

# Kinross Gold Corporation reports 2017 second-quarter results

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## **Company remains on track to meet annual production and cost guidance; Strengthened balance sheet, with liquidity position of approximately \$2.5 billion**

TORONTO, August 02, 2017 - [Kinross Gold Corporation](#) (TSX: K) (NYSE: KGC) today announced its results for the second-quarter ended June 30, 2017.

(This news release contains forward-looking information about expected future events and financial and operating performance of the Company. We refer to the risks and assumptions set out in our Cautionary Statement on Forward-Looking Information located on page 19 of this release. All dollar amounts are expressed in U.S. dollars, unless otherwise noted.)

### **2017 second-quarter highlights:**

- Production<sup>1</sup>: 694,874 gold equivalent ounces (Au eq. oz.), compared with 671,267 Au eq. oz. in Q2 2016.
- Revenue: \$868.6 million, compared with \$876.4 million in Q2 2016.
- Production cost of sales<sup>2</sup>: \$660 per Au eq. oz., compared with \$731 in Q2 2016.
- All-in sustaining cost<sup>2</sup>: \$910 per Au eq. oz. sold, compared with \$988 in Q2 2016. All-in sustaining cost per gold ounce (Au oz.) sold on a by-product basis was \$901 in Q2 2017, compared with \$976 in Q2 2016.
- Operating cash flow: \$179.7 million, compared with \$315.9 million in Q2 2016.
- Adjusted operating cash flow<sup>2</sup>: \$230.8 million for Q2 2017, an increase of 23% compared with \$187.2 million for Q2 2016.
- Adjusted net earnings (loss)<sup>2,3</sup>: \$54.9 million, or \$0.04 per share, compared with adjusted net loss of \$9.8 million, or \$0.01 per share, in Q2 2016.
- Reported net earnings (loss)<sup>3</sup>: Net earnings increased to \$33.1 million, or \$0.03 per share, compared with a net loss of \$25.0 million, or \$0.02 per share, in Q2 2016, mainly due to a decrease in production cost of sales.
- Organic development projects:
  - The Tasiast Phase One expansion continues to advance on time and on budget and is expected to reach full commercial production in Q2 2018. Plant construction is now 55% complete.
  - The Tasiast Phase Two and Round Mountain Phase W feasibility studies are on schedule to be completed in September. The Company expects to make a development decision on both projects at that time.
  - At Bald Mountain, engineering work at the Vantage Complex in the South area is progressing on schedule.
  - In Russia, the Company has started processing ore from the September Northeast satellite deposit near Dvoynoye, while at Moroshka, decline development is on schedule, with construction of surface infrastructure now complete.
- Outlook: Kinross expects to be within its 2017 guidance for production (2.5 - 2.7 million Au eq. oz.), production cost of sales (\$660 - \$720 per Au eq. oz.) and all-in sustaining cost (\$925 - \$1,025 per Au eq. oz.). The Company expects to be within its capital expenditures guidance of \$900 million (+/- 5%).
- Debt offering: On July 6, 2017, Kinross closed its offering of debt securities, consisting of \$500.0 million principal amount of 4.50% Senior Notes due 2027. The Company used the net proceeds, along with available cash on hand, to repay its term loan, which was due August 2020.
- Balance sheet: As of June 30, 2017, Kinross had cash and cash equivalents of \$1,061.3 million, and available credit of \$1,433.1 million, for total liquidity of approximately \$2.5 billion. The Company has no scheduled debt repayments until 2021.

*1 Unless otherwise stated, production figures in this news release are based on Kinross' 90% share of Chirano production.*

*2 These figures are non-GAAP financial measures and are defined and reconciled on pages 14 to 18 of this news release.*

*3 Net earnings/loss figures in this release represent "net earnings (loss) attributable to common shareholders".*

## **CEO Commentary**

J. Paul Rollinson, President and CEO, made the following comments in relation to 2017 second-quarter results:

"We delivered another quarter of strong and consistent operational results, as our portfolio of mines achieved production targets, lowered costs, and generated strong cash flows.

