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CORPORATE PARTICIPANTS

Darren J. Millman *Centerra Gold Inc. - CFO & VP*

Gordon Dunlop Reid *Centerra Gold Inc. - COO & VP*

John W. Pearson *Centerra Gold Inc. - VP of IR*

Scott Graeme Perry *Centerra Gold Inc. - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

David Haughton *CIBC Capital Markets, Research Division - MD & Head of Mining Research*

John Sciodnick *National Bank Financial, Inc., Research Division - Mining Associate*

John Charles Tumazos *John Tumazos Very Independent Research, LLC - President and CEO*

Michael Jalonen *BofA Merrill Lynch, Research Division - MD*

Robert Bonte-Friedheim *Citigroup Inc, Research Division - Research Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Centerra Gold 2017 Fourth Quarter and Year-End Results Conference Call and Webcast. (Operator Instructions) As a reminder, this conference is being recorded today, Friday, February 23, 2018.

I would now like to turn the conference over to John Pearson, Vice President, Investor Relations. Please go ahead, sir.

John W. Pearson - *Centerra Gold Inc. - VP of IR*

Thank you, operator. I'd like to welcome everyone to Centerra Gold's fourth quarter and 2017 year-end conference call. Today's call is open to all members of the investment community and media. Summary slides are also available on Centerra's website that supplement each speaker's remarks. Following the formal remarks, the operator will give the instructions for asking a question, and we will then open the line for questions. Please note that all figures are in US dollars, unless otherwise noted.

Joining me on the call today is Scott Perry, President and Chief Executive Officer; Darren Millman, Chief Financial Officer; Gordon Reid, Chief Operating Officer. And also joining us today is Yousef Rehman, Vice President and General Counsel.

I would like to caution everyone that certain statements made on this call maybe forward-looking statements and, as such, are subject to known and unknown risks, which may cause actual results to differ from those expressed or implied.

Also certain of the measures we will discuss today are non-GAAP measures, and I refer you to our description of non-GAAP measures in the combined news release and MD&A. For a more detailed discussion of the material assumptions, risks and uncertainties, please refer to our news release and MD&A issued this morning, along with the audited financial statements and notes and to our other filings, which all can be found on SEDAR and the company website.

And now, I'll turn the call over to Scott.



Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

Thank you, John. Good morning, ladies and gentlemen, and welcome to 2017 year-end results conference call.

I'm just starting off on Slide #5 of the presentation deck. Just starting off with safety, we continue to make progress in terms of rolling out our company-wide Work Safe, Home Safe program. We've now rolled this out at every single operating site within the company as well as rolling out the program at all of our other development assets company-wide, so it effectively allows us to put forward that we've now put every employee within Centerra through this safety leadership program. We're now moving into Phase 2, which is really focused on further developing the supervisory skill sets in terms of our front-line supervisors and also focusing on our critical controls within our operational designs at each of our assets.

Just referencing the second and third bullet points, it was a strong year in terms of metal production. For the whole calendar year, we produced some 785,000 ounces of gold and just under 54 million pounds of copper.

In terms of individual assets, Kumtor had a very strong year, producing just under 563,000 ounces of gold, whilst the Mount Milligan in British Columbia produced just under 223,000 ounces of gold.

Just on the third bullet point, I think what really distinguishes the company's results, both in Q4 and for the full calendar year, was the level of our low operating unit costs. So referencing the all-in sustaining costs, for the full year, we actually came in at \$688 per ounce, which was some \$17 lower than our previously favorably revised guidance, so very strong performance.

In terms of individual assets, Kumtor came in at all-in sustaining cost of \$698 per ounce, which was further favorably complemented by Mount Milligan, who had an all-in sustaining cost of \$505 per ounce.

At this level of cost performance, I think it really positions Centerra's operating asset base in a lower cost quartile, which, again, really distinguishes the company's low-cost production against that of our comparative peer groups. And probably, more importantly, just that level of overall competitiveness really positions the company well for ongoing profitability and positive free cash flow generation.

