

# Centerra Gold Reports Third Quarter Results

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*This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 28 and in the Cautionary Note Regarding Forward-looking Information on page 39. It should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and notes for the three and nine months ended September 30, 2013 and associated Management's Discussion and Analysis. The condensed interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. The Company's accounting policies are described in note 3 to its annual consolidated financial statements for the year ended December 31, 2012. The Company's September 30, 2013 condensed interim financial statements give effect to the adoption of new accounting standards effective January 1, 2013 as described in note 2 of the financial statements.*

*All figures are in United States dollars.*

**To view Management's Discussion and Analysis and the Financial Statements and Notes for the three and nine months ended September 30, 2013, please visit the following link:**  
<http://media3.marketwire.com/docs/CG2013-Q3MDA.pdf>.

**Centerra Gold Inc.** (TSX:CG) today reported a net loss for the third quarter of 2013 of \$1.8 million, or \$0.01 per share (basic and diluted), compared to a net loss of \$33.7 million, or \$0.14 per share (basic and diluted) in the comparative quarter of 2012. The year-over year change reflects higher gold sales due to higher gold production at both of the Company's operations, partially offset by the lower average realized gold price<sup>1</sup> in the third quarter of 2013. The 2012 third quarter results were affected by the seven week mill shutdown at Kumtor and a \$11.4 million charge for abnormal mining costs associated with the unplanned removal of ice and waste from the high movement area at Kumtor.

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

## 2013 Third Quarter Highlights

- Entered into a non-binding memorandum of understanding with the Government of the Kyrgyz Republic regarding a potential restructuring transaction under which Kyrgyzaltyn JSC would exchange its 32.7% equity interest in Centerra and \$100 million payable to Centerra by way of adjustments to future joint venture distributions otherwise due to Kyrgyzaltyn for a 50% interest in a joint venture company that would own the Kumtor Project. On October 23, 2013 the Kyrgyz Parliament passed a decree with respect to the memorandum of understanding, in which Parliament rejected the memorandum of understanding and instructed the Government to (among other things) continue negotiations with Centerra with a view to improving the Kyrgyz Republic's position and increasing its interest in the joint venture project to no less than 67%.
- Successfully rotated the ball mill ring gear at Kumtor during the scheduled shutdown in August 2013 after identifying a number of cracks in the ring gear teeth during an inspection in June 2013. The mill is currently operating at full capacity.
- Produced 113,840 ounces of gold in the quarter, including 90,289 ounces at Kumtor and 23,551 ounces at Boroo, compared to 42,723 ounces (23,786 ounces and 18,938 ounces at Kumtor and Boroo, respectively) in the same period in 2012.
- Increased revenue to \$155 million in the quarter from \$68.8 million in the same quarter of 2012.
- Used \$8.5 million cash in operations during the third quarter, but for the nine months ending September 30, 2013 cash provided by operations totaled \$124.4 million.
- Increased annual consolidated gold production guidance to 635,000 to 685,000 ounces, which reflects increased forecasted production at Boroo.

## Commentary

Ian Atkinson, President and CEO of Centerra Gold stated, "Following discussions with the Kyrgyz Government and their advisors, we announced on September 9, 2013 that we had entered into a non-binding memorandum of understanding, but on October 23, 2013 the Kyrgyz Parliament rejected the memorandum of understanding and instructed the Government to continue negotiations with Centerra with a view to increasing the Kyrgyz Republic's interest in the joint venture project that would own the Kumtor project to no less than 67%. The Company expects to continue its discussions with the Government regarding a potential restructuring transaction to resolve all outstanding concerns relating to the Kumtor Project, however we maintain that any agreement to resolve matters must be fair to all of Centerra's shareholders."

"Operationally Kumtor and Boroo performed well in the quarter. Kumtor rotated the ring gear on the ball mill and the mill is currently operating at full capacity. At Boroo we completed the scheduled maintenance of the heap leach liner and the heap leach facility is back in full operation. The Boroo mine had another good quarter, achieving 23,551 ounces of gold production, which brings year-to-date gold production at Boroo to 76,214 ounces. Boroo's performance has enabled us to increase our gold production guidance for the mine to approximately 85,000 ounces from 65,000 to 75,000 ounces for the year."

## Update on Negotiations with the Kyrgyz Republic Government

On September 9, 2013, the Company announced that it had entered into a non-binding memorandum of understanding between the Kyrgyz Republic government (the "Government") and Kyrgyzaltyn JSC (the "MOU") in connection with a potential restructuring transaction under which (among other things) Kyrgyzaltyn would exchange its 32.7% equity interest in Centerra and \$100 million payable to Centerra by way of adjustments to future joint venture distributions otherwise due to Kyrgyzaltyn for a 50% interest in a joint venture company that would own the Kumtor project. See "Other Corporate Developments - Kyrgyz Republic - Negotiations between Kyrgyz Republic and Centerra" for further information regarding the MOU.

On October 23, 2013, the Kyrgyz Republic parliament ("Parliament") passed a decree (the "Decree") with respect to the MOU. The Company has not yet received a final official copy of the Decree and the following disclosure relates to a final draft of the Decree which the Company understands was passed. In the Decree, Parliament rejects the MOU and orders the Government to (among other things) continue negotiations with Centerra with a view to improving the Kyrgyz Republic's position and increasing its interest in the joint venture project to no less than 67%, to provide for the project to develop the Kumtor mine using underground mining methods, and to provide for the establishment and financing of a centre to monitor the preservation of glaciers. In the Decree, Parliament also recommends that the Kyrgyz Republic General Prosecutor's Office consider pursuing allegations that management of the former parent company of Centerra, Centerra, Kumtor Operating Company, and Kumtor Gold Company violated environmental regulations and committed "other offenses", and that precious metal reserves (silver, tellurium, and other associated components) at the Kumtor deposit were deliberately understated.

In the Decree, Parliament has requested that the Government and the General Prosecutor's Office report to Parliament on these matters by December 23, 2013. The Decree provides that if a mutually acceptable solution on the outstanding matters cannot be reached, the Government is ordered to initiate a process to cancel the 2009 agreements governing the Kumtor project (the "Kumtor Project Agreements").

The Company disputes the allegations raised in the Decree and continues to believe that the Kumtor Project Agreements are legal, valid and enforceable obligations. The Kumtor Project Agreements were reviewed and approved by the Government and the Parliament, and were the subject of a positive decision by the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. Such agreements provide for all disputes relating to the Kumtor project for all disputes to be resolved by international arbitration, if necessary.

Centerra understands that the Government continues to support the MOU.

The Company expects to continue its discussions with the Government regarding a potential restructuring transaction to resolve all outstanding concerns relating to the Kumtor Project. However it maintains that any agreement to resolve matters must be fair to all of Centerra's shareholders. Any definitive agreement for a

potential restructuring remains subject to Centerra Special Committee and Board approval, as well as compliance with all applicable legal and regulatory requirements and approvals, including an independent formal valuation and minority shareholder approval. While Centerra expects to continue discussions, there can be no assurance that any transaction will be consummated or that Centerra will be able to successfully resolve any of the matters currently affecting the Kumtor Project. The inability to successfully resolve matters, including obtaining all necessary approvals, and/or further actions of the Kyrgyz Republic Government and/or Parliament, could have a material adverse impact on Centerra's future cash flows, earnings, results of operations and financial conditions.

For further information on the status of negotiations, please see "Other Corporate Developments - Kyrgyz Republic - Negotiations between Kyrgyz Republic and Centerra".

## Management Changes

Centerra is sorry to announce that David A Groves, Vice President Global Exploration has decided to leave the Company effective November 30, 2013 for personal reasons.

## Consolidated Financial and Operating Summary

Financial Summary (\$ millions, except as noted)	Three Months Ended September 30			Nine Months Ended September 30		
	2013	2012 Restated <sup>(4)</sup>	% Change	2013	2012 Restated <sup>(4)</sup>	% Change
Revenue	\$ 155.0	\$ 68.8	125 %	\$ 475.5	\$ 292.3	63 %
Cost of sales	111.7	53.9	107 %	287.5	215.4	33 %
Abnormal mining costs	-	11.4	100 %	-	15.9	100 %
Mine standby costs	-	-	0 %	-	4.6	100 %
Regional office administration	6.1	5.3	16 %	17.6	15.4	13 %
Earnings (loss) from mine operations	37.2	(1.8)	2159 %	170.4	41.0	318 %
Revenue-based taxes	16.4	6.2	166 %	50.7	30.2	68 %
Other operating expenses	2.3	5.2	(56 %)	6.4	29.5	(78 %)
Exploration and business development	7.4	9.5	(22 %)	20.8	27.0	(23 %)
Corporate administration	8.6	7.8	10 %	22.5	18.3	24 %
Earnings (loss) from operations	2.6	(30.4)	109 %	70.0	(64.0)	205 %
Other (income) and expenses	(1.1)	(0.1)	901 %	3.1	(0.1)	1001 %
Finance costs	1.2	1.1	18 %	3.7	2.7	37 %
Earnings (loss) before income taxes	2.4	(31.3)	108 %	63.2	(66.6)	205 %
Income tax expense	4.2	2.3	80 %	12.1	6.4	89 %
Net earnings (loss)	\$ (1.8)	\$ (33.7)	95 %	\$ 51.1	\$ (73.0)	144 %
Earnings (loss) per common share - \$ basic	\$ (0.01)	\$ (0.14)	93 %	\$ 0.22	\$ (0.31)	113 %
Earnings (loss) per common share - \$ diluted	\$ (0.01)	\$ (0.14)	93 %	\$ 0.21	\$ (0.31)	113 %
Weighted average common shares outstanding - basic (thousands)	236,385	236,376	0 %	236,380	236,367	0 %
Weighted average common shares outstanding - diluted (thousands)	236,385	236,376	0 %	236,847	236,367	0 %
Cash provided by (used in) operations	(8.5)	(25.4)	67 %	124.4	(35.7)	446 %
Capital expenditures <sup>(1)</sup>	80.6	97.5	(17 %)	289.9	377.7	(23 %)
Operating Summary						
Gold produced - ounces	113,840	42,723	166 %	328,486	167,760	95 %
Gold sold - ounces	115,941	41,251	181 %	327,864	175,172	87 %
Average realized gold price - \$/oz <sup>(3)</sup>	1,337	1,667	(20 %)	1,450	1,669	(13 %)
Average gold spot price - \$/oz <sup>(2)</sup>	1,326	1,652	(20 %)	1,456	1,652	(13 %)
Cost of sales - \$/oz sold <sup>(3)</sup>	963	1,307	(26 %)	877	1,230	(29 %)
Operating cash costs - \$/oz produced <sup>(3)</sup>	699	1,093	(36 %)	582	835	(30 %)
All-in cash costs (pre-tax) - \$/oz produced <sup>(3)</sup>	1,426	3,604	(60 %)	1,440	3,246	(56 %)
All-in cash costs (including taxes) - \$/oz produced <sup>(3)</sup>	1,604	3,791	(58 %)	1,633	3,457	(53 %)

(1) Includes capitalized stripping of \$56.4 million in the third quarter of 2013 (\$67.3 million in the third quarter of 2012) and \$207.9 million in the nine months ended September 30, 2013 (\$202.4 million in the nine months ended September 30, 2012).

(2) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate).

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

(4) Restated to reflect the impact of new accounting standards adopted effective January 1, 2013.

## Results of Operations

### Third Quarter 2013 versus Third Quarter 2012

Revenue for the third quarter of 2013, increased 125% to \$155.0 million from \$68.8 million in the comparative quarter of 2012, primarily as a result of higher sales volumes (115,941 ounces in the third quarter of 2013 compared to 41,251 ounces in the third quarter of 2012) that was partially offset by a 20% decrease in average realized gold price<sup>1</sup> at \$1,337 per ounce compared to \$1,667 per ounce in the same quarter of 2012. The higher sales volumes reflect the increase in gold production at both operations.

