

Centerra Gold: update of recommendation

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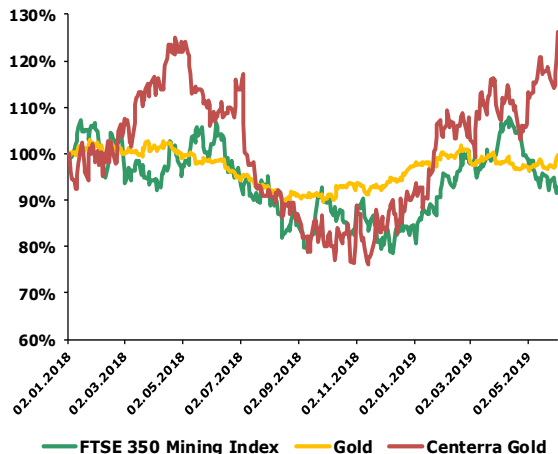
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Ticker	CG CN
Recommendation	Buy
Current price, CAD/share (06.06.2019)	8,25
12M TP, CAD/share	9,35
Growth potential	13,3%
Number of shares, thous	292 000
Average daily trading volume for 3M, mn USD	7,62
Free float	73%
Market capitalization, thous USD	2 409 000
Major shareholders:	
Kyrgyzaltyn OJSC	26,5%
BlackRock	10,6%
Van Eck Associates Corporation	9,8%

Financial indicators, thous USD			
	2019F	2020F	2021F
Revenue	1 193 389	1 342 614	1 364 939
EBITDA	431 748	544 765	576 499
Net income	144 619	318 857	328 483
EPS	0,50	1,09	1,12
Net debt	227 082	200 554	148 830
Multipliers			
	2019F	2020F	2021F
Net debt/EBITDA	0,5	0,4	0,3
Net debt/Total equity	0,1	0,1	0,1
EV/Revenue	2,2	1,9	1,9
EV/EBITDA	6,0	4,8	4,5
P/E	16,6	7,5	7,3
P/B	1,0	0,9	0,8
ROE	6,3%	12,2%	11,2%

Dynamics of price change	CG CN	FTSE 350 mining
1M	12%	-6%
3M	23%	-5%
12M	18%	-9%
52 weeks maximum	8,1	27 715
52 weeks minimum	4,9	20 195



Source: Bloomberg, Halyk Finance

Since the beginning of 2019, Centerra Gold's shares increased in price by 39% due to the positive trends in the market of industrial and precious metals. We note that the Company significantly improved its operating results in 1Q2019 at Mount Milligan, having received a three-year permit from regulators to use the water resources necessary to increase the production capacity of processing plants, and at Kumtor due to the processing of ore with a high grade and level of recovery. However, we emphasize the continued political risk associated with settling the terms of a strategic agreement previously concluded between Centerra Gold and the government of Kyrgyzstan. Considering the positive dynamics in the gold and copper market, the presence of promising Kemess and Oksut projects with low production costs, as well as reduction of operational risks on Mount Milligan and stable production indicators at Kumtor, we recommend to **Buy** Centerra Gold shares and increase our 12M TP from 6.75 CAD/share up to **9.35 CAD/share**.

Stable operating performance at current enterprises. At the end of 2018, the Company produced 730 koz of gold and 21.4 ktms of copper at Kumtor and Mount Milligan, respectively, exceeding the production plan of 665-705 koz of gold and 18.1-21.3 ktms of copper. Centerra Gold confirms operational forecasts for 2019 in the amount of 690-740 koz of gold and 29.5-34 tons of copper.

Launch of the new Oksut project in 2020. Thanks to the low-cost Oksut gold deposit, Centerra Gold will diversify its asset portfolio in the medium term and reduce the risks associated with political and operational factors in current operations. The company plans to launch the Oksut project in 1Q2020 and achieve project indicators for gold production in the amount of 110 koz by 2021-2022.

Low cash cost of production at future projects. According to SNL Metals (Global Mining Intelligence), Oksut and Kemess are low-cost deposits located in the first quartile of the global cost curve. After launching projects, the Company will be able to generate stable free cash flows in the long-term horizon.

Positive dynamics of gold and copper prices. An increase in gold and copper prices will significantly affect the Company's value. According to the market forecast of metal prices, the average annual increase in prices for gold (+2%) and copper (+3%) in the period 2019-2022 will provide positive support for the Company's financial performance.

Potential risks at Kumtor and Mount Milligan. We do not rule out increasing political risks at Kumtor and the resumption of operational problems on Mount Milligan on a distant horizon. On Mount Milligan, the Company annually expects to replenish water reserves during spring floods and already in April 2019 have upgraded infrastructure to gain access to nearby lakes to improve mine capacity. At Kumtor, there is still political risk associated with the extension of the strategic agreement with the government of Kyrgyzstan.