Just moving down towards some of the bottom half bullet points. And the way we really see this low-cost performance resonate is in terms of the positive free cash flow generation during the calendar year. Mount Milligan produced some USD 127 million of positive free cash flow. And likewise, at Kumtor, additionally, very complemented in terms of producing a significant \$188 million of positive free cash flow. So combines the company's 2 operating assets, providing very meaningful profitable production in excess of \$300 million of positive free cash flow. That resulted in a year-end balance sheet that was in a strong net cash position of approximately USD 119 million. And in terms of the underlying cash reserves, we finished the year with USD 417 million.

On January 8 -- as we turn the calendar into a new year, on January 8, we closed the acquisition of AuRico Metals. Again, we think this is going to be a transaction that's going to continue to underpin Centerra's transformation moving forward, particularly so in terms of the addition of the Kemess Underground project in British Columbia. We think it's going to be a key development project for Centerra that's going to underpin our growth moving forward. It's a key asset with mine longevity. It's in a great jurisdiction based on the feasibility study and the underlying economics. We expect this to be one of our lowest-cost producers of gold and really looking forward to moving that asset forward.

Also in January, we announced that we've received the final permit required for construction at Öksüt. That was the partial end use permit. We've now had that in receipt. And as of yesterday, we've now received a board approval to proceed with the project's construction based on the seasonality and the planning. We expect that construction to take place in the first few days of April of this year. That, as well, is going to be a key development for us in Centerra just in terms of underpinning our ongoing growth and our push for diversity. We think Öksüt is going to be a relatively quick build, less than 2 years. We will put forward that it's a -- it's not a capital-intensive project. So a very low cost to produce and it's going to be a very low operating cost in terms of the gold output that we will be producing at Öksüt. So really, we see that as being our third source of high-quality, low-cost production and, again, very meaningful in terms of our ongoing strategic push for diversification.

Just lastly, on Slide 5, probably the other key highlight here in -- here early in Q1 was that we've announced that we have recommenced mill processing operations at Mount Milligan. We're currently operating at half speed, if you will, in that we've got 1 of the 2 ball mill circuits up and

running. And as we've guided earlier in February, we expect to be demonstrating an average throughput rate of around 30,000 tonnes per day for the remainder of this quarter.

I'll just take you on to Slide 6, just referencing the waterfall chart there on the top left. It's really just a graphical illustration of our full calendar year cash flow statement. Just referencing the green increments, it really highlights the robust positive free cash flow that was generated at our 2 operating assets. So as I mentioned earlier, well in excess of USD 300 million of positive free cash flow. And you can see in terms of that positive free cash flow, one of the key uses of those funds was paying down our overall debt position in terms of our balance sheet. We did this in an expedited, accelerated manner, finishing the year with some \$417 million of cash.

Just referencing the chart below on the bottom left. As I mentioned earlier, we started the year in a net debt position of \$96 million, but given that positive free cash flow over the full calendar year, we're now finishing the year with a positive net cash position of \$119 million.

The chart there on top right, good liquidity, overall liquidity of around \$630 million. A very good treasury position in terms of moving the business model forward together with the positive free cash flow from operations, I believe that allows us to advocate that our business plan is a fully funded business plan, and they internally fund the business plan.

Retained earnings on the bottom right, Darren will speak to the earnings result, but for the full calendar year, we generated some \$210 million in net earnings, resulting in a year-end positive retained earnings balance of around \$1.06 billion, which is, again, quite impressive just in terms of distinguishing the company's profitability.

Just moving on the next slide, on Slide 7, just in terms of production results and the cost results relative to guidance. I guess, referencing the chart from the right, in terms of gold production, and here, we're referencing the midpoint of our guidance. You can see in Q3, we favorably revised our guidance just given the solid progress that we were having during the course of the year. And then the colors in green just illustrate where we finished the year. So we finished the year at 785,000 ounces, a favorable outperformance relative to the original guidance in the gold column and essentially in line with the favorably revised column, which is denoted by the blue column.

