

## LETTER TO SHAREHOLDERS

For the past seven years, Kinross' strategy has been grounded in the core principles we believe are fundamental to delivering long-term value in our business: operational excellence, financial discipline, balance sheet strength, and responsible mining.

In 2018, our continued focus on these principles drove strong results at our operations and organic development projects.

We delivered solid performance across our portfolio of mines, meeting our production and cost guidance for the seventh consecutive year. Notably, we did so while maintaining the best safety record in the Company's history, and one of the best safety records in the industry. Our balance sheet remained strong as we funded our development projects and made strategic investments in our future. Finally, we maintained a record of strong environmental performance across our operations and beneficial partnerships in the communities where we work.

In 2019, we will continue to focus on our core principles and delivering steady, dependable results. We are anticipating another strong year at our operations, with production and costs expected to be largely in line with 2018. We also expect to meet a number of key milestones as we further advance our projects and development opportunities.

## 2018 HIGHLIGHTS

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Set a new Kinross record for safety performance and remained one of the safest companies in our sector

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Met or exceeded production, cost and capital spending guidance for the seventh consecutive year

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Produced 2.45 million gold equivalent ounces (Au eq. oz.)

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Set new production records at Paracatu and Bald Mountain

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Generated \$3.2 billion in revenue, \$874 million in adjusted operating cash flow<sup>1</sup>, and ended the year with total liquidity of \$1.9 billion

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Successfully commissioned Tasiast Phase One expansion with record quarterly production in Q4 2018

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J. PAUL ROLLINSON  
President and Chief Executive Officer

## DELIVERING ON COMMITMENTS AT OUR OPERATIONS

The consistent performance of our portfolio year after year testifies both to the strength of our culture and the technical depth of our global operations team.

Performance was strong overall in our **Americas** region, including outstanding results at two sites. Paracatu set a new production record while also reducing costs year-over-year. In Nevada, Bald Mountain also had record output and reduced costs by 15%, while Round Mountain continued to deliver

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Advanced projects in the Americas region at Bald Mountain Vantage Complex, Round Mountain Phase W, Fort Knox Gilmore, La Coipa Restart and Lobo-Marté

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Extended mine life at Kupol and Chirano by an additional year

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Acquired two hydroelectric dams in Brazil that are expected to substantially lower costs at Paracatu

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Carried out 94,000+ stakeholder interactions and supported programs with 834,000+ beneficiaries in our host communities

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Received third-party reviews confirming the safety at 100% of Kinross' active and inactive tailings facilities in past three years

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Achieved highest industry sector score in annual review of governance practices of Canadian companies

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strong and consistent results. Fort Knox experienced temporary challenges during the year, as production and costs were affected by a pit wall slide in the first quarter and an unseasonable amount of rainfall in the third quarter. In 2019, production in the Americas is expected to be largely in line with 2018, with the region continuing to represent 58% of the Company's total production.

In **West Africa**, completion of the Phase One expansion led to record production at Tasiast in the fourth quarter, with strong performance expected to continue into 2019 as throughput exceeds nameplate capacity. Chirano continued to show improvements in mine performance and cost structure. In 2019, we expect production from West Africa to increase by approximately 17%, reflecting the positive impact of the Tasiast expansion.

The **Russia** region continues to deliver strong and consistent performance. We commenced production at the Moroshka satellite deposit in the third quarter, and mining has gone well and is meeting expectations. We expect 2019 to be another solid year at our Russian operations, with production expected to be in line with 2018.

## FINANCIAL STRENGTH TO INVEST IN OUR FUTURE

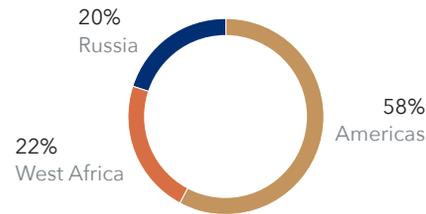
Maintaining financial strength and flexibility has been, and will continue to be, a key priority.

In 2018, our operations generated \$874 million in adjusted operating cash flow.<sup>1</sup> Our capital expenditures were approximately \$1 billion, at the low end of our guidance and included approximately \$665 million of growth capital mainly related to our organic projects. During the year, we acquired two hydroelectric power plants in Brazil that are expected to reduce costs and provide a reliable source of sustainable low-cost power at Paracatu.

