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CG.TO - Centerra Gold Inc Annual Shareholders Meeting

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CORPORATE PARTICIPANTS

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

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

Stephen A. Lang *Centerra Gold Inc. - Chairman of the Board*

CONFERENCE CALL PARTICIPANTS

Karen William-Loiseau

PRESENTATION

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Good morning, ladies and gentlemen. I am Stephen Lang, I'm the Chairman of Centerra Gold. And I'd like to welcome you to the Annual Meeting of the Shareholders of Centerra. We'd also like to introduce to you the other members of the Board of Directors who are present here today. I'd ask each of you to stand as your name is read. Richard Connor, Eduard Kubatov, Nurlan Kyshtobaev, Michael Parrett, Jack Perron, Scott Perry, Sheryl Pressler, Terry Rogers, Bektur Sagynov and Bruce Walter.

As you know, 2 of our board members, Nurlan Kyshtobaev and Terry Rogers, will not stand for reelection this year and are retiring. Mr. Kyshtobaev has been a member of the board since 2016, and we've really benefited from his expertise in government relations, particularly with the Kyrgyz Republic. And Terry Rogers has been the Director since Centerra was formed in 2004 and has been involved with Kumtor project from the very beginning. His knowledge, experience and expertise will be sorely missed. And I thank them both for their service to Centerra.

Also with me is Scott Perry upfront as President and CEO in Centerra; and Yousef Rehman, General Counsel. KPMG LLP, Centerra's auditors, are also in attendance.

We will now proceed with the formal part of the meeting to conduct the business as set forth in the notice of meeting dated March 27, 2018, and sent to shareholders. The meeting will please come to order.

On April 6, 2018, notice of the meeting, the management information circular, form of proxy and annual report containing the financial statements and auditor's report were mailed to all shareholders entitled to receive such notice. The Secretary has an affidavit from AST (sic) [CST] Trust Company of Canada, Centerra's registrar and transfer agent, attesting to the mailing of the notice of this meeting. Unless there are any objections, I propose that we take the notice as having been read.

In accordance with the bylaws of the company, I will act as Chair of the meeting, and Yousef Rehman will act as Secretary. And with consent of the meeting, CST Trust Company, by its representatives, will act as the scrutineer.

I have been advised by the Secretary that based on the scrutineer's report on attendance, we have a quorum for the meeting. The scrutineer's report will be available at the close of the proceedings for anyone who wishes to inspect it. So I now declare that this Annual Meeting of Shareholders is duly constituted for the transaction of business.

Before proceeding with business of the meeting, I'd like to make a few comments respecting the procedures to be followed. Only registered shareholders of the company's common stock who are here in person or holders of valid proxies may vote. Others present here today are only here with the consent of the meeting to observe proceedings only.

There are 2 matters to be dealt with as part of the formal business of the meeting: first, the election of directors; secondly, is the appointment of the auditors. We will conduct the voting on these matters of business by ballot. Ballots are distributed to shareholders and proxy holders when they registered with shareholders -- with the scrutineers.



Shareholders and proxy holders who have not received a formal ballot and wish to receive one should raise their hands so that the scrutineers can distribute them to -- those entitled to vote.

For convenience, Karen William-Loiseau and John Pearson, our shareholders and proxy holders, have been asked to move and second the resolution. Following the formal part of the meeting, Scott Perry will provide an update on the company's activities, after which we would be glad to field any questions.

I now request the Secretary to table the minutes of the last meeting held on May 2, 2017. And unless there any objections, I propose that we dispense with the reading of the minutes.

May I have a motion that the minutes of the Annual Meeting of Shareholders held on May 2, 2017, be taken as read and verify and approve them?

Karen William-Loiseau

I move.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. Is there a second?

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

I second the motion.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. With all of those in favor of the motion, please signify by raising their hand.

(Voting)

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Contrary if any?

(Voting)

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

I declare the motion passed.

The financial report and consolidated financial statements of the company as and at for the year-ended December 31, 2017, and the auditor's report thereon have been mailed to all shareholders entitled to receive them and are available here today.

Questions concerning the annual report, financial statements and the management's discussion and analysis will be entertained in the general question period following management's presentation.