Where it was really impressive, though, was in terms of our own sustaining cost profile in the bottom right. You can see the final results of the year with \$688 per ounce, company-wide, very strong performance on the back of the strong production, but also a number of improvements that we've made in terms of the various unit costs. The various unit cost profile within the various unit operations at our various assets favorably outperforming both sets of guidance and, obviously, that's what's really resonating in terms of the strong margins that we're reporting on today and what you're seeing in terms of our underlying earnings results and positive free cash flow generation.

Just moving on the next slide, on Slide 8. Again, one of the things that we like to advocate is Centerra's low-cost profile. I think in terms of the current operating asset base, it definitely ranks within the lower-cost quartile relative to the all industry's -- relative to the industry's all-in sustaining cost profile, which is illustrated on this chart. You can see where each of our current operating assets is positioned, Centerra company-wide at USD 688, obviously, lower-cost quartile. But what I'd like to illustrate is 2 assets, which are illustrated in blue font. These are our -- these are going to be our next-generation gold mines, or our next sources of low-cost production, Öksüt, which is in Turkey. Again, that's one of the big developments within today's press release. We now have approval from the board to move forward with Öksüt construction. This is going to be our third very important source of low-cost production that's going to continue -- that will favorably complement our existing low-cost profile.

And then as I alluded to earlier, with Kemess being most likely the next operation to be coming in to construction in the foreseeable future and based on the feasibility, we also expect that to be a very low-cost source production, so much so that it's positioned to be our lowest-cost operating asset, so again, just positioning the company in the operating asset base well, just in terms of being positioned well for profitability and positive free cash flow generation, pretty much, regardless of where we are in the metal price cycle.

With that, I'm going to pass it over to our Chief Operating Officer, Gordon Reid.



Gordon Dunlop Reid - Centerra Gold Inc. - COO & VP

Thanks, Scott. First, on safety, for the year, as a company, our total reportable injury frequency rate, or TRIFR, was 0.38. Kumtor led the way with a TRIFR of 0.2, a record for Kumtor and one of the lowest in the industry. However, our safety statistics are marred by an unfortunate accident in April that took the life of a young maintenance worker at Kumtor. [Rulan] was well liked and respected, and we all miss him.

We are continuing our journey of implementing Work Safe, Home Safe across the company with Work Safe, Home Safe 2, and that began revamping our supervisory leadership program to ensure our supervisors have the requisite training and leadership skills. We have also begun to implement critical controls management at Kumtor, which will eventually be rolled out across the company.

Turning to Slide 10. Kumtor had a good quarter in the year, producing 158,000 ounces at an all-in sustaining cost of \$526 per ounce sold for the quarter and 562,700 ounces at an all-in sustaining cost of \$698 per ounce sold for the year. The high-grade stockpile that was providing the positive grade reconciliation was virtually depleted by year-end, and the capping of high grades in the blast holes model adjusted going forward, so don't expect to repeat.

Mining cost at Kumtor was \$1.08 per tonne for the quarter and \$1.10 per tonne for the year, reflecting the productivity improvements implemented during the year, particularly the higher utilization of a haulage fleet, faster average haul speeds and improved road conditions.

Kumtor's free cash flow was \$100 million for the quarter and \$188 million for the year. Kumtor also received all necessary permits and approvals to operate throughout 2018.

Mount Milligan had a challenging quarter and year, producing 58,500 ounces of gold and 12.3 million pounds of copper at an all-in sustaining cost of \$594 per ounce sold for the quarter, and 222,500 ounces of gold and 53.6 million pounds of copper at an all-in sustaining cost of \$505 per ounce sold for the year. Mount Milligan's free cash flow was \$22 million for the quarter and \$127 million for the year.