Recommendation Buy and 12M TP 9.35 CAD/share. An improvement at Mount Milligan operations, stable operating performance at Kumtor and asset diversification will have a positive impact on the Company's bottom line. The launch of Oksut and Kemess projects will allow the Company to increase production in gold equivalent by 14% by the end of 2026.

Fig. 1. Results for 2018

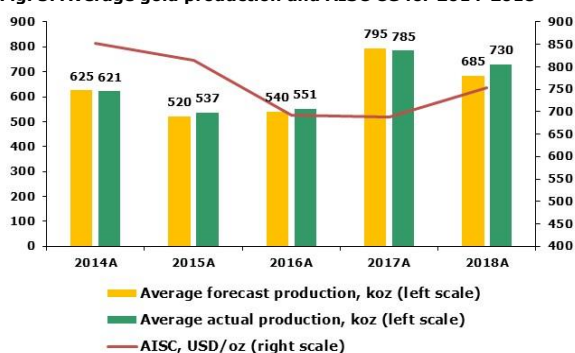
Mn USD	2018	2017	y/y
Revenue	1 129	1 199	-6%
Cost of sales	761	682	12%
Operating profit	99	259	-62%
Net profit	108	210	-49%
Gold - All in sustaining costs on a by-product basis (AISC), including taxes, USD/oz	889	815	9%
Copper - All in sustaining costs on a co-product basis (AISC), USD/ton	3 902	3 241	20%
Capital expenditures	330	326	1%
Gold production, koz	730	785	-7%
Copper production, ktons	21,4	24,3	-12%

Source: Company data

Fig. 2. Results for 1Q2019 and 1Q2018

Mn USD	1Q2019	1Q2018	y/y
Revenue	334	235	42%
Cost of sales	223	153	46%
Operating profit	108	69	56%
Net profit	50	9	460%
Gold - All in sustaining costs on a by-product basis (AISC), including taxes, USD/oz	813	1 097	-26%
Copper - All in sustaining costs on a co-product basis (AISC), USD/ton	4 542	6 790	-33%
Capital expenditures	68	74	-8%
Gold production, koz	184	130	41%
Copper production, ktons	5,2	2,8	86%

Source: Company data

Fig. 3. Average gold production and AISC CG for 2014-2018


Source: Company data

Review of results for 2018 and 1Q2019

We note a number of important events in 2018 that have affected the operating and financial activities of the Company. In 2018, Centerra Gold:

- expanded its asset portfolio by completing the acquisition of AuRico Metals in Canada, which owns Kemess Underground and Kemess East;
- started construction of the Oksut project in Turkey;
- sold a portfolio of royalty portfolio in the amount of 155 mn USD and silver streaming in Kemess deposits in the amount of 45 mn USD;
- sold business assets in Mongolia in the amount of 35 mn USD and received permission to build two long-term projects in Canada - Kemess and Greenstone Partnership.

Centerra Gold reduced its revenue for 2018 to 1.1 bn USD (-6% y/y), operating income up to 99 mn USD (-62% y/y) and net profit up to 108 mn USD (-49% y/y) and increased production costs to 761 mn USD (+12% y/y). The Company's revenue decreased due to a reduction in gold sales by 10% y/y to 709 330 oz of gold (2017: 792 446 oz of gold), copper by 26% y/y to 20 ktons (2017: 27 ktons), as well as low average prices for gold and copper. The Company increased molybdenum sales by 42% y/y from the Thompson Creek deposit in Canada. Meanwhile, the decline in production at Mount Milligan, due to a temporary suspension of production in 1Q2018 and a decrease in throughput capacity in the winter due to lack of water resources, had a negative impact on the Company's net profit for 2018. All in sustaining cash costs (AISC), including taxes, increased to USD889 per oz of gold (+9% y/y), which is mainly due to a decrease in copper and gold sales and an increase in production costs at Kumtor. Overall, the Company produced 730 koz of gold and 21.4 ktons of copper at Kumtor and Mount Milligan, respectively, exceeding the production plan of 665-705 koz of gold and 18.1-21.3 ktons of copper.

