

centerra**GOLD**



NEWS RELEASE

Centerra Gold Reports Second Quarter Results

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 16 and in the Cautionary Note Regarding Forward-looking Information on page 26. It should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and notes for the three and six months ended June 30, 2014 and associated Management's Discussion and Analysis. The condensed interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and the Company's accounting policies as described in note 3 of its annual consolidated financial statements for the year ended December 31, 2013. All figures are in United States dollars unless otherwise stated.

To view Management's Discussion and Analysis and the Financial Statements and Notes for the three and six months ended June 30, 2014, please visit the following link:

<http://media3.marketwire.com/docs/cg0729fsmda.pdf>

Toronto, Canada, July 29, 2014: Centerra Gold Inc. (TSX: CG) today reported a net loss for the second quarter of 2014 of \$31.7 million, or \$0.13 per share (basic and diluted) which reflects the lower average realized gold price¹, higher share-based compensation, and increased depreciation, depletion and amortization (DD&A) and an inventory charge at Kumtor. For the same period in 2013, the Company recorded net earnings of \$1.6 million or \$0.01 per common share.

2014 Second Quarter Highlights

- Kumtor obtained approvals for its 2014 annual mine plan from the relevant Kyrgyz agencies.
- Boroo mill repairs were completed and the mill returned to full milling capacity.
- Company on track to meet 2014 production and cost guidance.
- Produced 92,124 ounces of gold in the quarter, including 77,860 ounces at Kumtor and 14,265 ounces at Boroo, compared to 99,426 ounces in the same period in 2013.
- Cash provided by operations increased to \$71.7 million compared to \$40.8 million in the second quarter of 2013.
- All-in sustaining costs per ounce sold¹ of \$1,540, which excludes revenue-based tax in the Kyrgyz Republic, compared to \$1,537 in the same period in 2013.
- All-in costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic and income taxes was \$1,722 for the quarter compared to \$1,708 for the second quarter of 2013.

The Company recorded a net loss of \$29.6 million in the first half of 2014, compared to net earnings of \$52.9 million in the comparative period of 2013. The decrease in earnings reflects lower realized gold prices, higher share-based compensation and increased DD&A and an inventory impairment charge at Kumtor.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

During the second quarter of 2014, Centerra's cash, cash equivalents and short-term investments decreased by \$20.0 million to \$492.2 million from \$512.2 million at the end of March 2014 (\$501.5 million at December 31, 2013). As at June 30, 2014, the Company had drawn \$76 million on its \$150 million revolving credit facility with the European Bank for Reconstruction and Development (EBRD), leaving a balance of \$74 million undrawn at June 30, 2014. The amount drawn is due to be repaid on August 11, 2014. The Company has elected to extend the repayment date to February 2015 pending EBRD's confirmation, which it expects to receive. Centerra believes, based on its current forecast, that it has sufficient cash and short-term investments to carry out its business plan in 2014 (see "2014 Outlook").

Commentary

Ian Atkinson, President and CEO of Centerra Gold stated, "I am pleased to report that during the quarter the Kumtor mine obtained approvals of its 2014 mine plan allowing the operation to continue uninterrupted. Both the operations performed well during the quarter, achieving a total quarterly gold production of 92,124 ounces, which brings year-to-date gold production to 208,794 ounces. We are on track to achieve our 2014 guidance."

"In the Kyrgyz Republic, the Company is continuing its discussions with the government regarding the potential restructuring of the Kumtor Project to resolve all outstanding concerns relating to the project. We are in the process of drafting the definitive agreements and are continuing discussions with the Kyrgyz Government."

"I am also pleased to welcome Messrs. Emil Orozbaev, Michael Parrett and Kalinur Sadyrov to the Board of Directors, each of whom were elected to the Board at our recent annual and special meeting of shareholders held in May. Messrs. Orozbaev and Sadyrov were nominated by Kyrgyzaltyn, Centerra's largest shareholder, and replace former Board members Messrs. Karybek Ibraev and Amangeldy Muraliev. Mr. Parrett replaces Mr. John Lill who did not stand for re-election."

Consolidated Financial and Operating Summary

Unaudited (\$ millions, except as noted)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Financial Highlights						
Revenue	119.5	128.2	(7%)	267.5	320.5	(17%)
Cost of sales	109.4	84.6	29%	218.5	175.8	24%
Revenue-based taxes	14.0	13.5	4%	32.4	34.3	(6%)
Exploration and business development ⁽¹⁾	4.0	6.3	(37%)	6.6	13.4	(51%)
Corporate administration	11.8	7.2	64%	18.3	13.9	32%
(Loss) Earnings from operations	(29.0)	8.6	(437%)	(25.2)	67.4	(137%)
Net (loss) earnings	(31.7)	1.6	(2081%)	(29.6)	52.9	(156%)
Earnings (loss) per common share - \$ basic ⁽²⁾	\$ (0.13)	\$ 0.01	(1400%)	\$ (0.13)	\$ 0.22	(159%)
Earnings (loss) per common share - \$ diluted ⁽²⁾	\$ (0.13)	\$ 0.01	(1400%)	\$ (0.13)	\$ 0.22	(159%)
Cash provided by operations	71.4	40.9	75%	173.4	132.8	31%
Average gold spot price - \$/oz ⁽³⁾	1,288	1,415	(9%)	1,291	1,532	(16%)
Average realized gold price - \$/oz ⁽⁴⁾	1,285	1,376	(7%)	1,289	1,512	(15%)
Capital expenditures ⁽⁵⁾	111.5	105.5	6%	210.4	209.4	0%
Operating Highlights						
Gold produced – ounces	92,124	99,426	(7%)	208,794	214,646	(3%)
Gold sold – ounces	93,004	93,177	(0%)	207,497	211,922	(2%)
Operating costs (on a sales basis) ⁽⁶⁾	48.5	53.0	(8%)	90.9	100.3	(9%)
Adjusted operating costs ⁽⁴⁾	56.6	60.7	(7%)	105.6	114.0	(7%)
All-in Sustaining Costs ⁽⁴⁾	143.3	143.2	0%	270.2	270.0	0%
All-in Costs ⁽⁴⁾	160.2	159.1	1%	292.8	310.9	(6%)
All-in Costs - including taxes ⁽⁴⁾	174.2	176.3	(1%)	325.2	354.0	(8%)
Unit Costs						
Cost of sales - \$/oz sold ⁽⁴⁾	1,176	908	30%	1,053	829	27%
Adjusted operating costs - \$/oz sold ⁽⁴⁾	608	652	(7%)	509	538	(5%)
All-in sustaining costs - \$/oz sold ⁽⁴⁾	1,540	1,537	0%	1,302	1,274	2%
All-in costs - \$/oz sold ⁽⁴⁾	1,722	1,708	1%	1,411	1,467	(4%)
All-in costs (including taxes) - \$/oz sold ⁽⁴⁾	1,873	1,892	(1%)	1,567	1,671	(6%)

- (1) Includes business development of \$0.1 million in the second quarter and first half 2014 (nil for second quarter and first half 2013).
- (2) As at June 30, 2014, the Company had 236,396,821 common shares issued and outstanding.
- (3) Average for the period as reported by the London Bullion Market Association (US dollar Gold P.M. Fix Rate).
- (4) Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs - including taxes (\$ millions and per ounce sold) as well as average realized gold price per ounce and cost of sales per ounce sold are non-GAAP measures and are discussed under "Non-GAAP Measures".
- (5) Includes capitalized stripping of \$86.9 million and \$175.0 million in the second quarter and first half of 2014 (\$77.2 million and \$151.5 million in the second quarter and first half of 2013).
- (6) Operating costs (on a sales basis) is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes reclamation costs and depreciation, depletion and amortization. Operating costs (on a sales basis) is the same as the cash component of cost of sales and represent the operating costs associated with the ounces sold in the period.

Second Quarter 2014 compared to Second Quarter 2013

- Gold production for the second quarter of 2014 totaled 92,124 ounces compared to 99,426 ounces in the comparative quarter of 2013. The decrease in ounces poured reflects lower production at the Boroo mine due to unscheduled mill downtime, the processing of lower grade ore and lower ounces under primary leach at Boroo.

