

**NEWS RELEASE****Centerra Gold 2016 First Quarter Results**

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 23 and in the Cautionary Note Regarding Forward-looking Information on page 29. It should be read in conjunction with the Company's unaudited interim consolidated financial statements and notes for the three-month period ended March 31, 2016 and associated Management's Discussion and Analysis. The consolidated financial statements of Centerra are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All figures are in United States dollars unless otherwise stated.

To view Management's Discussion and Analysis and the Unaudited Interim Consolidated Financial Statements and Notes for the three-months ended March 31, 2016, please visit the following link:

<http://media3.marketwire.com/docs/cg502-mdafs.pdf>

Toronto, Canada, May 3, 2016: Centerra Gold Inc. (TSX: CG) today reported net earnings of \$18.1 million or \$0.08 per common share (basic) in the first quarter of 2016, compared to net earnings of \$40.7 million or \$0.17 per common share (basic) for the same period in 2015. The decrease in earnings reflects a 65% decrease in gold ounces sold, in part due to gold shipment delays at Kumtor, and a 4% lower average realized gold price¹, compared to the first quarter of 2015, which was partially offset by lower operating costs and lower share-based compensation charges in the first quarter of 2016.

Gold production for the first quarter of 2016 decreased 49% compared to the same period in 2015, reflecting Kumtor processing lower grades mined from the upper benches in cut-back 17, blended with low-grade stockpiled ore, along with lower recoveries. In contrast, in the comparative quarter of 2015, Kumtor mined and processed the high-grade final benches from cut-back 16.

Kumtor ended the first quarter of 2016 with approximately 33,165 ounces of gold doré on hand due to delays in shipping gold to Kyrgyzaltyn during the quarter. Gold shipments to Kyrgyzaltyn resumed in the normal course in April and all of Kumtor's gold doré inventory was shipped and sold to Kyrgyzaltyn by the end of April 2016.

2016 First Quarter Highlights

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- Positive net earnings of \$18.1 million or \$0.08 per share.
 - Produced 86,444 ounces at Kumtor at an all-in sustaining cost¹ of \$916 per ounce, in line with the Company's forecast.
 - Sold 61,744 ounces of gold in the quarter, which was 24,700 ounces less than the gold produced from Kumtor in the quarter due to a delay in gold shipments.
 - Accumulated gold doré inventory of 33,165 ounces at Kumtor as a result of gold shipping delays, as of the end of April 2016 all gold doré inventory was shipped and sold to Kyrgyzaltyn.
 - Company-wide all-in sustaining costs per ounce sold¹ for the first quarter were \$1,015, excluding revenue-based tax in the Kyrgyz Republic and income tax, due in part to lower ounces sold.

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

- The Mongolian Parliament approved the Mongolian state ownership in the Gatsuurt Project and a mandate was given to the Mongolian Government to replace the ownership interest with a 3% special royalty.
- Entered into a new 5-year \$150 million revolving credit facility with the European Bank for Reconstruction and Development.
- Entered into a \$150 million project financing 5.75-year term loan facility for the development of the Öksüt Project.

Centerra's cash, cash equivalents and short-term investments at March 31, 2016 decreased to \$501.8 million from \$542.2 million at December 31, 2015.

On February 12, 2016, the Company entered into a new five-year \$150 million revolving credit facility with the European Bank for Reconstruction and Development ("EBRD") and immediately drew down \$76 million. In addition, on April 5, 2016, Öksüt Madencilik Sanayi ve Ticaret A.S. ("OMAS"), a wholly-owned subsidiary of the Company, entered into a 5.75-year \$150 million credit facility agreement with UniCredit Bank AG (the "Öksüt Facility"). Availability of the Öksüt Facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals.

Centerra believes, based on its current forecast, that it has sufficient cash and short-term investments to carry out its business plan in 2016 (see "2016 Outlook").

Commentary

Scott Perry CEO of Centerra Gold stated, "We are pleased to report that Centerra is well positioned to achieve its production and cost guidance for the year, which is further underpinned by the favourable oil and currency exchange rate environment. Kumtor had strong gold production in the quarter producing 86,444 ounces which was in line with our expectations. Kumtor's all-in sustaining costs were a competitive \$916 per ounce sold¹. During the quarter Kumtor gold shipments were delayed resulting in a deferral of gold sales and cash flow generation from March to April."