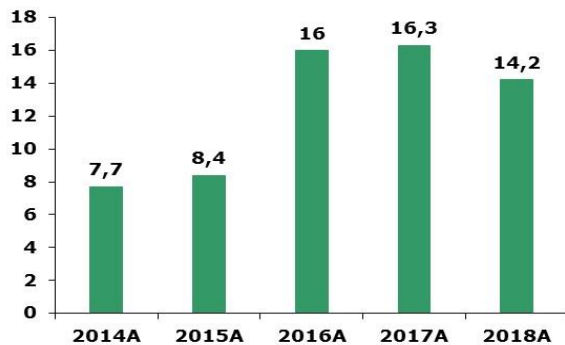
The main one-time events of 2018 that affected the final net profit recognized by the Company:

- reclamation costs at the Thompson Creek Mine in the amount of 41.8 mn USD;
- revenue from the sale of a royalty portfolio of 28mn USD;
- profit in the amount of USD 9.4 mn from the sale of Mongolian assets, partially offset by impairment of assets in the amount of USD 8.4 mn;
- recognition of expenses in the amount of USD 4.4 mn incurred as a result of the acquisition of AuRico Metals in January 2018.

Excluding one-time events, the Company's adjusted net profit for 2018 amounted to 77.8 mn USD. The total capital expenditures of Centerra Gold for the reported period, excluding non-cash costs for stripping, amounted to 330.1 mn USD (+1% y/y), of which sustaining capital expenditures amounted to 88.5 mn USD (-4% y/y), USD 138.8 mn (-31% y/y) of capital costs accounted for stripping, despite the fact that the cash component of the latter amounted to 103.9 mn USD (-30% y/y).

Total debt of the Company as of December 31, 2018 amounted to 193 mn USD (-35% y/y), net debt fell to 184 mn USD (-37% y/y) along with cash and cash equivalents in the

Fig. 4. CG gold reserves as of December 31, 2018, in mn oz of gold



Source: Company Data

amount of 151.7 mn USD (-64% y/y). For 2018, the Company paid off debt in the amount of 105 mn USD. In 1Q2018, the Company entered into an agreement with Bank of Novo Scotia and National Bank of Canada to provide a revolving credit line for general corporate purposes in the amount of 500 mn USD for a period of 4 years, with an interest rate of LIBOR + 2.25-3.75%. For the Oksut project in Turkey, the Company has a credit facility with European Bank for Reconstruction and Development and with UniCredit Bank AG in the amount of 150 mn USD for a period up to March 31, 2024. As of March 31, 2019 the Company has drawn 74.5 mn USD for Oksut.

In 1Q2019, the Company's revenue and net profit increased by 42% y/y and 460% y/y, respectively, mainly due to an increase in volumes of gold sales (48% y/y) and copper sales (+178% y/y), as well as due to 41% y/y growth in production throughput at Mount Milligan due to increased water supply. At Kumtor, the Company demonstrated strong operating performance and an increase in the volume of gold sales due to the processing of ore with a high grade and level of extraction.

In May 2019, the Company extended the deadline for meeting all conditions under a strategic agreement at Kumtor from May 31, 2019 until July 31, 2019, previously concluded with the Government of Kyrgyzstan on September 11, 2017. Most of the terms of the agreement were fulfilled, including the re-issuance of the relevant registration documents to authorize the use of land at Kumtor and the termination of a number of court tax claims that affected the operating activities of the mine.

At the end of 2018, the Company reduced the throughput capacity at Mount Milligan during the winter season due to difficulties in accessing water sources, and planned to increase the capacity with the onset of spring floods. In February 2019, Centerra Gold received permission from the authorities to access nearby lakes for up to 3 years, as well as the right to pump up water from underground sources within a 6 km radius of Mount Milligan for the entire life of the mine. Thus, in April 2019, the Company has upgraded the infrastructure for pumping water and provided access to additional sources in the medium term. As a result, the Company intends to achieve daily throughput in 2019 in the amount of 55 000 tons of copper (in 2018: 37 000 tons of copper). Centerra Gold is working with the local communities and the government authorities to obtain permission for the long-term use of water resources from nearby lakes for the entire life of the mine.

Fig. 5. CG forecast for 2019

Gold production, koz	690-740
Copper production, ktons	29,5-34
All in sustaining cash costs (AISC), USD/GE oz	741-795
All in sustaining cash costs (AISC), USD/ton	4 255-4 916
Capital expenditures (sustaining), mn USD	91
Capital expenditures (expansionary), mn USD	184
Gold, USD/oz	1 200
Copper, USD/oz	6 172,94
CADUSD (average)	1,3
KGSUSD (average)	69
Diesel at Kumtor, USD/l	0,57
Diesel at Mount Milligan, USD/l	0,85

Source: Company data

Forecasts of Company for 2019

Centerra Gold plans to produce 690-740 koz of gold in 2019, of which 155-175 koz will be produced on Mount Milligan and 535-565 koz on Kumtor. Copper production is projected at 29.5-34 ktons. Projected AISC, including taxes, will be USD748-845 per oz of gold for Mount Milligan and USD837-883 per oz of gold for Kumtor, which implies an average increase of ~2% y/y and ~8% y/y, respectively. The Company's capital expenditures forecast for 2019, excluding the cost of stripping, are USD275 mn, of which 91 mn USD are sustaining capital expenditures and 184 mn USD are expansionary capital expenditures.