Our capital expenditures in 2019 are expected to be in-line with 2018 at approximately \$1 billion (+/- 5%)<sup>3</sup>, as we continue to advance our project portfolio.

With total available liquidity of approximately \$1.9 billion and no debt maturities until 2021, we remain in a strong financial position to continue building for our future.

## 2019E Gold Production <sup>2,3</sup> 2.5 million Au eq. oz. (+/- 5%)



## ADVANCING OUR ORGANIC DEVELOPMENT PORTFOLIO

Our portfolio of organic development projects offers the benefits of established infrastructure and reduced execution risk given familiar permitting and operating jurisdictions. 2018 was an important year at our projects, and we look forward to achieving a number of key milestones in 2019.

At **Tasiast**, we completed and successfully commissioned our Phase One expansion project. The impressive ramp up and smooth transfer of this large and complex project highlighted the strength of our Project and Operations teams. By the fourth quarter, throughput was averaging over 14,000 tonnes per day, approximately 20% above the nameplate capacity of the Phase One design.

The Project team is incorporating this better-than-expected performance into its evaluation of alternatives to further increase throughput, with the aim of lowering capital costs while preserving Tasiast's overall value proposition. The Phase Two expansion remains a viable option, and considerations for next steps include: alternative throughput approaches; capital priorities across the Company's portfolio; ongoing discussions with the Government of Mauritania; and, acceptable project financing terms. We made good progress during the year advancing project financing for Tasiast, with mandate letters signed with the International Finance Corporation, a member of the World Bank Group, and Export Development Canada, as well as expressions of interest from two commercial banks.

The **Phase W** project at Round Mountain is well advanced with initial low-grade ore encountered ahead of schedule. Construction of mine infrastructure, new leach pad, and vertical carbon-in-column (VCIC) plant are all on schedule, and we expect to start commissioning the process circuit in the second quarter of 2019.

The **Vantage Complex** project at Bald Mountain, which includes a new heap leach pad, new VCIC plant, and support infrastructure, is proceeding well. The processing circuit is on track to begin commissioning by the end of the first quarter of 2019.

At the **Gilmore** project at Fort Knox, construction is expected to ramp up in the spring and continue through 2020. Stripping is expected to commence in the third quarter of 2019. The project is on schedule to begin stacking ore in late 2020.

In Chile, we acquired the remaining 50% in the Phase 7 deposit for the **La Coipa Restart** project and expect to complete a project feasibility study in the third quarter. We also expect to complete a scoping study for the **Lobo-Marte** project in the first quarter.

### EXTENDING MINE LIFE THROUGH EXPLORATION

Additions to estimated mineral reserves in 2018 largely offset depletion and engineering changes during the year, and our brownfields exploration program was once again successful in extending the life of our existing operations.

In Russia, we continued to have success with our drilling programs at Kupol and Dvoynoye, which helped extend the mill life of our high-margin Kupol operation by yet another year, to 2023. At Chirano, exploration success extended mine life by another year, while, at Bald Mountain, we made significant additions to our resource base. We also acquired the 50% of the Bald Mountain Exploration Joint Venture we did not already own, giving us full ownership of the Bald Mountain property, the largest private mining land package in the U.S. Russia, Chirano, and Bald Mountain will all remain key areas of focus for our 2019 drilling program.

### BUILDING ON A HISTORY OF RESPONSIBLE MINING

A deep commitment to environmental and social responsibility is a core cultural value at Kinross and a key strength of our business.

In 2018, we successfully met all our environmental targets and the rigorous requirements of our tailings management protocol, which meet or exceed regulatory and international standards of best practice. This includes a regular and comprehensive review of all of our active and inactive tailings facilities by a panel of three independent geotechnical tailings experts.

In 2018, 98% of the workers in our operations came from the host community or country, and Kinross representatives engaged in over 94,000 interactions with community stakeholders where we operate. As an employer and community partner, we have made a tangible impact on the quality of life in communities around our operations, such as Tasiast, where poverty rates dropped by 20% between 2011 and 2017.

We take a best practice approach to corporate governance, and, in 2018, we achieved the highest score among all Canadian mining companies in the annual *Globe and Mail* "Board Games" survey, reflecting our strong governance practices and policies.