"Our team continues to pursue a number of business improvement opportunities at both the operational and corporate levels. A recent operational highlight of note is Kumtor's mill productivity enhancement initiatives whereby the mill has been achieving processing levels in excess of 18,500 tonnes per day. At the corporate level, we recently completed a head office restructuring whereby our manpower levels have been reduced by up to 20% making us a leaner, more robust competitor within the industry."

"The Company is in a strong position given our peer leading balance sheet. We have cash, cash equivalents and short-term investments of \$502 million in addition to which, we established a \$150 million project financing facility for the Öksüt Project in Turkey and we have also entered into a new five-year \$150 million revolving credit facility with EBRD. With a solid balance sheet, a quality asset base and a management team focused on shareholder value creation, the Company is well positioned for long-term success."

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

Recent Developments

Kumtor Operations

- In December 2015, Kumtor submitted the 2016 Special Mine Plan to the State Agency for Environmental Protection and Forestry (“SAEPF”) for environmental expertise (approval) and to the State Agency for Geology and Mineral Resources (“SAGMR”) for industrial safety and subsoil expertise. The industrial safety expertise was issued on December 30, 2015 and the subsoil expertise was issued on March 24, 2016. The environmental expertise remains outstanding.
- In late March 2016, Kumtor received approval from SAEPF of its waste disposal permit which is valid until December 31, 2016 and was granted an extension of the maximum allowable emissions (“MAE”) permit which is now valid until June 30, 2016, to allow time for further review. Kumtor continues to operate fully in compliance with permits as granted. On April 28, 2016, Kumtor Gold Company (“KGC”), Centerra’s wholly-owned Kyrgyz Republic subsidiary, received notice from SAEPF stating that SAEPF requires that KGC provide certain additional information and documents and take certain additional measures as a precondition to the issuance of its environmental expertise (approval) of the 2016 Special Mine Plan. On the same date, KGC also received notice from SAGMR stating that if KGC does not receive the environmental expertise from SAEPF by June 30, 2016, it will be required to cease mining operations at Kumtor, effective July 1, 2016. Kumtor management believes that it has previously provided to SAEPF all information and documents and taken all measures required under the Kumtor project agreements and Kyrgyz Republic regulations for SAEPF to issue its environmental expertise. While it therefore disputes the SAEPF notice, KGC will continue to work with SAEPF to resolve outstanding questions and concerns in connection with the environmental expertise. No assurances can be provided that such expertise will be issued by SAEPF prior to July 1, 2016 or at all. See “Other Corporate Developments”.
- Gold shipments from Kumtor to Kyrgyzaltyn were delayed for a brief period in March while Kyrgyzaltyn held contractual discussions with its off-take bank. These discussions were completed in early April 2016 following which shipments to Kyrgyzaltyn resumed in the normal course. The build-up of gold doré at Kumtor at the end of March of 33,165 ounces was sold to Kyrgyzaltyn by the end of April 2016.
- Centerra and Kumtor are saddened to report that on January 24, 2016, an employee fatality occurred at the primary crusher at the Kumtor mill.
- On April 28, 2016, Centerra reported that the General Prosecutor’s Office (“GPO”) and other state law enforcement agencies conducted a search at the Bishkek offices of KGC. As noted in our news release of April 28, 2016, the Kyrgyz Republic Government has very recently indicated to Centerra its dissatisfaction with the current arrangements governing Centerra and the Kumtor Project, and has repeated historical concerns and allegations regarding Centerra’s and KGC’s management and governance and the operations of the Kumtor Project. The Government has expressed its desire to resolve all such matters through proposals to be provided by it to Centerra. No negotiations with the Kyrgyz Republic government have to date taken place. See “Other Corporate Developments”.

Öksüt Project

- At the Öksüt property, the Company continued development activities to progress the Environmental and Social Impact Assessment (“ESIA”), access and site preparation and detailed engineering works. Following the approval of the Environmental Impact Assessment by the Turkish regulatory authorities on November 9, 2015, the Company prepared the ESIA which was made available for public review on April 8, 2016. The ESIA is not a regulatory requirement in Turkey.
- In March 2016, the Company finalized a purchase of a net smelter royalty on the Öksüt property from Teck Resources Limited through the issuance of 546,703 common shares of the Company, representing a value of approximately \$3 million.
- On April 5, 2016, subsequent to the quarter-end, OMAS, entered into a \$150 million project financing term loan facility. The 5.75 year term facility expiring on December 30, 2021, fully underwritten by

UniCredit Bank AG. The facility will be used to fund a substantial portion of the development and construction costs of the Öksüt gold mine. Availability of the facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals.

