



## **CENTERRA GOLD AND PREMIER GOLD TO JOINTLY ADVANCE THE TRANS-CANADA PROPERTY**

*All figures are in Canadian dollars unless otherwise stated.*

**TORONTO, CANADA – February 5, 2015** – Centerra Gold Inc. (“Centerra”) (TSX: CG) and Premier Gold Mines Limited (“Premier”) (TSX: PG) are pleased to announce that they have signed a definitive agreement to form a 50/50 partnership for the joint ownership and development of Premier’s Trans-Canada Property including the Hardrock Gold Project located in the Geraldton-Beardmore Greenstone Belt in Ontario.

Commenting on the partnership, Mr. Ian Atkinson, President and Chief Executive Officer of Centerra stated: “We are very excited to have this opportunity to work with Premier on the Trans-Canada Property. Forming this partnership gives Centerra’s shareholders exposure to a significant gold resource and an advanced stage development project in Ontario, Canada. The property has a large land package with exceptional exploration potential. As we have stated in the past it has been our goal to identify and acquire an additional production platform. We feel that the Trans-Canada Property, including the flagship Hardrock Gold Project, complements our growth pipeline which includes the Gatsurt Project, in Mongolia and the Öksüt Project in Turkey.”

“This partnership is an important step in realizing Premier’s objective to become a prominent North American-focused gold producer,” stated Ewan Downie, President and Chief Executive Officer of Premier Gold. “With this partnership comes a more clear and certain path toward realizing the potential that the Trans-Canada Property represents to Premier shareholders and neighboring communities. We share in Centerra’s excitement and look forward to introducing them to nearby communities and local partners in the very near future.”

### **The Trans-Canada Property**

The Trans-Canada Property comprises a group of mineral claims situated within the Geraldton-Beardmore Greenstone Belt which extends for 110 kilometres between Lake Nipigon and the community of Long Lac in northern Ontario, Canada, located approximately 250 kilometres northeast of Thunder Bay. Together, the claim blocks cover an area of approximately 33,000 hectares consisting of unpatented mineral claims, mining leases and mining patent claims.

Located along the Trans-Canada Highway, the flagship Hardrock Project is found on one of the larger claim blocks and is central to a historic gold camp that produced approximately 3 million ounces of gold between 1936 and 1970. It benefits from excellent existing infrastructure with the town of Geraldton located only two kilometres to the north. The Hardrock Project is an advanced-stage project currently undergoing feasibility study. A Preliminary Economic Assessment (PEA) was completed and the results published by Premier on January 28, 2014. Subsequently on July 8, 2014, an updated mineral resource on the Hardrock Project was published by Premier with an estimated 4.87 million total contained ounces of gold within an Indicated Resource (89.04 million tonnes (Mt) at 1.70 grams per tonne gold (g/t Au)) and 2.74 million ounces of gold in an Inferred Resource (23.15 Mt at 3.69 g/t Au). See the Technical Report and Mineral Resource Estimate Update for the Hardrock Deposit issued by Premier on August 22, 2014 and an effective date of July 4, 2014.

Along with the Hardrock Project, the Trans-Canada Property encompasses the mineral resources of the Brookbank, Kailey and Key Lake gold deposits. In its December 19, 2012 news release, Premier reported an open-pit Indicated Mineral Resource at Brookbank that is estimated to contain 171,000 ounces of gold (2.64 Mt at 2.02 g/t Au) together with an underground Indicated Mineral Resource estimated to have 429,000 ounces of gold (1.85 Mt at 7.21 g/t Au). The estimated Inferred Mineral Resource for the Brookbank deposit contains another 66,000 ounces of gold (0.57 Mt at 3.53 g/t Au). A PEA was completed by Premier for the Brookbank deposit, evaluating the project on a standalone basis and as one providing supplementary ore feed to the Hardrock Project (published on January 28, 2014). Together with the Hardrock deposit, these deposits attest to the mineral potential of the Trans-Canada Property.

In addition, several gold prospects and other high-potential exploration targets are recognized on the extensive land holdings of the partnership, including on the Viper claim block which is situated about 25 kilometres east of the Hardrock deposit. The gold deposits of the Geraldton-Beardmore Belt belong to the mesothermal, greenstone-hosted class of gold deposits which is also represented by the world-class ore systems found at Red Lake and Timmins, Ontario and in the Kalgoorlie district of Western Australia.