"Our organic development projects are advancing well, and we expect to complete feasibility studies and make a development decision on the Tasiast Phase Two and Round Mountain Phase W expansion projects in September. The Tasiast Phase One expansion project is proceeding as planned and is expected to reach full commercial production in Q2 2018. Our projects in Russia have progressed well, with ore from the September Northeast deposit now being processed at the Kupol mill. We continue to advance Bald Mountain expansion opportunities and expect production to double this year compared with 2016.

"The \$500 million debt financing we completed in July enhances our financial flexibility, strengthens our balance sheet, and leaves no debt maturities until 2021.

"We are once again on track to meet our annual company-wide guidance for production and costs, and Kinross remains strongly positioned to continue delivering value for our shareholders."

## **Financial results**

### **Summary of financial and operating results**

Table:

<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

The following operating and financial results are based on second-quarter 2017 gold equivalent production. Production and cost measures are on an attributable basis:

Production: Kinross production increased to 694,874 attributable Au eq. oz. in Q2 2017, compared with production of 671,267 attributable Au eq. oz. in Q2 2016.

Production cost of sales: Production cost of sales per Au eq. oz.<sup>2</sup> decreased to \$660 for Q2 2017, the lowest since 2011, compared with \$731 for Q2 2016, mainly as a result of lower cost of sales per ounce at Round Mountain, Fort Knox, Bald Mountain and Tasiast.

Production cost of sales per Au oz. on a by-product basis<sup>2</sup> decreased to \$645 in Q2 2017, compared with \$711 in Q2 2016, based on Q2 2017 attributable gold sales of 665,858 ounces and attributable silver sales of 1,294,197 ounces.

All-in sustaining cost: All-in sustaining cost per Au eq. oz. sold<sup>2</sup> decreased to \$910 in Q2 2017, compared with \$988 in Q2 2016. All-in sustaining cost per Au oz. sold on a by-product basis<sup>2</sup> decreased to \$901 in Q2 2017, compared with \$976 in Q2 2016.

Average realized gold price: The average realized gold price in Q2 2017 was \$1,260 per ounce, compared with \$1,266 per ounce in Q2 2016.

Revenue: Revenue from metal sales decreased slightly to \$868.6 million in Q2 2017, compared with \$876.4 million during the same period in 2016, mainly due to the slightly lower average realized gold price.

Margins: Kinross' attributable margin per Au eq. oz. sold<sup>4</sup> was \$600 for Q2 2017, compared with a Q2 2016 margin of \$535 per Au eq. oz.

4Attributable margin per equivalent ounce sold is a non-GAAP measure defined as "average realized gold price per ounce" less "attributable production cost of sales per gold equivalent ounce sold."

Operating cash flow: Adjusted operating cash flow<sup>2</sup> increased by 23% to \$230.8 million for Q2 2017, compared with \$187.2 million for Q2 2016.

Net operating cash flow was \$179.7 million for Q2 2017, compared with \$315.9 million for Q2 2016.

Earnings (loss): Adjusted net earnings<sup>2,3</sup> increased to \$54.9 million, or \$0.04 per share, for Q2 2017, compared with a net loss of \$9.8 million, or \$0.01 per share, for Q2 2016, mainly as a result of a decrease in production cost of sales.

Reported net earnings<sup>3</sup> were \$33.1 million, or \$0.03 per share, for Q2 2017, compared with a net loss of \$25.0 million, or \$0.02 per share, for Q2 2016. Reported net earnings increased mainly as result of a decrease in production cost of sales.

Capital expenditures: Capital expenditures increased to \$200.7 million for Q2 2017, compared with \$114.0 million for the same period last year, primarily due to Tasiast Phase One expansion project costs, and increased spending at Paracatu and Bald Mountain.

## Operating results

Mine-by-mine summaries for 2017 second-quarter operating results may be found on pages nine and 13 of this news release. Highlights include the following:

### Americas

With strong operational performance during the quarter, the region is on track to meet its 2017 guidance range for production and cost of sales per ounce, notwithstanding the temporary curtailment of mining operations at Paracatu.