Gatsuurt Project

- The Company continued to engage in discussions with the Mongolian Government regarding the definitive agreements relating to the Gatsuurt Project. As previously disclosed, such definitive agreements are expected to include a 3% special royalty in place of a 34% Mongolian state ownership in the project.
- Subsequent to the end of the quarter, in early April, the Company mobilized diamond drill rigs to the Gatsuurt project site and has commenced infill, exploration, geo-technical and hydrogeological drilling in support of eventual project development.

Consolidated Financial and Operating Summary

<i>Unaudited (\$ millions, except as noted)</i>	Three months ended March 31,		
	2016	2015	% Change
Financial Highlights			
Revenue	\$ 73.2	\$ 212.6	(66%)
Cost of sales	31.5	114.0	(72%)
Standby costs	(0.1)	2.7	(104%)
Regional office administration	3.3	5.3	(38%)
Earnings from mine operations	38.5	90.6	(58%)
Revenue-based taxes	10.3	28.7	(64%)
Other operating expenses	0.6	(0.1)	(700%)
Pre-development project costs	1.3	3.3	(61%)
Exploration and business development ⁽¹⁾	2.0	2.8	(29%)
Corporate administration	5.8	9.4	(38%)
Earnings from operations	18.5	46.5	(60%)
Other (income) and expenses	(1.3)	4.2	(131%)
Finance costs	1.2	1.1	9%
Earnings before income taxes	18.6	41.3	(55%)
Income tax expense	0.5	0.6	(17%)
Net earnings	18.1	40.7	(56%)
Earnings per common share - \$ basic ⁽²⁾	\$ 0.08	\$ 0.17	(53%)
Earnings per common share - \$ diluted ⁽²⁾	\$ 0.07	\$ 0.17	(59%)
Cash provided by operations	9.4	131.5	(93%)
Average gold spot price - \$/oz ⁽³⁾	1,183	1,218	(3%)
Average realized gold price - \$/oz ⁽⁴⁾	1,186	1,213	(2%)
Capital expenditures ⁽⁵⁾	49.7	155.6	(68%)
Operating Highlights			
Gold produced – ounces	86,444	170,683	(49%)
Gold sold – ounces	61,744	175,232	(65%)
Operating costs (on a sales basis) ⁽⁶⁾	19.2	43.5	(56%)
Adjusted operating costs ⁽⁴⁾	23.1	51.8	(55%)
All-in Sustaining Costs ⁽⁴⁾	62.8	125.8	(50%)
All-in Costs, excluding development projects ⁽⁴⁾	70.7	135.1	(48%)
All-in Costs, excluding development projects (including taxes) ⁽⁴⁾	81.0	163.9	(51%)
Unit Costs			
Cost of sales - \$/oz sold ⁽⁴⁾	510	651	(22%)
Adjusted operating costs - \$/oz sold ⁽⁴⁾	372	296	26%
All-in sustaining costs – \$/oz sold ⁽⁴⁾	1,015	718	41%
All-in costs, excluding development projects - \$/oz sold ⁽⁴⁾	1,144	770	49%
All-in costs, excluding development projects (including taxes) - \$/oz sold ⁽⁴⁾	1,312	935	40%

- (1) Includes business development of nil for the three months ended March 31, 2016 (\$1.1 million for three months ended March 31, 2015).
- (2) As at March 31, 2016, the Company had 242,009,428 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, excluding development projects and all-in costs, excluding development projects (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 \$14.1 million in the three months ended March 31, 2016 (\$67.5 million of capitalized stripping and \$68.9 million to million to acquire a 50% interest in the Greenstone Gold Property in the three months ended March 31, 2015).
- (6) Operating costs (on a sales basis) are 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 and amortization. Operating costs (on a sales basis) represents the cash component of cost of sales associated with the ounces sold in the period.

First Quarter 2016 compared to First Quarter 2015

Gold production for the first quarter of 2016 totalled 86,444 ounces compared to 170,683 ounces in the comparative quarter of 2015. The 49% decrease in ounces poured at Kumtor reflects the processing of lower grade ounces mined from the upper benches in cut-back 17, blended with low-grade stockpiled ore, as well as lower recoveries. In contrast, Kumtor mined and processed the final benches from cut-back 16 that contained higher grade ore in the comparative quarter of 2015. The lower production level in the first quarter of 2016 is consistent with the Company's forecast and the Company expects to meet its guidance for the year (see "2016 Outlook").