Gold production for the third quarter of 2013 totaled 113,840 ounces compared to 42,723 ounces in the comparative quarter. The 166% increase in ounces poured was mainly due to the increased production at Kumtor, as compared to the same quarter of 2012, which was impacted by a seven week mill shutdown at Kumtor, and the resumption of heap leach operations at Boroo in October 2012.

Cost of sales was \$111.7 million in the third quarter of 2013, compared to \$53.9 million in the comparative period of 2012, mainly as a result of higher sales volumes. Operating costs<sup>1</sup> in the third quarter of 2013 were higher than the comparative quarter reflecting higher production levels at Kumtor as compared to the comparative period which was impacted by a seven week shutdown of the mill, significant mining of ice and waste, higher operating costs for the expanded mining fleet at Kumtor, higher labour costs, resulting from inflationary increases provided for in the collective bargaining agreements which were finalized in December, 2012, and the addition of costs at Boroo from the resumption of heap leach operations.

Depreciation, depletion and amortization associated with production increased to \$44.9 million in the third quarter of 2013 from \$12.5 million in the comparative quarter of 2012 primarily due to the higher ounces sold which resulted in higher depreciation for assets depreciated using the units of production method. The basis for depreciation has increased due to the expanded mobile fleet at Kumtor and higher deferred stripping costs at Kumtor.

Other operating expenses for the third quarter of 2013 totaled \$2.3 million compared to \$5.2 million in the comparative quarter of 2012. In the third quarter of 2013, the Company spent \$2.2 million on corporate social responsibility ("CSR") programs in the Kyrgyz Republic and in Mongolia, compared to \$0.1 million spent on CSR programs in the comparative quarter of 2012, mainly in the Kyrgyz Republic. The Company also incurred \$5.0 million in the third quarter of 2012 for the care and maintenance of the underground development project at Kumtor while the Company conducted a detailed study on the potential for expanding the limits of the ultimate pit.

Exploration expenditures for the third quarter of 2013 were \$7.4 million dollars compared to \$9.5 million in the third quarter of 2012. Exploration expenditures in the third quarter of 2013 reflect on-going drilling programs at the Öksüt project in Turkey and the ATO Project in Mongolia and reduced spending on drilling at Kumtor.

Corporate administration costs in the third quarter of 2013 were \$8.6 million compared to \$7.8 million in the same quarter of 2012, reflecting increased activity on the Company's projects and an increase in share-based compensation costs resulting from an increase in the share price. Share-based compensation expense was \$1.9 million in the third quarter of 2013 compared to \$1.3 million in the third quarter of 2012.

Centerra reported \$16.4 million in the third quarter of 2013 for revenue-based tax expense at Kumtor compared to \$6.2 million in the same period of 2012, and \$4.2 million in the third quarter of 2013 for income tax expense at Boroo compared to \$2.3 million in the same period of 2012. The increase in revenue-based tax expense reflects the higher volumes sold in the third quarter of 2013 at Kumtor resulting in increased revenue. The increase of \$1.9 million in Boroo's income tax expense resulted from the higher earnings achieved in the third quarter of 2013.

Cash used in operations in the third quarter of 2013 totaled \$8.5 million compared to \$25.4 million used in operations in the same period of 2012, mainly as a result of the increased earnings in 2013, offset by increases in working capital requirements.

Capital expenditures spent and accrued in the third quarter of 2013 amounted to \$80.6 million, which

includes \$16 million of sustaining capital<sup>1</sup>, \$8.1 million invested in growth capital<sup>1</sup> and \$56.4 million of capitalized stripping. Capital expenditures in the comparative quarter of 2012 totaled \$97.5 million, consisting of \$14.2 million of sustaining capital<sup>1</sup>, \$16.0 million of growth capital<sup>1</sup> and \$67.3 million of capitalized stripping.

Centerra's cash and cash equivalents and short-term investments at the end of September 2013 decreased to \$236.8 million, compared to cash and short-term investments of \$382.1 million at December 31, 2012. At September 30, 2013, the Company had drawn \$76 million on its \$150 million revolving credit facility with the European Bank for Reconstruction and Development (EBRD), leaving a balance of \$74 million undrawn. The amount drawn is due to be repaid on February 8, 2014. Centerra believes, based on its current forecast, that it has sufficient cash and investments to carry out its business plan in 2013 (see "Outlook for 2013").

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

### All-in cash costs per ounce produced<sup>1</sup> - Consolidated

\$ millions, except as noted	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012 <sup>(3)</sup>	2013	2012 <sup>(3)</sup>
Operating cash costs <sup>(1)</sup>	\$ 79.6	\$ 46.7	\$ 191.2	\$ 140.0
Abnormal mining costs - cash	-	8.1	-	10.9
Capitalized stripping and ice unload - cash	40.7	47.5	150.7	147.3
Operating cash costs and capitalized stripping	120.3	102.3	341.9	298.3
Sustaining capital (cash) <sup>(1)</sup>	15.8	14.2	47.7	32.4
Growth capital (cash) <sup>(1)</sup>	8.1	15.9	33.9	140.1
Operating cash costs including capital	144.2	132.5	423.5	470.8
Corporate and other cash costs <sup>(2)</sup>	18.1	21.5	49.4	73.8
All-in Cash Costs - pre-tax <sup>(1)</sup>	\$ 162.3	\$ 154.0	\$ 472.9	\$ 544.5
Revenue-based tax and income tax	20.3	8.0	63.4	35.4
All-in Cash Costs - including taxes <sup>(1)</sup>	\$ 182.6	\$ 162.0	\$ 536.3	\$ 580.0
Ounces poured	113,840	42,723	328,486	167,760
Operating cash cost - \$/oz produced <sup>(1)</sup>	\$ 699	\$ 1,093	\$ 582	\$ 835
All-in Cash Costs (pre-tax) - \$/oz produced <sup>(1)</sup>	\$ 1,426	\$ 3,604	\$ 1,440	\$ 3,246
All-in Cash Costs (including taxes) - \$/oz produced <sup>(1)</sup>	\$ 1,604	\$ 3,791	\$ 1,633	\$ 3,457

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

(2) Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses, and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.

(3) Operating cash costs and capitalized stripping for 2012 were restated for the impact of the adoption of IFRIC 20.

Operating cash costs per ounce produced<sup>1</sup> in the third quarter of 2013 decreased to \$699 compared to \$1,093 per ounce in the comparative period of 2012. The decrease in 2013 reflects the impact of higher production levels at Kumtor, higher grades processed at both operations and the resumption of lower cost heap leach operations at Boro, partially offset by higher labour costs in the third quarter of 2013.

On a pre-tax basis, all-in cash costs per ounce produced<sup>1</sup> for the third quarter of 2013 were \$1,426 and includes all cash costs directly related to gold production, excluding taxes. This compares to pre-tax all-in cash costs<sup>1</sup> of \$3,604 per ounce produced in the third quarter of 2012. The decrease is mainly due to higher gold production in 2013, 21% lower capital spending and 16% lower corporate and other cash costs. Growth capital<sup>1</sup> spending (excluding capitalized stripping) decreased from \$15.9 million in the third quarter of 2012 to \$8.1 million in the third quarter of 2013 reflecting the expansion of the mining fleet at Kumtor during the comparative period of 2012. Corporate and other cash costs<sup>2</sup> were down from \$21.5 million in the third quarter of 2012 to \$18.1 million in the third quarter of 2013, primarily as a result of lower exploration spending in the third quarter of 2013 and the charge incurred in the third quarter of 2012 due to the underground at Kumtor being placed under care and maintenance.

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

<sup>2</sup> Corporate and other cash costs include corporate general and administrative expenses, global exploration

expenses, and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.

## Mining Operations

	Three Months Ended September 30			Nine Months Ended September 30		
	2013	2012 <sup>(5)</sup>	% Change	2013	2012 <sup>(5)</sup>	% Change
<b>Kumtor Operating Results</b>						
Gold sold - ounces	86,699	26,626	226 %	248,635	129,051	93 %
Average realized gold price - \$/oz <sup>(3)</sup>	1,347	1,651	(18 %)	1,456	1,671	(13 %)
Revenue - \$ millions	116.8	44.0	166 %	362.0	215.7	68 %
Cost of sales - \$ millions <sup>(1)</sup>	86.0	38.0	126 %	217.9	166.9	31 %
Cost of sales - \$/oz sold <sup>(1)(3)</sup>	991	1,427	(31 %)	876	1,294	(32 %)
Tonnes mined - 000s	41,741	35,943	16 %	129,827	109,425	19 %
Tonnes ore mined - 000s	2,087	412	407 %	3,095	491	530 %
Average mining grade - g/t <sup>(2)</sup>	2.78	2.25	24 %	2.53	2.09	21 %
Tonnes milled - 000s	1,312	581	126 %	4,136	3,209	29 %
Average mill head grade - g/t <sup>(2)</sup>	3.04	1.78	71 %	2.63	1.66	58 %
Recovery - %	76.4	75.1	2 %	73.6	72.6	1 %
Gold produced - ounces	90,289	23,786	280 %	252,272	125,799	101 %
Operating cash cost - \$/oz produced <sup>(3)</sup>	709	1,338	(47 %)	589	828	(29 %)
All-in cash cost (pre-tax) - \$/oz produced <sup>(3)</sup>	1,395	4,911	(72 %)	1,478	3,388	(56 %)
All-in cash cost including tax-\$/oz produced <sup>(3)</sup>	1,576	5,170	(70 %)	1,678	3,628	(54 %)
Capital expenditures - \$ millions <sup>(4)</sup>	77.7	96.8	(20 %)	281.3	368.0	(24 %)
Exploration expenditures - \$ millions	0.9	3.5	(74 %)	5.3	8.9	(40 %)
<b>Boroo Operating Results</b>						
Gold sold - ounces	29,242	14,625	100 %	79,229	46,121	72 %
Average realized gold price - \$/oz <sup>(3)</sup>	1,306	1,698	(23 %)	1,432	1,660	(14 %)
Revenue - \$ millions	38.2	24.8	54 %	113.5	76.6	48 %
Cost of sales - \$ millions <sup>(1)</sup>	25.7	15.9	62 %	69.5	48.5	43 %
Cost of sales - \$/oz sold <sup>(1)(3)</sup>	880	1,089	(19 %)	878	1,051	(17 %)
Total tonnes mined - 000s	-	1,821	-	-	6,195	-
Tonnes mined heap leach - 000s	-	121	-	-	143	-
Tonnes stacked heap leach - 000s	1,078	-	-	2,373	-	-
Tonnes leached - 000s	803	-	-	3,688	-	-
Tonnes ore milled - 000s	604	576	5 %	1,800	1,802	(0 %)
Average mill head grade - g/t <sup>(2)</sup>	1.04	1.62	(36 %)	1.23	1.07	15 %
Recovery - %	58.5	60.9	(4 %)	57.5	67.5	(15 %)
Gold produced - ounces	23,551	18,938	24 %	76,214	41,961	82 %
Operating cash cost - \$/oz produced <sup>(3)</sup>	659	787	(16 %)	559	855	(35 %)
All-in cash cost (pre-tax) - \$/oz produced <sup>(3)</sup>	765	812	(6 %)	652	1,047	(38 %)
All-in cash cost including tax-\$/oz produced <sup>(3)</sup>	932	908	3 %	818	1,172	(30 %)
Capital expenditures - \$ millions (Boroo) <sup>(4)</sup>	2.7	0.5	440 %	7.5	9.1	(18 %)
Capital expenditures - \$ millions (Gatsuurt)	0.2	0.1	100 %	0.6	0.3	100 %
Exploration expenditures-\$ millions (Mongolia)	1.9	2.7	(30 %)	3.6	7.0	(49 %)

(1) Cost of sales excludes regional office administration.