- All-in sustaining costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic, were \$1,540 in the second quarter of 2014 compared to \$1,537 in the comparative quarter of 2013.
- All-in costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic and income taxes, for 2014, were \$1,722 compared to \$1,708 in 2013. The increase is mainly due to higher spending on growth capital¹ at Kumtor and higher capitalized stripping costs at Kumtor. Excluding capitalized stripping, the cash component of capital expenditures at Kumtor increased by \$2.1 million in the second quarter of 2014 spent mainly on infrastructure relocation and equipment purchases.
- Revenue for the second quarter of 2014, decreased to \$119.5 million from \$128.2 million in the comparative quarter of 2013, primarily from a 7% lower average realized gold price in the second quarter of \$1,285 per ounce compared to \$1,376 per ounce in the same quarter of 2013. Sales volumes were also slightly lower (93,004 ounces in the second quarter of 2014 compared to 93,177 ounces in the second quarter of 2013).
- Cost of sales increased by 29% to \$109.4 million in the second quarter of 2014, compared to \$84.6 million in the comparative period of 2013, mainly as a result of the higher DD&A and an inventory impairment charge at Kumtor. DD&A associated with production increased to \$60.9 million in the second quarter of 2014 from \$31.6 million in the comparative quarter of 2013. The increase in DD&A resulted from processing higher cost ore from cut-back 15 in the second quarter of 2014 compared to ore from cut-back 14B which was processed in the second quarter of 2013. Access to ore from cut-back 15 required more stripping of ice and waste thereby resulting in increased amortization of capitalized stripping costs as the ore was mined and stockpiled. Operating costs were capitalized for the stripping of 142 million tonnes of ice and waste for cut-back 15, whereas 61 million tonnes were stripped and capitalized for cut-back 14B. In addition, the expanded mobile fleet at Kumtor was fully commissioned in 2013 thereby attaching a higher equipment cost to the ore from cut-back 15. In addition, Kumtor recorded an inventory charge of \$14.1 million in the second quarter of 2014, representing the excess of the inventoried cost over the amount the Company believes it could realize after further processing and subsequent sale of the gold.
- Exploration expenditures in the second quarter of 2014 totaled \$3.9 million compared to \$6.3 million in the same period of 2013. The decrease in exploration spending in the second quarter of 2014 reflects the cessation of all exploration activities at Kumtor in the fourth quarter of 2013 (second quarter of 2013 included \$2 million of exploration at Kumtor).
- Corporate administration costs increased to \$11.8 million in the second quarter of 2014 from \$7.2 million in the second quarter of 2013 due to an increase in share-based compensation resulting from the revaluation at June 30, 2014 of the awards issued under the Company's share-based plans. The Company's share price increased by 31% during the second quarter of 2014 as compared to a decrease in share price of 45% during the same quarter of 2013. Share-based compensation was \$5.3 million in the second quarter of 2014, compared to \$0.2 million in the same period in 2013.
- Cash provided by operations was \$71.4 million in the second quarter of 2014 compared to \$40.9 million in the same period of 2013 as a result of a reduction in working capital levels, partially offset by lower earnings in the second quarter of 2014. Working capital decreased in the second quarter of 2014 by \$36.5 million due to the timing of and payment for gold shipments and a reduction of gold inventory.
- Capital expenditures in the second quarter of 2014 were \$111.5 million, which included sustaining capital¹ of \$13.0 million, growth capital¹ of \$11.6 million and \$86.9 million of capitalized stripping costs (\$61.5 million cash). Capital expenditures in the same quarter of 2013 were \$105.5 million, which included \$18.7 million for sustaining capital¹ and \$9.6 million for growth capital¹ and capitalized stripping of \$77.2 million (\$56.6 million cash).

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

First Half 2014 compared to First Half 2013

- Gold production for the first half of 2014 totaled 208,794 ounces compared to 214,646 ounces in the comparative period of 2013. The decrease in ounces poured is due to lower production at the Boroo mine due to an unscheduled mill downtime at Boroo, lower mill grades processed and lower ounces under primary leach, partially offset by higher production at Kumtor due to drawing down in-circuit inventory.
- All-in sustaining costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic, were \$1,302 in the first half of 2014 compared to \$1,274 in the comparative period of 2013. The increase is primarily due to higher capitalized stripping costs at Kumtor partially offset by lower spending on sustaining capital¹.
- All-in costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic and income taxes, for the first half of 2014 were \$1,411 compared to \$1,467 in 2013. The decrease is primarily due to lower spending on sustaining and growth capital¹ and exploration, partially offset by lower ounces sold and higher capitalized stripping costs at Kumtor. Capitalized stripping increased by 13% to \$123.9 million (cash component) in the first half of 2014 reflecting higher tonnage moved and higher maintenance costs for the augmented fleet.
- Revenue for the first half of 2014, decreased to \$267.5 million from \$320.52 million in the comparative period of 2013, primarily from a 15% lower average realized gold price of \$1,289 per ounce compared to \$1,512 per ounce in the first half of 2013. Sales volumes were also slightly lower (207,497 ounces compared to 211,922 ounces in the first half of 2013).
- Cost of sales increased by 24% to \$218.5 million in the first half of 2014 due primarily to higher DD&A and an inventory impairment charge at Kumtor. DD&A associated with production increased to \$127.5 million in the first half of 2014 from \$75.4 million in the comparative period of 2013. The increase in DD&A resulted from processing higher cost ore from cut-back 15 compared to ore from cut-back 14B which was processed in the second quarter of 2013. In addition, Kumtor recorded an inventory impairment charge of \$14.6 million in the first half of 2014.
- Exploration expenditures in the first half of 2014 totaled \$6.5 million compared to \$13.4 million in the same period of 2013. The decrease in the first half of 2014 primarily reflects the cessation of all exploration activities at Kumtor in the fourth quarter of 2013 (first half of 2013 included \$4.4 million of exploration at Kumtor) and lower spending on the Company's projects in Russia and Mongolia.
- Corporate administration costs increased to \$18.3 million in the first half of 2014 from \$13.9 million in the first half of 2013 due to an increase in share-based compensation. The increase reflects the movement in the Company's share price which increased by 56% during the first half of 2014 as compared to a decrease of 64% during the same period of 2013. Share-based compensation was \$6.8 million in the first half of 2014, compared to \$0.3 million in the same period in 2013.
- Cash provided by operations increased \$40.5 million to \$173.4 million in the first half of 2014, mainly as a result of lower levels of working capital.
- Capital expenditures in the first half of 2014 were \$210.4 million, which included sustaining capital¹ of \$21.6 million, growth capital¹ of \$13.8 million and \$175.0 million of capitalized stripping costs (\$123.9 million cash). Capital expenditures in the same period of 2013 were \$209.4 million, which included \$32.1 million for sustaining capital¹ and \$25.8 million for growth capital¹ and capitalized stripping of \$151.5 million (\$110.0 million cash).

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

Operations Update

Kumtor Operating Results <i>(\$ millions, except as noted)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenue	99.8	96.5	3%	231.4	245.2	(6%)
Cost of sales - cash	36.0	40.5	(11%)	67.6	72.7	(7%)
Cost of sales - non-cash	56.9	25.2	126%	120.4	59.3	103%
Cost of sales -total	92.9	65.7	41%	188.0	132.0	42%
Cost of sales - \$/oz sold ⁽¹⁾	1,195	935	28%	1,047	815	28%
Tonnes mined - 000s	49,527	47,901	3%	100,289	88,085	14%
Tonnes ore mined - 000s	460	799	(42%)	602	1,008	(40%)
Average mining grade - g/t	1.40	1.91	(26%)	1.41	2.02	(30%)
Tonnes milled - 000s	1,430	1,351	6%	2,912	2,824	3%
Average mill head grade - g/t	2.35	2.17	8%	2.50	2.44	2%
Recovery - %	73.2	69.3	6%	74.8	72.0	4%
Mining costs - total (\$/t mined material)	1.30	1.37	(5%)	1.28	1.42	(10%)
Milling costs (\$/t milled material)	11.82	11.42	4%	11.45	11.05	4%
Gold produced - ounces	77,860	72,365	8%	180,793	161,983	12%
Gold sold - ounces	77,743	70,318	11%	179,658	161,935	11%
Average realized gold price ⁽¹⁾ - \$/oz sold	1,284	1,372	(6%)	1,288	1,514	(15%)
Capital expenditures (sustaining) ⁽¹⁾	12.9	15.0	(14%)	21.2	26.8	(21%)
Capital expenditures (growth) ⁽¹⁾	11.4	9.3	23%	13.4	25.4	(47%)
Capital expenditures (stripping) ⁽¹⁾	86.9	77.2	13%	175.0	151.5	16%
Adjusted Operating Costs - \$/oz sold ⁽¹⁾	551	660	(17%)	443	512	(13%)
All-in Sustaining Costs - \$/oz sold ⁽¹⁾	1,511	1,681	(10%)	1,254	1,359	(8%)
All-in Costs - \$/oz sold ⁽¹⁾	1,658	1,842	(10%)	1,328	1,552	(14%)
All-in Costs - including taxes - \$/oz sold ⁽¹⁾	1,838	2,034	(10%)	1,508	1,764	(15%)
Boroo Operating Results						
Revenue	19.7	31.7	(38%)	36.1	75.3	(52%)
Cost of sales - cash	12.5	12.5	0%	23.4	27.7	(16%)
Cost of sales - non-cash	4.0	6.4	(38%)	7.1	16.1	(56%)
Cost of sales - total	16.5	18.9	(13%)	30.5	43.8	(30%)
Cost of sales - \$/oz sold ⁽¹⁾	1,081	827	31%	1,096	876	25%
Tonnes stacked heap leach - 000s	-	1,026	(100%)	-	1,294	(100%)
Tonnes leached - 000s	735	1,083	(32%)	1,348	2,886	(53%)
Tonnes milled - 000s	425	624	(32%)	1,007	1,196	(16%)
Average mill head grade - g/t	0.67	1.13	(41%)	0.66	1.33	(50%)
Recovery - %	61.3	60.8	1%	61.3	57.0	8%
Milling costs (\$/t milled material)	11.33	8.80	29%	11.25	9.34	20%
Gold produced - mill - ounces	6,305	13,851	(54%)	13,319	29,080	(54%)
Gold produced - heap leach - ounces	7,959	13,210	(40%)	14,682	23,583	(38%)
Gold produced - total - ounces	14,265	27,061	(47%)	28,001	52,663	(47%)
Gold sold - ounces	15,261	22,858	(33%)	27,839	49,987	(44%)
Average realized gold price ⁽¹⁾ - \$/oz sold	1,290	1,388	(7%)	1,295	1,506	(14%)
Capital expenditures - sustaining (Boroo) ⁽¹⁾	0.1	3.6	(97%)	0.3	4.8	(94%)
Capital expenditures - growth (Gatsuurt) ⁽¹⁾	0.2	0.3	(33%)	0.4	0.4	0%
Adjusted Operating Costs - \$/oz sold ⁽¹⁾	901	627	44%	935	622	50%
All-in Sustaining Costs - \$/oz sold ⁽¹⁾	915	777	18%	954	716	33%
All-in Costs - \$/oz sold ⁽¹⁾	915	777	18%	954	716	33%
All-in Costs - including taxes - \$/oz sold ⁽¹⁾	915	938	(2%)	954	892	7%

