



J. Paul Rollinson
President and
Chief Executive Officer

CEO Letter to Shareholders

In 2016, Kinross delivered strong results both at our mining operations and at the organic projects that will shape our future.

Our production of 2.8 million gold equivalent ounces (Au eq. oz.) set a new company record as we continued to rank among the world's largest gold producers. Despite the challenges we faced throughout 2016, we met our guidance on production and costs for the fifth straight year, reflecting a culture of continuous improvement, operational excellence, and disciplined cost management. Our solid operational performance, combined with an improved gold price, generated robust cash flow of more than \$1 billion. We continued to maintain significant liquidity and one of the strongest balance sheets in the industry, giving us the financial strength and flexibility to fund our pipeline of organic development projects.

2016 Highlights

Remained one of the safest mining companies in our sector

Produced a record 2.8 million Au eq. oz. at a cost of sales of \$712 per Au eq. oz. and an all-in sustaining cost of \$984 per Au eq. oz.

Met or exceeded production and cost guidance for the fifth consecutive year

Generated \$465 million of free cash flow, and \$1.1 billion in operating cash flow, a 32% increase year-over-year

Maintained one of the strongest balance sheets in the industry by ending the year with \$827 million in cash and total liquidity of approximately \$2.3 billion

Paid down \$250 million of debt and have no scheduled debt repayments until 2020

We took major steps to advance those projects, which we expect will extend the life of our mines and maintain consistent and quality production, while reducing costs and growing cash flow.

At Tasiast, we began building Phase One of an expansion to deliver the full value of this world-class deposit, while launching a feasibility study on Phase Two. At Bald Mountain, our drilling program doubled reserves and added new resources which extended estimated mine life, and confirmed the significant upside potential we saw when we acquired the asset. We also made progress advancing additional organic projects at our other sites, including our two Russian operations and the Round Mountain Phase W expansion, all of which have the potential to extend mine life or expand production.

Launched Phase One of Tasiast mill expansion, which is on track for full production in Q2 2018, and began a feasibility study on Phase Two

Doubled mineral reserve estimates and added new mineral resources at Bald Mountain for a potential significant mine life extension

Added high-margin ounces to mine life in Russia with the September Northeast and Moroshka projects

Upgraded and added to mineral resource estimates as part of Round Mountain Phase W feasibility study

Identified promising brownfield exploration opportunities at Kupol, Tasiast, Fort Knox, and Kettle River

Spent more than \$2 billion in countries where we operate through local purchasing, wages and taxes to benefit local communities and provide economic value

✓
2.8 Million
RECORD PRODUCTION
AU EQ. OZ. (ATTRIBUTABLE)¹

✓
\$1.1 Billion
OPERATING CASH FLOW

✓
\$2.3 Billion
IN LIQUIDITY

2017 Outlook

We forecast another year of solid operating results in 2017, with gold output consistent with recent years, and production cost of sales in line with 2016. Production is forecast³ to be 2.5 – 2.7 million Au eq. oz., with production cost of sales of \$660 – \$720 per Au eq. oz. and all-in sustaining costs of \$925 – \$1,025 per Au eq. oz.

In addition, we are leveraging our strong financial position to invest approximately \$455 million in our development projects and our future.

Generating Future Value at Our Organic Projects

We expect 2017 to be an exciting year of milestones at the organic development projects in our three regions. These projects include large expansions expected to significantly lower production costs, as well as mine life extensions at some of our most successful operations. These organic projects also offer the major benefits of established infrastructure, familiar permitting and operating jurisdictions to lower execution risk.

Tasiast Expansion

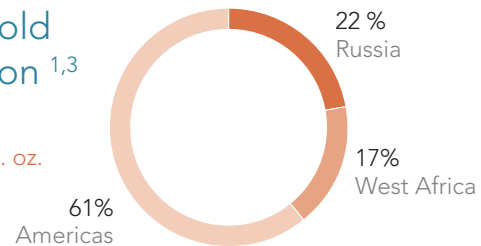
Entering 2017, Phase One of our Tasiast mill expansion is on budget and on schedule for start-up in the second quarter of 2018. Once complete, Phase One is expected to almost double Tasiast's production to approximately 400,000 Au. eq. oz., and significantly reduce all-in sustaining costs.