(2) g/t means grams of gold per tonne.

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

(4) Includes capitalized stripping of \$56.4 million and \$207.9 million for the three and nine months ended September 30, 2013 at Kumtor (\$67.3 million and \$195.1 million at Kumtor and nil and \$7.3 million at Boroo for the three and nine months ended September 30, 2012, respectively).

(5) Operating cash costs and capitalized stripping for 2012 at Kumtor were restated to reflect the impact of the adoption of IFRIC 20.

## Kumtor

At the Kumtor mine in the Kyrgyz Republic, gold production in the third quarter was 90,289 ounces compared to 23,786 ounces in the same quarter in 2012. The increase in ounces poured was mainly due to accessing and mining higher grade ore in cut-back 15 where 2.1 million tonnes of ore were mined with an average grade of 2.78 g/t. During the third quarter of 2013, Kumtor's average mill head grade was 3.04 g/t with a

recovery of 76.4%, compared with 1.78 g/t and a recovery of 75.1% for the same quarter in 2012. Tonnage processed was approximately 1.3 million tonnes for the third quarter of 2013 up significantly from the comparative period in 2012, which was impacted by a seven week mill shutdown.

The abnormal movement in the waste-rock dump, which began in mid-March 2013, has slowed to normal levels in the third quarter of 2013. There has been no impact on planned 2013 gold production. A revised 2013 waste-rock dumping plan has been approved by the appropriate Kyrgyz regulatory authorities, and is being followed. See "Other Corporate Developments - Kyrgyz Republic - Kumtor Waste Dump Movement".

Operating cash cost per ounce produced<sup>1</sup> in the third quarter of 2013 decreased to \$709 compared to \$1,338 per ounce in the comparative period of 2012. The decrease in the 2013 third quarter reflects the impact of significantly higher production levels, which resulted in a 280% increase in ounces produced than the comparative quarter of 2012. This was partially offset by higher mining costs as the mine ceased capitalizing stripping as it commenced mining ore earlier in 2013 than the comparative period.

In the third quarter of 2013, operating cash costs<sup>1</sup> at Kumtor increased by \$32.2 million to \$64.1 million, excluding the capitalization of stripping activities and the expensing of unloading activities (increased by \$18.2 million including capitalized stripping and unloading expense), compared to \$31.9 million in the comparative quarter of 2012. The increased cost of mining activities in 2013 is primarily related to the increased tonnage moved as the higher density material incurred higher diesel and blasting costs. Labour costs also increased as a result of the new collective bargaining agreement ratified in December 2012. Other increases include increased tire requirements and maintenance due to the expanded equipment fleet and increased consumption of consumables and electricity by the mill.

Pre-tax all-in cash costs per ounce produced<sup>1</sup> were \$1,395 in the third quarter of 2013 compared to \$4,911 in the same quarter of 2012. The decrease is due to both higher production and a reduction in growth capital spending<sup>1</sup>. Kumtor expects to mine and process significantly higher volumes and grade of ore during the fourth quarter and expects its all-in cash costs<sup>1</sup> to decrease in the fourth quarter of 2013. See "Outlook for 2013".

Exploration expenditures totaled \$0.9 million for the third quarter of 2013, compared to \$3.5 million reported in the third quarter 2012.

Capital expenditures spent and accrued in the third quarter of 2013 at Kumtor amounted to \$77.7 million which includes \$13.3 million of sustaining capital<sup>1</sup>, \$8.1 million invested in growth capital<sup>1</sup> for relocation of infrastructure and \$56.4 million for capitalized stripping. Capital expenditures in the comparative quarter of 2012 totaled \$96.8 million, consisting of \$13.6 million of sustaining capital<sup>1</sup> and \$83.2 million of growth capital<sup>1</sup> including \$67.3 million of capitalized stripping.

During an inspection in June 2013, an increased number of cracks were observed in the ring gear of the Kumtor ball mill as compared to the previous inspection in April 2013. As a result the ring gear was rotated during a scheduled shutdown in August 2013, and is currently operating at full capacity. The Company continues to monitor the ring gear. In the event that the ball mill cannot continue to operate with the current ring gear, a spare ring gear is available on site, although it is expected to operate at only 95% to 97% of the capacity of the current ring gear. A replacement ring gear has been ordered and is expected to be delivered in the third quarter of 2014.

## **Boroo/Gatsuurt**

At the Boroo mine in Mongolia, gold production was 23,551 ounces of gold in the third quarter of 2013 compared to 18,938 ounces of gold in the third quarter of 2012. The increase in gold production was due to the resumption of activities at the heap leach operation, which contributed 10,929 ounces. The higher mill throughput achieved in the third quarter of 2013 was partially offset by lower average mill head grade of 1.04 g/t with a recovery of 58.5% in the third quarter of 2013, compared to 1.62 g/t with a recovery of 60.9% in the same period of 2012. Boroo processed lower grade stockpiled ore in the third quarter of 2013, compared to Pit 6 higher grade ore processed in the same quarter of 2012.

Operating cash costs<sup>1</sup> at Boroo increased by \$0.6 million to \$15.5 million in the third quarter of 2013,

compared to the same period in 2012. There were no costs incurred for mining in the third quarter of 2013 as compared to \$4.4 million in 2012.

Operating cash costs per ounce produced<sup>1</sup> in the third quarter of 2013 were \$659 compared to \$787 per ounce in the same period of 2012. The decrease of 16% was a result of an 82% increase in production partially offset by higher operating costs<sup>1</sup> resulting primarily from the resumption of heap leaching operations.

Boroo's all-in cash costs per ounce produced (pre-tax)<sup>1</sup> for the third quarter of 2013 were \$765 and included all costs directly related to gold production except for income tax paid in Mongolia. The same pre-tax all-in cash costs<sup>1</sup> for the third quarter of 2012 were \$812 per ounce produced. The decrease in the pre-tax all-in cash costs<sup>1</sup> was primarily the result of the increase in production, reflecting the resumption of heap leaching operations and no mining activity in the third quarter of 2013. In the comparative quarter of 2012, mining costs accounted for \$233 per ounce produced.

Capital expenditures spent and accrued at Boroo and Gatsuurt in the third quarter of 2013 was \$2.9 million compared to \$0.6 million in the same period of 2012. Capital expenditures in 2013 primarily relate to sustaining capital<sup>1</sup> for tailings dam construction work (\$2.7 million) at Boroo.

The Gatsuurt project remained under care and maintenance in the third quarter of 2013 due to continued delays in permitting resulting from the Water and Forest Law which prohibits mining and exploration activities in water basin and forested areas. Further development of the project is subject to resolution of the impact of the Water and Forest Law on the Gatsuurt project, and receiving all required approvals and regulatory commissioning from the Mongolian Government.

Centerra understands that, in May 2013, the Mongolian Government proposed to Parliament that seven deposits, including Gatsuurt, be added to the list of "mineral deposits of strategic importance". Centerra believes that such a designation, which is subject to the approval of Parliament, would have the effect of exempting Gatsuurt from the application of the Water and Forest Law. Centerra expects that Parliament and/or any relevant committees of Parliament will consider this matter further in the fourth quarter of 2013 during the fall sitting of Parliament. If Parliament ultimately approves this designation, it would allow the Government of Mongolia to acquire up to a 34% interest in Gatsuurt. The terms of any such participation would be subject to negotiations with the Government. See "Other Corporate Developments- Mongolia - Gatsuurt".

During the third quarter of 2013, exploration expenditures in Mongolia were \$1.9 million compared to \$2.7 million in the same period of 2012. The 2013 exploration expenditures were largely on activities at the Company's ATO project located in eastern Mongolia.

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

### All-in cash costs<sup>1</sup>

KUMTOR	Three months ended September 30		Nine months ended September 30	
	2013	2012 <sup>(3)</sup>	2013	2012 <sup>(3)</sup>
<i>\$ millions, except as noted</i>				
Operating cash costs <sup>(1)</sup>	\$ 64.1	\$ 31.8	\$ 148.6	\$ 104.1
Abnormal mining costs - cash	-	8.1	-	10.9
Capitalized stripping and ice unload - cash	40.7	47.5	150.7	141.0
Operating cash costs and capitalized stripping	104.7	87.4	299.3	256.1
Sustaining capital (cash) <sup>(1)</sup>	13.3	13.6	40.1	30.3
Growth capital (cash) <sup>(1)</sup>	7.9	15.8	33.4	139.8
Operating cash costs including capital	125.9	116.8	372.7	426.2
Corporate and other cash costs <sup>(2)</sup>	-	-	-	-
All-in Cash Costs (pre-tax) <sup>(1)</sup>	\$ 125.9	\$ 116.8	\$ 372.7	\$ 426.2
Revenue-based tax	16.4	6.2	50.7	30.2
All-in Cash Costs (including taxes) <sup>(1)</sup>	\$ 142.3	\$ 123.0	\$ 423.4	\$ 456.4
Ounces poured	90,289	23,786	252,272	125,799

All-in Cash Costs (pre-tax)- \$/oz produced <sup>(1)</sup>	\$ 1,395	\$ 4,911	\$ 1,478	\$ 3,388
All-in Cash Costs (including taxes) - \$/oz produced <sup>(1)</sup>	\$ 1,576	\$ 5,170	\$ 1,678	\$ 3,628
<b>BOROO</b>	Three months ended September 30		Nine months ended September 30	
<i>\$ millions, except as noted</i>	2013	2012	2013	2012
Operating cash costs <sup>(1)</sup>	\$ 15.5	\$ 14.9	\$ 42.6	\$ 35.9
Capitalized stripping - cash	-	-	-	6.3
Operating cash costs and capitalized stripping	15.5	14.9	42.6	42.2
Sustaining capital (cash) <sup>(1)</sup>	2.5	0.5	7.1	1.7
Growth capital (cash) <sup>(1)</sup>	-	-	-	-
Operating cash costs including capital	18.0	15.4	49.7	43.9
Corporate and other cash costs <sup>(2)</sup>	-	-	-	-
All-in Cash Costs (pre-tax) <sup>(1)</sup>	\$ 18.0	\$ 15.4	\$ 49.7	\$ 43.9
Income tax	3.9	1.8	12.7	5.2
All-in Cash Costs (including taxes) <sup>(1)</sup>	\$ 21.9	\$ 17.2	\$ 62.4	\$ 49.2
Ounces poured	23,551	18,938	76,214	41,961
All-in Cash Costs (pre-tax)- \$/oz produced <sup>(1)</sup>	\$ 765	\$ 812	\$ 652	\$ 1,047
All-in Cash Costs (including taxes) - \$/oz produced <sup>(1)</sup>	\$ 932	\$ 908	\$ 818	\$ 1,172

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

(2) Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.

(3) Operating cash costs and capitalized stripping for 2012 were restated to reflect the impact on adoption of IFRIC 20.

## Exploration Update

To view the graphics, maps/drill sections and complete drill results discussed in this news release, visit the following link: [http://media3.marketwire.com/docs/CG\\_Maps.pdf](http://media3.marketwire.com/docs/CG_Maps.pdf) or visit the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

## Kyrgyz Republic

During the third quarter of 2013, exploration drilling was limited to a single drill hole in the Saddle Zone of the Central Pit. Exploration drilling ceased in late July 2013, and condemnation and geotechnical drilling continued with one drill rig through mid-September 2013.