⁽¹⁾ Adjusted operating costs, all-in sustaining costs, all-in costs and all-in costs - including taxes (in \$ millions and per ounce sold), as well as average realized gold price per ounce sold, cost of sales per ounce sold and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under "Non-GAAP Measures".

Kumtor

At the Kumtor mine in the Kyrgyz Republic, gold production in the second quarter of 2014 was 77,860 ounces compared to 72,365 ounces in the comparative quarter of 2013 as Kumtor processed stockpiled ore from cut-back 15 that was mined during the fourth quarter of 2013. During the second quarter of 2014, Kumtor's mill head grade averaged 2.35 g/t with a recovery of 73.2%, compared with 2.17 g/t and a recovery of 69.3% for the same quarter in 2013 when the mill processed metallurgically difficult stockpiled ore. Tonnes processed were approximately 1.4 million for the second quarter of 2014, which was 6% higher than the comparative quarter of 2013 when the mill was affected by an unscheduled shutdown as a result of protesters' actions.

During the second quarter of 2014, Kumtor's mining fleet focused on stripping waste to establish access to the south portion of the Kumtor pit (cut-back 16) that is expected to provide high-grade ore at the end of the third quarter of 2014. The total waste and ore mined for the second quarter of 2014 was 49.5 million tonnes compared to 47.9 million tonnes in the comparative period of 2013, reflecting the increased mining fleet at Kumtor.

The total waste and ore mined for the first six months of 2014 was 100.3 million tonnes compared to 88.1 million tonnes in the comparative period of 2013, representing an increase of 14% due to the increased volume of higher density material mined, the shorter haulage distances of waste material used for construction of the buttress within the pit and the increased fleet capacity. The buttress, located at the bottom of the advancing Davidov glacier on the edge of the ultimate pit design is working effectively. However, there can be no assurance that the buttress will ultimately stop or sufficiently slow down the movement of the Davidov glacier. On-going monitoring will continue.

All-in sustaining costs per ounce sold¹, which excludes revenue-based tax, were \$1,511 in the second quarter of 2014 compared to \$1,681 in the comparative quarter of 2013. The decrease results primarily from higher production and sales and lower sustaining capital¹ expenditures partially offset by increased capitalized stripping in the current period.

All-in costs per ounce sold¹, which excludes revenue-based tax and income tax, for the second quarter of 2014 decreased 10% to \$1,658 compared to \$1,842 in the comparative period of 2013. The decrease in all-in costs¹ is primarily due to an 11% increase in gold sold for the second quarter of 2014.

Capital expenditures in the second quarter of 2014 were \$111.2 million which includes \$12.9 million of sustaining capital¹, \$11.4 million invested in growth capital¹ mainly on infrastructure relocation and equipment purchases and \$86.9 million for capitalized stripping (\$61.5 million cash). Capital expenditures the comparative quarter of 2013 totaled \$101.5 million, consisting of \$15.0 million for sustaining capital¹ and \$9.3 million for growth capital¹ excluding \$77.2 million of capitalized stripping (\$56.6 million cash).

Boroo/Gatsuurt

At the Boroo mine in the second quarter of 2014, gold production was 14,265 ounces, compared to 27,061 ounces in the same period of 2013. The lower gold production is mainly the result of the unscheduled downtime of the mill resulting in 32% lower tonnes milled. Additionally, lower grade ore was processed through the mill and lower tonnage of ore was under primary leach in the second quarter of 2014. The mill head grade averaged 0.67 g/t with a recovery of 61.3% in the second quarter of 2014, compared to 1.13 g/t with a recovery of 60.8% in the same period of 2013.

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

All-in sustaining costs per ounce sold¹ were \$915 in the second quarter of 2014 compared to \$777 in the comparative quarter of 2013. The increase in all-in sustaining costs¹ is primarily due to the 33% decrease in ounces sold at Boroo year-over-year, partially offset by lower adjusted operating costs¹ and lower sustaining capital¹ expenditures.

All-in costs per ounce sold¹, which excludes income taxes, were \$915 in the second quarter of 2014 compared to \$777 in the same quarter of 2013 reflecting the lower production and resulting reduction in gold sales which was partially offset by lower adjusted operating costs¹ and lower sustaining capital¹ expenditures.

During the second quarter of 2014 exploration expenditures in Mongolia increased to \$1.4 million from \$0.7 million in the same period in 2013 as exploration activity commenced at the ATO property in Mongolia.

Subsequent to the end of the quarter, the Company and Boroo's trade union signed a new 2-year collective agreement which will expire on June 30, 2016.

The Gatsuurt project remained under care and maintenance in the first quarter of 2014 due to continued delays in permitting resulting from the Water and Forest Law which prohibits mining and exploration activities in water basin and forested areas. The Company continued discussions with the Mongolian Government regarding the Gatsuurt project during the second quarter and expects that the Mongolian Parliament will consider the designation of Gatsuurt as a strategic deposit by the end of 2014. If Parliament ultimately approves this designation, it would have the effect of excluding Gatsuurt from the application of the Mongolian Water and Forest Law and would allow Mongolia to acquire up to a 34% interest in Gatsuurt. The terms of such participation would be subject to further negotiations with the Government. See "Other Corporate Developments- Mongolia".

Exploration Update

Turkey **Öksüt**

The majority of the applications for drill permits, which were submitted in the second quarter of 2013, were received in March 2014. Drilling commenced in early April with a reverse circulation drill rig and by the end of the second quarter 40 reverse circulation drill holes were completed for a total of 4,991 metres of drilling. The majority of the RC holes (36) were condemnation holes to test the proposed sites for waste-rock dumps, the heap-leach pad as well as the mine office and shop buildings and have shown that there is no significant mineralization below surface at these sites.

Diamond drilling started in May with three drill rigs to drill core holes for geotechnical and metallurgical information as well as to test a number of exploration targets. Seven 'metallurgical' holes were completed during the quarter, with four holes being drilled into the main Keltepe Zone and the other three holes into the smaller Güneytepe Zone for a total of 1,210 metres. By the end of June a total of 16 geotechnical drill holes were completed for a combined length of 1,838 metres.

In addition nine exploration holes with a combined length of 2,150 metres were drilled at Öksüt during the quarter. A fence of five holes was completed to test the possible southward extension of the Keltepe deposit and assays have been received for one hole, ODD0204, which returned an intercept of 26.0 metres averaging 1.75 g/t Au. Additional drill holes will need to be drilled 50 metres south of ODD0204 to determine if the mineralization of the Keltepe Zone can be extended further south. Diamond drill holes were also completed to test the western margin of the Keltepe Zone and the southern extension of the Güneytepe Zone and assays

are pending. In addition two holes were drilled to test a high-priority geophysical anomaly a few hundred metres west of the Keltepe Zone, both holes intercepted significant alteration, however, assay results were disappointing.

Mongolia

Altan Tsagaan Ovoo (ATO)

During the second quarter nine holes totaling 2,265 metres were drilled to test geophysical targets that occur on or close to the principal fault structures associated with the ATO resource and Mungu Zone. Results from the drilling have been disappointing with only hole ATO-293, which is located between the northern end of Pipe 4 of the ATO deposit and the southwestern end of the Mungu Zone, intersecting mineralization of any significance; 42.7 metres of 0.62 g/t Au and 48.9 g/t Ag and 6.7 metres of 1.66 g/t Au and 144.4 g/t Ag.

