

centerra**GOLD**



## NEWS RELEASE

### **Centerra Provides Update on Kyrgyz Republic Legal Proceedings and Restrictive Measures Against Kumtor and its Personnel**

**Toronto, Canada, June 6, 2016:** Centerra Gold Inc. (TSX: CG) (“Centerra” or the “Company”) is providing an update on Kyrgyz Republic legal proceedings and restrictive measures imposed by Kyrgyz Republic courts and state authorities on Centerra’s Kyrgyz Republic subsidiaries and senior management personnel. Such measures, together with other actions taken by Kyrgyz Republic courts and state authorities previously reported on by the Company, are clear breaches of the agreements governing the Kumtor Project and, in aggregate, threaten to deprive Centerra of its fundamental rights to exercise effective management control over, and enjoy the economic benefits of ownership of, the Kumtor Project. As previously announced, Centerra has initiated international arbitration proceedings to challenge the Kyrgyz Republic’s claims and actions. The Company is also evaluating the full range of additional options for responding to the actions of Kyrgyz Republic courts and state authorities.

On June 3, 2016, the Bishkek Inter-District Court held a hearing in respect of the claim made by the Kyrgyz Republic State Agency for Environmental Protection and Forestry (“SAEPF”) alleging that Kumtor owes additional environmental pollution fees in the amount of approximately U.S.\$220 million. The court did not issue a decision on the merits of the claim itself. However, at the request of SAEPPF, the court granted an interim order against Kumtor Gold Company (“KGC”), Centerra’s wholly-owned Kyrgyz Republic subsidiary to secure SAEPPF’s claim. Although the Company has not received an official version of the Inter-District Court’s order, the Company understands that it prohibits KGC from taking any actions relating to certain financial transactions including, transferring property or assets, declaring or paying dividends or making loans. The injunction is effective immediately. The decision of the court is a clear violation of the fundamental investment protections contained in the 2009 agreements governing the Kumtor Project, including the 2009 Restated Investment Agreement, as the injunction appears to deprive Centerra of the fundamental economic benefits of ownership of the Kumtor Project. KGC will appeal the Inter-District Court’s order to higher courts in the Kyrgyz Republic and will add the dispute to the international arbitration proceeding against the Kyrgyz Republic which has been commenced and was announced in the Company’s news release of May 30, 2016. The next hearing on the SAEPPF claim is scheduled for June 21, 2016.

In addition, the Company reports that a new criminal case has been opened by the Kyrgyz Republic General Prosecutor’s Office (“GPO”) against unnamed KGC managers alleging that such managers engaged in transactions that deprived Kumtor of its assets or otherwise abused their authority, causing damage to the Kyrgyz Republic. Specifically, the case appears to be focused on the commercial reasonableness of certain of KGC’s commercial transactions and in particular, the purchase of goods and supplies in the normal course of its business operations and the expenses relating to the relocation of the Kumtor Project’s camp in 2014 and 2015. Further to such investigation, the GPO has carried out searches of KGC’s offices and seized documents and records. The Company and KGC strongly dispute the allegation that any such commercial transactions or the actions of KGC managers were in any way improper. The Company and KGC will challenge the actions of the GPO in the courts of the Kyrgyz Republic as well as in international arbitration.

Finally, the Company reports that, upon the instruction of the GPO, several of KGC’s senior expatriate managers have been advised by the Kyrgyz Republic border service that they will not be permitted, for the time being, to leave the Kyrgyz Republic. The Company understands that such restrictions relate to the ongoing criminal cases

previously reported on by the Company. The Company and KGC are providing assistance to affected individuals to challenge the basis of the GPO's instructions and to obtain appropriate consular assistance.

**About Centerra**

Centerra is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in Asia, North America and other markets worldwide. Centerra is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is headquartered in Toronto, Ontario, Canada.

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**Additional information on Centerra is available on the Company's web site at [www.centerragold.com](http://www.centerragold.com) and at SEDAR at [www.sedar.com](http://www.sedar.com).**

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