## Kumtor Pit

The Company completed one drill hole during the third quarter at Kumtor. Hole D1721 was completed in the Saddle Zone to infill an area within the Kumtor KS-13 pit. The hole returned 3.2 g/t gold over 3 metres, 1.7 g/t gold over 13.6 metres and 3.1 g/t gold over 4 metres. These results are consistent with nearby holes in the Saddle Zone and will not impact year-end resource estimates.

There is no exploration drilling planned for the fourth quarter.

True widths for the mineralized zones are from 70% to 95% of the stated intercept.

A complete listing of the drill results and supporting maps for the Kumtor pit have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

## Mongolia

### ATO Project

During the third quarter of 2013, fieldwork was completed at the ATO deposit, the nearby Mungu prospect

and at several targets in the greater ATO district. A reverse circulation (RC) drill rig and a diamond drill rig operated during the quarter and completed 94 shallow RC "scout" holes and 9 diamond drill holes, respectively. The RC scout holes returned a number of geochemical anomalies in bedrock south of the ATO deposit that will be followed up with deeper drilling.

Diamond drilling results from Mungu continued to outline a zone of gold-silver mineralization within altered, brecciated and sulfide-bearing rhyolite. Further work, including oriented core drilling, is planned at Mungu in the fourth quarter to ascertain mineral controls and true widths of drill intercepts.

One of two diamond drill holes completed at ATO on the northern end of Pipe 4 returned:

ATO-260 0.3 g/t gold and 132 g/t silver over 8.6 metres  
0.5 g/t gold and 54 g/t silver over 54.4 metres

The drill holes tested an area in the northeast corner of Pipe 4 where a narrow zone of high precious-metal values remains open towards Mungu.

At ATO, true widths for mineralized zones are from 20 to 50% of stated down-hole intervals.

A complete listing of the drill results and supporting maps for the ATO project has been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

## Turkey

### Öksüt Project

At the Öksüt Project, drillers completed 28 diamond drill holes. Better results received from infill holes ODD120-148 at Keltepe (formerly Ortacam North) include:

ODD123 (infill): 1.2 g/t gold over 69.9 metres  
ODD125 (infill): 1.1 g/t gold over 61.5 metres  
ODD126 (infill): 2.7 g/t gold over 154.2 metres  
ODD128 (infill): 1.5 g/t gold over 78.5 metres  
ODD129 (infill): 0.7 g/t gold over 129.0 metres  
ODD132 (infill): 1.6 g/t gold over 93.0 metres  
1.0 g/t gold over 54.4 metres  
ODD133 (infill): 0.8 g/t gold over 170.5 metres  
ODD135 (infill): 0.8 g/t gold over 88.0 metres  
ODD136 (infill): 0.6 g/t gold over 156.0 metres  
ODD137 (infill): 0.7 g/t gold over 73.9 metres  
ODD138 (infill): 2.7 g/t gold over 67.6 metres  
ODD138A (infill): 1.2 g/t gold over 40.6 metres  
0.7 g/t gold over 41.6 metres  
ODD142 (infill): 1.5 g/t gold over 108.4 metres  
1.1 g/t gold over 124.2 metres  
ODD148 (infill): 0.8 g/t gold over 94.4 metres

Results from holes ODD123, 125, 138 and 138A expand the Keltepe deposit to the south and east and are expected to have a positive impact on year-end resource estimates. Keltepe remains open to the south. Drilling will continue at Öksüt in the fourth quarter of 2013 with five drill rigs.

True widths for the mineralized zones are from 50% to 90% of the stated intercept.

A complete listing of the drill results and supporting maps for the Öksüt project have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

**To view the graphics, maps/drill sections and complete drill results discussed in this news release, visit the following link: [http://media3.marketwire.com/docs/CG\\_Maps.pdf](http://media3.marketwire.com/docs/CG_Maps.pdf) or visit the Company's web site at: [www.centerragold.com](http://www.centerragold.com).**

### **Qualified Person & QA/QC**

The exploration information and related scientific and technical information in this news release were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") and were prepared, reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of David Groves, Certified Professional Geologist, Centerra's Vice-President, Global Exploration, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used.

The production information and related scientific and technical information in this news release, including the production estimates, were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 and were prepared, reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of Dan Redmond, Ontario Professional Geoscientist, Centerra's Director, Technical Services - Mining, who is the qualified person for the purpose of NI 43-101.

The Kumtor deposit is described in a technical report dated December 20, 2012, which is filed on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site prior to April 2013 are described in the technical report.

### **Other Corporate Developments**

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic and Mongolia. A summary discussion of certain regulatory matters affecting the Kumtor Project follows the discussion of events that occurred in the third quarter of 2013. For a more complete discussion of these matters impacting Kumtor, and for outstanding matters in Mongolia and at the corporate level, see the Company's prior public disclosure, in particular, its news release on 2013 first quarter results dated May 8, 2013, the news release dated September 9, 2013 and its 2012 Annual Information Form. Each of these documents can be found on [www.sedar.com](http://www.sedar.com).

### **Kyrgyz Republic**

#### **Negotiations between Kyrgyz Republic and Centerra**

As previously disclosed, the Kyrgyz Republic Parliament passed resolution #2805 on February 21, 2013, which, among other things, recommended that the Kyrgyz Government conduct consultations and negotiations with Centerra to find mutually acceptable solutions with respect to the Kumtor Project and the issues raised in the Parliamentary and State Commission reports. The resolution set a deadline of June 1, 2013 for the Government to return to the Parliament with information on how to implement the Parliament's recommendations in the resolution. The original deadline of June 1, 2013 was extended by resolution #3169-V for three months, and Parliament set a deadline of September 10, 2013 for the Government to present final agreements incorporating the mutually acceptable solution. Resolution #3169-V also provides that if a mutually acceptable solution has not been agreed to, the Government is instructed to develop and submit a draft law "On Denunciation of the Agreement for the Kumtor Project" for review by the Kyrgyz Republic Parliament.

Following discussions with representatives of the Kyrgyz Government in the third quarter, Centerra announced on September 9, 2013 that it had entered into a non-binding memorandum of understanding ("MOU") with the Government of the Kyrgyz Republic in connection with a potential restructuring transaction under which Kyrgyzaltyn would exchange its 32.7% equity interest in Centerra for an interest in a joint venture company that would own the Kumtor Project. The MOU recorded the status of negotiations that had

been ongoing between management of Centerra and the Kyrgyz Republic advisory working group up until that time and provided, among other things, that the following principles would guide the potential restructuring transaction:

- Kyrgyzaltyn would receive a 50% interest in the joint venture company that would own the Kumtor Project in exchange for its 32.7% equity ownership in Centerra and US\$100 million which will be provided to Centerra by way of an adjustment to joint venture distributions otherwise due to Kyrgyzaltyn.
- The adjustment to joint venture distributions otherwise due to Kyrgyzaltyn would occur over 10 years commencing in 2015 (in 2014 only interest would be paid) with an appropriate interest rate.
- All of the state agency environmental claims against the Kumtor Project would be resolved prior to the restructuring, by Centerra's implementation of certain recommendations contained in a report provided to the Government working group by a third-party environmental consultant, and consistent with the laws and procedures of the Kyrgyz Republic and existing agreements between the parties.
- The agreements entered into between, among others, Centerra, Kyrgyzaltyn and Government of the Kyrgyz Republic in 2009 (the "Kumtor Project Agreements") would remain in full force and effect, including the tax regime set out in such agreements.
- The Board of the joint venture company would be composed of an equal number of Centerra and Kyrgyzaltyn representatives. Major decisions of the joint-venture company would be subject to discussion and approval by the Board of the joint venture company.
- Centerra would remain the operator/manager of the Kumtor Project pursuant to an operating agreement which would contain terms and provisions which are typical of such agreements.
- The operating agreement would also include provisions for compensation for services provided by Centerra and Kyrgyzaltyn.
- Kyrgyzaltyn would receive six million warrants to acquire Centerra shares, with an exercise price of CDN\$10, exercisable for two years.

The Kyrgyz Parliament ("Parliament") considered the MOU on October 23, 2013 and passed a decree (the "Decree") with respect to the MOU. The Company has not yet received a final official copy of the Decree and the following disclosure relates to a final draft of the Decree which the Company understands was passed. In the Decree, Parliament rejects the MOU and orders the Government to (among other things) continue negotiations with Centerra with a view to improving the Kyrgyz Republic's position and increasing its interest in the joint venture project to no less than 67%, to provide for the project to develop the Kumtor mine using underground mining methods, and to provide for the establishment and financing of a centre to monitor the preservation of glaciers. In the Decree, Parliament also recommends that the Kyrgyz Republic General Prosecutor's Office consider pursuing allegations that management of the former parent company of Centerra, Centerra, Kumtor Operating Company, and Kumtor Gold Company violated environmental regulations and committed "other offenses", and that precious metal reserves (silver, tellurium, and other associated components) at the Kumtor deposit were deliberately understated.

In the Decree, Parliament has requested that the Government and the General Prosecutor's Office report to Parliament on these matters by December 23, 2013. The Decree provides that if a mutually acceptable solution on the outstanding matters cannot be reached, the Government is ordered to initiate a process to cancel the Kumtor Project Agreements.

The Company disputes the allegations raised in the Decree and continues to believe that the Kumtor Project Agreements are legal, valid and enforceable obligations. The Kumtor Project Agreements were reviewed and approved by the Government and the Parliament, and were the subject of a positive decision by the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. Such agreements provide for all disputes relating to the Kumtor project to be resolved by international arbitration, if necessary.

Centerra further understands that the Government continues to support the MOU.

Centerra expects to continue its discussions with the Government regarding a potential restructuring transaction to resolve all outstanding concerns relating to the Kumtor Project, however it maintains that any agreement to resolve matters must be fair to all of Centerra's shareholders. Any definitive agreement for a potential restructuring remains subject to Centerra Special Committee and Board approval, as well as compliance with all applicable legal and regulatory requirements and approvals, including an independent formal valuation and minority shareholder approval. While Centerra expects to continue discussions, there can be no assurance that any transaction will be consummated or that Centerra will be able to successfully resolve any of the matters currently affecting the Kumtor Project. The inability to successfully resolve

matters, including obtaining all necessary approvals, and/or further actions of the Kyrgyz Republic Government and/or Parliament, could have a material adverse impact on Centerra's future cash flows, earnings, results of operations and financial conditions.

### Environmental Claims

As previously disclosed, on June 7, 2013 Kumtor Operating Company ("KOC") received four court claims filed by the State Inspectorate Office for Environmental and Technical Safety ("SIETS") with the Bishkek Inter-district court. The SIETS environmental claims sought to enforce the previously disclosed environmental claims issued by SIETS in December 2012, seeking compensation in the aggregate amount of \$152 million in relation to (i) placement of waste rock on glaciers; (ii) unpaid use of water from Petrov Lake; (iii) unaccounted industrial and household waste; and (iv) damages caused to land resources (top soil). KOC submitted materials requesting the court reject the claims based on the arbitration clause in the Amended and Restated Investment Agreement between (among others) the Kyrgyz Republic Government and KOC dated June 6, 2009, which requires all such disputes to be resolved through international arbitration. The Bishkek Inter-district court dismissed the claims for enforcement on the basis that the arbitration clause in the Restated Investment Agreement requires all such disputes to be resolved through international arbitration.

On June 20, 2013, SIETS appealed the decision of the Bishkek Inter-district court to the Bishkek City Court. On September 16 and 26 and October 2, 2013, the Bishkek City Court rejected the appeal on the waste rock claim and returned the SIETS appeal on the other three claims because the appeal documentation was improperly signed by representatives of SIETS, however it is possible that the decisions of the Bishkek City Court may be further appealed and/or restarted with proper documentation.