A program of shallow drilling was carried out as a bedrock geochemical survey to identify targets beneath the colluvium cover to the west and southwest of the known ATO gold resource. Two targets of interest have been outlined by this work - the Del Northeast Target which shows evidence of Pb-Zn-Ag mineralization similar to that found at ATO and the BMW Target where intrusion-related copper-gold mineralization appears to be developed. The targets will be tested by diamond drill holes in the third quarter.

Additional geophysical surveys, geological mapping and trenching are in progress on other prospects on the large land package to define other drill targets.

Qualified Person & QA/QC

Exploration information and related scientific and technical information in this news release regarding the Öksüt project were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and were prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of Malcolm Stallman, Member of the Australian Institute of Geoscientists (AIG), Centerra’s Regional Exploration Manager – Western Asia and Eastern Europe, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used.

Exploration information and related scientific and technical information in this news release regarding the ATO project were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and were prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of Boris Kotlyar, Certified Professional Geologist with The American Institute of Professional Geologists (AIPG), Centerra’s Director, Asia Exploration, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used.

The production information and related scientific and technical information in this news release, including the production estimates were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 and were prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of Gordon Reid, Professional Engineer and Centerra’s Vice-President and Chief Operating Officer, who is the qualified person for the purpose of NI 43-101. Mr. Reid will supervise the preparation, review, verification and compilation of such

information as the qualified person following the departure of Mr. Dan Redmond from the Company and until Mr. Redmond's replacement develops sufficient knowledge and familiarity with the Company's projects to take on such responsibility.

Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic and Mongolia. For a more complete discussion of these matters, see the Company's 2013 Annual Information Form available on SEDAR at www.sedar.com.

Readers are cautioned that there are a number of legal and regulatory matters that are currently affecting the Company and that the following brief description is only a summary of the current status of such matters. For more complete background and information on these matters, including with respect to the Kyrgyz Parliamentary and State Commissions and their reports, Kyrgyz Parliamentary resolutions, discussions with the Government of the Kyrgyz Republic in relation to the Memorandum of Understanding and the Heads of Agreement relating to the proposed restructuring of the Kumtor Project, various environmental and other claims made by Kyrgyz state agencies and the draft Kyrgyz Law on Denunciation of the Agreement on New Terms for the Kumtor Project, please refer to the description contained in the 2013 Annual Information Form.

Kyrgyz Republic

Negotiations between Kyrgyz Republic and Centerra

Following discussions with representatives of the Kyrgyz Government in the second half of 2013, Centerra announced on December 24, 2013 that it had entered into a non-binding heads of agreement ("HOA") with the Government of the Kyrgyz Republic in connection with a potential restructuring transaction under which Kyrgyzaltyn would exchange its 32.7% equity interest in Centerra for an interest of equivalent value in a joint venture company that would own the Kumtor Project. On February 6, 2014, after their review of the HOA, the Kyrgyz Parliament adopted a resolution which appears to support the concept of the restructuring described in the HOA but also contains a number of recommendations that are materially inconsistent with the terms of the HOA.

Centerra expects to continue its discussions with the Government regarding a potential restructuring transaction to resolve all outstanding concerns relating to the Kumtor Project. However, it maintains that any agreement to resolve matters must be fair to all of Centerra's shareholders. Any definitive agreement for a potential restructuring remains subject to required approvals in the Kyrgyz Republic, including the Government and Parliament of the Kyrgyz Republic, Centerra Special Committee and Board approval, as well as compliance with all applicable legal and regulatory requirements and approvals, including an independent formal valuation and shareholder approval.

While Centerra expects to continue discussions with the Government, there can be no assurance that any transaction will be consummated or that Centerra will be able to successfully resolve any of the matters currently affecting the Kumtor Project. The inability to successfully resolve matters, including obtaining all necessary approvals, and/or further actions of the Kyrgyz Republic Government and/or Parliament, could have a material adverse impact on Centerra's future cash flows, earnings, results of operations and financial conditions.

Glacier Law

On April 23, 2014 the Parliament of the Kyrgyz Republic passed a law prohibiting activities which affect glaciers in the Kyrgyz Republic (the "Glacier Law"). Subsequently, the President of the Kyrgyz Republic (who is required to approve legislation prior to it becoming effective) declined to approve the Glacier Law and returned it to Parliament for revision.

Permitting and Regulatory Matters

As previously disclosed, KGC experienced a delay this year in receiving approvals for its 2014 annual mine plan from the relevant Kyrgyz Republic authorities. As a result, Centerra announced on June 2, 2014 that if such approvals were not received by June 13, 2014, the Company would begin an orderly shutdown of operations at Kumtor. However, the Company subsequently announced on June 13, 2014 that KGC had received the necessary approvals of its 2014 annual mine plan and accordingly, no shutdown of the Kumtor mine was necessary.

Dividend Claim

On May 23, 2014, the Kyrgyz Republic General Prosecutor's Office ("GPO") filed a civil claim in Kyrgyz court against KGC which seeks to unwind an inter-corporate dividend declared and paid by KGC to Centerra in December 2013. KGC is a wholly-owned subsidiary of Centerra and the dividend was paid in the normal course of business. The GPO alleges that the dividend was contrary to the procedural requirements of Kyrgyz corporate law. Centerra and KGC dispute such allegations and believe that the dividend complied with the agreements governing the Kumtor Project and all applicable Kyrgyz laws. Centerra has also stated that the dividend does not have an impact on the valuation which underlies the restructuring contemplated by the HOA. Accordingly, KGC has contested claims made by the GPO by filing a number of motions with the Kyrgyz courts. These include challenges to, among other things, the jurisdiction of the Kyrgyz courts to hear the claim due to the arbitration provisions of the Restated Investment Agreement which requires all such disputes to be resolved through international arbitration.

Centerra also understands that the GPO has brought criminal proceedings against Mr. D. Japarov, who was a director of KGC (nominated by Kyrgyzaltyn) when the dividend was declared and paid. Mr. Japarov was also Chairman of the management board of Kyrgyzaltyn at that time.

Environmental Claims

As previously disclosed, on June 7, 2013, Kumtor received four claims filed by the Kyrgyz Republic State Inspectorate for Environmental and Technical Safety ("SIETS") with the Bishkek Inter-District Court. The SIETS environmental claims seek to enforce the previously disclosed environmental claims issued by SIETS in December 2012, seeking compensation in the aggregate amount of approximately \$150 million in relation to (i) placement of waste rock on glaciers; (ii) unpaid use of water from Petrov Lake; (iii) unaccounted industrial and household waste; and (iv) damages caused to land resources (top soil). Each of these claims was dismissed by the Bishkek Inter-District Court and, on appeal, by the Bishkek City Court, on the basis that the arbitration clause in the Restated Investment Agreement requires that all such disputes be resolved through international arbitration.

SIETS appealed each of these decisions to the Kyrgyz Supreme Court, which upheld the appeal and referred the cases back to the Bishkek Inter-District Court. Notably, the Kyrgyz Supreme Court did not decide the question of jurisdiction but referred the cases back to the court of first instance for "new consideration". Accordingly, the Company will again argue that the Kyrgyz courts do not have jurisdiction to hear these cases due to the international arbitration provision of the Restated Investment Agreement.

In addition to the original four claims of SIETS discussed above, SIETS has filed the following additional claims against KOC: (i) on October 12, 2013, a claim in the amount of approximately \$485,000 for damages caused to land resources due to disturbance of land at the Kumtor Project (similar to the claim in (iv) above but involving a different area of the Kumtor concession); and (ii) on January 21, 2014, a claim for approximately \$8.5 million for lost agricultural production and lost profits from 1994 to 2042. Kumtor has responded in writing to SIETS disputing both of these additional claims.

The previously disclosed claim commenced by Kyrgyz Republic State Agency for Environmental Protection and Forestry (“SAEPF”) for the aggregate amount of approximately \$315 million is currently being appealed by KGC on a preliminary motion in the Bishkek City Court.

As previously stated, Kumtor believes the claims are exaggerated and without merit. The Kumtor Project has been the subject of systematic audits and investigations over the years by Kyrgyz and international experts, including by an independent internationally recognized expert who carried out a due diligence review of Kumtor’s performance on environmental matters at the request of Centerra’s Safety, Health and Environmental Committee of the Board of Directors. The report of this expert released in October 2012 can be found on the Kumtor website at <http://www.kumtor.kg/en/> under the “Environment” section.

Land Use Claim

On November 11, 2013, the Company received a claim from the Kyrgyz Republic General Prosecutor’s Office requesting the Inter-District Court of the Issyk-Kul Province to invalidate the Company’s land use certificate and seize certain lands within Kumtor’s concession area.