At Fort Knox, production and cost of sales per ounce were mainly in line with Q1 2017. Production decreased compared with Q2 2016 largely due to a colder spring season that affected heap leach performance, which was offset by an increase in mill grades. Cost of sales per ounce was lower year-over-year mainly due to a decrease in operating waste.

Round Mountain performed strongly during the quarter, with production increasing 12% compared with Q1 2017, and 24% compared with Q2 2016, primarily due to higher mill grades, the highest the mine has reached since 2008. The production increase was also as a result of more ounces recovered from the heap leach primarily as a result of higher grades. Cost of sales per ounce was at its lowest level since 2012, and was substantially lower both year-over-year and quarter-over-quarter mainly due to the higher mill grades. Labour costs also decreased year-over-year.

At Bald Mountain, production increased compared with Q1 2017 and Q2 2016 mainly due to a significant increase of tonnes placed on the heap leach pads, and ounces recovered. Cost of sales decreased compared with Q1 2017 mainly due to lower contractor costs and was lower year-over-year mainly due to a decrease in contractor and maintenance costs. The mine is expected to substantially increase production in the second half of the year due to mine sequencing and timing from the heap leach and is on track to double production for 2017 compared with full-year 2016.

Kettle River-Buckhorn outperformed during the quarter, as production increased compared with Q1 2017 and Q2 2016, with cost of sales per ounce decreasing mainly due to higher grades. While the last batch of ore was hauled from Buckhorn in July, the mill is expected to continue to process stockpiles, with minimal production expected in the third quarter. The small-footprint, high-grade underground mine performed strongly during its nine year mine life and exceeded expectations, with mine life originally slated to end in 2015. Exploration in the region continues in 2017.

At Paracatu, production was higher compared with Q1 2017 and Q2 2016 mainly due to higher recoveries. Cost of sales per ounce decreased compared with Q1 2017 mainly due to the higher recoveries, and was higher compared with Q2 2016 primarily due to more operating waste mined and unfavourable foreign exchange movements.

At the beginning of July, the expected temporary curtailment of mining and Plant 2 operations commenced at Paracatu due to the lower than average rainfall in the area. The Company's 2017 production guidance took

into account the potential curtailment and is not expected to be impacted at this time. The expected production impact has been partly mitigated by the tailings reprocessing initiative, which is expected to increase in the third quarter at Plant 1, while Plant 2 maintenance has been brought forward to coincide with the downtime. The production from the tailings reprocessing is expected to be approximately 25,000 - 35,000 gold ounces in the third quarter, with a processing rate of approximately 50,000 t/d at Plant 1. The Company also continued to implement water mitigation efforts, including an enhanced water pumping system, securing water rights, and installment of wells around the site. Curtailment of mining and Plant 2 operations will continue until the water balance allows for production to resume, which is expected in Q4 when the rainy season begins.

At Maricunga, production from the rinsing of the heap materials placed on the pads prior to the suspension of mining activities continued to produce better than expected results. Cost of sales per ounce was lower quarter-over-quarter and year-over-year due to higher ounces recovered. While the rinsing of the pads is now expected to continue for the remainder of the year, production is expected to be minimal and lower than the first half of 2017.

## **Russia**

The region performed well in Q2 2017 and is expected to meet its 2017 production and cost of sales per ounce guidance. Kupol and Dvoinoye production was slightly higher compared with Q1 2017 primarily due to an increase in ore processed, and was lower compared with Q2 2016 mainly due to the anticipated lower grades. Cost of sales per ounce remain among the lowest in the portfolio, but increased compared with Q1 2017 mainly due to lower grades and more operating waste mined, and increased compared with Q2 2016 mainly due to a decline in gold equivalent ounces sold and unfavourable foreign exchange rates.

## **West Africa**

The region had solid performance during the quarter and is on track to meet its 2017 guidance for production and cost of sales per ounce. Tasiast production was lower compared with Q1 2017 primarily due to lower mill grades and a decrease in ore processed, with cost of sales per ounce higher primarily due to higher contractor costs and lower grades. Production and cost of sales per ounce outperformed Q2 2016 results due to the strike and suspension of mining last year.