Oksut

In January 2018, Centerra Gold received permission to work on pasture territory under the Oksut project. In February 2018, the Company received a certificate of investment

Fig. 6. Project characteristics: Oksut

Average annual gold production	110koz
Life of mine	8 years
Expansionary capital expenditures	221mn USD
Sustaining capital expenditures	10mn USD
Gold grade	1,4g/t
Proved and probable reserves	1,3mn oz

Source: Company data

incentives from the Ministry of Economy of Turkey, which provides tax incentives and other benefits. It is expected that in 2019 capital investment will amount to 123 mn USD, and the total construction cost is projected at 220 mn USD before the project launch in 1Q2020. As of May 1, 2019 construction work was completed by 49%, and the start of stripping work is scheduled for June 2019. Taking into account the current schedule, gold production is planned for 1Q2020. We include this project in our estimate of the fair value of the Company.

Fig. 7. Project characteristics: Kemess Underground и Kemess

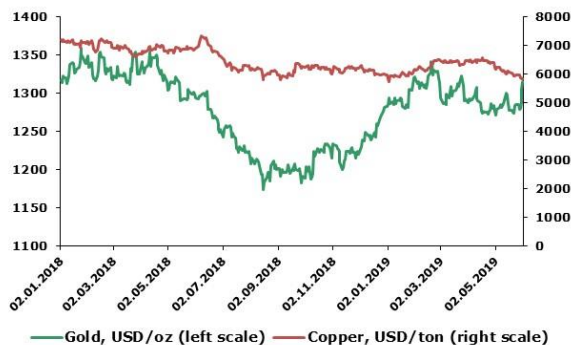
Kemess Underground	
Average annual gold production	106koz
Average annual copper production	23,6kt
All in sustaining cash costs (AISC)	244USD/oz
Life of mine	12 years
Expansionary capital expenditures	604mn USD
IRR, including taxes	12,6%
NPV including taxes, discount rate 5%	258mn USD

Kemess East	
Average annual gold production	80koz
Average annual copper production	26kt
All in sustaining cash costs (AISC)	69USD/oz
Life of mine	12 years
Expansionary capital expenditures	327mn USD
IRR, including taxes	16,7%
NPV including taxes, discount rate 5%	375mn USD

Source: Company data

AuRico Metals

In January 2018, the Company completed the acquisition of AuRico Metals at a price of 1.8CAD per share, which represents 310 mn CAD or about 230 mn USD at a rate of 1.3468 CAD/USD. The purchase was financed with cash and debt financing of 125 mn USD. The assets of AuRico Metals are represented by the gold and copper deposits, which are Kemess Underground and Kemess East in Canada. Average annual production at Kemess Underground is projected at 106 koz of gold and 23.6 ktons of copper and at the Kemess East project annual production is at 80 koz and 26 ktons. Life of mine is estimated at 12 years for each. The company intends to launch Kemess East after the completion of the Kemess Underground project. Centerra Gold received a permission from the authorities to build Kemess Underground in July 2018, but the Board of Directors of the Company did not approve the start of construction. The Company has invested at the end of 1Q2019 about 80.7 mn USD for the development of Kemess projects, and also received permission for access to water resources and to emissions to the environment. We assume that it is possible that the Company would make a decision to start construction on projects and we included Kemess Underground and Kemess East in our fair value measurement.

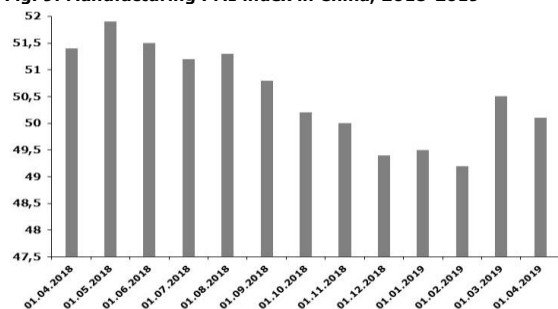
Fig. 8. The dynamics of gold and copper prices since the beginning of 2018