- Company-wide all-in sustaining costs per ounce sold¹, which excludes revenue-based tax and income tax, for the first quarter of 2016 increased to \$1,015 from \$718 in the comparative period of 2015. Kumtor's all-in sustaining costs per ounce sold¹ were \$916 for the first quarter of 2016 compared to \$634 in the same period of 2015. The increase in the first quarter of 2016 is primarily the result of 64% fewer ounces sold and higher sustaining capital¹ spending. This was partially offset by lower operating and administration costs, as well as lower spending on capitalized stripping.
- All-in costs per ounce sold¹ company-wide (excluding development projects) for the first quarter of 2016 were \$1,144 compared to \$770 in the comparative quarter of 2015, and includes all cash costs related to gold production, excluding revenue-based tax and income tax. The increase reflects the higher all-in sustaining unit costs¹, as well as higher spending on exploration costs, partially offset by lower spending for growth capital¹ in the first quarter of 2016.
- Revenue in the first quarter of 2016 decreased 66% to \$73.2 million, as a result of 65% less ounces sold (61,744 ounces in the first quarter of 2016 compared to 175,232 ounces in the first quarter of 2015) and 2% lower average realized gold price¹ received during the quarter (\$1,186 per ounce compared to \$1,213 per ounce in the same quarter of 2015). Kumtor ended the first quarter of 2016 with approximately 33,165 ounces of gold doré on hand due to shipments to Kyrgyzaltyn being delayed for a brief period while Kyrgyzaltyn held contractual discussions with its off-take bank. We understand that discussions were completed in early April 2016 following which shipments to Kyrgyzaltyn resumed in the normal course and the 33,165 ounces of gold doré were sold to Kyrgyzaltyn by the end of April 2016.
- The impact of the lower sales volume was due primarily to lower grades of ore processed from the pit and from the stockpiles as compared to the same period of 2015 (2.27 g/t compared to 5.13 g/t) which resulted in lower recoveries (75% compared to 81%). The lower grade ore mined and processed in this quarter was expected and the Company expects higher grade ore to be released from cut-back 17 in the latter half of 2016, which should improve the grade of the feed for the mill, improve recoveries and result in lower unit operating
- In the first quarter of 2016, cost of sales decreased by 72% to \$31.5 million compared with the same period of 2015. Cost of sales in the first quarter of 2016 benefited from lower operating costs (mainly for diesel, consumables and labour) and from a partial reversal of the inventory impairment recorded in the fourth quarter of 2015. Depreciation, depletion and amortization ("DD&A") associated with production was \$12.4 million, which includes the \$9.9 million non-cash inventory impairment reversal in the first quarter of 2016 (2015: \$68.7 million). The decrease reflects fewer ounces sold in the first quarter of 2016 and lower capitalized stripping charges per ounce from cut-back 17 ore versus cut-back 16 ore.
- Operating costs (on a sales basis) decreased by 56% to \$19.2 million in the first quarter of 2016 compared to the same period of 2015, reflecting fewer ounces sold at Kumtor and lower operating costs for diesel, consumables and labour. Operating costs in the first quarter of 2016 were also reduced by the partial reversal of an inventory impairment recorded at the end of 2015. The Kumtor operation

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

continues to benefit from current diesel fuel prices during the quarter and the Kyrgyz som has also continued to trade at historical lows at 72 soms per 1 USD. The benefit of lower diesel prices and favourable rate of the som to Kumtor is significant as diesel and the impact of the Som account for approximately 17% and 25% of total operating costs at Kumtor, respectively.