As previously noted, the Company believes that the invalidation of the land use certificate and purported seizure of land is in violation of the Kyrgyz Republic Land Code as well as the Restated Investment Agreement, which provides that the Kumtor Project is guaranteed all necessary access to the Kumtor concession area, including all surface lands as are necessary or desirable for the operation of the Kumtor Project.

Management Assessment

There are several important outstanding issues affecting the Kumtor Project, which require consultation and co-operation between the Company and Kyrgyz regulatory authorities. The Company has benefited from a close and constructive dialogue with Kyrgyz authorities during project operations and remains committed to working with them to resolve these issues in accordance with the agreements governing the Kumtor Project (the “Kumtor Project Agreements”), which provide for all disputes to be resolved by international arbitration, if necessary. However, there are no assurances that the Company will be able to successfully resolve any or all of the outstanding matters affecting the Kumtor Project. There are also no assurances that continued discussions between the Kyrgyz Government and Centerra will result in a mutually acceptable solution regarding the Kumtor Project, that any agreed upon proposal for restructuring would receive the necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law and that the Kyrgyz Republic Government and/or Parliament will not take actions that are inconsistent with the Government’s obligations under the Kumtor Project Agreements, including adopting a law “denouncing” or purporting to cancel or invalidate the Kumtor Project Agreements or laws enacted in relation thereto. The inability to successfully resolve all such matters would have a material adverse impact on the Company’s future cash flows, earnings, results of operations and financial condition. See “Caution Regarding Forward-looking Information”.

Mongolia

Gatsuurt

Centerra continues to be in discussions with the Mongolian Government regarding the development of the Gatsuurt property. Centerra remains reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Mongolian Water and Forest Law having a limited impact on the Gatsuurt project, in particular, and other of the Company’s Mongolian activities, including the ATO deposit. As previously disclosed, the Mongolian Water and Forest Law prohibits mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia.

During meetings with representatives of the Mongolian Government, Centerra was advised that the Mongolian Government has developed a list of deposits, which includes Gatsuurt, which was submitted to the Mongolian Parliament for consideration as “strategic deposits”. Centerra expects that Parliament and/or any relevant committees of Parliament will consider this matter further in the second half of 2014. If the Mongolian Parliament ultimately approves this designation, it would have the effect of excluding the Gatsuurt deposit from the application of the Mongolian Water and Forest Law and would allow the Government of Mongolia to acquire up to a 34% interest in Gatsuurt. The terms of any such participation would be subject to negotiations with the Mongolian Government.

There can be no assurance, however, that the Water and Forest Law will not have a material impact on Centerra’s Mongolian operations. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated by the Parliament of Mongolia as a “mineral deposit of strategic importance” that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources and the Company may be required to write-off approximately \$38.1 million related to the investment in Gatsuurt and approximately \$38.7 million of costs that remain capitalized for the Boroo mill facility and other surface structures. These amounts represent the capitalized costs at June 30, 2014 associated with its investment in Gatsuurt and Boroo (where Gatsuurt ore is planned to be milled).

Corporate

Enforcement Notice by Sistem

In March 2011, a Turkish company, Sistem Muhenkislik Insaat Sanayi Ticaret SA (“Sistem”) initiated a claim in an Ontario court which alleged that the shares in Centerra owned by Kyrgyzaltyn are, in fact, legally and beneficially owned by the Kyrgyz Republic. On April 15, 2014, the Ontario Superior Court of Justice found in favour of Sistem, ruling that the shares of Centerra owned by Kyrgyzaltyn could be seized to satisfy an arbitration award against the Kyrgyz Republic. We understand that Kyrgyzaltyn has appealed this ruling and a hearing in this matter has been set for October 2014.

Pursuant to a separate court order issued by the Ontario Superior Court of Justice (as amended from time to time, and most recently amended on June 5, 2013) (the “Court Order”), Centerra is holding in trust (for the credit of the Sistem court proceedings) dividends otherwise payable to Kyrgyzaltyn. Effective as of June 6, 2013, when a dividend was paid by Centerra, the maximum amount to be held in trust, as set out in the Court Order (Cdn\$11.3 million), has been reached. As of June 30, 2014, Centerra holds in trust, for the benefit of the Sistem court proceeding, approximately Cdn\$11.4 million, including interest earned.

2014 Outlook

Kumtor’s forecast for 2014 production and costs discussed in this news release are provided on a 100% basis and the forecast does not make any assumptions regarding possible changes in the structure and management of the Kumtor Project, including the level of ownership resulting from ongoing discussions with the Government of the Kyrgyz Republic and Kyrgyzaltyn JSC, Centerra’s largest shareholder. See “Material Assumption and Risks” for other material assumptions or factors used to forecast production and costs for 2014.

Centerra’s 2014 guidance for production, unit costs, capital spending and expenditures for exploration, corporate administration, community costs and DD&A are unchanged from the previous guidance disclosed in the Company’s news release of January 13, 2014, as updated on May 6, 2014.

	2014 Production Forecast (ounces of gold)	2014 Adjusted Operating Costs¹ (\$ per ounce sold)	2014 All-in Costs¹ (\$ per ounce sold)
Kumtor	550,000 – 600,000	\$373 – \$407	\$833 – \$909
Boroo	Approx. 45,000	\$1,280	\$1,308
Consolidated	595,000 – 645,000	\$434 – \$471	\$971 – \$1,053

Gold Production

Centerra's 2014 consolidated gold production is expected to be 595,000 to 645,000 ounces. Over 50% of gold production at Kumtor is expected during the fourth quarter when mining will reach the high-grade section of the SB Zone. Based on progress to date, Kumtor's mining fleet is expected to obtain access to high-grade ore from cut-back 16 at the end of the third quarter of 2014.

The 2014 forecast assumes no mining activities at Boroo or Gatsuurt, and no gold production from Gatsuurt.

All-in Unit Costs

Centerra's 2014 all-in sustaining costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic, and all-in costs per ounce sold¹, which excludes revenue-based tax in the Kyrgyz Republic and income taxes remain unchanged from the previous guidance and are forecast as follows:

¹ Non-GAAP measure, see discussion under "Non-GAAP Measures".

	Kumtor	Boroo⁴	Consolidated
Ounces sold forecast	550,000-600,000	Approximately 45,000	595,000-645,000
US \$ / gold ounces sold			
Operating Costs (on a sales basis)	\$329 – 360	\$1,137	\$386 – 418
Regional office administration	32 – 35	131	36 – 41
Community costs related to current operations	13	13	13
Refining costs and by-product credits	(1)	(1)	(1)
Sub-Total (Adjusted Operating Costs)⁽¹⁾	\$373 – 407	\$1,280	\$434 – 471
Corporate general & administrative costs	–	–	57– 62
Accretion expense	1	11	3
Capitalized stripping costs – cash	319 – 348	–	296 – 321
Capital expenditures (sustaining) ⁽¹⁾	69 – 76	17	67 – 72
All-in Sustaining Costs⁽¹⁾	\$762 – 832	\$1,308	\$857 – 929
Capital expenditures (growth) ⁽¹⁾	71 – 77	–	66 – 72
Other costs ⁽²⁾	–	–	48 – 52
All-in Costs⁽¹⁾	\$833 – 909	\$1,308	\$971 –1,053
Revenue-based tax and income taxes ⁽³⁾	\$175 – 191	-	\$163 – 176
All-in Costs (including taxes)⁽¹⁾	\$1,008 –1,100	\$1,308	\$1,134 –1,229

⁽¹⁾ Adjusted operating costs per ounce sold, all-in sustaining costs per ounce sold, all-in costs per ounce sold, all-in costs (including taxes) per ounce sold, as well as capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under “Non-GAAP Measures”.

⁽²⁾ Other costs per ounce sold include global exploration expenses, business development expenses and project development costs not related to current operations.

⁽³⁾ Includes revenue-based tax that reflects a forecast gold price assumption of \$1,250 per ounce sold for the second half of 2014.

⁽⁴⁾ The Boroo operation is nearing the end of its mine life. All forecast production and sales are a result of drawing down the existing stockpiles and assume no mining activities.

Öksüt Project

The Company completed a preliminary economic assessment in the first quarter of 2014 and has commenced a feasibility study for its Öksüt property. The total planned spending in 2014 of approximately \$10 million remains unchanged from previous guidance and includes work for technical studies, environmental and social impact assessment and project support (collectively, \$6.4 million) and \$3.5 million for exploration activities.

Royalties

Since January 2014, Boroo has been paying a royalty rate of 2.5% for gold sold to the Bank of Mongolia (reduced from 9% using current gold prices for gold not sold to the Bank of Mongolia).