We will now proceed with the election of directors. The Board of Directors has determined that the number of directors to be elected at this meeting is 11. All of the directors proposed for nomination in the management information circular mailed to shareholders in connection with this meeting have agreed to stand for election. I now declare the meeting open for the election of directors.

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

Thank you, Chairman. I nominate Richard Connor, Eduard Kubatov, Stephen Lang, (inaudible) Michael Parrett, (inaudible), Scott Perry, Sheryl Pressler, Bektur Sagynov, Bruce Walter and Susan Yorkovich.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. Centerra has adopted a policy and an advanced notice bylaw, which requires that any nominations for director be received by the company in advance of the meeting. As no such nominations have been received, I declare the nominations closed.

Each shareholder or proxy holder should report their vote for the election of the directors on their ballot. When you are finished voting, please sign and print your name. Please keep your ballots for voting on other items of business. Ballots will be collected at the end of the formal business of today's meeting.

And now we will proceed with the appointment of the auditors and the authorization of the directors to fix their remuneration.

May I have a motion to approve the appointment of KPMG LLP as the auditors for the company for the ensuing year and to authorize the directors of the company to fix the remuneration to be paid to the auditors?

Karen William-Loiseau

I move.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. Is there a second?

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

I second the motion.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. Each shareholder or proxy holder should record their vote on this motion on their ballot. When you have finished voting, if you have not already done so, please sign and print your name on the ballot. When you have completed your ballot, please raise your hands so that scrutineers can collect your ballots.

And I would now ask the scrutineer to collect the ballots, and after counting them, report back to me on the -- at the appropriate time. We will take a brief recess to allow the scrutineer to tabulate the ballots.

(Break)

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

The meeting will now reconvene. I have received the scrutineer's report. And based on that report, I declare each of the -- individuals nominated as a Director of Centerra to hold office until the next Annual Meeting of Shareholders and until their respective successors are duly elected.

Each nominee received at least 94% of the votes in favor. Scrutineer has also indicated that approximately 99% of the votes -- the shares voted were voted in favor of the motion to appoint KPMG LLP as the auditor of the company for the ensuing year and to authorize the directors of the company to fix their remuneration. I declare that, that motion has passed.

As there is no other formal business to conduct before this meeting, I will entertain a motion to terminate. May I have a motion to terminate the meeting?

Karen William-Loiseau

I move that.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. Is there a second?

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

I second the motion.

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Thank you. With those in favor, please signify by raising their hands.

(Voting)

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

Contrary, if any?

(Voting)

Stephen A. Lang - *Centerra Gold Inc. - Chairman of the Board*

I declare the motion carried and the meeting concluded.

So I'll now turn it over to Scott Perry to provide an update on the company's operations.



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

Okay. Good morning, everyone. Thank you for joining us at our 2018 Annual General Meeting. John Pearson, our VP of Investor Relations, has put together this short presentation just to really recap on some of the key highlights of 2017. And I really liked the title. I think it really signifies where we're going as a company and that we're kind of positioning that we're built for today, but we're building for tomorrow. And hopefully, that's one of my key objectives that I'll be looking to demonstrate with these slides today.

Cautionary-looking statement. Just with regard to some of the forward-looking statements that we'll be making. The first slide here on Slide 3. It's another busy year for Centerra. When I think back on the 2 last years, they've been 2 very transformative years. And what really illustrates that is that pie chart in the top right of the slide. What we're illustrating here is just our consensus net asset value distribution in terms of the different assets that we have within Centerra and where those assets are domiciled by geographical jurisdiction. When you look at the pie chart, you can see that based on consensus estimates, more than 53% of our value is now domiciled in Canada. When I reflect back on what this pie chart looked like some 2 years ago, up to 75% of our value was domiciled in Kyrgyzstan. That's because our world-class operation, Kumtor, was our single source of production, earnings and cash flow. But with that strategy and the way we've been embarking on that, more and more we're adding profitable operations or profitable future development projects in different jurisdictions and looking to create more and more diversity. That's really our thesis and our touchstone. Moving forward, we think as we create more diversities, we have more sources of profitable production, which has been resulting in a very favorable recalibration in our geopolitical risk profile, which in turn should really resonate when the company's valuation multiples move forward.

This next slide, just 4 more charts here just illustrating some of the key financial highlights for the calendar year 2017. I'll start with the waterfall chart there on the top left. Really what we're looking to illustrate here is we operated during the calendar year as a internally funded business model.

