor and Mount Milligan remain consistent with the 2018 production plan to achieve the forecast gold and copper production.
- The Kumtor mill and the Mount Milligan mill continues to operate as expected, including that there are no unplanned suspension of operations due to (among other things), mechanical or technical performance issues.
- No changes to any existing agreements and relationships with affected First Nations groups which would materially and adversely impact our operations.
- There are no unfavourable changes to concentrate sales arrangements at Mount Milligan and roasting arrangements at the Langeloth facility.
- There are no adverse regulatory changes affecting the Kumtor and Mount Milligan operations and the Company's molybdenum assets.
- Exchange rates, prices of key consumables, costs of power, water usage fees, and any other cost assumptions at all operations and projects of the Company are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to climate/weather conditions, political or civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.
- Third party logistic providers are able to meet Centerra's logistics needs with particular importance in the last three months of the year.

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

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

Qualified Person & QA/QC – Production Information

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

14. Non-GAAP Measures

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

Management believes that the use of these non-GAAP measures will assist analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, understanding the economics of gold mining, assessing our operating performance, our ability to generate free cash flow from current operations and to generate free cash flow on an overall Company basis, and for planning and forecasting of future periods. However, the measures do have limitations as analytical tools as they may be influenced by the point in the life cycle of a specific mine and the level of additional exploration or expenditures a company has to make to fully develop its properties. Accordingly, these non-GAAP measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

Definitions

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

- *Production costs* represent operating costs associated with the mining, milling and site administration activities at the Company’s operating sites, excluding costs unrelated to production such as mine standby and community costs related to current operations.
- *Operating costs (on a sales basis)* include mine operating costs such as mining, processing, site support, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization (DD&A), reclamation costs, financing costs, capital development and exploration.
- *Adjusted operating costs per ounce sold* include operating costs (on a sales basis), regional office administration, mine standby costs, community costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs on a by-product basis per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, corporate general and administrative expenses, accretion expenses, and sustaining capital, net of copper and silver credits. The measure incorporates costs related to sustaining production. Copper and silver credits represent the expected revenue from the sale of these metals.
- *All-in sustaining costs on a by-product basis per ounce sold including taxes*, include revenue-based tax at Kumtor and taxes (mining and income) at Mount Milligan.
- *All-in sustaining costs on a co-product basis per ounce of gold sold or per pound of copper sold*, include operating costs allocated between copper and gold based on production. To calculate the allocation of operating costs, copper production has been converted to ounces of gold equivalent using the copper production for the periods presented, as well as an average of the futures prices during the quotational pricing period for copper and gold sold from Mount Milligan. For the third quarter ended September 30, 2018, 389 pounds of copper was equivalent to one ounce of gold.

- *Adjusted earnings* is calculated by adjusting net earnings (loss) as recorded in the condensed interim consolidated statements of income (loss) and comprehensive income (loss) for non-recurring items.
- *Capital expenditure (Sustaining)* is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.
- *Capital expenditure (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Growth projects* are defined as projects that are beyond the exploration stage but are pre-operational. In the third quarter of 2018, growth projects include Öksüt, Kemess Underground and the Greenstone Gold Property.
- *Average realized gold price* is calculated by dividing revenue (including third party sales and the fixed amount received under the Mount Milligan Streaming Arrangement) derived from gold sales by the number of ounces sold.
- *Average realized copper price* is calculated by dividing revenue (including third party sales and the fixed amount received under the Mount Milligan Streaming Arrangement) derived from copper sales by the number of pounds sold.
- *Free cash flow (unlevered)* is calculated as cash provided by operations less additions to property, plant and equipment.
- *Cash provided by operations before changes in working capital* starts with cash provided by operations and removes the changes in working capital as presented in the Company's Statement of Cash Flows.