- Standby costs represent the net activities at Boroo (starting January 1, 2016), where the mill and heap leach facilities are now on care and maintenance. In the first quarter of 2016, the heap facility transitioned to closure as secondary heap leach processing was completed at the end of 2015. A net credit of approximately \$57,000 was recorded at Boroo in the first quarter of 2016, which includes mainly fixed costs offset by revenue from gold sales recovered from residual gold production from the leach pad. Boroo recorded standby expenses of \$2.7 million in the first quarter of 2015, mainly for labour and fixed administration costs to place the mill on care and maintenance.
- In the first quarter of 2016, pre-development projects costs decreased by \$2.0 million to \$1.3 million compared to the comparative quarter in 2015. The decrease was due to the Company beginning to capitalize the development costs at the Öksüt Project following the approval of the feasibility study in July 2015, partially offset by higher spending at the Greenstone Property.
- Exploration expenditures in the first quarter totalled \$2.0 million compared to \$1.7 million in the same period of 2015. The increase in the first quarter reflects increased activity at the Company's various exploration projects.
- There was no spending on business development activities in the first quarter of 2016 compared to \$1.1 million spending in 2015, representing consulting and legal charges in connection with the acquisition of the Company's interest in the Greenstone Partnership.
- Other income of \$1.3 million recorded in the first quarter of 2016 compared to other expenses of \$4.2 million incurred in the first quarter of 2015 represents mainly the impact of currency movements, as the Canadian dollar appreciated 6% against the U.S. dollar which increased the value of the Company's Canadian assets in the first quarter of 2016 as opposed to a weakening of 9% in the comparative quarter of 2015.
- Corporate administration costs decreased to \$5.8 million in the first quarter of 2016 from \$9.4 million in the same period of 2015. The decrease was primarily due to a lower charge for share-based compensation as a result of the decline in the Company's stock price in the first quarter of 2016. In addition, the first quarter of 2015 included higher legal and consulting costs related to on-going negotiations and the formation of the Greenstone Partnership.
- Cash provided by operations decreased by \$122.1 million to \$9.4 million in the first quarter of 2016 compared to the same period of 2015, mainly as a result of lower ounces sold and the lower earnings. The lower sales were impacted by the delayed gold shipments to Kyrgyzaltyn in March and the resulting build-up of gold doré at Kumtor at the end of March 2016 (as discussed previously).
- Total capital expenditures in the first quarter of 2016 were \$49.7 million, which included sustaining capital¹ of \$23.2 million, growth capital¹ of \$5.1 million, \$6.7 million of Öksüt Project development costs, \$0.6 million of Greenstone Partnership capital and \$14.1 million of capitalized stripping costs (\$10.4 million cash). Capital expenditures in the same quarter of 2015 were \$155.6 million, which included \$12.6 million for sustaining capital¹ and \$6.6 million for growth capital¹, \$68.9 million to acquire a 50% interest in the Greenstone Partnership, which includes \$1.5 million of pre-development costs and capitalized stripping of \$67.5 million (\$51.7 million cash). Capital expenditures were 68% lower in the first quarter of 2016 as a result of lower spending on capitalized stripping (decrease of \$53.4 million) and lower growth capital¹ at Kumtor, partially offset by higher sustaining capital for equipment rebuilds and overhauls at Kumtor and for the capitalization of Öksüt development costs. In

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

addition, the Company spent \$68.9 million to acquire a 50% interest in the Greenstone Partnership, including pre-development costs of \$1.5 million, in the comparative period of 2015.

Operations Update

Kumtor Mine

Kumtor Operating Results <i>Unaudited (\$ millions, except as noted)</i>	Three months ended March 31,		
	2016	2015	% Change
Tonnes mined - 000s	39,275	41,731	(6%)
Tonnes ore mined – 000s	1,826	1,339	36%
Average mining grade - g/t	1.32	3.30	(60%)
Tonnes milled - 000s	1,543	1,175	31%
Average mill head grade - g/t	2.27	5.13	(56%)
Recovery - %	75.0%	81.0%	(7%)
Mining costs - total (\$/t mined material)	1.22	1.34	(9%)
Milling costs (\$/t milled material)	10.07	13.62	(26%)
Gold produced – ounces	86,444	164,272	(47%)
Gold sold – ounces	61,744	169,185	(64%)
Average realized gold price - \$/oz ⁽¹⁾	1,186	1,212	(2%)
Capital expenditures (sustaining) ⁽¹⁾	23.0	12.4	85%
Capital expenditures (growth) ⁽¹⁾	4.7	6.5	(28%)
Capital expenditures (stripping)	14.1	67.5	(79%)
Operating costs (on a sales basis) ⁽²⁾	19.1	37.9	(50%)
Adjusted operating costs ⁽¹⁾	23.0	42.9	(46%)
All-in Sustaining Costs ⁽¹⁾	56.6	107.2	(47%)
All-in Costs ⁽¹⁾	61.3	113.7	(46%)
All-in Costs - including taxes ⁽¹⁾	71.6	142.4	(50%)
Adjusted operating costs - \$/oz sold⁽¹⁾	371	254	46%
All-in sustaining costs – \$/oz sold⁽¹⁾	916	634	44%
All-in costs – \$/oz sold⁽¹⁾	993	673	48%
All-in costs (including taxes) – \$/oz sold⁽¹⁾	1,159	842	38%

⁽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 and capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under “Non-GAAP Measures”.