Our two-step approach to developing Tasiast is designed to minimize capital and execution risk as we realize the ore body's great long-term potential. The feasibility study for Phase Two is on schedule to be completed in the third quarter of 2017, and we expect to make a development decision at that time.

Phase Two is forecast to double mine production once again and further reduce production costs. This would make Tasiast one of the largest, lowest cost mines in our portfolio, and significantly reduce the Company's overall all-in sustaining cost per ounce.

2017E Gold Production^{1,3}

2.5 – 2.7
million Au eq. oz.



Bald Mountain

At Bald Mountain in Nevada, our goal of doubling reserves was achieved ahead of schedule, adding a total of 1 million ounces from both the North and South areas to estimated proven and probable gold reserves as of year-end 2016. We also added 0.27 million gold ounces to the inferred mineral resources.⁴

This is expected to significantly increase the mine life estimate and confirms our vision of Bald Mountain as a long-life asset with considerable upside potential. We see numerous opportunities for additional resource conversions and exploration success, given the site's large under-explored land package and pipeline of high-quality targets.

We are on track to double production and reduce unit costs at Bald Mountain in 2017 compared with 2016, and expect continued strong production and lower costs in future years.

Round Mountain

At the Round Mountain Phase W project in Nevada, we upgraded 1.3 million gold ounces of resources and added 1.7 million gold ounces to inferred resources. We expect to complete work on a feasibility study at Phase W in the third quarter of 2017, with the aim of extending mine life at one of our high-performing operations.

Russia

We have had good success extending mine life at our combined Kupol-Dvoynoye operation, which has been a standout contributor to our portfolio. Our September Northeast project near Dvoynoye was completed on time and on budget, and stripping has now commenced. At Moroshka, four kilometres from Kupol, mining is on schedule to commence in the first half of 2018. These two additional ore sources are expected to add high-margin ounces and extend current mine life at Kupol-Dvoynoye to 2021.

Exploration

In 2017, we are intensifying our exploration focus on extensions to known zones of mineralization at our mine sites, which has proven to be a successful strategy for finding economic ounces that add to near-term mine life.

Kupol is a high priority. Drilling has revealed that mineralization is open in all directions in certain zones, and further drilling, geological interpretation, and resource estimation for the target extensions will be a major focus in 2017.

Other priority targets are Fort Knox in the East and South Wall of the pit, Bald Mountain, and Kettle River, where we have identified potentially promising opportunities in the State of Washington's Curlew district.

Balance Sheet Strength

We are well positioned to fund these organic opportunities, given our significant liquidity and one of the strongest balance sheets in the industry.

In 2016, we generated free cash flow of \$465 million, and ended the year with \$827 million in cash and \$1.4 billion in undrawn credit facilities for total liquidity of approximately \$2.3 billion, a trailing net debt to EBITDA ratio of 0.8, and no debt maturities until 2020.

Our Commitment to Responsible Mining

Responsible mining is core to our strategy and day-to-day activities. Our approach combines company-wide policies and standards with site-based responsibility plans to ensure we consistently deliver on our commitments, both in managing operational impacts and generating opportunities for our host communities.

Stakeholder engagement underlies our history of strong and co-operative community relations. In 2016, we had more than 123,000 stakeholder interactions, including community members, government representatives, and non-profit organizations at our sites. We also spent more than \$2 billion in the countries where we operate through wages, local purchasing, and taxes, ensuring we generate direct and indirect economic value in our host communities.

For the seventh consecutive year, Kinross Gold was named one of Canada's Best 50 Corporate Citizens by *Corporate Knights* magazine in 2016, placing first among gold mining companies for the second year in a row.