With respect to the claim commenced by the State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic ("SAEPF") for the aggregate amount of approximately \$315 million, KOC continues to be in discussions with SAEPF regarding the claim.

As previously disclosed, KOC believes the claims are exaggerated and without merit. The Kumtor Project has been the subject of systematic audits and investigations over the years by Kyrgyz and international experts, including by an independent internationally recognized expert who carried out a due diligence review of Kumtor's performance on safety, health and environmental matters at the request of Centerra's Safety, Health and Environmental Committee of the Board of Directors. The report of this expert released in October 2012 can be found on the Kumtor website at <http://www.kumtor.kg/en/> under the "Environment" section.

There can be no assurance that the Company will be able to successfully resolve any of these matters discussed above. The inability to successfully resolve matters could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions.

### Kumtor Waste Dump Movement

As previously disclosed in May 2013, the abnormal waste dump movement experienced at Kumtor has required Kumtor to develop and implement alternative waste rock dumps at the Kumtor mine and to revise its mine development plan. During the third quarter of 2013, Kumtor received final regulatory approval for a revised 2013 annual mining plan that, among other things, allows for the placement of waste rock in the Sarytor Valley, the Davidov Valley and the Lysi Valley. Kumtor is currently working in accordance with the revised plan. Movement of the Central Valley Waste Dump was forecasted in the 2012 Kumtor Technical Report. The Company continues to make progress in relocating and reconstructing certain infrastructure at Kumtor which was, or is currently, in the path of the Central Valley Waste Dump.

### Conclusion

There are several outstanding issues affecting the Kumtor Project, which require consultation and co-operation between the Company and Kyrgyz regulatory authorities. The Company has benefited from a close and constructive dialogue with Kyrgyz authorities during project operations and remains committed to working with them to resolve these issues in accordance with the Kumtor Project Agreements, which provide

for all disputes to be resolved by international arbitration, if necessary. However, there are no assurances that the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project. There are also no assurances that continued discussions between the Kyrgyz Government and Centerra will result in a mutually acceptable solution regarding the Kumtor project, that any agreed upon proposal for restructuring would receive the necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law, and that the Kyrgyz Republic Government and/or Parliament will not take actions that are inconsistent with the Government's obligations under the Kumtor Project Agreements, including adopting a law "denouncing" or purporting to cancel or invalidate the Kumtor Project Agreements or laws enacted in relation thereto. The inability to successfully resolve the current outstanding matters, including the outstanding environmental claims against Kumtor, could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions. See "Cautionary Note Regarding Forward-looking Information".

## **Mongolia**

### **Boroo Heap Leach**

As previously disclosed, the Company's Boroo project experienced a minor, non-reportable excursion of heap leach solution from its heap leach pad in June 2013. The Company undertook immediate remedial action, including the shutdown of heap leach cell number 4 (which was believed to be the cause of the excursion) to contain the excursion and notified all relevant authorities. On September 4, 2013, the Company was allowed to re-start cell number 4 of the heap leach after the completion of all regulatory investigations into this incident. No material impact to Centerra's financial results has resulted or are expected to result from this incident.

### **Gatsuurt**

Centerra continues to be in discussions with the Mongolian Government regarding the development of the Gatsuurt property. Centerra remains reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Mongolian Water and Forest Law having a limited impact on the Gatsuurt project, in particular, and other of the Company's Mongolian activities, including the ATO deposit. As previously disclosed, the Mongolian Water and Forest Law prohibits mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia.

Centerra understands that, in May 2013, the Mongolian Government added seven deposits, including Gatsuurt, to the list of "mineral deposits of strategic importance". Such a designation, which is subject to the approval of the Mongolian Parliament, would have the effect of excluding the Gatsuurt deposit from the application of the Water and Forest Law. Centerra expects that Parliament and/or any relevant committees of Parliament will consider this matter further in the fourth quarter of 2013. If the Mongolian Parliament ultimately approves this designation, it would allow the Government of Mongolia to acquire up to a 34% interest in Gatsuurt. The terms of any such participation would be subject to negotiations with the Mongolian Government.

There can be no assurance, however, that the Water and Forest Law will not have a material impact on Centerra's Mongolian operations. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated by the Parliament of Mongolia as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo (where Gatsuurt ore is planned to be milled).

## **Corporate**

### **Enforcement Notice by Sistem**

The claim commenced in March 2011 by a Turkish company, Sistem Muhendislik Insaat Sanayi Ticaret SA ("Sistem") which alleges that the shares in Centerra owned by Kyrgyzaltyn are, in fact, legally and beneficially owned by the Kyrgyz Republic continues to be subject to proceedings in the Ontario courts.

Centerra is not a party to the proceedings, but understands that the matter is being scheduled for consideration on its merits.

Pursuant to a Court Order issued by the Ontario Superior Court of Justice (as amended from time to time, and most recently amended on June 5, 2013) (the "Court Order"), Centerra is holding in trust (for the credit of the Sistem court proceedings) dividends otherwise payable to Kyrgyzaltyn. Effective as of June 6, 2013, when a dividend was paid by Centerra, the maximum amount to be held in trust, as set out in the Court Order (Cdn\$11.3 million), has been reached. As of September 30, 2013, Centerra holds in trust, for the benefit of the Sistem court proceeding, approximately Cdn\$11.4 million, which includes interest.

### **Background Description of Outstanding Kumtor Matters**

The disclosure below is a summary description of the outstanding matters affecting the Kumtor Project. For a more detailed description, see the Company's prior disclosure, in particular, its news release on 2013 first quarter results dated May 8, 2013 and its 2012 Annual Information Form. Both of these documents can be found on [www.sedar.com](http://www.sedar.com).

#### **Parliamentary Commission and Report**

On February 15, 2012, the Kyrgyz Parliament established an interim Parliamentary Commission to inspect and review: (i) Kumtor's compliance with Kyrgyz operational and environmental laws, as well as community standards, and (ii) state regulation over the Kumtor project's activities. The Parliamentary Commission issued its report (the "Parliamentary Report") on June 18, 2012 and made a number of assertions regarding the operation of the Kumtor project, including alleging non-compliance by the Kumtor project with Kyrgyz environmental laws, particularly at Kumtor's tailings facility, the Davidov glacier and the Sarychat-Ertash State Reserve which is in the vicinity of the Kumtor project. The Parliamentary Commission alleges that the violations have resulted in substantial monetary damages.

The Kyrgyz Parliament met in late June 2012 to consider the Parliamentary Report and adopted Resolution 2117-V that took note of the Parliamentary Report and declared the Kumtor Project Agreements to be contrary to the interests of the Kyrgyz Republic. Resolution 2117-V also called for the formation of a State Commission to "assess the environmental, industrial and social damage" caused by the Kumtor project and to initiate the renegotiation of the current Kumtor project agreements "in order to protect economic and environmental interests".

As contemplated in Resolution 2117-V, on July 5, 2012, the Kyrgyz Government cancelled Government Decree #168, which provided Kumtor with land use rights over the surface of the Kumtor concession area for the duration of the restated concession agreement effective June 6, 2009 (the Restated Concession Agreement). Based on advice from Kyrgyz legal counsel, the Company believes that the purported cancellation of land rights is in violation of the Kyrgyz Republic Land Code, because the Land Code provides that land rights can only be terminated by court decision and on the listed grounds set out in the Land Code. Kumtor has communicated this to the Kyrgyz Republic and requested the issuance of a new land use certificate in light of the rights and obligations under the restated investment agreement dated June 6, 2009 between Centerra and the Kyrgyz Republic (the Restated Investment Agreement). No response has been received from the Kyrgyz Government. Pursuant to the Restated Investment Agreement, the Kumtor project is guaranteed all necessary access to the Kumtor concession area, including all surface lands as are necessary or desirable for the operation of the Kumtor project. The Restated Investment Agreement also provides for the payment of quarterly land use and access fees.

In response to the Parliamentary Report's allegations of non-compliance with environmental laws, in August 2012, the Board of Directors of Centerra retained an independent internationally recognized consultant to carry out a due diligence review of Kumtor's performance on safety, health and environmental matters. The report issued in October 2012 concluded that "no major or materially significant environmental issues were identified". The report of this expert can be found on the Kumtor website at <http://www.kumtor.kg/en/> under the "Environment" section.

#### **State Commission and Report**

In response to Resolution 2117-V passed by the Parliament, the Kyrgyz Government established a state

commission (the "State Commission") for the purpose of reviewing the Parliamentary Report as well as inspecting and reviewing Kumtor's compliance with Kyrgyz operational and environmental laws and community standards. The State Commission was comprised of three working groups, responsible for (i) legal matters; (ii) social and economic matters; and (iii) environmental and technical matters. The State Commission released its report (the "State Commission Report") in late December 2012 following five months of study. The State Commission Report included a large number of allegations, including allegations that the Kumtor project was violating Kyrgyz legislation relating to environmental and subsoil legislation and caused environmental damage to water and land resources.

### Environmental Claims

In December 2012, KOC received four claims from the State Inspectorate Office for Environmental and Technical Safety ("SIETS") relating to alleged environmental damages at the Kumtor project. The claims are for an aggregate amount of approximately \$152 million and include:

- a claim for approximately \$142 million for alleged damages in relation to the placement on waste dumps of waste rock from mining operations (2000 to 2011),
- a claim for approximately \$4 million for use of water resources for the period of 2000 to 2011,
- a claim for approximately \$2.8 million for waste placed in the tailings management facility and for emissions for 2009-2011, which claim was subsequently withdrawn,
- a claim for approximately \$2.3 million for alleged damages caused to land resources at the time of initial construction of Kumtor.

In addition, KOC has also received a directive from SIETS requiring that actions be taken to correct various alleged environmental and technical violations discovered in its review.

On February 21, 2013, KOC announced the receipt of a claim from the State Agency for the Environmental Protection and Forestry for the amount of approximately \$315 million for alleged damage in relation to waste placed in the tailings management facility, waste rock dumps, and for the generation, management and treatment of other types of wastes. The claim covers the period from 1996 to 2011.

The Company notes that the Kumtor Project Agreements provide a complete listing of all taxes and payments to be made to the Kyrgyz Republic, including a fixed environmental charge. Accordingly, no other tax, duties, or other obligations are to be paid to the Kyrgyz Republic, however they may be characterized.

In addition, Centerra, the Kyrgyz Republic and others entered into a release agreement (the Release Agreement) dated June 6, 2009, whereby, subject to certain exceptions which we believe are not applicable in the circumstances, the Kyrgyz Republic released Centerra from any and all claims, and damages with respect of any matter (including any tax or fiscal matters) arising or existing prior to the date of the Release Agreement, whether such matters were known or unknown at such time, and the Kyrgyz Republic agreed not to commence any actions or assert any demands for such actions or demands so released.

### Kyrgyz Republic Advisory Committee and Requests to Negotiate

On February 21, 2013, the Kyrgyz Parliament adopted Resolution #2805 which among other things, recommended that the Government ensure the continuous operation of the Kumtor mine, and within three months of the date of the resolution, conduct negotiations with Centerra with a view to revising the Kumtor Project Agreements to return to conditions that existed prior to the restructuring of the project in 2003, but subject to the application of the current Kyrgyz legislation, and to enter into new project agreements. The resolution provided a deadline of June 1, 2013 for the Government to return to Parliament, which subsequently was extended to September 10, 2013 (as discussed above).