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

(Unaudited - \$ millions, unless otherwise specified)	Three months ended September 30,						Nine months ended September 30,					
	Consolidated ⁽¹⁾		Kumtor ⁽¹⁾		Mount Milligan ⁽¹⁾		Consolidated ⁽¹⁾		Kumtor ⁽¹⁾		Mount Milligan ⁽¹⁾	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Cost of sales excluding molybdenum segment, as reported	146.1	129.0	86.8	54.4	59.2	74.6	386.3	400.5	240.9	207.4	145.4	193.1
Less: Non-cash component	47.0	39.6	36.7	27.8	10.4	11.9	129.3	141.3	103.3	106.3	25.9	35.0
Cost of sales, cash component	99.0	89.4	50.1	26.6	48.8	62.7	257.1	259.2	137.6	101.1	119.5	158.1
Adjust for:												
Regional office administration	3.4	4.1	3.4	4.1	-	-	9.7	12.4	9.7	12.4	-	-
Selling and marketing	0.9	1.5	-	-	0.9	1.5	3.1	3.8	-	-	3.1	3.8
Refining fees	1.4	1.1	1.1	0.8	0.2	0.3	3.6	3.6	3.1	2.7	0.5	0.9
By-product credits - copper	(27.4)	(40.9)	-	-	(27.4)	(40.9)	(65.6)	(96.8)	-	-	(65.6)	(96.8)
Community costs related to current operations	1.1	2.1	1.1	2.1	-	-	3.9	2.3	3.9	2.3	-	-
Adjusted Operating Costs	78.4	57.3	55.7	33.6	22.5	23.7	211.8	184.6	154.3	118.5	57.5	65.9
Corporate general administrative and other costs	5.1	13.3	-	-	0.1	0.7	23.8	32.8	0.1	0.1	0.5	1.4
Accretion expense	0.5	0.5	0.3	0.3	0.2	0.2	1.4	1.6	1.0	0.9	0.5	0.4
Capitalized stripping and ice unload	12.3	30.8	12.3	30.8	-	-	77.6	125.0	77.6	125.0	-	-
Capital expenditures (sustaining)	19.9	24.0	10.6	15.5	9.1	8.4	64.5	62.4	31.8	44.2	32.3	18.1
All-in Sustaining Costs on a by-product basis	116.2	125.9	79.0	80.2	31.9	32.9	379.2	406.3	264.8	288.6	90.8	85.8
Revenue-based taxes	20.2	17.6	20.2	17.6	-	-	58.2	64.5	58.2	64.5	-	-
Income and mining taxes	0.9	4.6	-	-	0.9	1.6	7.7	3.8	-	-	2.1	3.6
All-in Sustaining Costs on a by-product basis (including taxes)	137.3	148.0	99.2	97.7	32.8	34.5	445.1	474.6	323.1	353.2	92.9	89.4
Ounces sold (000)	166.7	174.1	119.5	99.5	47.2	74.6	439.6	550.1	327.1	369.4	112.5	180.8
Adjusted Operating Costs - \$ /oz sold	470	329	467	337	478	318	482	335	472	321	511	365
Gold - All-in Sustaining Costs on a by-product basis - \$ /oz sold	698	723	662	806	677	442	861	738	810	782	808	475
Gold - All-in Sustaining Costs on a by-product basis (including taxes) - \$ /oz sold	824	850	831	982	695	463	1,012	862	988	956	826	495
Gold - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /oz sold	709	805	662	806	716	632	858	796	810	782	790	650
Copper - All-in Sustaining Costs on a co-product basis (before taxes) - \$ /pound sold	1.73	1.70	n/a	n/a	1.73	1.70	1.89	1.68	n/a	n/a	1.89	1.68
⁽¹⁾ Results may not add due to rounding												

Adjusted earnings can be reconciled as follows:

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

(\$ millions, except as noted)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net earnings (loss)	\$ 6.0	\$ (0.8)	\$ 58.6	\$ 79.6
Adjust for non-recurring items:				
Kyrgyz Republic settlement		60.0		60.0
Asset Impairment- Mongolia (net of tax)	8.5	-	8.5	39.7
AuRico Metals Inc. acquisition and integration expenses	-	-	4.4	-
Gain on sale of royalty portfolio	-	-	(28.0)	-
Proceeds from sale of ATO (net of tax)	-	(6.9)	(9.4)	(6.9)
Tax adjustment	-	-	(5.2)	
Adjusted net earnings	\$ 14.5	\$ 52.3	\$ 28.9	\$ 172.4
Net earnings (loss) per share - basic	\$ 0.02	\$ -	\$ 0.20	\$ 0.27
Net earnings (loss) per share - diluted	\$ 0.01	\$ -	\$ 0.19	\$ 0.27
Adjusted net earnings per share - basic	\$ 0.05	\$ 0.18	\$ 0.10	\$ 0.59
Adjusted net earnings per share - diluted	\$ 0.05	\$ 0.18	\$ 0.10	\$ 0.59