⁽²⁾ 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.

At the Kumtor mine in the Kyrgyz Republic, mining activities in the first quarter of 2016 focused on the development and mining of cut-back 17. During the quarter, the Kumtor mine continued to mine lower grade ore from the upper benches of cut-back 17 and mined approximately 1.8 million tonnes of ore at an average grade of 1.32 g/t, compared to 1.3 million tonnes of ore mined at an average grade of 3.30 g/t in the first quarter of 2015. The Company expects to intersect higher grade ore in the SB Zone from cut-back 17 during the third quarter of 2016. Kumtor continued to process ore from cut-back 17 and ore stockpiled from the prior year.

Total waste and ore mined in the first quarter of 2016 was 39.3 million tonnes compared to 41.7 million tonnes in the comparative period of 2015, representing a decrease of 6%. The main reason for this decrease

was the increased average haulage distance when compared to the same period of 2015. Mining costs per tonne in the first quarter of 2016 averaged \$1.22 compared to \$1.34 for the same period last year.

Gold production for the first quarter of 2016 was 86,444 ounces compared to 164,272 ounces of gold in the comparative period of 2015. The decrease in ounces poured in the first quarter of 2016 resulted from the processing of lower grade ore mined from cut-back 17 which was blended with lower grade stockpiles. In contrast, during the comparative quarter of 2015, the Company mined and processed ore from the higher grade final benches from cut-back 16.

Approximately 1.5 million tonnes were processed in the quarter, which was 31% higher than the comparative quarter of 2015 due to actions taken to increase the mill throughput which included blending harder and softer ore, opening screens in the SAG mill and increasing the grinding media sizes in the SAG and ball mills. In the first quarter of 2016, the mill achieved an average throughput of 16,900 tonnes per day (reaching in excess of 18,500 tonnes per day) as compared to an average of 13,000 tonnes per day in the first quarter of 2015. Kumtor's average mill head grade was 2.27 g/t with a recovery rate of 75.0%, compared to 5.13 g/t and a recovery rate of 81.0% for the same period of 2015. In the comparative period of 2015 mill throughput was affected by lower throughput rates due to maintenance on the ball mill and subsequent replacement of the ball mill's ring gear.

Operating costs (on a sales basis), excluding capitalized stripping, decreased 50% to \$19.1 million during the first quarter of 2016 predominately due to a partial reversal of an inventory impairment, processing fewer and lower cost ounces, a reduction in costs for diesel and other consumables as well as favourable movements in the Kyrgyz som as compared to the comparative period of 2015.

Mining costs, including capitalized stripping, totalled \$47.9 million in 2016, which was \$7.8 million lower than the comparative period. Decreased costs for the first quarter of 2016 include lower diesel costs (\$6.3 million) due to a lower average diesel price during the quarter (\$0.43 vs \$0.69 per litre), and lower blasting costs (\$1.3 million).

Milling costs of \$15.5 million in the first quarter of 2016 compared to \$16.0 million in the comparative quarter of 2015. Milling costs in 2016 were lower than the comparative period due to lower cost of liner replacements (\$0.5 million) and lower maintenance costs (\$0.5 million) as the Company completed a significant maintenance shutdown during the comparative period. This was partially offset by higher reagent and electricity consumption due to processing additional tonnage.

Cost per tonne milled for the first quarter of 2016, decreased to \$10.07 per tonne compared to \$13.62 per tonne in the comparative quarter, as the Company maintained its total reagent and electricity costs stable even though the mill processed 31% more tonnes during the first quarter of 2016 (1.5 million tonnes vs 1.18 million tonnes).

Site support costs in the first quarter of 2016 totalled \$10.8 million compared to \$11.5 million in the first quarter of 2015. The decrease is primarily attributable to lower insurance costs resulting from lower premiums and lower diesel costs due to lower global fuel prices.