At Chirano, production was slightly lower compared with Q1 2017 mainly due to less ore mined, and was 28% higher compared with Q2 2016 mainly due to higher grades as the operation ended open pit mining and transitioned to mining the underground Paboase and Akoti deposits. Cost of sales per ounce was higher quarter-over-quarter mainly due to increased maintenance costs and was 22% lower year-over-year mainly due to better grades and lower operating waste.

## **Organic development projects**

Tasiast Phase One project development is progressing well, and continues to be on time and on budget, with full commercial production expected in Q2 2018. Plant construction is now 55% complete, with 85% of all equipment and materials now onsite. Installation of the SAG mill's outer shell is now complete and mechanical work has commenced. The oxygen plant has now been commissioned, with the tailings storage facility expected to be commissioned shortly. Concrete works and foundations for the primary crusher, apron feeder and cyclone towers have been completed and heavy mechanical work has now commenced at all three facilities. Installation of three new leach tanks is progressing, and installation of the conveyor is expected to begin shortly. Phase One is expected to increase plant throughput to 12,000 t/d from 8,000 t/d.

The Tasiast Phase Two and Round Mountain Phase W feasibility studies are advancing well and expected to be completed in September, when the Company expects to make a development decision on both expansion projects. The Tasiast Phase Two expansion contemplates installing an additional 18,000 t/d of throughput capacity, for a total combined capacity of 30,000 t/d for both phases. The Round Mountain Phase W expansion project is expected to extend mine life at one of Kinross' most consistent operations located in one of the best mining jurisdictions in the world.

At Bald Mountain, detailed engineering work at the Vantage Complex in the South area is progressing on schedule. The project team has now been established and the execution plan is being developed. The permitting process is proceeding as planned and major construction work is expected to begin in the first half of 2018. The proposed heap leach pad and associated processing facilities and infrastructure is expected to accommodate a total capacity of 68 million tonnes of ore.

Development at Kinross' Russian development projects are in their advanced stages. At the Moroshka

satellite deposit, located approximately four kilometres from Kupol, decline development is on schedule, with construction of surface infrastructure now complete. The Company began processing ore from the September Northeast satellite deposit at the Kupol mill in June 2017. September Northeast, which is located approximately 15 kilometres from Dvoynoye, was completed on budget and on schedule.

## **Exploration**

Kinross' exploration efforts continued to focus within the footprint of existing mines and the immediate surrounding districts. During the first half of the year, a total of approximately 113,000 metres of drilling was completed for brownfield exploration, representing 54% of the 2017 brownfield drilling program. Highlights from the first half of 2017 include:

- Kupol: A total of approximately 44,000 metres was drilled at Kupol in the first half of 2017, including approximately 21,400 metres of infill drilling completed at the north and south strike extensions of the Kupol main vein. The infill drilling program continues to show encouraging results. The program is expected to be completed in Q3 2017, after which geological modelling and evaluation will commence to determine potential mineral reserve conversions and mineral resource additions for end of year.

- Tasiast Sud: The majority of exploration activities at Tasiast in the first half of 2017 were conducted in the Tasiast Sud area within the C613 and C615 deposits, which are located immediately south of the Tasiast mine and west of the Tamaya deposit. Approximately 12,800 metres of drilling was completed and results have been encouraging. As a result, Kinross is commencing an accelerated infill drilling program in the area, with the goal of potential mineral resource additions at year end. The Company has also initiated a pre-feasibility study on the potential for a dump leach operation at Tasiast Sud, combining material from Tamaya, C613 and C615. The majority of mineralization at both C613 and C615 is within a banded iron formation, with C613 defined over an approximate two kilometre mineralized strike open to the south and north, and C615 defined over a three kilometre strike.

- Bald Mountain: Exploration activities are continuing to focus on pit extensions and targets identified in 2016. Drilling results from the Vantage Complex deposit, including the Vantage South extension, Saddle and Luxe, along with drilling at Top, Top Gap and Saga in the North area, have been encouraging.