Free cash flow (unlevered) is calculated as follows:

(\$ millions, except as noted)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Cash provided by operations ⁽¹⁾	\$ 37.6	\$ 119.5	\$ 65.9	\$ 330.5
Adjust for:				
Additions to property, plant and equipment ⁽¹⁾	(57.1)	(57.5)	(188.9)	(203.8)
Free cash flow (deficit)	\$ (19.5)	\$ 62.0	\$ (123.0)	\$ 126.7

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

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

Three months ended September 30,	Kumtor	Mount Milligan	Turkey	All other	Consolidated
(\$ millions) (Unaudited)					
2018					
Capitalized stripping –cash	12.3	-	-	-	12.3
Sustaining capital - cash	10.6	9.0	-	-	19.6
Growth capital - cash	4.4	-	-	-	4.4
Gatsuurt project development capital cash	-	-	-	-	-
Greenstone Gold Property pre-development capital cash	-	-	-	2.4	2.4
Kemess Property pre-development capital cash	-	-	-	11.5	11.5
Öksüt project development capital - cash	-	-	18.8	-	18.8
Molybdenum business capital - cash	-	-	-	0.3	0.3
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(0.3)	(2.0)	(9.2)	0.2	(11.3)
Greenstone Gold Property translation adjustment	-	-	-	(1.2)	(1.2)
Total - Additions to PP&E ⁽¹⁾	27.1	7.0	9.6	13.3	57.0
2017					
(\$ millions) (Unaudited)					
Capitalized stripping –cash	30.8	-	-	-	30.8
Sustaining capital - cash	13.9	6.9	-	0.1	20.9
Growth capital - cash	5.1	-	-	-	5.1
Gatsuurt project development capital cash	-	-	-	0.2	0.2
Greenstone Gold Property pre-development capital cash	-	-	-	0.3	0.3
Öksüt project development capital - cash	-	-	1.4	-	1.4
Molybdenum business capital - cash	-	-	-	0.2	0.2
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(1.7)	1.2	-	(0.8)	(1.3)
Total - Additions to PP&E ⁽¹⁾	48.1	8.1	1.4	-	57.5

Nine months ended September 30,	Kumtor	Mount Milligan	Turkey	All other	Consolidated
(\$ millions) (Unaudited)					
2018					
Capitalized stripping –cash	77.6	-	-	-	77.6
Sustaining capital - cash	31.8	32.1	-	-	63.9
Growth capital - cash	13.8	-	-	-	13.8
Gatsuurt project development capital cash	-	-	-	-	-
Greenstone Gold Property pre-development capital cash	-	-	-	7.6	7.6
Kemess Property pre-development capital cash	-	-	-	17.0	17.0
Öksüt project development capital - cash	-	-	28.7	-	28.7
Molybdenum business capital - cash	-	-	-	0.8	0.8
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(4.0)	(6.8)	(9.2)	-	(20.0)
Greenstone Gold Property translation adjustment	-	-	-	(0.5)	(0.5)
Total - Additions to PP&E ⁽¹⁾	119.3	25.3	19.5	24.9	188.9
2017					
(\$ millions) (Unaudited)					
Capitalized stripping –cash	125.0	-	-	-	125.0
Sustaining capital - cash	42.6	15.3	-	0.1	58.0
Growth capital - cash	10.9	-	-	-	10.9
Gatsuurt project development capital cash	-	-	-	2.4	2.4
Greenstone Gold Property pre-development capital cash	-	-	-	3.8	3.8
Öksüt project development capital - cash	-	-	4.8	-	4.8
Molybdenum business capital - cash	-	-	-	0.5	0.5
Adjustment for changes in accruals and other non-cash items included in additions to PP&E	(1.6)	0.8	-	(0.7)	(1.5)
Total - Additions to PP&E ⁽¹⁾	176.8	16.1	4.8	6.1	203.8