### The Draft Law on Denunciation

On April 9, 2013 an initiative group chaired by Mr. Beknazarov A.A. submitted a draft Law on Denunciation

for consideration by Parliament. The draft law "denounces" the Agreement on New Terms for the Kumtor Project ("ANT") entered on April 24, 2009, and recognizes as invalid all other agreements associated with the ANT (namely, the Kumtor Project Agreements), and calls for the Government to bring all of its decisions in accordance with the Law on Denunciation. To date, the Law on Denunciation has not been considered by Parliament. Based on Kyrgyz media reports, an opposition party in the Parliament, the Respublika faction, has endorsed the Law on Denunciation. The Law on Denunciation was referenced in Resolution #3169-V (discussed above).

The Company believes that the adoption of a law that denounces or purports to invalidate the Kumtor Project Agreements would be a breach of the Government's obligations under the Kumtor Project Agreements. The Company believes that the Kumtor Project Agreements are legal, valid and enforceable obligations. The agreements were reviewed and approved by the Government and the Parliament, and were the subject of a positive decision by the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. Furthermore, under the Kumtor Project Agreements, the Government agreed to use its best efforts to reverse or annul any actions of public officials (including state agencies) which conflict with the rights and benefits granted to Kumtor under the Kumtor Projects Agreements.

There can be no assurance that the Company will be able to successfully resolve any of these matters discussed above. The inability to successfully resolve matters could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions.

For a full discussion of risk factors that could have a material effect on the profitability, future cash flow, earnings, results of operations, stated mineral reserves or financial conditions of the Company, please see "Risks that can affect our business" in the 2012 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com) and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

### **Outlook for 2013**

Due to the current lower gold price environment the Company has reviewed its spending plans for 2013 and reduced planned expenditures at its operations and corporate office.

### **Production**

Centerra's 2013 consolidated gold production has been revised to a range between 635,000 to 685,000 ounces, which is higher than the previous guidance of 615,000 to 675,000 ounces reflecting the higher gold production expected to be achieved at the Boroo mine.

In 2013, between 50% to 58% of Kumtor's gold production is expected to occur in the fourth quarter creating a potential variability to Kumtor's 2013 production guidance. Centerra estimates that the Kumtor mine will produce between 550,000 and 600,000 ounces in 2013, which is unchanged from the previous guidance. Ore production in the fourth quarter is planned to come from the high-grade SB Zone ore that has several years of production history. The high-grade ore exposed by the cut-back 15 in the SB Zone was accessed as planned at the end of the third quarter of 2013. Mining at Kumtor is currently estimated to be on track to meet the 2013 production guidance.

At the Boroo mine, gold production is forecast to increase to approximately 85,000 ounces from the previous guidance of 65,000 to 75,000 ounces. The new production guidance reflects increased production achieved at the Boroo mine in the first nine months of the current year in both the mill and heap leach operations. The forecasted annual production at Boroo includes approximately 40,000 ounces from heap leaching and 45,000 ounces from the mill. The Boroo mill is expected to process ore stockpiles during the last quarter of the year with an average grade of 0.70 g/t. The 2013 forecast assumes no mining activities at Boroo or Gatsuurt, and no gold production from Gatsuurt.

### **Unit Cash Costs:**

Centerra's 2013 operating cash costs<sup>1</sup> and all-in cash costs per ounce produced<sup>1</sup> measures have been

revised from the previous guidance disclosed in the Company's news release of July 31, 2013. The revisions to the forecast are explained in more detail below.

The new ranges for all-in costs on a pre-tax<sup>1</sup> basis are as follows:

	2013 Production Forecast (ounces of gold)	2013 Operating Cash Costs <sup>1</sup> (\$ per ounce produced)	2013 All-in Cash Costs (pre-tax) <sup>1</sup> (\$ per ounce produced)
Kumtor	550,000 - 600,000	\$ 330 - 360	\$ 820 - 895
Boroo	approximately 85,000	approximately \$680	approximately \$775
Consolidated	635,000 - 685,000	\$ 375 - 400	\$ 930 - 1,000

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

Centerra's 2013 unit cash costs have been revised from the previous guidance disclosed in the Company's news release of July 31, 2013, reflecting reductions in certain spending activities and increased production forecasted at Boroo. The revised estimates for revenue-based tax at Kumtor and current income tax at Boroo reflect a lower gold price assumption of \$1,250 forecasted for the last quarter of 2013, which is unchanged from previous guidance. Based on this revised estimate, the Company is forecasting operating cash costs per ounce produced<sup>1</sup> and all-in production costs per ounce produced<sup>1</sup> as follows:

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

All-in Cash Costs <sup>1</sup>	Kumtor (\$ per ounce produced)	Boroo (\$ per ounce produced)	Consolidated (\$ per ounce produced)
Operating cash costs	\$ 330 - 360	\$ 680	\$ 375 - 400
Capitalized stripping costs - cash	340 - 370	-	295 - 320
Operating cash and stripping costs	\$ 670 - 730	\$ 680	\$ 670 - 720
Sustaining capital (cash)	115 - 125	95	110 - 120
Growth capital (cash)	35 - 40	-	35 - 40
Operating cash costs including capital	\$ 820 - 895	\$ 775	\$ 815 - 880
Corporate and other cash costs <sup>2</sup>	-	-	115 - 120
All-in cash costs (pre-tax) <sup>1</sup>	\$ 820 - 895	\$ 775	\$ 930 - 1,000
Revenue-based tax and income tax <sup>3</sup>	\$ 190 - 205	\$ 150	\$ 185 - 195
All-in cash costs (including taxes) <sup>1, 3</sup>	\$ 1,010 - 1,100	\$ 925	\$ 1,115 - 1,195

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

(2) Corporate and other cash costs per ounce produced include corporate general and administrative expenses, global exploration expenses, and community investments which are only reflected in the all-in cash cost amounts reported at the consolidated level.

(3) Revenue-based tax and income tax reflect actual amounts for the first nine months of 2013 and a forecasted gold price assumption from \$1,250 per ounce sold for the last three months of 2013.

## 2013 Exploration Expenditures:

Forecasted exploration expenditures for 2013 total approximately \$30 million, which is \$2 million lower from the previous guidance of July 31, 2013. Exploration expenditures at Kumtor are now estimated at \$6.0 million, \$0.5 million lower from the previous guidance as a result of the cessation of exploration drilling starting in the third quarter 2013.

In Mongolia, \$6.5 million is forecasted for exploration programs in the greater ATO district.

Exploration spending in Turkey will be approximately \$9 million as work focuses on expanding and upgrading the Öksüt gold deposit resource, advancing ongoing metallurgical test work and initiating detailed environmental and technical project studies. Funds are also allocated to a number of early-stage exploration projects in Turkey and Cyprus.

In Russia, expenditures are expected to total approximately \$6.0 million in 2013.

A China 2013 exploration program of \$2 million will fund the drilling of targets developed on the Laogouxu Joint Venture project and generative exploration programs in several prospective areas. Generative programs will also continue in Russia and Turkey and in several new regions to increase the Company's

pipeline of projects.

## 2013 Capital Expenditures

Centerra's projected capital expenditures for 2013, excluding capitalized stripping, have been revised to \$101 million from the previous guidance of \$107 million, including \$77 million of sustaining capital<sup>1</sup> and \$24 million of growth capital<sup>1</sup>. The distribution of the capital between the projects has been updated as described below.

Projected capital expenditures (excluding capitalized stripping) include:

Projects	2013 Growth Capital <sup>1</sup> (millions of dollars)	2013 Sustaining Capital <sup>1</sup> (millions of dollars)
Kumtor mine	\$ 22	\$ 68
Mongolia	2	9
Consolidated Total	\$ 24	\$ 77

### ***Kumtor***

At Kumtor, 2013 total capital expenditures, excluding capitalized stripping, are forecast to be \$90 million (\$97 million in the previous guidance) including \$68 million of sustaining capital<sup>1</sup> (\$67 million in the previous guidance). The largest sustaining capital<sup>1</sup> spending will be the major overhaul maintenance of the heavy duty mine equipment (\$27 million), purchase of new mining equipment (\$23 million), tailings dam construction raise (\$5 million) and other items (\$13 million).

Growth capital<sup>1</sup> investment at Kumtor for 2013 is forecast at \$22 million (\$30 million in the previous guidance), which includes the relocation of certain infrastructure at Kumtor related to the KS-13 life-of-mine expansion plan amounting to \$17 million (\$26 million in previous guidance) and other items amounting to \$5 million (\$4 million in the previous guidance). The relocation of the Kumtor mine camp, fuel farm and other infrastructure has been deferred to 2014 and, therefore, the capital cost of \$9 million estimated to be spent in 2013 in the previous guidance has been deferred to 2014.

The cash component of capitalized stripping costs related to the development of the open pit is expected to be \$203 million in 2013 (\$196 million in the previous guidance).

### ***Mongolia (Boroo and Gatsuurt)***

At Boroo, 2013 sustaining capital<sup>1</sup> expenditures are expected to be \$9 million (\$8 million in the previous guidance) primarily for raising the tailings dam at Boroo amounting to \$6 million (\$5 million in the previous guidance) and for maintenance rebuilds and overhauls.

Growth capital<sup>1</sup> for the Gatsuurt deposit is forecast at \$2 million (unchanged from the previous guidance) with \$1 million related to environmental studies and \$1 million for additional technical and legal work related to the project.

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

## 2013 Corporate Administration and Community Investment

Corporate and administration expense forecast for 2013 has been revised to \$32 million from the previous guidance of \$35 million, which includes \$31 million forecasted for the corporate and administration costs, and \$1 million for the business development activities (\$2 million in the previous guidance).

Total planned community investments for 2013 are unchanged from the previous guidance of \$11.5 million, which includes \$6.5 million for donations, and sustainable development projects in the various communities

in which Centerra operates and \$5 million for strategic community investment projects. Note that these costs are not included in operating cash costs<sup>1</sup> but have been reflected in all-in cash costs<sup>1</sup>.

## Taxes

Pursuant to the Restated Investment Agreement, Kumtor's operations are not subject to corporate income taxes. The agreement replaced the prior tax regime applicable to the Kumtor Project with a simplified tax regime effective January 1, 2008. This simplified regime, which assesses tax at 13% on gross revenue (plus 1% for the Issyk-Kul Oblast Development Fund) effective January 2009, was approved and enacted by the Parliament of the Kyrgyz Republic on April 30, 2009.

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold Company, is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$1.8 million at the September 30, 2013 foreign exchange rate) with a tax rate of 10% for taxable income up to that amount. Following the expiration of the Boroo Stability Agreement in July 2013, Boroo Gold Company's corporate income tax rate was unchanged, however the royalty paid to the government increased from 5% to a rate varying between 5% and 10% based on the price of gold, to a maximum of 10% for gold prices at or above \$1,300 an ounce.

Production, cost and capital forecasts for 2013 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" and under the heading "Risk Factors" in the Company's 2012 Annual Information Form.

## Sensitivities:

Centerra's revenues, earnings and cash flows for the fourth quarter of 2013 are sensitive to changes in certain variables and the Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures".

	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flow	Earnings before income tax
Gold Price	\$ 50/oz	2.6	17.7	15.1	15.1
Diesel Fuel <sup>(1)</sup>	10 %	2.7	-	2.7	2.7
Kyrgyz som <sup>(2)</sup>	1 som	0.5	-	0.5	0.5
Mongolian tugrik <sup>(2)</sup>	25 tugrik	0.1	-	0.1	0.1
Canadian dollar <sup>(2)</sup>	10 cents	0.6	-	0.6	0.6

(1) a 10% change in diesel fuel price equals \$8/oz produced

(2) appreciation of currency will result in higher costs and lower cash flow and earnings, depreciation of currency results in decreased costs and increased cash flow and earnings

## Material Assumptions & Risks:

Material assumptions or factors used to forecast production and costs for the fourth quarter of 2013 include the following:

- a gold price of \$1,250 per ounce,
- exchange rates:
  - \$1USD:\$1.05 CAD
  - \$1USD:48.5 Kyrgyz som
  - \$1USD:1,650 Mongolian tugriks
  - \$1USD:0.78 Euro
- diesel fuel price assumption:
  - \$0.75/litre at Kumtor
  - \$1.30/litre at Boroo

The Company cannot give any assurances in this regard.