Source: Bloomberg

Gold and copper price forecast

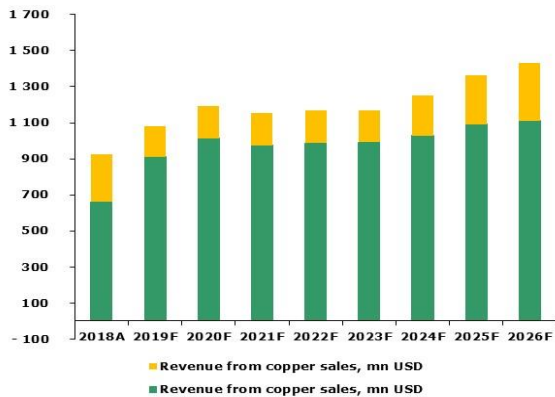
We note that since the beginning of 2019 amid volatility in the stock markets, a trade conflict between the US and China, as well as a slowdown in the global economy, the price of gold increased by 3.3% to USD1 326.43 per oz. According to a World Gold Council, in 1Q2019 demand for gold increased by 7% y/y and reached 1053.3 tons. The positive dynamics was caused mainly by the central banks, which increased the net purchase of gold by 68% y/y, adding 145.5 tons. The quarterly inflow of investments in ETFs (exchange-traded funds) increased by 49% y/y to 40.3 tons, amid political uncertainty in the United States, a trade escalation between the United States and China, and a slowdown in US economic growth. There was a slight increase in demand for gold from the jewelry industry (+5% y/y) mainly due to the growing demand for the metal in India. Demand for bars and coins decreased by 1% y/y (257.8 tons), due to weak demand from China. Industrial demand for gold also showed a slight decrease of 3% y/y (79.3 tons), mainly due to low demand from consumer electronics manufacturers. According to forecasts, the neutral position of the US Federal Reserve regarding the increase in interest rates, political uncertainty and turbulence in capital markets can have a positive effect on the price of gold in 2019.

The industrial metals market, unlike the precious metals market, is highly volatile and depends on the global economy. Given the tensions between the US and China's trade negotiations, as well as the slowdown in the growth of the Chinese economy, the price of copper has decreased by 10% since mid-April 2019 and by 1% from the beginning of 2019, reaching 5 879 USD/ton. According to a research of the

Fig. 9. Manufacturing PMI index in China, 2018-2019


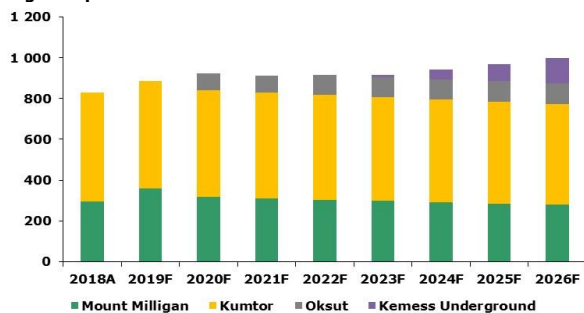
Источники: Bloomberg

Fig. 10. The forecast for revenue from the sales of copper and gold for 2019-2026



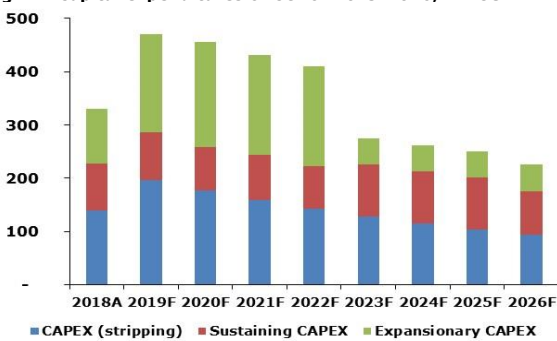
Source: Company data, Halyk Finance forecast

Fig. 11. Forecast of production by fields for 2019-2026, in mn oz of gold equivalent



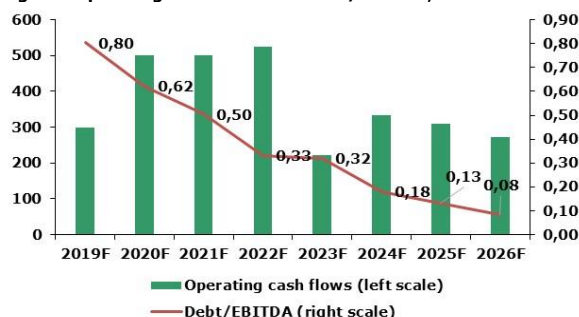
Source: Company data, Halyk Finance forecast

Fig. 12. Capital expenditures of CG for 2019-2026, mn USD



Источники: данные Компании, прогноз Halyk Finance

Fig. 13. Operating cash flows and debt/EBITDA, 2019-2026



Source: Company data, Halyk Finance forecast

International copper group, in 2018, global copper production increased by 2.5% due to low supply disruptions, mainly in Chile, Indonesia and the Congo, and the resumption of production at mines in Panama and Congo. Copper demand is expected to maintain a moderate growth trajectory due to increased economic activity in the US and India and the development of new technologies. In addition, investments of China and India in infrastructure, as well as the consumption of clean energy sources as well as the production of electric vehicles will support the demand for the base metal in the medium term.