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

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

	Three months ended September 30, 2018				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	45,532	15,010	(5,005)	(17,968)	37,569
Add back (deduct):					
Change in operating working capital	18,535	3,663	4,607	2,709	29,514
Net cash provided by (used in) operations before changes in working capital	64,067	18,673	(398)	(15,259)	67,083

	Three months ended September 30, 2017				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	79,489	67,588	(1,374)	(26,249)	119,454
Add back (deduct):					
Change in operating working capital	(5,218)	(19,540)	1,070	12,261	(11,427)
Net cash provided by (used in) operations before changes in working capital	74,271	48,048	(304)	(13,988)	108,027

	Nine months ended September 30, 2018				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	141,439	(1,957)	(14,678)	(58,926)	65,878
Add back (deduct):					
Change in operating working capital	59,089	35,850	17,216	3,186	115,341
Net cash provided by (used in) operations before changes in working capital	200,528	33,893	2,538	(55,740)	181,219

	Nine months ended September 30, 2017				
	Kumtor	Mount Milligan	Molybdenum	Other	Consolidated
Cash provided by (used in) operations	265,130	121,043	(7,236)	(48,425)	330,512
Add back (deduct):					
Change in operating working capital	14,118	(12,194)	7,692	12,590	22,206
Net cash provided by (used in) operations before changes in working capital	279,248	108,849	456	(35,835)	352,718

Average realized sales price for gold

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

<u>Average realized sales price for gold</u>	<u>Three months ended September</u>		<u>Nine months ended September</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Gold sales reconciliation (\$ millions)				
Gold sales - Kumtor	142.9	124.3	413.2	457.1
<u>Gold sales - Mt. Milligan</u>				
Gold sales related to cash portion of Royal Gold stream	7.2	11.3	17.1	27.8
Mark-to-market adjustments on sales to Royal Gold	(2.9)	(1.1)	(2.2)	(0.3)
Final adjustments on sales to Royal Gold	4.4	0.3	3.8	-
Total gold sales under Royal Gold stream	8.7	10.5	18.7	27.5
Gold sales to third party customers	37.3	62.1	92.6	151.2
Mark-to-market adjustments	0.8	(0.1)	0.5	(1.4)
Final pricing adjustments	(2.3)	2.3	(3.0)	4.7
Total gold sales to third party customers	35.9	64.3	90.1	154.5
Gold sales, net of adjustments	44.6	74.8	108.8	182.1
Refining and treatment costs	(0.2)	(0.3)	(0.5)	(0.9)
Total gold sales	44.3	74.5	108.3	181.2
Total gold revenue - Consolidated	187.2	198.8	521.4	638.3
Ounces of gold sold				
Gold ounces sold - Kumtor	119,521	99,514	327,060	369,431
Ounces sold to Royal Gold - Mt. Milligan	16,508	25,864	39,446	63,793
Ounces sold to Royal Gold - Mt. Milligan - Final adjustments	(134)	-	(155)	(7,556)
Ounces sold to third party customers - Mt. Milligan	30,821	48,721	73,224	124,570
Total ounces sold - Consolidated	166,716	174,099	439,575	550,238
Average realized sales price for gold on a per ounce basis				
Average realized sales price - Kumtor	1,195	1,249	1,263	1,237
Average realized gold price - Royal Gold	435	435	435	435
Average realized gold price - Mark-to-market adjustments	(175)	(44)	(56)	(4)
Average realized gold price - Final pricing adjustments	266	13	97	-
Average realized gold price - Mt. Milligan - Royal Gold	526	404	475	431
Average realized gold price - Third party	1,212	1,275	1,264	1,214
Average realized gold price - Mark-to-market adjustments	26	(1)	7	(11)
Average realized gold price - Final pricing adjustments	(74)	47	(41)	38
Average realized gold price - Mt. Milligan - Third party	1,163	1,321	1,230	1,241
Average realized gold price - Mt. Milligan - Combined	939	999	963	1,002
Average realized sales price for gold - Consolidated	1,123	1,142	1,186	1,160