The assumed diesel price of \$0.75/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately \$108 per barrel.

Other material assumptions were used in forecasting production and costs for the fourth quarter of 2013. The Company cannot give any assurances in this regard. These material assumptions include the following:

- that discussions between the Kyrgyz Republic Government and Centerra will result in a mutually satisfactory solution to the outstanding matters affecting the Kumtor project, and which is fair to all of Centerra's shareholders, and that such proposal will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.
- 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.
- the activities of the Parliament and Government, referred to under the heading "Other Corporate Developments - Kyrgyz Republic" do not have a material impact on operations or financial results.
- the previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of \$467 million and any further claims referred to under the heading "Other Corporate Developments - Kyrgyz Republic - Environmental Claims", are resolved without material impact on Centerra's operations or financial results.
- the movement in the Central Valley Waste Dump at Kumtor, referred to under the heading "Other Corporate Developments - Kyrgyz Republic - Kumtor Waste Dump Movement", will be managed to ensure continued safe operations, without impact to gold production, including the successful demolition of buildings and relocation of certain other infrastructure as planned.
- grades and recoveries at Kumtor will remain consistent with the annual and life-of-mine plans to achieve the forecast gold production.
- the Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- the timing of the infrastructure move at Kumtor not impacting the maintenance of the mobile fleet and its availability.
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the Kumtor pit.
- the Kumtor ball mill and the rotated ring gear or replacement ring gear continue to operate as expected.
- prices of key consumables are not significantly higher than prices assumed in planning,
- precious metal prices and costs remain stable and do not result in an impairment to the Company's asset valuations.
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks, and
- all necessary permits, licenses and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company's business, prospects, financial condition and results of operations and cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, results of operations or cash flows and the market price of Centerra's shares. See the section entitled "Cautionary Note Regarding Forward-Looking Information" in this news release and also the Risk Factors listed in the Company's 2012 Annual Information Form, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Non-GAAP Measures**

This news release contains the following non-GAAP financial measures: average realized gold price; costs of sales per ounce sold; operating costs; operating cash costs and operating cash costs per ounce produced; sustaining capital; growth capital; all-in costs; all-in cash costs (pre-tax) and all-in cash costs (pre-tax) per ounce produced; and all-in cash costs including taxes and all-in cash costs including taxes per ounce produced.

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.

These measures have been included because certain investors use this information to assess performance and also to determine the ability of Centerra to generate cash flow for use in investing and other activities. In particular, the inclusion of operating cash cost per ounce produced, all-in cash costs per ounce produced and cost of sales per ounce sold may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

### **All-In Cash Costs**

The Company believes an all-in cash cost measure more fully reflects the actual cash cost of producing gold than the former Gold Institute total cash cost measure. The new measure does have limitations as an analytical tool as it may be distorted in periods where significant capital investments are being made to expand for future growth or where significant cash mining costs are being expended on stripping to benefit future periods. This new measure should therefore not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

Management uses all-in cash cost per ounce produced to evaluate current operating performance and for planning and forecasting of future periods. Management believes that the presentation of this new measure is useful for the investor because it allows investors to view results in a manner similar to the method used by management.

### **Definitions**

The following is a description of the Non-GAAP measures used in this news release and its reconciliation to the most directly comparable measure calculated in accordance with GAAP and presented in the Company's financial statements:

- Operating cash costs include mine operating costs such as mining, processing, administration, 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. Certain amounts of stock-based compensation have been excluded as well. All-in cash costs includes operating cash costs, plus capitalized stripping and total sustaining and growth capital spent and accrued.
- Operating costs include operating cash costs plus DD&A.
- Operating cash costs per ounce produced is calculated by dividing operating cash costs by the ounces produced.
- All-in cash costs per ounce produced includes operating cash costs, capitalized stripping, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses and community investments. The measure is presented including and excluding revenue-based taxes at Kumtor and income taxes at Boroo.
- Cost of sales per ounce sold is calculated by dividing cost of sales by the number of ounces of gold sold for the relevant period.
- Sustaining capital 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.
- Growth capital is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- Average realized gold price is calculated by dividing revenue derived from gold sales by the number of ounces sold.

### **Industry measure**

The World Gold Council released on June 27, 2013 guidance regarding the non-GAAP measures "All-In Sustaining Costs" and "All-In Costs". The Company is reviewing the recommended measures and assessing their impact. The Company may modify the calculation of its "all-in cash cost" measure to conform to the industry's standard following its review.

### Operating Cash Cost per Ounce Produced can be reconciled as follows:

<i>(Unaudited)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
(\$ millions, unless otherwise specified)	2013	2012	2013	2012
	(restated) <sup>(1)</sup>		(restated) <sup>(1)</sup>	
<b>Centerra:</b>				
Cost of sales, as reported	\$ 111.7	\$ 53.9	\$ 287.5	\$ 215.4
Less: Non-cash component	44.9	12.5	120.4	46.1
Cost of sales, cash component	\$ 66.8	\$ 41.4	\$ 167.1	\$ 169.3
Adjust for: Refining fees and by-product credits	(0.1 )	(0.1 )	(0.5 )	(0.5 )
Regional office administration	6.1	5.2	17.6	15.4
Mining Standby Costs	-	-	-	4.6
Non-operating costs	-	-	-	-
Inventory movement	6.8	0.3	7.0	(48.8 )
Operating cash cost	\$ 79.6	\$ 46.8	\$ 191.2	\$ 140.0
Ounces poured (000)	113.8	42.7	328.5	167.8
Operating cash cost per ounce produced	\$ 699	\$ 1,093	\$ 582	\$ 835
<b>Kumtor:</b>				
Cost of sales, as reported	\$ 86.0	\$ 38.0	\$ 217.9	\$ 166.9
Less: Non-cash component	37.7	7.6	97.0	36.1
Cost of sales, cash component	\$ 48.3	\$ 30.4	\$ 120.9	\$ 130.8
Adjust for: Refining fees and by-product credits	(0.1 )	(0.1 )	(0.3 )	(0.4 )
Regional office administration	4.8	3.9	13.3	11.4
Mining Standby Costs	-	-	-	4.6
Non-operating costs	-	-	-	-
Inventory movement	11.1	(2.3 )	14.7	(42.3 )
Operating cash cost	\$ 64.1	\$ 31.9	\$ 148.6	\$ 104.1
Ounces poured (000)	90.3	23.8	252.3	125.8
Operating cash cost per ounce produced	\$ 709	\$ 1,338	\$ 589	\$ 828
<b>Boroo:</b>				
Cost of sales, as reported	\$ 25.7	\$ 15.9	\$ 69.5	\$ 48.5
Less: Non-cash component	7.2	4.9	23.4	10.0
Cost of sales, cash component	\$ 18.5	\$ 11.0	\$ 46.2	\$ 38.5
Adjust for: Refining fees and by-product credits	(0.1 )	-	(0.1 )	(0.1 )
Regional office administration	1.3	1.3	4.3	4.0
Mining Standby Costs	-	-	-	-
Non-operating costs	-	-	-	-
Inventory movement	(4.2 )	2.6	(7.7 )	(6.5 )
Operating cash cost	\$ 15.5	\$ 14.9	\$ 42.6	\$ 35.9
Ounces poured (000)	23.6	18.9	76.2	42.0
Operating cash cost per ounce produced	\$ 659	\$ 787	\$ 559	\$ 855

<sup>(1)</sup> restated as a result of the adoption of IFRIC 20

Total capital and capitalized stripping presented in the All-In Cash Cost calculation can be reconciled as follows:

Third Quarter	Kumtor	Boroo	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>				
2013				
Capitalized stripping - cash	\$ 40.7	\$ -	\$ -	\$ 40.7
Sustaining capital - cash	13.3	2.5	-	15.8
Growth capital - cash	7.9	-	0.2	8.1
Net decrease in accruals included in additions to PP&E	(1.8 )	-	-	(1.8 )
Total - Additions to PP&E <sup>(1)</sup>	\$ 60.1	\$ 2.5	\$ 0.2	\$ 62.8 <sup>(1)</sup>
2012				

Capitalized stripping - cash	\$ 47.5	\$ -	\$ -	\$ 47.5
Sustaining capital - cash	13.6	0.5	0.1	14.2
Growth capital - cash	15.8	-	0.1	15.9
Net increase in accruals included in additions to PP&E	4.4	-	-	4.4
<b>Total - Additions to PP&amp;E<sup>(1)</sup></b>	<b>\$ 81.3</b>	<b>\$ 0.5</b>	<b>\$ 0.2</b>	<b>\$ 82.0<sup>(1)</sup></b>
First Nine Months	Kumtor	Boroo	All other	Consolidated
(\$ millions) (Unaudited)				
2013				
Capitalized stripping - cash	\$ 150.7	\$ -	\$ -	\$ 150.7
Sustaining capital - cash	40.1	7.1	0.4	47.6
Growth capital - cash	33.4	-	0.5	33.9
Net decrease in accruals included in additions to PP&E	(9.5)	-	-	(9.5)
<b>Total - Additions to PP&amp;E<sup>(1)</sup></b>	<b>\$ 214.7</b>	<b>\$ 7.1</b>	<b>\$ 0.9</b>	<b>\$ 222.7<sup>(1)</sup></b>
2012				
Capitalized stripping - cash	\$ 141.0	\$ 6.3	\$ -	\$ 147.3
Sustaining capital - cash	30.3	1.7	0.4	32.4
Growth capital - cash	139.8	-	0.3	140.1
Net increase in accruals included in additions to PP&E	5.0	-	-	5.0
<b>Total - Additions to PP&amp;E<sup>1</sup></b>	<b>\$ 316.1</b>	<b>\$ 8.0</b>	<b>\$ 0.7</b>	<b>\$ 324.8<sup>(1)</sup></b>

<sup>1</sup> As reported in the Company's Consolidated Statement of Cash Flows as "Investing Activities &#8211; Additions to property, plant & equipment".

Corporate and other cash costs presented in the All-In Cash Costs calculation can be reconciled as follows:

Unaudited (\$ millions)	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Other operating expenses	\$ 2.3	\$ 5.1	\$ 6.4	\$ 29.5
Exploration and business development	7.3	9.5	20.8	27.0
Corporate administration	8.6	7.8	22.5	18.3
Non-cash items - depreciation	(0.1)	(0.9)	(0.3)	(1.0)
<b>Total Corporate and other cash costs<sup>(1)</sup></b>	<b>\$ 18.1</b>	<b>\$ 21.5</b>	<b>\$ 49.4</b>	<b>\$ 73.8</b>

(1) As reported on the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss) for the reported periods.

Centerra Gold Inc.