Guidance for 2018 is production of 645,715 ounces of gold and 47 million to 52 million pounds of copper at an all-in sustaining cost of \$799 per ounce to 88 -- to \$885 per ounce sold.

Moving to Slide 11. At Mount Milligan, the processing plant was shut down in late December due to a shortage of available water. Mount Milligan is heavily reliant on the spring melt to provide enough water to run the mill for the full year. Last winter was in a historically low year for snowpack, which resulted in there being less water available than anticipated. We implemented contingency plans, including drilling of groundwater wells and applying for permission to draw water from local surface water lakes. We believe we would get through to the 2018 freshet, but in late December, a cold snap that lowered temperatures 20 degrees below normal resulted in Mount Milligan losing a significant amount of available water to ice formation, resulting in the shutdown. The mill was restarted on 1-ball mill to conserve water on February 5. The second ball mill will be restarted with the spring melt, typically in April.

Going forward, it appears that the snowpack this year is tracking normal volumes. In addition, we will be drawing water from Philip Lake by the end of February. With these 2 water sources and the wells I mentioned earlier, we will have sufficient water resources available to run the mill continuously throughout the year.

Clearly, the reliance on the spring melt is a risk. In the longer term, it is Mount Milligan's objective to have sufficient alternative water sources available, so that the spring melt is not as important to us. Philip Lake is an important component of that plan. During the shutdown, maintenance was brought forward and the mill is set up for success. In the second half of the year, we anticipate operating at an average of 55,000 tonnes per calendar day.

Moving to Slide 12. In 2017, we completed 6,610 meters of diamond drilling in 13 holes. That drilling added 10 million tonnes to the Mount Milligan resource, containing 26 million pounds of copper and 357,000 ounces of gold. In 2018, we will continue to drill the Mount Milligan resource, and we'll also begin stepping out to test other potential pore-free targets on the land package, as shown on this slide by the red circles. A 23,000-meter drill program has been planned for 2018.



Moving to Slide 13. As detailed in the February 8 news release, with the acquisition of AuRico Metals, our reserves now stand at 16.3 million ounces of gold and 2.6 billion pounds of copper.

I'll now turn the call over to Darren.

Darren J. Millman - Centerra Gold Inc. - CFO & VP

Thanks, Gordon. Good morning, everyone.

Total revenue from operation -- sorry, for those following on the slide deck, I'm on Slide 15. Total revenue from operations during the quarter was \$358 million or a 30% increase from Q3 or 17% increase compared to the prior year quarter. Total revenue for the full year was \$1.2 billion compared to \$758 million in the prior year, with the 2017 full year results representing our full year ownership of the Mount Milligan mine.

Total gold revenue increased during the quarter to \$209 million, representing an 11% increase to -- compared to the prior year quarter, with Mount Milligan contributing \$61 million of gold revenue.

Kumtor had a great quarter with approximately 180,000 gold ounces sold, a combination of both sale of Q4 production and the sale of previously held bank ounces until the new offtake bank was put in place at the local gold refinery.

On a consolidated level, Centerra realized a gold price, during the quarter, of \$1,197 per ounce and \$1,171 per ounce for the full year. This recognizes the Mount Milligan streaming arrangements.

Net earnings for the full year was \$130 million and \$209 million for the full year. After taking into consideration nonrecurring items, the company's net adjusted earnings for the quarter was \$109 million or \$0.37 per share. The adjusted earnings for the full year was \$281 million or \$0.96 per share.

Just Slide 16. You will note our consolidated all-in sustaining cost of \$688 per ounce was achieved for the full year, positioning Centerra in the lower-cost quartile compared to our peers. Kumtor realizing all-in sustaining cost of \$526 per ounce for the quarter and Mount Milligan at \$594 per ounce.

As discussed in our -- on our third quarter call, the 49,000 gold dore ounces held back in September were sold in Q4 with a total of \$240 million in gold cash receipts received in the quarter from the Kumtor mine.