Average realized sales price for Copper - Mount Milligan

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

Average realized sales price for Copper - Mount Milligan	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Copper sales reconciliation (\$ millions)				
Copper sales related to cash portion of Royal Gold stream	1.1	1.7	2.6	3.7
Mark-to-market adjustments on Royal Gold stream	0.7	(0.7)	1.0	(0.7)
Final adjustments on sales to Royal Gold	0.4	0.3	0.6	0.5
Total copper sales under Royal Gold stream	2.1	1.3	4.1	3.5
Copper sales to third party customers	30.5	43.5	74.4	102.8
Mark-to-market adjustments	0.9	(0.6)	(0.1)	0.5
Final price adjustments	(2.3)	2.2	(4.4)	3.6
Total copper sales to third party customers	29.0	45.1	69.9	106.9
Copper sales, net of adjustments	31.1	46.4	74.1	110.4
Refining and treatment costs	(3.7)	(5.4)	(8.4)	(13.5)
Copper sales	27.4	41.0	65.6	96.9
Pounds of copper sold (000's lbs)				
Pounds sold to Royal Gold	2,494	3,504	5,685	8,725
Pounds sold to third party customers	11,111	15,140	25,093	37,888
Total pounds sold	13,605	18,644	30,779	46,613
Average realized sales price for copper on a per pound basis				
Copper sales related to cash portion of Royal Gold stream	0.43	0.48	0.45	0.42
Mark-to-market adjustments on Royal Gold stream	0.26	(0.20)	0.17	(0.08)
Final pricing adjustments on Royal Gold stream	0.15	0.07	0.10	0.05
Average realized copper price - Royal Gold	0.83	0.35	0.72	0.39
Average realized copper price - Third party	2.74	2.87	2.97	2.71
Average realized copper price - Mark-to-market adjustments	0.08	(0.04)	-	0.01
Average realized copper price - Final pricing adjustments	(0.21)	0.14	(0.17)	0.10
Average realized copper price - Third party	2.61	2.97	2.79	2.83
Average realized copper price - Combined	2.01	2.20	2.13	2.08

15. Caution Regarding Forward-Looking Information

Information contained in this document which are not statements of historical facts, and the documents incorporated by reference herein, may be “forward-looking information” for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words “believe”, “expect”, “anticipate”, “contemplate”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule”, “understand” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, our expectations regarding: water availability at the Mount Milligan mine including sources and timing of availability, mill throughput levels expected for the remainder of 2018, the outcome and timing for receiving a response on the Company’s submission for an amendment to the Mount Milligan environmental assessment certificate, including the Company’s expectations that the sources will be available to 2021, and the Company’s work with respect to an updated long-term water supply plan to be available from 2021 to the life-of-mine;; the closing of the Strategic Agreement entered into with the Kyrgyz Republic Government and the related resolution of outstanding matters which affect the Kumtor Project, including outstanding regulatory and court proceedings; the progress of development activities at the Öksüt Project, including expected dates of completion for various development activities, and expected costs and timing to first gold pour; expectations on receiving an amended/new air emissions permit for the Kemess project, and plans to develop the water treatment plant and water discharge system; expectations on receiving a draft report from the MECP for the Greenstone project; operational plans at Kumtor and Mount Milligan in 2018; the Company’s cash on hand, working capital, future cash flows and existing credit facilities being sufficient to fund anticipated operating cash

requirements; exploration plans for the remainder of 2018 and 2019, including the execution of the Kumtor drill program; and statements found under the heading, “2018 Outlook”, including updated forecast 2018 production costs, capital and exploration expenditures and taxes.

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

inherent risks associated with the use of sodium cyanide in the mining operations; the adequacy of the Company's insurance to mitigate operational risks; mechanical breakdowns; the Company's ability to replace its mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required; the risk that Centerra's workforce may be exposed to widespread epidemic; seismic activity in the vicinity of the Company's properties; long lead times required for equipment and supplies given the remote location of some of the Company's operating properties; reliance on a limited number of suppliers for certain consumables, equipment and components; illegal mining on the Company's Mongolian properties; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to attract and retain qualified personnel; competition for mineral acquisition opportunities; and risks associated with the conduct of joint ventures/partnerships; the Company's ability to manage its projects effectively and to mitigate the potential lack of availability of contractors, budget and timing overruns and project resources. See section titled "Risks that can affect our business" in the Company's most recently filed Annual Information Form available on SEDAR at www.sedar.com.

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 October 30, 2018. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.