## **Debt offering**

On July 6, 2017, Kinross closed its offering of debt securities, consisting of \$500.0 million principal amount of 4.50% Senior Notes due 2027. Kinross used the net proceeds, along with available cash on hand, to repay its term loan, which was due August 2020. As a result, the Company now has no scheduled debt repayments until 2021.

## **Balance sheet**

As of June 30, 2017, Kinross had cash and cash equivalents of \$1,061.3 million, compared with \$819.0 million as of March 31, 2017. The Company also had available credit of \$1,433.1 million as of June 30, 2017 for total liquidity of approximately \$2.5 billion.

On July 28, 2017, the Company extended the maturity date of its \$1,500.0 million revolving credit facility by one year from August 10, 2021 to August 10, 2022.

## **Cerro Casale divestment**

On June 9, 2017, Kinross completed an agreement to sell its 25% interest in the Cerro Casale project and its 100% interest in the Quebrada Seca exploration project in Chile to Goldcorp Inc. ("Goldcorp").

The sale included gross cash proceeds of \$260.0 million (which includes \$20.0 million for Quebrada Seca), a contingent payment of \$40.0 million following a construction decision for Cerro Casale, the assumption by Goldcorp of a \$20.0 million contingent payment obligation payable to Barrick Gold Corporation when production at Cerro Casale commences, and a 1.25% royalty on 25% of gross revenues from all metals sold at the properties (with the Company foregoing the first \$10.0 million). Additionally on closing, the Company entered into a water supply agreement with the Cerro Casale joint venture to have certain rights to access, up to a fixed amount, water not required by the Cerro Casale joint venture.

## **Yukon property vend-in**

On June 14, 2017, Kinross completed an agreement to sell its 100% interest in the White Gold exploration project for gross cash proceeds of \$7.6 million, 17.5 million common shares of White Gold Corp., representing 19.9% of the issued and outstanding shares of White Gold Corp., with a current market value of approximately \$28 million, and deferred payments of approximately \$11.4 million.

## Outlook

The following section of the news release represents forward-looking information and users are cautioned that actual results may vary. We refer to the risks and assumptions contained in the Cautionary Statement on Forward-Looking Information on page 19 of this news release.

The Company expects to be within its 2017 production guidance range of approximately 2.5 - 2.7 million Au eq. oz., its production cost of sales guidance range of \$660 - \$720 per Au eq. oz., and its all-in sustaining cost guidance range of \$925 - \$1,025 per Au eq. oz. sold.

The Company expects to meet its 2017 capital expenditures forecast of approximately \$900 million (+/- 5%).

Other operating costs is now expected to be \$80 - \$90 million for 2017, compared with the previous \$60 million forecast, mainly as a result of the temporary curtailment at Paracatu and VAT and other tax related items at Tasiast.

Depreciation, depletion and amortization is now expected to be approximately \$300 - \$325 per Au eq. oz. for 2017, compared with the previous forecast of \$350 per Au eq. oz.

## Conference call details

In connection with the release, Kinross will hold a conference call and audio webcast on Thursday, August 3, 2017 at 8:00 a.m. ET to discuss the results, followed by a question-and-answer session. To access the call, please dial:

Canada & US toll-free - 1-800-319-4610  
Outside of Canada & US - 1-604-638-5340

Replay (available up to 14 days after the call):

Canada & US toll-free - 1-800-319-6413; Passcode - 1511 followed by #.  
Outside of Canada & US - 1-604-638-9010; Passcode -1511 followed by #.

You may also access the conference call on a listen-only basis via webcast at our website [www.kinross.com](http://www.kinross.com). The audio webcast will be archived on our website at [www.kinross.com](http://www.kinross.com).

This news release should be read in conjunction with Kinross' 2017 second-quarter unaudited Financial Statements and Management's Discussion and Analysis report at [www.kinross.com](http://www.kinross.com). Kinross' 2017 second-quarter unaudited Financial Statements and Management's Discussion and Analysis have been filed with Canadian securities regulators (available at [www.sedar.com](http://www.sedar.com)) and furnished to the U.S. Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)). Kinross shareholders may obtain a copy of the financial statements free of charge upon request to the Company.