So if you look at the first 2 green increments, and again, this really highlights the strong profitability at our existing operating asset base. Mount Milligan in British Columbia generated some \$127 million of positive free cash flow. And that was favorably complemented by the -- by Kumtor in Kyrgyzstan, which generated some \$188 million of positive free cash flow.

So in total, cumulatively, our 2 operating assets, they generated around \$315 million of positive free cash flow. I think it's very impressive for a company of our size and profile. I think that level of free cash flow yield really distinguishes Centerra quite favorably, puts us in a great position, which in addition to our existing liquidity profile, existing treasury, one of the things that we always look to advocate or demonstrate is that our business model moving forward, our growth plan, they are fully funded internally.

But back on that waterfall chart, you can see one of the key red decrements once we paid down some \$209 million of debt during 2017. This debt that we're paying down was associated with the original acquisition facility that we put in place as part of acquiring Thompson Creek, which is the underlying Mount Milligan Mine.

We've owned the mine for 1 year. We paid \$1 billion effectively for this asset. And in its first calendar year of ownership, it generated some \$127 million. This is a 20-year asset. Based on the current mineral reserves, got significant mine longevity.

Moving forward at Mount Milligan, we think this is an asset that's really going to underpin Centerra's growth. We can build around this asset moving forward.

The treasury position there on top right, just in terms of our liquidity, you can just see where the cash reserves were. This is actually illustrated as of January 8, which is after we closed the acquisition of AuRico Metals. That was a transaction that we funded entirely with cash. So we've effected or notionalized this cash balance to take account of that acquisition.

So you can see we had \$295 million of cash; plenty of undrawn credit facility capacity, we've around \$335 million; total liquidity of \$630 million. So given I made the earlier comment in terms of that business model moving forward, we do think it's a fully funded business model internally just given that level of profitable production from the existing assets as well as that strong liquidity.

The bottom left, you can see we finished the year strongly, finished the year in terms of balance sheet with net cash position of some \$119 million. And again in the bottom right chart, again, this speaks to the quality of the underlying assets, and they're very profitable.

If you look at the blue segment within that column chart, you can see, generally speaking, year-over-year, we've been growing out our retained earnings balance regardless of where we are in the prevailing gold price environment, which is the red line chart. So again, just speaks to the high margin or high profitability at the operating asset base.

In terms of our guidance through last year 2017, on a company-wide basis, we performed well relative to guidance. We essentially came in line with what was our favorably revised guidance there on the top right there, that's the blue column. You can see, in Q3, we favorably increased our outlook for the full year. And then at year-end, the green column, we essentially came in line. But what was very favorable during the year was all-in sustaining costs in the bottom right there, really benefiting from the growing production and the growing denominator.

You can see unitary cost in terms of our all-in sustaining costs, we finished the year very strongly at \$688 per ounce. So again, very strong margin. And again, I think that really distinguishes Centerra when you look at that chart in the bottom left, just highlighting our sort of cost profile versus our intermediate comparative peer group. You can see we are positioned as one of the lower-cost producers. And I think that's something that positions the company very well in terms of our ongoing profitability and cash flow generation.

I'm just drilling down more on the individual assets. One of the things that I'd like to highlight is the 3 boxes on the left. These are our sources of positive free cash flow and they're significant. So again, Mount Milligan, \$127 million; Kumtor, \$188 million. But also when we closed the acquisition of AuRico Metals, that was a unique company that essentially had 2 businesses within one, it's got a royalty portfolio. And then a late-stage brownfield copper-gold development project in British Columbia.

This royalty portfolio, I'll speak about it on the next slide, but it does generate meaningful positive free cash flow. And you can see that in the bottom left. I think it just -- on the margin, just helps with our ongoing diversity.

The pie chart in the middle. As I mentioned in my opening remarks, this is really our touchstone in terms of how we're running the business moving forward. We're looking to create more and more diversity. It's been the transformative 2 years and you can see that whereby Kumtor, which is our flagship asset domiciled in Kyrgyzstan, now represents around 1/3 of the company's valuation mix. But as I mentioned, some 2 years ago, it was up to 3 quarters of the company's valuation.