The Kinross Value Proposition

In 2016, we were among the top performing major gold equities and, with the strong foundation we have built on operational excellence and balance sheet strength, we are poised to continue building value for our shareholders. Our strengths add up, and today we are a major gold producer with:

- A five-year track record for consistently delivering operational results and meeting production and cost targets;
- A strong culture of continuous improvement and cost management;
- A steadfast commitment to balance sheet strength;
- An impressive pipeline of low-risk organic development projects at our existing operations to potentially extend mine life and continue our strong and consistent production at a lower cost in the coming years;
- One of the best safety records in the industry;
- A long history of co-operative relations with our host communities and governments, built on our core values and commitment to responsible mining;
- A highly skilled global team determined to continue delivering on our commitments.

We believe these strong fundamentals equate to a compelling value opportunity – and promise Kinross a bright future in the years ahead.

In closing, I want to thank our employees worldwide for their dedication and hard work, and our shareholders for your continued support.



J. Paul Rollinson
President and
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2016 Achievements

Operational Excellence

5 years

Fifth consecutive year meeting or outperforming our production and cost guidance.

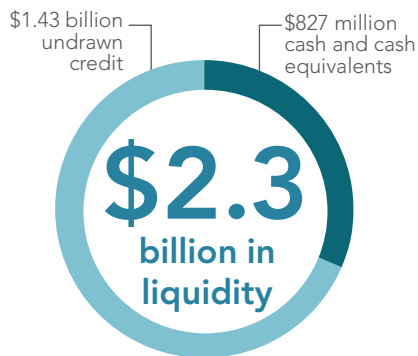
2.8 million¹
Au eq. oz.

Delivered record production due to strong operating performance and acquisition of Bald Mountain and 50% of Round Mountain.

\$1.1 billion
in operating
cash flow

Increased operating cash flow by 32% year-over-year.

Financial Discipline



Maintained one of the strongest balance sheets in the industry.

\$827 million
strong cash
position

Ended the year in a strong cash position with \$827 million in cash and cash equivalents.

zero
debt maturities
until 2020

With no debt maturities until 2020, we have the financial flexibility to fund our pipeline of organic projects.

Organic Growth

3 regions
advancing
organic
projects

High-quality opportunities are expected to extend mine life at our operations in Russia, the Americas and West Africa.

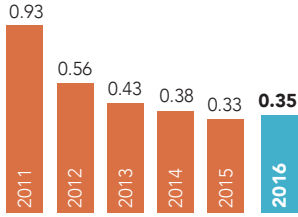
Tasiast
Phase One 
**on schedule
on budget**

Tasiast Phase One project is on track to begin full production in Q2 2018 and is expected to almost double production and significantly reduce costs.

 + 
**doubled
mineral reserves
at Bald Mountain⁴**

Doubled Bald Mountain's mineral reserves to 2.1 million Au eq. oz., which is expected to extend mine life and confirmed the site's significant upside potential.

Responsible Mining



WORKFORCE SAFETY

(Total reportable injury frequency rate includes all employees and contractors for 200,000 hours worked)

Continued to deliver strong safety performance and remained among the top performers in the industry.

+123
thousand
stakeholder
interactions

Our success depends upon effective, honest dialogue and engagement with stakeholders in our host communities. By listening to them, we understand both their concerns and their vision for the development of their community.

\$2 billion
in-country
spending

The majority of direct and indirect economic value we generate through metal sales is spent in host countries, through local purchasing, taxes and wages.

97%
of workforce
from host
countries

Creating meaningful livelihoods for our employees is one of the most powerful impacts of our business.

1
over million
beneficiaries

We contributed to 778 local community programs, initiatives and events with more than one million beneficiaries from our local communities.

33%
diversity
board target met

The Board of Directors maintained its diversity target with six men and three women on the Board in 2016.

100%
certified
for CN

All Kinross mine sites are now certified under the International Cyanide Management Code with the certification of the Tasiast mine.

zero
reportable
spills

Kinross sites experienced no reportable spills or accidental releases in 2016.

100%
trained
security

All of Kinross' security workforce trained under our Human Rights Adherence and Verification Program.