Sensitivities

Centerra's revenues, earnings and cash flows for the remaining six months of 2014 are sensitive to changes in certain variables. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flow	Earnings before income tax
Gold Price	\$50/oz	3.1	21.8	18.7	18.7
Diesel Fuel ⁽¹⁾	10%	5.3	-	5.3	5.3
Kyrgyz som ⁽²⁾	1 som	0.9	-	0.9	0.9
Mongolian tugrik ⁽²⁾	25 tugrik	0.2	-	0.2	0.2
Canadian dollar ⁽²⁾	10 cents	1.5	-	1.5	1.5

(1) a 10% change in diesel fuel price equals \$12/oz produced

(2) appreciation of currency against the US dollar will result in higher costs and lower cash flow and earnings, depreciation of currency against the US dollar results in decreased costs and increased cash flow and earnings

Material Assumptions and Risks:

Material assumptions or factors used to forecast production and costs for the remaining six month of 2014 include the following:

- a gold price of \$1,250 per ounce,
- exchange rates:
 - \$1USD:\$1.09 CAD
 - \$1USD:51.0 Kyrgyz som
 - \$1USD:1,800 Mongolian tugriks
 - \$1USD:0.75 Euro
- diesel fuel price assumption:
 - \$0.78/litre at Kumtor
 - \$1.09/litre at Boroo

The assumed diesel price of \$0.78/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately \$109 per barrel.

Other material assumptions were used in forecasting production and costs for 2014. These material assumptions include the following:

- That current discussions between the Government of the Kyrgyz Republic and Centerra regarding a potential restructuring of the Kumtor Project will result in a mutually satisfactory solution to the outstanding matters affecting the Kumtor Project, which is fair to all of Centerra's shareholders, and that such proposal will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.
- All mine plans and related permits and authorizations at Kumtor receive timely approval from all relevant governmental agencies.
- The buttress constructed at the bottom of the Davidov glacier successfully stops or slows the movement of the Davidov glacier.

- The proposed Glacier Law will not affect mining or other operations at the Kumtor Project.
- Any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine and/or power to the mine site.
- The activities of the Kyrgyz Republic Parliament and Government, referred to in the 2013 Annual Information Form do not have a material impact on operations or financial results. This includes any action being taken by the Parliament or Government to cancel the current project agreements governing the Kumtor Project, or taking any actions which would be inconsistent with the rights of Centerra, Kumtor Gold Company and Kumtor Operating Company under the project agreements governing the Kumtor Project.
- The previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of approximately \$476 million and the claims of the Kyrgyz Republic's General Prosecutor's Office purporting to invalidate land use rights and/or seize land at Kumtor and to unwind the \$200 million inter-company dividend declared and paid by KGC to Centerra in December 2013, and any further claims, whether alleging environmental allegations or otherwise, are resolved without material impact on Centerra's operations or financial results.
- The movement in the Central Valley Waste Dump at Kumtor, referred to in the 2013 Annual Information Form, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production, including the successful demolition of buildings and relocation of certain other infrastructure as planned.
- Grades and recoveries at Kumtor will remain consistent with the 2014 production plan to achieve the forecast gold production.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The Kumtor ball mill and the rotated ring gear or replacement ring gear continue to operate as expected.
- The successful negotiation of new collective agreement at Kumtor which expires on December 31, 2014, without any labour actions/strikes and without significantly increasing labour costs.
- Prices of key consumables, costs of power and water usage fees are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.
- All necessary permits, licenses and approvals are received in a timely manner.

The Company cannot give any assurances in this regard.

Centerra Gold Inc.
Condensed Consolidated Statements of Financial Position
(Unaudited)

	June 30, 2014	December 31, 2013
(Expressed in Thousands of United States Dollars)		
Assets		
Current assets		
Cash and cash equivalents	\$ 312,745	\$ 343,108
Short-term investments	179,492	158,358
Amounts receivable	19,562	78,707
Inventories	248,308	373,289
Prepaid expenses	11,548	29,191
	<u>771,655</u>	<u>982,653</u>
Property, plant and equipment	686,140	539,070
Goodwill	129,705	129,705
Restricted cash	10,734	10,731
Other assets	28,233	20,276
Long-term inventories	2,240	5,229
	<u>857,052</u>	<u>705,011</u>
Total assets	\$ 1,628,707	\$ 1,687,664
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 38,025	\$ 32,109
Short-term debt	75,964	75,582
Revenue-based taxes payable	9,489	30,742
Taxes payable	653	2,108
Current portion of provision for reclamation	1,919	1,194
	<u>126,050</u>	<u>141,735</u>
Dividend payable	10,588	10,636
Provision for reclamation	59,711	58,826
Deferred income tax liability	3,435	2,157
	<u>73,734</u>	<u>71,619</u>
Total liabilities	199,784	213,354
Shareholders' equity		
Share capital	660,517	660,486
Contributed surplus	21,347	20,087
Retained earnings	747,059	793,737
	<u>1,428,923</u>	<u>1,474,310</u>
Total liabilities and shareholders' equity	\$ 1,628,707	\$ 1,687,664

Centerra Gold Inc.
Condensed Consolidated Statements of (Loss) Earnings and Comprehensive (Loss) Income

(Unaudited)	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
(Expressed in Thousands of United States Dollars)				
(except per share amounts)				
Revenue from gold sales	\$ 119,473	\$ 128,229	\$ 267,494	\$ 320,480
Cost of sales	109,355	84,626	218,469	175,775
Mine standby costs	184	-	184	-
Regional office administration	6,106	5,869	11,795	11,490
Earnings from mine operations	3,828	37,734	37,046	133,215
Revenue-based taxes	13,970	13,510	32,402	34,328
Other operating expenses	3,044	2,150	4,939	4,096
Exploration and business development	4,034	6,259	6,606	13,429
Corporate administration	11,818	7,203	18,341	13,946
(Loss) earnings from operations	(29,038)	8,612	(25,242)	67,416
Other expenses	687	2,841	477	4,121
Finance costs	1,243	1,245	2,636	2,501
(Loss) earnings before income taxes	(30,968)	4,526	(28,355)	60,794
Income tax expense	725	2,974	1,277	7,890
Net (loss) earnings and comprehensive (loss) income	\$ (31,693)	\$ 1,552	\$ (29,632)	\$ 52,904
Basic (loss) earnings per common share	\$ (0.13)	\$ 0.01	\$ (0.13)	\$ 0.22
Diluted (loss) earnings per common share	\$ (0.13)	\$ 0.01	\$ (0.13)	\$ 0.22

Centerra Gold Inc. Condensed Consolidated Statements of Cash Flows (Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
(Expressed in Thousands of United States Dollars)				
Operating activities				
Net (loss) earnings	\$ (31,693)	\$ 1,552	\$ (29,632)	\$ 52,904
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	60,943	31,714	127,714	75,614
Finance costs	1,243	1,245	2,636	2,501
Loss on disposal of equipment	446	2,143	542	2,152
Compensation expense on stock options	650	812	1,260	1,563
Income tax expense	725	2,974	1,277	7,890
Other operating items	(1,489)	20	(590)	(172)
	30,825	40,460	103,207	142,452
Change in operating working capital	36,518	724	58,833	(6,495)
Change in long-term inventory	1,910	3,480	2,989	4,432
Change in provision	-	(82)	-	(149)
Prepaid revenue-based taxes utilized	2,578	1,077	9,845	3,845
Income taxes paid	(435)	(4,760)	(1,512)	(11,239)
Cash provided by operations	71,396	40,899	173,362	132,846
Investing activities				
Additions to property, plant and equipment	(83,331)	(86,246)	(156,057)	(159,919)
Net redemption (purchase) of short-term investments	123,009	108,330	(21,134)	39,987
Purchase of interest in Öksüt Gold Project- net of cash acquired	-	-	-	(19,742)
Increase in restricted cash	(25)	(2,084)	(51)	(4,840)
Decrease (increase) in long-term other assets	594	(117)	(7,957)	(334)
Proceeds from disposition of equipment	-	-	3	27
Cash (used in) provided by investing	40,247	19,883	(185,196)	(144,821)
Financing activities				
Dividends paid	(8,642)	(6,747)	(17,046)	(13,096)
Payment of interest and other borrowing costs	-	-	(1,483)	(1,408)
Cash used in financing	(8,642)	(6,747)	(18,529)	(14,504)
(Decrease) increase in cash during the period	103,001	54,035	(30,363)	(26,479)
Cash and cash equivalents at beginning of the period	209,744	253,601	343,108	334,115
Cash and cash equivalents at end of the period	\$ 312,745	\$ 307,636	\$ 312,745	\$ 307,636
Cash and cash equivalents consist of:				
Cash	\$ 77,949	\$ 56,665	\$ 77,949	\$ 56,665
Cash equivalents	234,796	250,971	234,796	250,971
	\$ 312,745	\$ 307,636	\$ 312,745	\$ 307,636

Centerra Gold Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

(Expressed in Thousands of United States Dollars, except share information)

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2013	236,376,011	\$ 660,420	\$ 36,243	\$ 672,430	\$ 1,369,093
Share-based compensation expense	-	-	1,563	-	1,563
Adjustment for acquisition of 30% non-controlling interest	-	-	(18,986)	-	(18,986)
Shares issued on redemption of restricted share units	8,441	29	-	-	29
Dividend declared	-	-	-	(18,380)	(18,380)
Net earnings for the period	-	-	-	52,904	52,904
Balance at June 30, 2013	236,384,452	\$ 660,449	\$ 18,820	\$ 706,954	\$ 1,386,223
Balance at January 1, 2014	236,390,219	\$ 660,486	\$ 20,087	\$ 793,737	\$ 1,474,310
Share-based compensation expense	-	-	1,260	-	1,260
Shares issued on redemption of restricted share units	6,602	31	-	-	31
Dividend declared	-	-	-	(17,046)	(17,046)
Net loss for the period	-	-	-	(29,632)	(29,632)
Balance at June 30, 2014	236,396,821	\$ 660,517	\$ 21,347	\$ 747,059	\$ 1,428,923

Non-GAAP Measures

This news release contains the following non-GAAP financial measures: all-in sustaining costs, all-in costs, all-in costs including taxes, and adjusted operating costs in dollars (millions) and per ounce sold, as well as cost of sales per ounce sold, capital expenditures (sustaining), capital expenditures (growth) and average realized gold price. These financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers, even as compared to other issuers who may also be applying the World Gold Council (WGC) guidelines, which can be found at <http://www.gold.org>.