Just referring to Slide 17. As Scott mentioned, a priority in 2017 has been to reduce our debt levels. This has been achieved through the -- for the Mount Milligan mine having net -- a free cash flow of \$115 million and the Kumtor mine at \$196 million. We end the year with a net cash position of \$119 million and with cash balance of \$417 million.

Early in the year, we're able to restructure -- early in the 2018 year, as you will note in the press release from the 23rd of February, we restructured the previous debt holdings with the company and put in place a new \$500 million credit facility. At that time, we drawn \$315 million. As noted on Slide 6, the company is in a very strong financial position with in excess of \$600 million in liquidity to move our projects forward.

With that, I'll pass back to Scott.

Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

Okay. Thank you, Darren. Just referencing Slide 19. Slide 19 is just a little bit more detailed snapshot of our full year guidance for 2018, just referencing the column on the far right just in terms of the company-wide outlook. You can see this year, 2018, we're guiding for a gold production as high as 715,000 ounces of gold at all-in sustaining cost as low as \$799 per ounce. Again, this level of metal output, be it the gold, the copper byproduct,

as well as the low all-in sustaining cost, we think that should, again, position Centerra and the business model well for ongoing profitability and positive free cash flow generation.

The last segment there in the table, just with regards to capital, probably the key highlight that I've referenced, is the Öksüt project just within the growth capital column. And as I mentioned earlier in my remarks, one of the key highlight for developments with today's news release is the board has now approved the go-forward construction of Öksüt. In terms of associated capital for this calendar year, we're estimating it at approximately \$82 million. Again, just in terms of development time line for Öksüt, this is a project that should be commissioned well within the 2-year time period, so a very quick build. And again, it's going to be a very important source of low-cost production for Centerra. So we're very excited for that.

Just transitioning to the final slide on Slide 20, really just the wrap-up slide. Really, the key bullet point I'd highlight on the left is the fourth point. On January 8, we did announce that we've now closed and fully consummated the acquisition of AuRico Metals. And again, I've spoken the importance of this just in terms of the addition of the Kemess project. Again, we think that's going to be an important asset underpinning Centerra's growth profile moving forward into the next decade.

Likewise, the receipt of the Öksüt in Turkey, the receipt of the Öksüt pastureland use permit as well as the investment incentive certificate, again, this is going to be our third source of high-quality, low-cost production. Very excited to see that moving forward this year and into next year.

Just further down, just to reiterate the cash position. As Darren and I spoke to, we've finished the year with a very strong cash position of some \$478 million with an excellent liquidity position. All of this reflects the very strong free cash flow from the operations. I would expect that to continue in its current metal price environment. And just given that strong treasury profile, I think that really allows us to advocate that the business plan, the business model moving forward is an internally funded one, which is obviously advantageous.

With that, I'm going to turn the call back over to the operator, please, just for any questions that are maybe on the line. Operator? Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question is from the line of David Haughton with CIBC.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

From the operational point of view, I've got a few questions at Mount Milligan. I guess, one of the things in there is you noted that you had some metallurgical tests. You've changed some of your modeling to anticipate what's being presented to the mill. What can we learn from that? And where can you see the recoveries going to?

Gordon Dunlop Reid - Centerra Gold Inc. - COO & VP

Well, the -- yes, I think you're referring to our geometallurgical model we started working on about a year ago now. Basically, it's -- what we're trying to do is to build a model that we can predict recovery and throughput based on the material going to the mill. So as we do our mine plan, the mine plan tells us this material gives us this amount of throughput, this kind of recovery on copper, this amount of recovery on gold, so that we can plan sufficiently ahead to optimize the mill, to maximize the recovery and throughput for that. And it also gives us the opportunity to modify our mine plans and to better improve the recoveries and throughput.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

And the second part, where can we see the recoveries going to? So we had 78% gold and 64% copper in the previous quarter. That's -- copper is a bit lighter than what we would have anticipated. Where do you see that moving to? And what's your potential?