## About Kinross Gold Corporation

Kinross is a Canadian-based senior gold mining company with mines and projects in the United States, Brazil, Russia, Mauritania, Chile and Ghana. Our focus is on delivering value based on the core principles of operational excellence, balance sheet strength, disciplined growth and responsible mining. Kinross maintains listings on the Toronto Stock Exchange (TSX: K) and the New York Stock Exchange (NYSE: KGC).

## Review of operations

Table

<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

Consolidated balance sheets  
Consolidated statements of operations

Consolidated statements of cash flows  
Operating Summary

**Reconciliation of non-GAAP financial measures**

The Company has included certain non-GAAP financial measures in this document. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to other issuers.

Adjusted net earnings attributable to common shareholders and adjusted net earnings per share are non-GAAP measures which determine the performance of the Company, excluding certain impacts which the Company believes are not reflective of the Company's underlying performance for the reporting period, such as the impact of foreign exchange gains and losses, reassessment of prior year taxes and/or taxes otherwise not related to the current period, impairment charges, gains and losses and other one-time costs related to acquisitions, dispositions and other transactions, and non-hedge derivative gains and losses. Although some of the items are recurring, the Company believes that they are not reflective of the underlying operating performance of its current business and are not necessarily indicative of future operating results. Management believes that these measures, which are used internally to assess performance and in planning and forecasting future operating results, provide investors with the ability to better evaluate underlying performance, particularly since the excluded items are typically not included in public guidance. However, adjusted net earnings and adjusted net earnings per share measures are not necessarily indicative of net earnings and earnings per share measures as determined under IFRS.

The following table provides a reconciliation of net earnings (loss) to adjusted net earnings (loss) for the periods presented:

<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

The Company makes reference to a non-GAAP measure for adjusted operating cash flow. Adjusted operating cash flow is defined as cash flow from operations excluding certain impacts which the Company believes are not reflective of the Company's regular operating cash flow, and excluding changes in working capital. Working capital can be volatile due to numerous factors, including the timing of tax payments, and in the case of Kupol, a build-up of inventory due to transportation logistics. The Company uses adjusted operating cash flow internally as a measure of the underlying operating cash flow performance and future operating cash flow-generating capability of the Company. However, the adjusted operating cash flow measure is not necessarily indicative of net cash flow from operations as determined under IFRS.

The following table provides a reconciliation of adjusted operating cash flow for the periods presented:

<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

Consolidated production cost of sales per gold equivalent ounce sold is a non-GAAP measure and is defined as production cost of sales as per the consolidated financial statements divided by the total number of gold equivalent ounces sold. This measure converts the Company's non-gold production into gold equivalent ounces and credits it to total production.

Attributable production cost of sales per gold equivalent ounce sold is a non-GAAP measure and is defined as attributable production cost of sales divided by the attributable number of gold equivalent ounces sold. This measure converts the Company's non-gold production into gold equivalent ounces and credits it to total production.

Management uses these measures to monitor and evaluate the performance of its operating properties. The following table presents a reconciliation of consolidated and attributable production cost of sales per equivalent ounce sold for the periods presented:

<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

Attributable production cost of sales per ounce sold on a by-product basis is a non-GAAP measure which calculates the Company's non-gold production as a credit against its per ounce production costs, rather than converting its non-gold production into gold equivalent ounces and crediting it to total production, as is the case in co-product accounting. Management believes that this measure provides investors with the ability to better evaluate Kinross' production cost of sales per ounce on a comparable basis with other major gold producers who routinely calculate their cost of sales per ounce using by-product accounting rather than co-product accounting.

The following table provides a reconciliation of attributable production cost of sales per ounce sold on a by-product basis for the periods presented:

<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

In June 2013, the World Gold Council ("WGC") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a market development organization for the gold industry and is an association whose membership comprises leading gold mining companies including Kinross. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-GAAP measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers. The Company believes that the all-in sustaining cost and all-in cost measures complement existing measures reported by Kinross.