We use the consensus forecast of Bloomberg to 2022 for the copper and gold prices. In the future, we assume the price of gold and copper at 1 331 USD/oz and 6 625 USD/ton, respectively.

Update of recommendation

The revised components of our model are the increase in metal prices (gold, copper), macroeconomic indicators, operating results at Kumtor and Mount Milligan, capital costs for maintaining and expanding production, as well as a forecast of production indicators for Oksut and Kemess projects. In connection with obtaining permission to pump groundwater resources on Mount Milligan, as well as with positive results related to access to additional water sources to nearby lakes for up to 3 years, we increase the predicted levels of ore processing in 2019 (55,000 tons of copper).

We expect an increase in revenues from the production and sale of gold and copper by an average of 8% y/y and 6% y/y, respectively, in the period 2019-2026. Taking into account the launch of Oksut and Kemess projects, the Company will be able to increase production by 14% in gold equivalent by the end of 2026. According to our calculations, the average cost increase is projected at 5% y/y.

According to the Company's guidance for 2019, taking into account the construction of Oksut, we assume expansionary capital expenditures in the amount of 184 mn USD, sustaining capital expenditures in the amount of 91 mn USD, and also capital expenditures for stripping at Kumtor in the amount of 196 mn USD. In 2020, according to our calculations, capital investments for development, including the construction of Kemess, and sustaining capital investments will amount to 198 mn USD and 82 mn USD, respectively, and the cost of stripping at Kumtor will be 176.4 mn USD.

When calculating the fair price, we updated the following parameters of the WACC:

- weighted average risk-free interest rate for Kyrgyzstan and Canada, which equals to 4.71% (10-year GS of Canada and 5-year GS of Kyrgyzstan);
- adjusted beta for Centerra Gold, which equals to 0.35;
- average market yield for Canada in the amount of 9.65% (yield on the Canadian S&P/TSX Composite index);
- risk premium in the amount of 8%, including operational and political risks for the Company in the amount of 5.1%;
- cost of equity and after-tax cost of debt value of 12.7% and 5.5%, respectively.

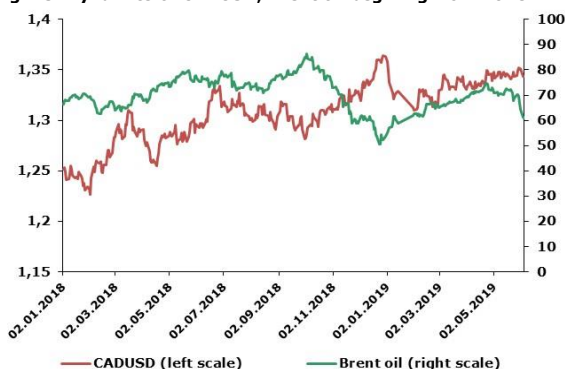
As a result, the WACC is 12%. We take into account the Company's long-term growth rate of 1.5% after 2026.

According to our calculations, total debt/EBITDA and net debt/EBITDA will be 0.80 and 0.53 in 2019, respectively. After completing the construction of Oksut and Kemess, the Company will be able to generate enough operating cash flows and reduce its debt burden. Taking into account the above forecasts, we recommend to **Buy** Centerra Gold's shares with **12M TP 9.35 CAD/share**.

Fig 14. Calculation of 12M TP, thous USD

	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Revenue	1 192 739	1 336 613	1 353 712	1 366 406	1 362 489	1 445 828	1 558 995	1 622 761
EBIT	204 772	283 077	285 500	263 812	213 904	224 146	255 087	339 011
" +Amortization"	226 326	255 686	279 772	297 983	311 368	307 023	301 655	295 543
" -Income tax"	38 200	41 196	54 962	51 119	42 172	45 292	52 533	69 407
" -Capital expenditures"	471 000	456 400	431 533	409 523	275 155	262 295	250 722	225 305
" -Change in net working capital"	9 164	43 335	14 201	13 669	30 261	42 879	49 862	-2 834
Free Cash Flows	-87 266	-2 167	64 575	87 485	177 684	180 702	203 626	342 676
WACC	12%							
Free Cash Flows (PV)	-78 191	-2 167	64 575	87 485	177 684	180 702	203 626	342 676
Terminal value (PV)	1 429 776							
Enterprise value (EV)	2 406 165							
-Net debt	338 752							
Cost of capital	2 067 413							
Number of shares, thous	292 000							
12M TP (CAD)	9,35							

Source: Bloomberg, Halyk Finance

Fig. 15. Dynamics of CADUSD, Brent oil beginning from 2018


Source: Bloomberg

Potential risks

The main risks for the Company are the deterioration of production indicators on Mount Milligan due to the lack of water resources, as well as difficulties in obtaining all the necessary permits from regulators regarding additional water sources.

