

centerra**GOLD**



NEWS RELEASE

Centerra Gold Announces Satisfaction of Conditions to Completing Strategic Agreement with the Government of the Kyrgyz Republic

TORONTO, CANADA – August 7, 2019 – Centerra Gold Inc. (“Centerra”) (TSX: CG) announced today that all conditions precedent to the completion of the Strategic Agreement entered into with the Kyrgyz Republic Government on September 11, 2017 have been satisfied or waived and all parties have therefore acknowledged that the First Completion Date (as defined in the Strategic Agreement) has occurred. All parties to the Strategic Agreement are now moving to terminate the remaining legal proceedings affecting the Kumtor Project, in particular, the international arbitration proceeding at the Permanent Court of Arbitration as well as certain civil proceedings.

Following the date on which both the arbitration and the civil proceedings are terminated (the “Second Completion Date”), Centerra’s Kyrgyz Republic subsidiary, Kumtor Gold Company (“KGC”) will make payments required under the Strategic Agreement, including to the Kyrgyz Republic Nature Development Fund and Cancer Care Support Fund. The Company expects that the Second Completion Date will occur in the third quarter of 2019.

At the request of the Kyrgyz Republic Government, KGC has committed to certain additional contributions (the “Additional Contributions”) in the Kyrgyz Republic (over and above those required under the Strategic Agreement) to strengthen its social license to operate in Kyrgyz Republic. In particular, KGC will make:

- a U.S.\$5 million lump sum contribution to a new Kyrgyz Republic Social Partnership for Regional Development Fund (the “Regional Fund”) within five business days of the Second Completion Date;
- a U.S.\$5 million lump sum contribution to the Regional Fund within 12 months of the Second Completion Date;
- monthly contributions to the Regional Fund equivalent to 0.4% of KGC’s revenues from the Kumtor Project earned after the Second Completion Date;
- an annual contribution of U.S.\$1 million to the Kyrgyz Republic Nature Development Fund; and
- exploration expenditures of at least U.S.\$16 million at the Kumtor Project over a two-year period; the Company expects to have invested this amount by the end of 2019.

All such payments and expenditures are conditional upon the Kyrgyz Republic Government continuing to comply with the conditions precedent under the Strategic Agreement.

Scott Perry, Centerra Gold’s President and Chief Executive Officer commented, “The completion of the Strategic Agreement is a testament to Centerra’s strong relationship with the Government of the Kyrgyz Republic. The deadline for completion of the Strategic Agreement was extended several times while the parties

worked together to satisfy all of the conditions to completion and we have reached this stage due to the commitment of the Government to ensure business certainty for Kumtor and its future mining operations.”

As previously noted, the Strategic Agreement provides, among other thing, a comprehensive settlement of matters affecting the Kumtor Project and a positive affirmation from the Kyrgyz Republic Government that the existing 2009 agreements governing the Kumtor Project remain in full force and effect, including the tax and fiscal regime thereunder. For further details regarding the terms and conditions of the Strategic Agreement, please refer to the full text of the agreement which has been filed on SEDAR as well as the Company’s news release dated September 11, 2017 and its Annual Information Form dated March 21, 2019.

Consideration by Centerra’s Board of Directors

A Special Committee comprised of independent directors of Centerra oversaw the negotiation of, and entry into, the Strategic Agreement as well as the negotiation of the Additional Contributions. The Special Committee recommended that Centerra’s Board of Directors approve the Additional Contributions and, after taking into account the recommendation of the Special Committee and such other factors as it considered relevant, the Board of Directors of the Company unanimously approved the Additional Contributions.

Cautionary Note Regarding Forward-looking Information

Information contained in this news release which is not a statement of historical fact may be “forward-looking information” for the purposes of Canadian securities laws. Such forward-looking information involves assumptions, risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words “believe”, “expect”, “anticipate”, “contemplate”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule”, “understand” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things: the termination of the international arbitration and civil proceedings affecting the Kumtor Project; the Company’s expectations regarding the Second Completion Date under the Strategic Agreement; and future obligations of KGC under the Strategic Agreement and the Additional Contributions.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information. Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks of the failure of the Government to comply with its continuing obligations under the Strategic Agreement, including the requirement that it comply at all times with its obligations under the 2009 Kumtor Project Agreements, allow for the continued operation of the Kumtor Project by Kumtor Gold Company (KGC) and Kumtor Operating Company (KOC) and not take any expropriatory action; and that the courts of the Kyrgyz Republic or the international arbitrator could affect or delay the termination of the international arbitration or Kyrgyz court proceedings affecting the Kumtor Project.

About Centerra

Centerra Gold Inc. is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in North America, Asia and other markets worldwide and is the largest Western-based gold producer in Central Asia. Centerra operates two flagship assets, the Kumtor Mine in the Kyrgyz Republic and the Mount Milligan Mine in British Columbia, Canada and is building its 100% owned Öksüt Gold Mine

in Turkey. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

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Additional information on Centerra is available on its web site at www.centerragold.com and at SEDAR at www.sedar.com.

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