All-in sustaining cost includes both operating and capital costs required to sustain gold production on an ongoing basis. The value of silver sold is deducted from the total production cost of sales as it is considered residual production. Sustaining operating costs represent expenditures incurred at current operations that are considered necessary to maintain current production. Sustaining capital represents capital expenditures at existing operations comprising mine development costs and ongoing replacement of mine equipment and other capital facilities, and does not include capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

All-in cost is comprised of all-in sustaining cost as well as operating expenditures incurred at locations with no current operation, or costs related to other non-sustaining activities, and capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

Attributable all-in sustaining cost and all-in cost per ounce sold on a by-product basis are calculated by adjusting total production cost of sales, as reported on the consolidated statement of operations, as follows:  
<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

The Company also assesses its all-in sustaining cost and all-in cost on a gold equivalent ounce basis. Under these non-GAAP measures, the Company's production of silver is converted into gold equivalent ounces and credited to total production.

Attributable all-in sustaining cost and all-in cost per equivalent ounce sold are calculated by adjusting total production cost of sales, as reported on the consolidated statement of operations, as follows:  
<http://www.marketwired.com/press-release/kinross-reports-2017-second-quarter-results-tsx-k-2228758.htm>

### **Cautionary statement on forward-looking information**

All statements, other than statements of historical fact, contained or incorporated by reference in this news release including, but not limited to, any information as to the future financial or operating performance of Kinross, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, including the provisions of the Securities Act (Ontario) and the provisions for "safe harbor" under the United States Private Securities Litigation Reform Act of 1995 and are based on expectations, estimates and projections as of the date of this news release. Forward-looking statements contained in this news release, include, but are not limited to, those under the headings (or headings that include): "2017 second-quarter highlights", "Operating results", "Organic development projects", "Exploration" and "Outlook" and include, without limitation, statements with respect to our guidance for production; production costs of sales, all-in sustaining cost and capital expenditures; the schedules and budgets for the Company's development projects; the closing of the Cerro Casale sale and the consequences thereof; and continuous improvement initiatives, as well as references to other possible events, the future price of gold and silver, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, currency fluctuations, capital requirements, project studies, mine life extensions, restarting suspended or disrupted operations; continuous improvement initiatives; and resolution of pending litigation. The words "anticipate", "assumption", "believe", "consideration", "estimates", "expects", "explore", "forecast", "focus", "forward", "guidance", "intend", "initiative", "measures", "on budget", "on schedule", "on track", "outlook", "opportunity", "phased", "plan", "possible", "potential", "project", "projection", or variations of or similar such words and phrases or statements that certain actions, events or results may, could, should or will be achieved, received or taken, or will occur or result and similar such expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Kinross as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates, models and assumptions of Kinross referenced, contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the various assumptions set