We note the potential risk associated with the resumption of confrontation between the Company and the government of Kyrgyzstan, which could have a negative impact on Kumtor's operating activities. On September 11, 2017, Centerra Gold entered into an agreement with the Kyrgyz government, according to which the Company agreed to make a one-time payment of 57 mn USD, of which 50 mn USD went to the Nature Development Fund and 7 mn USD to the Cancer Treatment Support Fund, and after 12 months the Company also had to transfer an additional 3 mn USD to the Cancer Treatment Support Fund. The Company pledged to make annual payments in the amount of 2.7 million USD to the Fund for the Development of Nature, subject to compliance with the agreement by the Kyrgyz side. The company also agreed to pay USD 6 mn to the Trust Fund for the reclamation of the Kumtor field each year until the amount of payments reaches the cost of reclamation (not less than 69 mn USD).

Other risks for the Company are the high cost of fuel, which increases the Company's total costs in Canadian dollars at Canadian projects, as well as the demand for industrial and precious metals.

Appendix 1 Pro forma financial statement of Centerra Gold, thousands of USD, excluding data per share

Income Statement	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Revenue	760 758	1 199 028	1 129 336	1 192 739	1 336 613	1 353 712	1 366 406	1 362 489
Cost of sales	429 623	700 306	785 982	782 148	852 967	874 342	913 645	960 394
Gross income	331 135	498 722	343 354	410 591	483 646	479 370	452 761	402 095
Revenue-based taxes	96 293	96 729	92 988	92 557	100 269	96 216	95 685	94 729
Other operating expenses	4 510	26 052	82 826	57 609	43 703	36 318	32 481	30 514
Pre-development costs	10 687	4 794	12 425	9 302	8 840	10 189	9 444	9 491
Exploration expenses and development expenses	12 994	10 707	22 351	15 351	16 136	17 946	16 478	16 853
Business combination acquisition and integration expenses	12 015	3 915	4 515	0	0	0	0	0
Corporate administration	27 583	37 612	29 636	31 000	31 620	33 201	34 861	36 604
Kyrgyz Republic settlement	0	60 000	0	0	0	0	0	0
Operating profit	167 053	258 913	98 613	204 772	283 077	285 500	263 812	213 904
Gain on sale of Royalty Portfolio	0	0	27 993	0	0	0	0	0
Other income, net	40	-3 135	2 449	9 283	-59 321	6 785	6 860	6 882
Finance costs	11 053	30 039	30 232	23 055	17 776	17 473	15 079	9 923
Earnings before income tax	156 040	232 009	98 823	191 000	205 980	274 811	255 593	210 862
Income tax recovery/(Income tax)	-4 502	19 790	14 647	-38 200	-41 196	-54 962	-51 119	-42 172
Net earnings from continuing operations	151 538	251 799	113 470	152 800	164 784	219 849	204 475	168 690
Net loss from discontinued operations	0	-42 266	-5 941	0	0	0	0	0
Net earnings	151 538	209 533	107 529	152 800	164 784	219 849	204 475	168 690
Number of shares, thous	291 276	291 783	291 786	292 000	292 000	292 000	292 000	292 000
Earnings per share (EPS)	0,52	0,86	0,39	0,52	0,56	0,75	0,70	0,58
Balance Sheet	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Fixed assets	1 564 891	1 674 444	1 886 046	2 130 720	2 331 434	2 483 195	2 594 735	2 558 522
Intangible assets	16 070	16 070	16 070	16 070	16 070	16 070	16 070	16 070
Restricted cash	824	687	27 505	27 505	27 505	27 505	27 505	27 505
Other assets	25 728	42 515	32 260	33 501	36 092	33 951	34 515	34 853
Reclamation desposits	32 035	26 525	30 841	35 800	37 055	40 566	43 807	46 476
Inventories	0	0	0	0	0	0	0	0
Total non-current assets	1 639 548	1 760 241	1 992 722	2 243 597	2 448 156	2 601 287	2 716 632	2 683 425
Cash and cash equivalents	160 017	415 891	151 705	119 274	133 661	135 371	136 641	136 249
Short-term investments	74	0	0	97 960	0	13 015	0	167 127
Restricted cash	247 844	0	0	0	0	0	0	0
Amounts receivable	48 097	63 902	59 558	63 234	70 862	71 768	72 441	72 234