Management believes that the use of these non-GAAP measures will assist analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, understanding the economics of gold mining, assessing our operating performance, our ability to generate free cash flow from current operations and to generate free cash flow on an overall Company basis, and for planning and forecasting of future periods. However, the measures do have limitations as analytical tools as they may be influenced by the point in the life cycle of a specific mine, and the level of additional exploration or expenditures a company has to make to fully develop its properties. Accordingly, these non-GAAP measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

Definitions

The following is a description of the non-GAAP measures used in this news release. The definitions are consistent with the WGC's Guidance Note on these non-GAAP measures:

- *Operating costs* (on a sales basis) include mine operating costs such as mining, processing, site support, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization (DD&A), reclamation costs, financing costs, capital development and exploration.
- *Adjusted operating costs per ounce sold* include operating costs (on a sales basis), regional office administration, community costs related to current operations, refining fees and by-product credits.
- *All-in sustaining costs per ounce sold* include adjusted operating costs, the cash component of capitalized stripping costs, regional office administration costs, accretion expenses, and sustaining capital. The measure incorporates costs related to sustaining production.
- *All-in costs per ounce sold* include all-in sustaining costs and additional costs for growth capital, corporate general and administrative expenses, global exploration expenses and social development costs not related to current operations.
- *All-in cost per ounce sold* exclude the following:
 - Working capital (except for adjustments to inventory on a sales basis).
 - All financing charges (including capitalized interest).
 - Costs related to business combinations, asset acquisitions and asset disposals.
 - Other non-operating income and expenses, including interest income, bank charges, and foreign exchange gains and losses.
- *All-in costs including taxes per ounce sold* measure includes revenue-based taxes at Kumtor and income taxes at Boroo.
- *Capital expenditures (Sustaining)* is a capital expenditure necessary to maintain existing levels of production. The sustaining capital expenditures maintain the existing mine fleet, mill and other facilities so that they function at levels consistent from year to year.
- *Capital expenditures (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Average realized gold price* is calculated by dividing revenue derived from gold sales by the number of ounces sold.

Adjusted Operating Cost, All-in Sustaining Costs and All-in Costs (including and excluding taxes) are non-GAAP measures and can be reconciled as follows:

1) By operation

<i>(unaudited)</i> (\$ millions, unless otherwise specified)	Three months ended June 30, ⁽¹⁾		Six months ended June 30, ⁽¹⁾	
	2014	2013	2014	2013
Kumtor:				
Cost of sales, as reported	\$ 92.9	\$ 65.7	\$ 188.0	\$ 132.0
Less: Non-cash component	56.9	25.2	120.5	59.3
Cost of sales, cash component	\$ 36.0	\$ 40.5	\$ 67.6	\$ 72.7
Adjust for: Regional office administration	5.0	4.4	9.4	8.5
Refining fees	0.5	0.4	1.0	0.9
By-product credits	(0.4)	(0.6)	(1.0)	(1.2)
Community costs related to current operations	1.8	1.6	2.6	2.0
Adjusted Operating Costs	\$ 42.8	\$ 46.4	\$ 79.6	\$ 82.9
Accretion expense	0.3	0.2	0.6	0.3
Capitalized stripping	61.5	56.6	123.9	110.0
Capital expenditures (sustaining)	12.9	15.0	21.2	26.8
All-in Sustaining Costs	\$ 117.5	\$ 118.2	\$ 225.3	\$ 220.0
Capital expenditures (growth)	11.4	9.3	13.3	25.4
Exploration expense	-	2.0	(0.1)	4.4
Other project costs not related to current operations	-	-	-	1.4
All-in Costs	\$ 128.9	\$ 129.5	\$ 238.6	\$ 251.3
Revenue-based taxes	14.0	13.5	32.4	34.3
All-in Costs (including taxes)	\$ 142.9	\$ 143.0	\$ 271.0	\$ 285.6
Ounces sold (000s)	77.7	70.3	179.7	161.9
Adjusted Operating Costs per ounce sold	\$ 551	\$ 660	\$ 443	\$ 512
All-in Sustaining Costs per ounce sold	\$ 1,511	\$ 1,681	\$ 1,254	\$ 1,359
All-in Costs per ounce sold	\$ 1,658	\$ 1,842	\$ 1,328	\$ 1,552
All-in Costs (including taxes) per ounce sold	\$ 1,838	\$ 2,034	\$ 1,508	\$ 1,764
Boroo:				
Cost of sales, as reported	\$ 16.5	\$ 18.9	\$ 30.5	\$ 43.8
Less: Non-cash component	4.0	6.4	7.1	16.1
Cost of sales, cash component	\$ 12.5	\$ 12.5	\$ 23.4	\$ 27.7
Adjust for: Regional office administration	1.1	1.5	2.4	3.0
Mine stand-by costs	0.2	-	0.2	-
Refining fees	-	0.1	0.1	0.2
By-product credits	-	(0.2)	(0.1)	(0.3)
Community costs related to current operations	(0.1)	0.5	0.1	0.5
Adjusted Operating Costs	\$ 13.7	\$ 14.3	\$ 26.0	\$ 31.1
Accretion expense	0.1	0.1	0.2	0.2
Capitalized stripping	-	-	-	-
Capital expenditures (sustaining)	0.1	3.4	0.3	4.6
All-in Sustaining Costs	\$ 14.0	\$ 17.8	\$ 26.6	\$ 35.8
Capital expenditures (growth)	-	-	-	-
Exploration expense	-	-	-	-
Other project costs not related to current operations	-	-	-	-
All-in Costs	\$ 14.0	\$ 17.8	\$ 26.6	\$ 35.8
Income taxes	-	3.7	-	8.8
All-in Costs (including taxes)	\$ 14.0	\$ 21.4	\$ 26.6	\$ 44.6
Ounces sold (000s)	15.3	22.9	27.8	50.0
Adjusted Operating Costs per ounce sold	\$ 901	\$ 627	\$ 935	\$ 622
All-in Sustaining Costs per ounce sold	\$ 915	\$ 777	\$ 954	\$ 716
All-in Costs per ounce sold	\$ 915	\$ 777	\$ 954	\$ 716
All-in Costs (including taxes) per ounce sold	\$ 915	\$ 938	\$ 954	\$ 892

(1) Results may not add due to rounding.

2) Consolidated

<i>(unaudited)</i> (\$ millions, unless otherwise specified)	Three months ended June 30, ⁽¹⁾		Six months ended June 30, ⁽¹⁾	
	2014	2013	2014	2013
<i>Centerra:</i>				
Cost of sales, as reported	\$ 109.4	\$ 84.6	\$ 218.5	\$ 175.8
Less: Non-cash component	60.9	31.6	127.6	75.4
Cost of sales, cash component	\$ 48.5	\$ 53.0	\$ 90.9	\$ 100.3
Adjust for:				
Regional office administration	6.1	5.9	11.8	11.5
Mine stand-by costs	0.2	-	0.2	-
Refining fees	0.5	0.5	1.1	1.1
By-product credits	(0.4)	(0.7)	(1.1)	(1.5)
Community costs related to current operations	1.7	2.1	2.7	2.5
Adjusted Operating Costs	\$ 56.6	\$ 60.7	\$ 105.6	\$ 114.0
Corporate General Administrative costs	11.7	7.1	18.2	13.8
Accretion expense	0.4	0.2	0.8	0.5
Capitalized stripping and ice unload	61.5	56.6	123.9	110.0
Capital expenditures (sustaining)	13.0	18.5	21.6	31.8
All-in Sustaining Costs	\$ 143.3	\$ 143.2	\$ 270.2	\$ 270.0
Capital expenditures (growth)	11.6	9.6	13.8	25.8
Exploration and Business Development	4.1	6.3	6.6	13.4
Other project costs not related to current operations	1.3	0.1	2.2	1.6
All-in Costs	\$ 160.2	\$ 159.1	\$ 292.8	\$ 310.9
Revenue-based taxes and income taxes	14.0	17.2	32.4	43.1
All-in Costs (including taxes)	\$ 174.2	\$ 176.3	\$ 325.2	\$ 354.0
Ounces sold (000s)	93.0	93.2	207.5	211.9
Adjusted Operating Costs per ounce sold	\$ 608	\$ 652	\$ 509	\$ 538
All-in Sustaining Costs per ounce sold	\$ 1,540	\$ 1,537	\$ 1,302	\$ 1,274
All-in Costs per ounce sold	\$ 1,722	\$ 1,708	\$ 1,411	\$ 1,467
All-in Costs (including taxes) per ounce sold	\$ 1,873	\$ 1,892	\$ 1,567	\$ 1,671

(1) Results may not add due to rounding.