### THE KINROSS VALUE PROPOSITION

We believe Kinross represents a compelling value opportunity, based on our valuation relative to our peers in 2018 and our fundamental strengths as a mining company. We believe these strengths help to define Kinross as one of the most consistent and most reliable operators in the gold sector:

- Annual gold production<sup>2</sup> of approximately 2.5 million ounces, and an unbroken seven-year history of consistently delivering on production, cost, and capital spending targets;
- An unwavering focus on balance sheet strength, with \$1 billion in debt repaid over the past seven years, nearly \$2 billion in liquidity, and no debt maturities until 2021;
- A diverse portfolio of relatively low-risk organic development projects and additional development opportunities located at or near existing operations; and
- A history of strong environmental performance, beneficial partnerships with our host communities, and one of the industry's best safety records.

We are firmly committed to continue delivering dependable, consistent performance, and executing our strategy for the benefit of our shareholders and all stakeholders. On behalf of our entire global team, I thank you for your support.



**J. Paul Rollinson**

President and Chief Executive Officer

## 2018 ACHIEVEMENTS

### Operational Excellence



#### MET GUIDANCE

7th consecutive year of meeting or outperforming production and cost targets



#### RECORD PRODUCTION

Delivered **record** annual production at **Paracatu** and **Bald Mountain**



#### DELIVERED ON COST

All-in sustaining cost per ounce and capital expenditures at **low end of guidance**

### Financial Discipline



**\$1.9  
BILLION IN  
LIQUIDITY**

#### STRONG LIQUIDITY

Maintained a **strong balance sheet** and financial flexibility to fund growth



#### ZERO DEBT MATURITIES

Manageable debt schedule with no significant debt maturities **prior to 2021**



#### STRONG CASH FLOW

Portfolio of mines generated **\$874 million** of adjusted operating cash flow<sup>1</sup>

### Organic Growth



#### DELIVERED PHASE ONE

Successfully **delivered Tasiast Phase One**, followed by record production at site in Q4 2018



#### ADVANCING PROJECTS

**On track to deliver project milestones** in the Americas region at Bald Mountain Vantage Complex, Round Mountain Phase W, Fort Knox Gilmore, La Coipa Restart and Lobo-Marte in 2019



#### EXTENDED MINE LIFE

Extended mine life for an additional year at both **Kupol** and **Chirano**

**STRONG 2019 OUTLOOK<sup>2, 3</sup> FORECASTING PRODUCTION OF 2.5 MILLION AU EQ. OZ. AND COSTS IN LINE WITH 2018**

## Corporate Responsibility



### RECORD SAFETY PERFORMANCE

Achieved **best safety performance in Company's history** reporting 0.27 TRIFR\* per 200,000 hours worked, an 18% improvement over 2017



### 4 SITES ZERO LTI

Delivered exemplary safety performance with **zero lost-time incidents** and **zero restricted days** at Fort Knox, Dvoinoye, Maricunga, and Kettle River-Buckhorn



### TOP EMPLOYER

Recognized as one of the **best 150 companies to work for in Brazil** for the 4th consecutive year and as a **top employer** in the Greater Toronto Area



### 98% HOST COUNTRY WORKFORCE

Maintained **98% host country workforce**, including **85%** of management hires from within host countries



### COMMUNITY SUPPORT

Contributed to over 288 local community programs, initiatives and events to **834,000+ beneficiaries** in our local communities



### POVERTY REDUCTION

2018 socio-economic impact assessment measured a **20% reduction in poverty levels** in communities near Tasiast from 2011 to 2017



### STAKEHOLDER ENGAGEMENT

Carried out **94,000+** stakeholder interactions through community consultation and dialogue



### 100% TAILINGS REVIEW

Received third-party reviews at **100% of active and inactive tailings facilities** in past three years. Review includes third-party panel of three geotechnical tailings experts



### MET TARGETS

**Delivered on all site-level targets** for permitting, water management and concurrent reclamation

LAUNCHED **8 PEOPLE COMMITMENTS** ACROSS OUR GLOBAL WORKFORCE TO STRENGTHEN KINROSS' CULTURE

\*Total reportable injury frequency rate