Gordon Dunlop Reid - Centerra Gold Inc. - COO & VP

Well, the recovery -- like I said, we have more than one ore type and the recoveries are different for each ore types. So you really -- It's difficult to compare one period to another because we could be feeding different ore types to the mill. But we do anticipate seeing improved recoveries on both copper and gold. I'd rather not speculate on that. We're still optimizing what we're doing.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

Previous plan suggested that the copper could get up to 80%. Is that something that you still feel comfortable with? Or should we be reducing that expectation?

Gordon Dunlop Reid - Centerra Gold Inc. - COO & VP

I mean, at Mount Milligan, right now, we've guided to 79% recovery for copper and 61% recovery of gold, but 80% is not unachievable.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

Okay. And then I guess, you're still working on the order on what that means, the guidance you've got for 2018, so just on the second half, we should be getting up to 55,000 tonnes a day. Clearly, Q1 is going to be a difficult one, for want of a better number, on averaging about 20 given that, basically, you had nothing for January. Is it sort of once we get out of there, kind of a linear path up to the 55,000 tonnes a day?

Gordon Dunlop Reid - Centerra Gold Inc. - COO & VP

Yes. The -- yes, I would say -- you can assume that. Just to clarify, the 55,000 tonnes is per calendar day, so it's an average that rolls in the maintenance downtimes that we anticipate during the half -- for the second half.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

Okay. All right. And is the goal still to get up to the 9-plate 62.5 at some stage?

Gordon Dunlop Reid - Centerra Gold Inc. - COO & VP

For now, we're guiding to 55,000 tonnes per day. We believe that's secure and achievable. So we're very focused on demonstrating reliable, consistent, sustainable mill throughput at that level, and that's what we're guiding to.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

Okay. And then I'll just flip over to a financial question and perhaps for Darren. Quite a few moving parts in January, February as far as the balance sheet goes. I noticed that you've got the new \$0.5 billion credit facility. You've drawn \$315 million. With that drawing, have you now repaid all the other debt facilities, so that it's that new facility the only debt that you've got?



Darren J. Millman - Centerra Gold Inc. - CFO & VP

That's right. So the -- we canceled the EBRD facility in early -- or in February. We put in place a new \$500 million facility. We've drawn \$315 million of that. So \$185 million remains undrawn. And we've also got in place the Öksüt facility of \$150 million. So with both those undrawn facilities, our development pipeline is funded.

David Haughton - CIBC Capital Markets, Research Division - MD & Head of Mining Research

And with the Öksüt facility, you'll start drawing against that now that you've got the green light to proceed and you've got capital expenditure estimates of about \$80 million this year. Would you be drawing a good chunk of that \$80 million of CapEx from your debt facility?

Darren J. Millman - Centerra Gold Inc. - CFO & VP

Yes.

Operator

And our next question comes from the line of John Tumazos with Very Independent Research.

John Charles Tumazos - John Tumazos Very Independent Research, LLC - President and CEO

I'm trying to learn all your projects. Should we consider Öksüt, Kemess Underground and Hardrock firm in the first 3 in the Q? Is there any possibility to restart Endako or Thompson Creek moly or the gold property on care and maintenance in Mongolia? And then there's a Mongolian gold project. There is the Berg copper moly project that was in Thompson Creek. And I think there were even straight moly projects at Thompson Creek 2. Maybe some of those you haven't even kept around. So could you tell us about the -- all the other things that you never know when the moly price -- the gold price rises a little more?

Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

Okay. John, it's Scott. Just in terms of the project and their prioritization, the Turkish project, Öksüt, as you may have seen in today's release, we now have board approval to commence construction there and that will be taking place this year. So Öksüt is definitely of the highest priority right now. Kemess, I'd ranked as second highest priority and the reason being Kemess is largely derisked in terms of we do have delineated reserve and resources, we've got a positive feasibility study, but we've also -- the project has been derisked even further in that we've got all the surface infrastructure in place, ready to go. And it also has the provincial and federally approved environmental assessment application, that's all been approved. And then on top of that, we've also got our impact benefit agreements with the local First Nation. So that project has been predominantly derisked. So if I look into my personal crystal ball, I would see that as being likely the second highest priority project. You then referenced the molybdenum sort of business unit. We acquired that when we acquired Thompson Creek. The key purpose underlying the Thompson Creek transaction was the acquisition of the Mount Milligan mine in British Columbia. But I guess, coming out of that transaction, we now are the owner and operator of the molybdenum business unit. Within this business unit, there are 2 primary molybdenum operations that are currently on care and maintenance. When we acquired these moly mines, the moly price is trading at around \$6 per pound. And I think, as you alluded to, right now, moly is trading in excess of \$12 per pound. So we recognize that there's a lot of optionality there. There is a lot of deep value at those 2 mines, being the Thompson Creek mine and the Endako mine. And we recognize that, that's a unique opportunity for our shareholders in terms of our ability to potentially daylight or surface some of that value in the future. That's probably as much as I can say right now. But in terms of your question, we definitely recognize that being an opportunity, especially given that it looks like the prevailing moly price environment, the moly tide, if you will, is a rising one. So it could be an interesting opportunity for us moving forward.



Operator

And our next question comes from the line of John Sclodnick with National Bank Financial.

John Sclodnick - *National Bank Financial, Inc., Research Division - Mining Associate*

Just got a question on the grade profile at Mount Milligan. I wonder if you could give a little color on the gold and copper grades quarter-over-quarter.

Gordon Dunlop Reid - *Centerra Gold Inc. - COO & VP*

Actually, the grades are fairly consistent. We try to manage the throughput to achieve that kind of consistent grade. I don't have -- there's no significant variance, not like Kumtor, which you can see a very large variability quarter-over-quarter.

John Sclodnick - *National Bank Financial, Inc., Research Division - Mining Associate*

Okay. And would you expect kind of around 0.2% copper, kind of 0.55 grams per tonne gold?

Gordon Dunlop Reid - *Centerra Gold Inc. - COO & VP*

It will be in that range -- it will be in the reserve range, yes.

John Sclodnick - *National Bank Financial, Inc., Research Division - Mining Associate*

Perfect. Okay. And just one last question. Just final project to mention here, I guess, would be Gatsuurt. Any spending plan there?

Scott Graeme Perry - *Centerra Gold Inc. - President, CEO & Director*

John, it's Scott. In terms of the care and maintenance cost at Gatsuurt, generally speaking, I'd categorize them as being low or immaterial, like less than USD 5 million for the calendar year, the reason being Gatsuurt is on care and maintenance. We did publish a revised feasibility study last year, which demonstrated positive economics. But I guess, the one aspect we're still trying to obtain further assurance on or certainty on would be the fiscal regime within Mongolia. Right now, just in terms of the royalty legislation, there's some uncertainty in terms of what it's going to look like going forward. The current royalty legislation is due to expire at the end of this calendar year. And in terms of what may be the go forward royalty legislation, we don't have 100% visibility on that. We want to have that in hand before we can make a determination or decision on what's the next best step for Gatsuurt. I'm giving you a long answer, but you should think of the asset as continuing to be on care and maintenance through the remainder of this calendar year.

Operator

(Operator Instructions) Our next question comes from Mike Jalonen, Bank of America.

Michael Jalonen - *BofA Merrill Lynch, Research Division - MD*

Just looking at chart 8, it's a pretty impressive chart with all your assets at the far end. I guess, if companies have high-cost operations, I wouldn't show this chart. And I wonder where Hardrock could fit on this chart and what your plans are for that project. I listened to your joint venture partner



speak at a -- just another broker's conference webcast in January and your partner was pretty excited about potential production decision in 2/19, so just wonder what your -- Centerra's thoughts are.

Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

Yes. So in late 2016, we did publish the positive feasibility study for the Hardrock project, which is a joint venture and an equal 50-50 joint venture with our partner. When you look at the feasibility study, the all-in sustaining cost was around USD 600 per ounce. So in terms of the first part of your question, that would position Hardrock within the lower-cost quartile relative to the industry. So it definitely would favorably complement our existing overall operating cost structure. But in terms of where it sits from a priority perspective, obviously, the (inaudible) engineering got the positive feasibility study published, but we still got some ways to go in terms of derisking the project. And what I mean by that is, right now, the plan that ourselves and our partner is working on is we're looking to derisk this project from 2 fronts. The first one is we're looking to file the -- an environmental assessment and hopefully receive a positive opinion on that. And on the second front, we're in negotiations with the applicable First Nation bands, just in terms of looking to establish Impact Benefits Agreements. Our guidance has always been we publish the feasibility study in terms of the go-forward strategy, the EA and the IBA. That's going to be a 2-year process. As and when we have those catalysts in hand, that's where we'll then allow both partners to revisit a potential proceed or do-not-proceed decision. I'm giving you a long answer, Mike, but well positioned from an operating cost profile, great jurisdiction, but we want to see the asset and the opportunity to further derisk.

Operator

And our next question is from Robert Bonte with BlueCrest Capital Management.

Robert Bonte-Friedheim - Citigroup Inc, Research Division - Research Analyst

Just wanted a bit more color. Can you give us a bit more breakdown, again, maybe I just missed it on the granularity on Öksüt, so that coming on, is it first production do we say in 20 -- first quarter 2020? And how should I think about the quarters over that year and maybe 2021?

Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

Robert, it's Scott. I mean, I think that's a tough question for me to answer because we haven't provided a guidance on that. But you're correct that we would envision first gold pour or first production being in Q1 of 2020. In terms of the capital expenditure, we're guiding for up to USD 220 million. As you saw it in today's guidance, \$82 million of that \$220 million is being invested in this calendar year. And I think, generally speaking, you could -- the remainder of the \$220 million, you could just evenly distribute or apportion over those remaining quarters post 2018. In terms of populating a model, I think that would be a relatively safe assumption.

Robert Bonte-Friedheim - Citigroup Inc, Research Division - Research Analyst

Yes. Okay. I mean, ballpark, if I put in the old -- I think the last time we saw each other, that was ramping up towards -- I mean, again, at the peak, it's a 4 million tonnes a year capacity and maybe get to 2 million tonnes in 2020 back-half weighted at, whatever, 1.7, 87% recovery gets me to around 95,000 ounces in 2020. Is that a ballpark reasonable number?

Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

I can't -- you're putting me in a tough position, Rob, I can't comment because we just have not provided operating guidance for the year 2020.

Robert Bonte-Friedheim - Citigroup Inc, Research Division - Research Analyst

Okay. Is there any reason -- I will rephrase it differently. Is there any reason it's different from the feasibility study? Or that -- is there any reason that what you know today kind of go ahead, there should be any differences to the feasibility study? And I guess, you are speaking to a public forum. I thought you could say things on this call, no?

Scott Graeme Perry - Centerra Gold Inc. - President, CEO & Director

No, absolutely. And all I can do is speak to what is currently in the public domain. So as you're referencing with your question, I would definitely encourage you to look at the technical report that's in the public domain, and that's the year-over-year profile and granularity. And that would be your best source.

Operator

And there are no further questions.

John W. Pearson - Centerra Gold Inc. - VP of IR

Thank you, operator. If there's no further questions, we'll end the call. Thanks, everyone, for attending the call. Thanks.

Operator

And ladies and gentlemen, that does conclude our call for today. We thank you for your participation. Everyone, have a great rest of the day. You may disconnect your line.

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