Sustaining capital, growth capital and capitalized stripping presented in the All-in measures can be reconciled as follows:

Second quarter	Kumtor	Boroo	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>				
2014				
Capitalized stripping – cash	61.5	-	-	61.5
Sustaining capital - cash	12.9	0.1	-	13.0
Growth capital - cash	11.4	-	0.2	11.6
Net increase in accruals included in additions to PP&E	(2.8)	-	-	(2.8)
Total - Additions to PP&E	83.0	0.1	0.2	83.3⁽¹⁾
2013				
Capitalized stripping – cash	56.6	-	-	56.6
Sustaining capital – cash	15.0	3.4	0.1	18.5
Growth capital - cash	9.3	-	0.3	9.6
Net decrease in accruals included in additions to PP&E	1.6	-	-	1.6
Total - Additions to PP&E	82.5	3.4	0.4	86.3⁽¹⁾

First Half	Kumtor	Boroo	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>				
2014				
Capitalized stripping – cash	123.9	-	-	123.9
Sustaining capital - cash	21.2	0.3	0.1	21.6
Growth capital - cash	13.3	-	0.5	13.8
Net increase in accruals included in additions to PP&E	(3.2)	-	-	(3.2)
Total - Additions to PP&E	155.2	0.3	0.6	156.1⁽¹⁾
2013				
Capitalized stripping – cash	110.0	-	-	110.0
Sustaining capital – cash	26.8	4.6	0.5	31.9
Growth capital - cash	25.4	-	0.3	25.7
Net increase in accruals included in additions to PP&E	(7.7)	-	-	(7.7)
Total - Additions to PP&E	154.5	4.6	0.8	159.9⁽¹⁾

(1) As reported in the Company's Consolidated Statement of Cash Flows as "Investing Activities – Additions to property, plant & equipment".

Caution Regarding Forward-Looking Information

Information contained in this news release which are not statements of historical facts, and the documents incorporated by reference herein, may be “forward-looking information” for the purposes of Canadian securities laws. Such forward-looking information involves 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”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, general economic indicators affecting the price of gold and gold production, interest rates, and exchange rates, the Company’s plans for future borrowing under its revolving credit facility the successful resolution of outstanding matters in the Kyrgyz Republic to the benefit of all shareholders including matters relating to the State Commission report, government resolutions and decrees, discussions with the Kyrgyz Government on the Kumtor Project Agreements and a possible restructuring of the Kumtor Project into a joint venture pursuant to the terms of the HOA, the resolution of environmental claims received by Kumtor from SIETS and SAEPF in December 2012 and February 2013, the claims of the Kyrgyz General Prosecutor’s Office’s purporting to invalidate Kumtor’s land use certificate and to seize certain lands within the Kumtor concession area and to unwind an inter-corporate dividend declared and paid by KGC to Centerra, statements regarding the Company’s ability to successfully manage the movement of the Davidov Glacier and the increased rate of movement of the Davidov Waste-rock Dump (Central Valley Waste Dump), the construction of a buttress at the bottom of the Davidov Glacier and the monitoring and effectiveness of the buttress, and the Company’s ability to successfully demolish certain buildings and relocate other infrastructure at Kumtor, the Company’s ability to mine high grade ore in the SB Zone at Kumtor, statements regarding the Company’s future production in 2014, including estimates of cash operating costs, all-in sustaining costs per ounce sold¹, all in costs per ounce sold¹, all in costs per ounce sold (including taxes)¹, capital expenditures (sustaining)¹ and capital expenditures (growth)¹, exploration and drilling plans and expenditures and the success thereof, capital expenditures, mining plans at Kumtor; processing activities at Boroo and royalties and taxes to be paid by Boroo; the outcome of discussions with the Mongolian government on the potential development of the Company’s Gatsuert deposit, the impact of the Water and Forest Law on the Company’s Mongolian activities; and the Company’s ability to carry out a feasibility study on the Öksüt Project.

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: (A) political and regulatory risks, including the political risks associated with the Company’s principal operations in the Kyrgyz Republic and Mongolia, resource nationalism, the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates, the impact of any actions taken by the Government and Parliament relating to the Kumtor Project Agreement, any impact on the purported cancellation of Kumtor’s land use rights at the Kumtor Project, the impact of the failure of relevant Kyrgyz Government agencies to provide approvals of annual mine plans and other required permits and authorizations, the effect of the Water and Forest Law on the Company’s operations in Mongolia, the impact of continued scrutiny from Mongolian regulatory authorities on the Company’s Boroo Project, the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company’s operations, the Company’s ability to successfully negotiate an investment agreement for the Gatsuert project to complete the development of the mine and the Company’s ability to obtain all necessary permits and commissions needed to commence mining activity at the Gatsuert Project; the ability of the Company to

¹ Non-GAAP measure, see discussion under “Non-GAAP Measures”.

obtain, in a timely manner, all required permits and other authorizations to carry out its feasibility and other studies at the Öksüt Project and related drilling and operational activities; (B) risks related to operational matters and geotechnical issues, including the movement of the Davidov Glacier and the Davidov Waste-rock Dump (Central Valley Waste Dump), the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage such matters, including by the building of a buttress at the bottom of the Davidov Glacier, the occurrence of further ground movements at the Kumtor Project, the timing of the infrastructure move potentially impacting the maintenance of the mobile fleet and its availability, the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities, the adequacy of the Company's insurance to mitigate operational risks, mechanical breakdowns, the Company's ability to obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height, the Company's ability to replace its mineral reserves, the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required, seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia, long lead times required for equipment and supplies given the remote location of the Company's properties, reliance on a limited number of suppliers for certain consumables, equipment and components, illegal mining on the Company's Mongolian properties, the Company's ability to accurately predict decommissioning and reclamation costs, the Company's ability to attract and retain qualified personnel, competition for mineral acquisition opportunities, and risks associated with the conduct of joint ventures; (C) risks relating to financial matters including the sensitivity of the Company's business to the volatility of gold prices, the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's revolving credit facility which may, among other things, restrict the Company from pursuing certain business activities, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (D) risks related to environmental and safety matters, including the ability to continue obtaining necessary operating and environmental permits, licenses and approvals, the impact of the significant environmental claims made in December 2012 and February 2013 relating to the Kumtor Project, inherent risks associated with using sodium cyanide in the mining operations; legal and other factors such as litigation, defects in title in connection with the Company's properties, the Company's ability to enforce its legal rights, risks associated with having a significant shareholder, and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's 2013 Annual Information Form available on SEDAR at www.sedar.com.

Furthermore, market price fluctuations in gold, as well as increased capital or production costs or reduced recovery rates may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. Economic and technological factors which may change over time always influence the evaluation of reserves or resources. Centerra has not adjusted mineral resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any mineral resource estimate will ultimately be reclassified as proven and probable reserves.

Mineral resources are not mineral reserves, and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and indicated resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and

economic parameters in assessing the economic viability of the resource. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources of any category can be upgraded to mineral reserves through continued exploration.

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward-looking information is as of July 29, 2014. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

About Centerra

Centerra Gold Inc. is a gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union 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 based in Toronto, Ontario, Canada.

Additional information on Centerra is available on the Company's website at www.centerragold.com and at SEDAR at www.sedar.com.

Conference Call

Centerra invites you to join its 2014 second quarter conference call on Wednesday July 30, 2014 at 11:00AM Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 269-0310 or International participants dial +1 (416) 981-9073. Alternatively, an audio feed of the conference call is being webcast by Thomson Reuters and can be accessed live on the Company's website at: www.centerragold.com. An audio recording of the call will be available on Centerra's website www.centerragold.com shortly after the call and via telephone until midnight on Wednesday August 14, 2014 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21720499.

For more information:

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Additional information on Centerra is available on the Company's web site at www.centerragold.com and at SEDAR at www.sedar.com.

To view the Management's Discussion and Analysis and the Financial Statements and Notes for the three and six month periods ended June 30, 2014, please visit the following link:

<http://media3.marketwire.com/docs/cg0729fsmda.pdf>

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