The other thing, I'm -- we, as a management, are getting more excited about is now we've started construction at our Turkish project, which is called Öksüt. So that's the fourth one down from the top on the far right.

Based on the consensus view, Öksüt has a value of some \$250 million, but we're now in construction, it's a \$220 million capital expenditure budget. Once those capital expenditures are fully invested, this asset could have a value of around \$450 million.

The only reason I make this point is when you look at the Turkish slide in the pie chart, currently Öksüt, Turkey, represents around 8% of our value. But as we get closer and closer to commissioning the first gold pour, I believe it's going to command a greater and greater portion of this pie chart. A lot of that is our thesis and our business plan moving forward. We've got a large number of organic growth opportunities. And as we look to move each of these forward and potentially bring them into production, more and more of that's going to diversify the company and, I believe, result in a very favorable recalibration of our geopolitical risk profile and you should see that resonate in our valuation moving forward.

Just on the royalty portfolio. There's really 2 key flagship royalties here. You can see the little table there on the top right. 4 of the royalties are producing royalties, so cash flowing. But there's 2, what I would call, Tier 1 royalties, obviously, the Young-Davidson here in Ontario. So you can see in the geographical map. Young-Davidson is a 1.5% NSR on that operation. It's a 16-year asset life at Young-Davidson, so a significant mine longevity.

But the other key underlying royalty in the bottom right of that geographical map is the Fosterville royalty. And that's a 2% NSR on that operation. A lot of us who follow the industry will recognize the incredible success that Kirkland Lake Gold, the owner and operator of Fosterville has had.

They've been growing reserves by more than 100%, growing resources by more than 100%. But really, the key success there in that operation has been the delineation of some 1 million ounces of high-grade reserves at the Swan Zone. And right now, the average in situ grade is around 60 grams per ton. So we have a 2% royalty on this operation. Kirkland Lake Gold this year, they've announced a budget of \$55 million of drilling and exploration development. That's going into our royalties. So we'd like to put forward if you think this is a royalty portfolio that it's growing in value every day and that's something that should be to the benefit of Centerra shareholders.

And again, you can see on the bottom right, significant free cash flow currently estimated for 2018 and that's something that we expect could grow moving forward.

This morning, we reported our Q1 earnings results and one of the slides that John put in here is this -- really was the key highlight from our first quarter results. One of the key ones that myself and management are very passionate about is the very first bullet point.

Kumtor, on April 11, we announced that we'd achieved 1 year of lost time injury-free operations. That was the significant milestone for Kumtor. Its significance is highlighted by the fact that, that represents 6 million hours -- 6 million man-hours of LTI-free operations. It really -- what we're most excited about is it just shows the benefits of our company-wide safety leadership program, which is called Work Safe, Home Safe. We're really -- it's really resonating at our operations, and Kumtor itself is proving to all of the operations in Centerra that we can be a 0 harm environment, that we can look at any employee, any stakeholder, anyone external with company and say, if you work at Centerra, you'll be safe. They're proving that. And that's significant because Kumtor had a terrible incident on April 11, 2017, that actually resulted in a fatality.

So as a company, as a management team, speaking on behalf of the board, we've double down on this. We're totally recommitting to safety. And we want to make sure we're always fostering safe operations.

The other key highlight is the fourth bullet point, which is we started construction at Öksüt. So this is going to be our third source of high-quality, low-cost production. This is our project in Turkey. I personally believe that in 2 years from now, we're going to look back on this. And we're going to look back on today and say this was the inflection point for Centerra. Because in 2 years from today, we're producing very profitable gold at this operation. And again, as you've heard me mention a few times, I think that's going to really benefit our ongoing diversity.

So -- excuse me, that's a good segue into Öksüt. I'm just talking too much last 2 days. Excuse me, just see on Öksüt. Öksüt at the top right there, you can see it's located in, essentially, Central Turkey. We find this is a great jurisdiction for doing business. We have very strong social license here. And we see that, we feel that just in terms of the rapport and interface that we have with the local stakeholders via the Governor, the Mayor, the Deputy Mayor, et cetera.

You can see some of the highlights there on the top left table. What you're looking at here is the conventional open-pit, heap-leach project. The third row there is the all-in sustaining costs on the life-of-mine basis of around \$490 per ounce. So we can -- we would submit that this is going to be a very profitable asset.