### **The Implementation and Partnership Agreement**

Centerra and Premier have agreed to form a partnership to develop the Trans-Canada Property. Centerra will contribute up to C\$300 million in cash to the partnership in accordance with the terms described below, while Premier will contribute all property, assets and rights it holds in respect of the Trans-Canada Property.

Key terms of the agreements and the development strategy for Hardrock include:

- On closing, Premier, through a wholly-owned subsidiary, will contribute all property, assets and rights it holds in respect of the Trans-Canada Property to the partnership in consideration for its 50% interest in the partnership and Centerra will make an initial cash contribution to the partnership in the amount of C\$85 million for its 50% limited partner interest which amount will be distributed to Premier on the closing date.
- Centerra has agreed to make capital contributions to the partnership in the aggregate amount of C\$185 million (the “Centerra Development Commitment”) half of which is on behalf of Premier. A portion of these funds will initially be used to complete a comprehensive technical and economic feasibility study including an updated mineral resource calculation for the Hardrock Project at the Trans-Canada Property. Subject to the satisfaction of certain feasibility and project advancement criteria the remainder of the funds will be used towards the construction and development of the Hardrock Project.
- Premier will not be required to make any contributions to the partnership until Centerra has provided the full amount of the Centerra Development Commitment following which cash calls will be satisfied by each of Centerra and Premier on a 50/50 basis pursuant to approved annual programs and budgets. The partnership agreement contains customary dilution mechanisms for failures to meet cash calls and certain other events.
- Centerra has agreed to make an additional contingent capital contribution to the partnership not to exceed C\$30 million based on the results of the updated mineral resource calculation in respect of the Trans-Canada Property which amount, if any, will be distributed to Premier.
- The partnership will be managed by a corporation (the “Managing Partner”), owned 50/50 by Centerra and Premier. Initially the board of directors of the Managing Partner will consist of four

directors with two nominees from Centerra and two nominees from Premier. The board of directors of the Managing Partner will be responsible for, among other things, approving the partnership's annual programs and budgets.

The transaction is expected to close on or about March 6, 2015, subject to the receipt of applicable regulatory approvals and the satisfaction of customary conditions precedent. The Implementation Agreement and the form of limited partnership agreement will be filed on SEDAR.com.

### **About Centerra**

Centerra is a leading North American-based gold producer operating, developing, exploring and acquiring gold properties in Asia 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.

### **About Premier**

Premier is one of North America's leading exploration companies with a high quality pipeline of projects focused in proven, safe and accessible mining jurisdictions in Canada and the United States that includes world class gold mining districts such as Red Lake and Geraldton in Ontario and the Battle Mountain-Eureka Trend in Nevada.

### **Advisors**

Cormark Securities Inc. is acting as financial advisor to Centerra and has provided a fairness opinion to the board of directors of Centerra that the transaction is fair from a financial point of view to Centerra. Stikeman Elliott LLP is acting as legal advisor to Centerra. CIBC World Markets Inc. is acting as financial advisor to Premier and Maxit Capital LP has provided a fairness opinion to the board of directors of Premier that the transaction is fair from a financial point of view to Premier. Bennett Jones LLP is acting as legal advisor to Premier.

Resource classifications referred to herein are in accordance with standards defined by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), 2010 Definition Standards for Mineral Resources and Mineral Reserves. Stephen McGibbon, P.Geo., Executive Vice-President, Corporate and Project Development of Premier, is the Qualified Person responsible for the technical information contained in this news release and is a Qualified Person within the meaning of National Instrument 43-101.

### **Cautionary Note Regarding Forward-Looking Information**

This news release contains certain information that may constitute "forward-looking information" under applicable Canadian securities legislation, including statements which are not historical facts. Forward-looking information includes, but is not limited to, statements about strategic plans, future operations, future work programs, capital expenditures and contributions to the partnership, discovery and production of minerals, price of gold and currency exchange rates, timing of geological reports and feasibility studies, mineral resource estimates and corporate and technical objectives. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including risks inherent to the mining industry, adverse economic and market developments and the risks identified in Premier's annual information form under the heading "Risk Factors", the risks identified in

Centerra's annual information form under the heading "Risks that can affect our business" and other risks identified in each of Premier's and Centerra's other filings with the Canadian securities regulators. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this news release is given as of the date hereof and each of Premier and Centerra disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

**For more information:**

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