Inventories	540 753	506 208	596 911	579 683	632 170	648 012	677 141	711 789
Prepaid expenses and other current assets	18 418	25 933	25 815	27 264	30 553	30 944	31 234	31 145
Total current assets	1 015 203	1 011 934	833 989	887 415	867 246	899 111	917 457	1 118 543
Total assets	2 654 751	2 772 175	2 826 711	3 131 012	3 315 403	3 500 398	3 634 089	3 801 968
Provision for reclamation	157 498	166 174	212 248	222 860	234 003	245 704	257 989	270 888
Lease obligations	29 901	0	4 229	4 229	4 229	4 229	4 229	4 229
Deferred income tax liability	1 661	0	44 524	44 524	44 524	44 524	44 524	44 524
Long-term debt	392 851	211 611	179 266	234 815	235 324	185 832	86 340	81 692
Other liabilities	21 950	11 155	3 636	3 636	3 636	3 636	3 636	3 636
Total non-current liabilities	603 861	388 940	443 903	510 065	521 716	483 924	396 718	404 969
Short-term debt	72 281	80 522	5 000	111 605	99 492	99 492	99 492	86 340
Accounts payable and accrued liabilities	130 342	181 829	173 783	188 007	205 030	210 168	219 615	230 852
Revenue-based taxes payable	19 202	15 953	954	18 511	20 054	19 243	19 137	18 946
Other current liabilities	1 563	76 078	53 965	0	1 448	0	7 021	0
Current portion of provision for reclamation	918	832	197	1 114	1 170	1 229	1 290	1 354
Taxes payable	2 302	2 592	878	878	878	878	878	878
Total current liabilities	226 608	357 806	234 777	320 116	328 072	331 010	347 433	338 370
Total liabilities	830 469	746 746	678 680	830 181	849 788	814 934	744 151	743 339
Share capital	944 633	948 121	949 328	949 328	949 328	949 328	949 328	949 328
Contributed surplus	25 876	25 781	27 364	27 364	27 364	27 364	27 364	27 364
Accumulated other comprehensive loss	-2 592	-14 371	-2 088	-2 088	-2 088	-2 088	-2 088	-2 088
Retained earnings	856 365	1 065 898	1 173 427	1 326 227	1 491 011	1 710 860	1 915 335	2 084 024
Shareholders' equity	1 824 282	2 025 429	2 148 031	2 300 831	2 465 615	2 685 464	2 889 939	3 058 628
Total liabilities and shareholders' equity	2 654 751	2 772 175	2 826 711	3 131 012	3 315 403	3 500 398	3 634 089	3 801 968
Cash Flow Statement	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Cash flows from operating activities	371 444	500 896	217 492	299 469	500 168	500 208	525 363	220 795
Cash flows from investing activities	-1 072 002	-10 627	-352 117	-471 000	-456 400	-431 533	-409 523	-275 155
Cash flows from financial activities	500 036	-234 469	-129 561	139 100	-29 381	-66 965	-114 571	53 969
Net increase in cash	-200 522	255 800	-264 186	-32 431	14 387	1 710	1 269	-392
Cash and cash equivalents, end of period	160 017	415 891	151 705	119 274	133 661	135 371	136 641	136 249

Source: Company data, Halyk Finance

Appendix 2. Summary of the company.

Centerra Gold is a gold mining company involved in the development of deposits in Canada, Kyrgyzstan, Turkey and other countries. The Company's main operating assets are the Kirgiz Kumtor deposit and the Canadian gold-copper mine deposit of Mount Milligan. For 2018 Centerra Gold produced 730 koz of gold and 21 kttons of copper.

In January of 2018, Centerra completed the acquisition of the Canadian company AuRico Metals, whose assets were represented by gold-copper projects at the stage of development of Kemess Underground and Kemess East, as well as a portfolio of royalty payments. In May 2018, the company has sold a royalty portfolio.

In 1Q2018, after obtaining all necessary permits, the Board of Directors of the Company decided to launch the Oksut project in Turkey, the first gold production expected in 1Q2020.

Centerra Gold shares are traded on the Toronto Stock Exchange under the ticker CG. The main shareholders of the Company are Kyrgyzaltyn (26.5%), BlackRock (10.6%), Van Eck Associates Corporation (9.8%).

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