And the fifth row there is the capital expenditure budget. It's around \$220 million. So again, if you reflect back to my opening slide on our liquidity and our positive free cash flow, we think this is a capital expenditure commitment that we can manage quite comfortably.

Last row in that table. First gold pour is scheduled for Q1 of 2020. We've been waiting for 18 months for our final construction permit, which was the receipt of our pastureland use permit. And as a result, we're now -- our earthworks contractor is now moving dirt, if you will, now breaking ground. You can see that in the image there in the bottom right. We've now commenced construction of our main access road out to the project.

I was out at Öksüt a couple of weeks ago. And I've never seen our local management team. Just so excited and motivated to finally be moving dirt, waiting 18 months for that last construction permit. They weren't twiddling their thumbs, they kept working on all the design engineering. When we broke ground here, we're at 94% -- at a 94% level of engineering, which would be in our industry is kind of unprecedented. And that's what gives management a lot of confidence. When you think about our capital budget or our time line, we think we're quite secure.



Some of these images here just show some of the progress. Really what you're looking at here is just our focus on safety. The top left is the earthworks contractor shift and all the mobilization efforts that have been underway. We were scheduling to break ground here in the first week of April, and we actually got underway on March 27. So things are going really well here at Öksüt. And this is a very exciting development for Centerra.

Just the other key organic growth opportunity that I'll talk about given we acquired this asset this year is Kemess. So this is what I would categorize as a late-stage, brownfield, advanced development project. It is located approximately 300 kilometers from Mount Milligan in British Columbia.

One of the key things about this asset, which I'm looking to illustrate with these images is this is a brownfield's property, as in this was a past producing property. It went into care and maintenance in 2011. But you can see just all the extensive infrastructure that's on the surface at this operation. We would estimate we've got in excess of CAD 1 billion of infrastructure. In the top left, you're looking at the camp and the accommodation. In the bottom left is the mill facility, the concentrator, the maintenance workshop. In the top right is the historical Kemess South open-pit, which we're looking to use as our tailing storage facility moving forward. And the bottom right is just an image of where we've got 2 separate stand-alone underground deposits that we've been looking to take advantage of moving forward.

In addition to that, I mean, it's really got a lot going forward. It's got a significant endowment. The fifth bullet point here is just the total resources at those 2 separate deposits. We have the Kemess underground deposit and we've got the Kemess East deposit. Again, it's copper-gold porphyry deposits. It's approximately a 50-50 split in terms of gold-copper revenue. If I turn it into gold equivalent ounces, it's around 12 million gold equivalent ounces that we have this property, which is significant.

I mentioned all the infrastructure, but I want to draw your attention to the second bullet point. The management team at AuRico Metals had done a great job even further derisking this asset. In that, they have received their environmental assessment approvals both at the provincial levels and at the federal levels. They've really derisked it from a permitting perspective. And then also you can -- in terms of the local First Nations, they've executed and put in place impact benefit agreements with local First Nations. So the project's very derisked.

Where we stand right now, speaking on behalf of management is, we're looking to just receive our normal course operating permits, which are effectively a subset of your environmental assessment certificate. Most likely, we'll be receiving them towards the end of this summer. And once we have those in our hands, that could potentially put management in a position to go to our Board of Directors and say, is it time now to make a proceed decision -- a proceed -- a construction proceed decision on Kemess.

The second last bullet point though is something I want to highlight, the Kemess generates a concentrate and it's an incredibly clean, marketable concentrate. It originally was the baseload to the (inaudible) smelter in Quebec. And the reason I'm highlighting that is it's the concentrate that would blend itself very well to a smelter-based uptake financing. That's something that Darren, our CFO, is looking into. There could be opportunities there in terms of securing long-duration, low-cost smelter financing, which would even further derisk this proposition moving forward. So again, something we're very excited about located in Canada. If and when it was to go ahead this project, it's again going to be a long-lease asset, a low-cost asset that Centerra can really build itself around.

Just one other business unit I want to highlight and the reason I want to highlight this is because of the chart in the top left. When we acquired Thompson Creek, they had a molybdenum business unit. And you can see the moly price cycle there in the top left. It's been really appreciating quite strongly of late. When we acquired Thompson Creek, from memory, moly was trading at around \$6.50 per pound. Yesterday, it was trading at \$12.20 per pound.