Condensed Consolidated Statements of Financial Position  
(Unaudited)

	September 30, 2013	December 31, 2012
(Expressed in Thousands of United States Dollars)		(Restated)
Assets		
Current assets		
Cash and cash equivalents	\$ 198,987	\$ 334,115
Short-term investments	37,792	47,984
Amounts receivable	65,167	75,338
Inventories	300,575	292,565
Prepaid expenses	54,207	49,317
	656,728	799,319
Property, plant and equipment	745,611	625,923
Goodwill	129,705	129,705
Restricted cash	11,030	6,087
Other assets	21,941	23,270
Long-term inventories	6,642	10,094
	914,929	795,079
<b>Total assets</b>	<b>\$ 1,571,657</b>	<b>\$ 1,594,398</b>
Liabilities and Shareholders' Equity		

Current liabilities			
Accounts payable and accrued liabilities	\$	34,560	\$ 63,940
Short-term debt		75,435	74,617
Revenue-based taxes payable		12,990	18,643
Taxes payable		5,279	5,180
Current portion of provision for reclamation		5,788	5,257
		<u>134,052</u>	<u>167,637</u>
Dividend payable		10,960	5,949
Provision for reclamation		49,337	49,911
Deferred income tax liability		1,175	1,808
		<u>61,472</u>	<u>57,668</u>
Shareholders' equity			
Share capital		660,469	660,420
Contributed surplus		19,499	36,243
Retained earnings		696,165	672,430
		<u>1,376,133</u>	<u>1,369,093</u>
Total liabilities and shareholders' equity	\$	<u>1,571,657</u>	\$ <u>1,594,398</u>

## Centerra Gold Inc.

## Condensed Consolidated Statements of Earnings (loss) and Comprehensive Income (loss)

(Unaudited)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
(Expressed in Thousands of United States Dollars)		(Restated)		(Restated)
(except per share amounts)				
Revenue from Gold Sales	\$ 154,975	\$ 68,786	\$ 475,455	\$ 292,276
Cost of sales	111,681	53,924	287,456	215,421
Abnormal mining costs	-	11,392	-	15,914
Mine standby costs	-	-	-	4,585
Regional office administration	6,108	5,276	17,598	15,402
Earnings (loss) from mine operations	37,186	(1,806)	170,401	40,954
Revenue-based taxes	16,352	6,153	50,680	30,199
Other operating expenses	2,279	5,158	6,375	29,487
Exploration and business development	7,354	9,465	20,783	26,981
Corporate administration	8,590	7,787	22,536	18,252
Earnings (loss) from operations	2,611	(30,369)	70,027	(63,965)
Other (income) expenses, net	(1,071)	(107)	3,050	(77)
Finance costs	1,244	1,056	3,745	2,716
Earnings (loss) before income taxes	2,438	(31,318)	63,232	(66,604)
Income tax expense	4,219	2,343	12,109	6,445
Net Earnings (loss) and comprehensive income (loss)	\$ (1,781)	\$ (33,661)	\$ 51,123	\$ (73,049)
Basic earnings (loss) per common share	\$ (0.01)	\$ (0.14)	\$ 0.22	\$ (0.31)
Diluted earnings (loss) per common share	\$ (0.01)	\$ (0.14)	\$ 0.21	\$ (0.31)

## Centerra Gold Inc.

## Condensed Consolidated Statements of Cash Flows

(Unaudited)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
(Expressed in Thousands of United States Dollars)		(Restated)		(Restated)
Operating activities				
Net earnings (loss)	\$ (1,781)	\$ (33,661)	\$ 51,123	\$ (73,049)
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	44,988	13,111	120,602	50,349
Finance costs	1,244	1,056	3,745	2,716
Loss on disposal of equipment	109	61	2,261	471
Share-based compensation expense	679	478	2,242	1,631
Change in long-term inventory	(980)	1,641	3,452	1,641
Change in provision	(78)	(213)	(227)	737
Income tax expense	4,219	2,343	12,109	6,445

Other operating items	(385 )	60	(557 )	(543 )
	48,015	(15,124 )	194,750	(9,602 )
Change in operating working capital	(55,354 )	(8,763 )	(61,849 )	5,929
Prepaid revenue-based taxes utilized (paid)	77	-	3,922	(30,155 )
Income taxes paid	(1,217 )	(1,545 )	(12,456 )	(1,886 )
Cash provided by (used in) operations	(8,479 )	(25,432 )	124,367	(35,714 )
Investing activities				
Additions to property, plant and equipment	(62,807 )	(77,999 )	(222,726 )	(320,815 )
Net (purchase) redemption of short-term investments	(29,795 )	28,234	10,192	370,668
Purchase of interest in Öksüt Gold Project- net of cash acquired	-	-	(19,742 )	-
Increase in restricted cash	(103 )	(2,633 )	(4,943 )	(2,812 )
Decrease (Increase) in long-term other assets	1,664	(314 )	1,330	(7,822 )
Proceeds from disposition of equipment	154	-	181	47
Cash (used in) provided by investing	(90,887 )	(52,712 )	(235,708 )	39,266
Financing activities				
Dividends paid	(9,283 )	(6,429 )	(22,379 )	(15,667 )
Payment of interest and other borrowing costs	-	(451 )	(1,408 )	(1,185 )
Proceeds from short term debt	-	76,000	-	76,000
Proceeds from common shares issued for cash	-	21	-	169
Cash (used in) provided by financing	(9,283 )	69,141	(23,787 )	59,317
(Decrease) increase in cash during the period	(108,649 )	(9,003 )	(135,128 )	62,869
Cash and cash equivalents at beginning of the period	307,636	267,411	334,115	195,539
Cash and cash equivalents at end of the period	\$ 198,987	\$ 258,408	\$ 198,987	\$ 258,408

Cash and cash equivalents consist of:

Cash	\$ 70,501	\$ 59,750	\$ 70,501	\$ 59,750
Cash equivalents	128,486	198,658	128,486	198,658
	\$ 198,987	\$ 258,408	\$ 198,987	\$ 258,408

Centerra Gold Inc.

Condensed Consolidated Statements of Shareholders' Equity  
(Unaudited)

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

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2012 (restated)	236,339,041	\$ 660,117	\$ 33,994	\$ 844,348	\$ 1,538,459
Share-based compensation expense	-	-	1,631	-	1,631
Shares issued on exercise of stock options	30,752	235	(87 )	-	148
Shares issued on redemption of restricted share units	6,218	68	-	-	68
Dividend declared	-	-	-	(18,650 )	(18,650 )
Net loss for the period	-	-	-	(73,049 )	(73,049 )
Balance at September 30, 2012 (restated)	236,376,011	\$ 660,420	\$ 35,538	\$ 752,649	\$ 1,448,607
Balance at January 1, 2013 (restated)	236,376,011	\$ 660,420	\$ 36,243	\$ 672,430	\$ 1,369,093
Share-based compensation expense	-	-	2,242	-	2,242
Adjustment for acquisition of 30% non-controlling interest (note 3)	-	-	(18,986 )	-	(18,986 )
Shares issued on redemption of restricted share units	11,849	49	-	-	49
Dividend declared	-	-	-	(27,390 )	(27,390 )
Net earnings for the period	-	-	-	51,123	51,123
Balance at September 30, 2013	236,387,860	\$ 660,469	\$ 19,499	\$ 696,163	\$ 1,376,131

## Cautionary Note Regarding Forward-looking Information

Information contained in this news release which are not statements of historical facts, and the documents incorporated by reference herein, may be "forward-looking information" for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, the successful resolution of outstanding matters in the Kyrgyz Republic (discussed under the heading "Other Corporate Development - Kyrgyz Republic") to the benefit of all shareholders including matters relating to the State Commission report, government resolutions and decrees, discussions with the Kyrgyz Government on the Kumtor Project Agreements and a possible restructuring of the Kumtor project into a joint venture, the resolution of environmental claims received by Kumtor in December 2012 and February 2013 for the aggregate amount of \$467 million, and the draft Kyrgyz law on denunciation having no material impact on Kumtor operations, the Company's ability to successfully demolish certain buildings and relocate other infrastructure at Kumtor and to maintain the availability of the Kumtor mobile fleet, the Company's ability to manage the movement of the Central Valley Waste Dump, the Company's ability to access and mine the high-grade ore in the SB Zone at Kumtor, statements regarding guidance under the heading "Outlook for 2013" relating to, among other things, the continued operation of Kumtor ball mill with the current rotated ring gear and/or spare ring gear, the Company's future production for the fourth quarter of 2013, including estimates of cash operating costs and all-in unit cash costs, exploration plans and expenditures and the success thereof, capital expenditures, mining plans at Kumtor, statements regarding having sufficient cash and investments to carry out the Company's business plans for 2013, the outcome of discussions with the Mongolian government on the potential development of the Company's Gatsuurt deposit and the strategic designation status of the Gatsuurt deposit, future planned exploration expenditures; the Company's business and political environment and business prospects; and the timing and development of new deposits.

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) political and regulatory risks, including the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia, resource nationalism, the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates, the impact of any actions taken by the Government and Parliament relating to the Kumtor Project Agreement and any proposals to restructure the Kumtor project into a joint venture, the impact of any actions taken by the Kyrgyz authorities relating to allegations of environmental violations and other offences and the deliberate understatement of the reserves by management, any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project, the effect of the Water and Forest Law on the Company's operations in Mongolia, the effect of the 2006 Mongolian Minerals Law on the Company's Mongolian operations, the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalties payable in connection with the Company's Mongolian operations, the impact of continued scrutiny from Mongolian regulatory authorities on the Company's Boroo project, the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations, the Company's ability to successfully negotiate an investment agreement for the Gatsuurt project to complete the development of the mine and the Company's ability to obtain all necessary permits and commissions needed to commence mining activity at the Gatsuurt project; (B) risks related to operational matters and geotechnical issues, including the movement of the Central Valley Waste Dump, the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage such matters, the occurrence of further ground movements at the Kumtor Project, the timing of the infrastructure move potentially impacting the maintenance of the mobile fleet and its availability, the ability of the Company to access and mine the high-grade ore in the SB Zone, the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities, the adequacy of the Company's insurance to mitigate operational risks, mechanical breakdowns, the Company's ability to obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height, the Company's ability to replace its mineral reserves, the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required, seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia, long lead times required for equipment and supplies given the remote location of the Company's 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, risks associated with the conduct of joint ventures, and the possibility of failure of the ring gear and spare ring gear at the Kumtor ball mill;

(C) risks relating to financial matters including the sensitivity of the Company's business to the volatility of gold prices, the impact of declining gold prices and rising costs on the Company's asset valuation leading to potential impairment, 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 revolving credit facility which may, among other things, restrict the Company from pursuing certain business activities, 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 (D) risks related to environmental and safety matters, including the ability to continue obtaining necessary operating and environmental permits, licenses and approvals, the impact of the significant environmental claims made in December 2012 and February 2013 relating to the Kumtor Project, inherent risks associated with using sodium cyanide in the mining operations; legal and other factors such as litigation, defects in title in connection with the Company's properties, the Company's ability to enforce its legal rights, risks associated with having a significant shareholder, and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risks that can affect our business" in the Company's 2012 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

Furthermore, market price fluctuations in gold, 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, 2013. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

## **About Centerra**

[Centerra Gold Inc.](http://www.centerragold.com) is a gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. Centerra is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

## **Conference Call**

Centerra invites you to join its 2013 third quarter conference call on Thursday, October 31, 2013 at 11:00am

Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 272-5460 or International participants dial +1 (416) 981-9095. Alternatively, an audio feed of the conference call is being webcast by Thomson Reuters and can be accessed live on the Company's website at: [www.centerragold.com](http://www.centerragold.com). An audio recording of the call will be available on Centerra's website [www.centerragold.com](http://www.centerragold.com) shortly after the call and via telephone until midnight on Thursday November 7, 2013 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21673422.

**Additional information on Centerra is available on the Company's web site at [www.centerragold.com](http://www.centerragold.com) and at SEDAR at [www.sedar.com](http://www.sedar.com).**

**To view Management's Discussion and Analysis and the Financial Statements and Notes for the six and nine month periods ended September 30, 2013, please visit the following link:**

<http://media3.marketwire.com/docs/CG2013-Q3MDA.pdf>

## Contact

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