forth herein and in our most recently filed Annual Information Form and our Management's Discussion and Analysis as well as: (1) there being no significant disruptions affecting the operations of the Company whether due to extreme weather events (including, without limitation, excessive or lack of rainfall and, in particular, the duration of the production curtailment at Paracatu resulting from insufficient rainfall) and other or related natural disasters, labour disruptions (including but not limited to workforce reductions), supply disruptions, power disruptions, damage to equipment or otherwise; (2) permitting, development, operations and production from the Company's operations being consistent with Kinross' current expectations including, without limitation, land acquisitions and permitting for the construction and operation of the new tailings facility, water and power supply and launch of the new tailings reprocessing facility at Paracatu; (3) political and legal developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the impact of any political tensions and uncertainty in the Russian Federation and Ukraine or any related sanctions and any other similar restrictions or penalties imposed, or actions taken, by any government, including but not limited to potential power rationing, tailings facility regulation and amendments to mining laws in Brazil, potential amendments to water laws and/or other water use restrictions and regulatory actions in Chile, potential amendments to minerals and mining laws, energy levies laws, and dam safety regulation in Ghana, potential amendments to customs and mining laws (including but not limited amendments to the VAT) in Mauritania, the potential passing of Environmental Protection Agency regulations in the US relating to the provision of financial assurances under the Comprehensive Environmental Response, Compensation and Liability Act, and potential amendments to and enforcement of tax laws in Russia (including, but not limited to, the interpretation, implementation, application and enforcement of any such laws and amendments thereto), being consistent with Kinross' current expectations; (4) the exchange rate between the Canadian dollar, Brazilian real, Chilean peso, Russian rouble, Mauritanian ouguiya, Ghanaian cedi and the U.S. dollar being approximately consistent with current levels; (5) certain price assumptions for gold and silver; (6) prices for diesel, natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (7) production and cost of sales forecasts for the Company meeting expectations; (8) the accuracy of the current mineral reserve and mineral resource estimates of the Company (including but not limited to ore tonnage and ore grade estimates) and mine plans for the Company's mining operations (including but not limited to throughput and recoveries being affected by metallurgical characteristics at Paracatu); (9) labour and materials costs increasing on a basis consistent with Kinross' current expectations; (10) the terms and conditions of the legal and fiscal stability agreements for the Tasiast and Chirano operations being interpreted and applied in a manner consistent with their intent and Kinross' expectations; (11) goodwill and/or asset impairment potential; and (12) access to capital markets, including but not limited to maintaining a debt rating consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: sanctions (any other similar restrictions or penalties) now or subsequently imposed, other actions taken, by, against, in respect of or otherwise impacting any jurisdiction in which the Company is domiciled or operates (including but not limited to the Russian Federation, Canada, the European Union and the United States), or any government or citizens of, persons or companies domiciled in, or the Company's business, operations or other activities in, any such jurisdiction; fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (such as fuel and electricity); changes in the discount rates applied to calculate the present value of net future cash flows based on country-specific real weighted average cost of capital; changes in the market valuations of peer group gold producers and the Company, and the resulting impact on market price to net asset value multiples; changes in various market variables, such as interest rates, foreign exchange rates, gold or silver prices and lease rates, or global fuel prices, that could impact the mark-to-market value of outstanding derivative instruments and ongoing payments/receipts under any financial obligations; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation (including but not limited to income tax, advance income tax, stamp tax, withholding tax, capital tax, tariffs, value-added or sales tax, capital outflow tax, capital gains tax, windfall or windfall profits tax, royalty, excise tax, customs/import or export taxes/duties, asset taxes, asset transfer tax, property use or other real estate tax, together with any related fine, penalty, surcharge, or interest imposed in connection with such taxes), controls, policies and regulations; the security of personnel and assets; political or economic developments in Canada, the United States, Chile, Brazil, Russia, Mauritania, Ghana, or other countries in which Kinross does business or may carry on business; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions and complete divestitures; operating or technical difficulties in connection with mining or development activities; employee relations; litigation or other claims against, or regulatory investigations and/or any enforcement actions or sanctions in respect of the Company (and/or its directors, officers, or employees) including, but not limited to, securities class action litigation in Canada and/or the United States, or any investigations, enforcement actions and/or sanctions under any applicable anti-corruption, international sanctions and/or anti-money laundering laws and regulations in Canada, the United States or any other applicable jurisdiction; the speculative nature of gold exploration and development including, but not limited to, the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents,

unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, Kinross' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Kinross, including but not limited to resulting in an impairment charge on goodwill and/or assets. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this news release are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada and the United States including, but not limited to, the cautionary statements made in the "Risk Factors" section of our most recently filed Annual Information Form and the "Risk Analysis" section of our full year 2016 MD&A and our 2017 Q1 MD&A. These factors are not intended to represent a complete list of the factors that could affect Kinross. Kinross disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

### **Other information**

Where we say "we", "us", "our", the "Company", or "Kinross" in this news release, we mean Kinross Gold Corporation and/or one or more or all of its subsidiaries, as may be applicable.

The technical information about the Company's mineral properties contained in this news release has been prepared under the supervision of Mr. John Sims, an officer of the Company who is a "qualified person" within the meaning of National Instrument 43-101 ("NI 43-101").

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