The way Thompson Creek set up its business unit was very appropriate and very well structured. The assets on the right of the slide, you've got the Thompson Creek Mine in Idaho. That's the primary molybdenum operation that's currently on care and maintenance. Below that, you've got the Endako molybdenum mine, which is again located pretty close to Mount Milligan in British Columbia. That operation is also on care and maintenance. We're still finalizing numbers on what have you, but generally speaking these 2 assets. If you have a moly price that's getting up around current levels, these assets are starting to look like they have more and more viability.

In the bottom right is the Langeloth's metallurgical facility. This facility is operating. It's operating at around 50% capacity. And on average, it generates up to \$10 million of positive free cash flow per year. And again, the late Thompson Creek structured this, they utilized the positive free

cash flow from the Langeloth facility to fund all the care and maintenance costs for the 2 primary molybdenum operations. So I was referred to it as a 0 cost option on the moly price cycle moving forward. And again, the chart on top left, moly price cycles looking more and more interesting. So really what I'm looking to message here is we think we've got a lot of deep value in this business unit and, increasingly, in something that we have been working on in terms of surfacing and daylighting a lot of that value.

Just on what I think is my last slide here and it's my personal favorite slide. What we're illustrating here is the gold industry cost curve utilizing the all-in sustaining cost metric. And just denoting where each of Centerra's operations are currently positioned on that cost curve. So generally speaking, you can see Centerra Gold, if you take the midpoint of our guidance to this year, just doing a quick math, I think it's around \$840 per ounce. You can see it puts the whole company in the lower cost quartile. You can see where our operating assets are positioned in terms of Mount Milligan and Kumtor. And then what get us excited as a management team is when we look at 2 of the growth projects that we've spoken about today and where they're illustrated, they're still in the lower cost quartile. And as a result, they're going to be quite -- they're going to really complement the company-wide existing cost profile.

So again, I think to reference John's opening slides, built for today, but this is really building for tomorrow. These 2 assets, I think -- 2 assets are going to really reposition the company, and obviously utilizing the profitable production and the positive free cash flow from Kumtor and Mount Milligan as well as our existing strong balance sheet to execute on that.

So with that, I'll look to end the presentation there. And I'll just quickly canvas the audience to see if there's any questions or what have you. But in the absence of which, you've got the entire management team here, you got the Board of Directors. We're more than happy to mingle after this session. Yes, ma'am.

QUESTIONS AND ANSWERS

Unidentified Company Representative

Just hold on. We're recording it. So please use mic.

Unidentified Participant

So as you know, there have been significant concerns raised around the environmental safety in relation to Lake Petrov in relation to the tailings pond. My understanding is that the concerns are around the water levels and whether -- what the emergency plan is in relation to the water levels in the case that there is some sort of incident that challenges the integrity of the lake in relation to the tailings pond. So I'm just wondering if you can speak to the emergency plans, especially around emergency discharge of the water with (inaudible) integrity of the tailings pond below?

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

Starting off with an easy question. Our management team at Kumtor is totally on top of all of these. And in addition to that, we complement a lot of our systems and procedures and making sure that we're ready by bringing in a third-party North American contractor called AMEC, they're an engineering firm. And they've applied on all our procedures and what have you around Lake Petrov. As it is today, we've reduced the level of Lake Petrov significantly. From recollection, we've reduced it to around 1.5 meters, which is very significant. And obviously, we have AMEC opining on all the mitigation measures that were put in place. And you can appreciate that the government of Kyrgyzstan is the key stakeholder in all of this. So the relevant authorities within the government, be the mines department, environmental department, they've been part of this as well opining on it and making sure that they're comfortable with everything. And the best thing that I can speak to in terms of giving you the ultimate assurance is they've issued us our full operating permit for calendar year 2018. If there was any sort of exposure or risk or something that could jeopardize, they would not be allowing us to operate.



Unidentified Participant

My understanding is artificial -- there is plan to artificially empty the lake. Do you have a sense as to why that was postponed?

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

I don't believe we have postponed it. We've reduced it by around 1.5 meters from memory.

With that, I thank everyone. Thanks, again, for joining us at our AGM. And as I mentioned, the board, management are all around and more than happy to have a chat. So thank you.

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