DD&A associated with sales, decreased to \$12.4 million in the first quarter of 2016, from \$68.8 million in the comparative quarter of 2015, mainly due to 64% fewer ounces sold. In addition, the lower DD&A charge reflects a lower capitalized stripping charge per ounce from cut-back 17 ore, compared to cut-back 16 ore that was processed in the comparative period. The decrease was magnified by the reversal of a non-cash inventory impairment that was recorded during the first quarter of 2016 (see discussion below).

At December 31, 2015, Kumtor conducted its quarterly inventory valuation test against the estimated net realizable value of inventory and as a result recorded an inventory impairment related to its stockpiles of \$27.2 million. The same test conducted at March 31, 2016 resulted in a reduction of the impairment to \$14.3 million, reflecting higher realized gold prices and lower operating costs in the first quarter of 2016. As a result, the Company recorded a reversal in its impairment of \$12.9 million which was credited to costs of sales during the first quarter of 2016.

All-in sustaining costs per ounce sold¹, which excludes revenue-based tax, for the first quarter of 2016 increased 44% to \$916 compared to \$634 in the comparative period of 2015. The increase results primarily from the lower ounces sold. This was partially offset by reduced operating costs for mining, milling and site support discussed above.

All-in costs per ounce sold¹, which excludes revenue-based tax, for the first quarter of 2016 was \$993 compared to \$673 in the comparative period of 2015, representing an increase of 48%. The increase is due to the higher all-in sustaining costs¹ and lower ounces sold.

Capital expenditures in the first quarter of 2016 totaled \$41.8 million which includes \$23.0 million of sustaining capital¹ mainly on equipment rebuilds and overhauls, \$4.7 million invested in growth capital¹ and \$14.1 million for capitalized stripping (\$10.4 million cash). Kumtor is currently constructing a heavy vehicle workshop and expects to complete this project during the second quarter of 2016. Capital expenditures the comparative quarter of 2015 totaled \$86.4 million, consisting of \$12.4 million for sustaining capital¹, \$6.5 million for growth capital¹ and \$67.5 million of capitalized stripping (\$51.7 million cash).

Non-GAAP Measures

This news release contains the following non-GAAP financial measures: all-in sustaining costs, all-in costs, all-in costs (excluding development projects), 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 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.

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

Definitions

The following is a description of the non-GAAP measures used in this MD&A. The definitions are similar with the WGC's Guidance Note on these non-GAAP measures:

- *Production costs* represent operating costs associated with the mining, milling and site administration activities at the Company's operating sites, excluding costs unrelated to production such as mine standby and corporate social responsibility.
- *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, mine standby costs, community and social development 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, corporate general and administrative expenses, 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, global exploration expenses, business development costs, 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 per ounce sold (excluding development projects)* measure comprises all-in costs per ounce sold as described above and excludes the Company's development projects.
- *All-in costs including taxes per ounce sold* measure includes revenue-based taxes at Kumtor and income taxes at Boroo.
- *Capital expenditure (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 expenditure (Growth)* is capital expended to expand the business or operations by increasing productive capacity beyond current levels of performance.
- *Development projects* are defined as projects that are beyond the exploration stage but are pre-operational. For 2016, development projects include all spending at Öksüt, Gatsuurt and the Greenstone Gold Property.
- *Cost of sales per ounce sold* is calculated by dividing cost of sales by gold ounces sold.
- *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

Kumtor

<i>(unaudited)</i> (\$ millions, unless otherwise specified)	Three months ended March 31, ⁽¹⁾	
	2016	2015
Cost of sales, as reported	\$ 31.5	\$ 106.7
Less: Non-cash component	12.4	68.8
Cost of sales, cash component	19.1	37.9
Adjust for:		
Regional office administration	3.3	4.3
Refining fees	0.5	1.0
By-product credits	(0.4)	(0.9)
Community costs related to current operations	0.5	0.6
Adjusted Operating Costs	23.0	42.9
Accretion expense	0.2	0.2
Capitalized stripping and ice unload	10.4	51.7
Capital expenditures (sustaining)	23.0	12.4
All-in Sustaining Costs	56.6	107.2
Capital expenditures (growth)	4.7	6.5
All-in Costs	61.3	113.7
Revenue-based taxes and income taxes	10.3	28.7
All-in Costs (including taxes)	\$ 71.6	\$ 142.4
Ounces sold (000)	61.7	169.2
Adjusted Operating Costs - \$ /oz sold	\$ 371	\$ 254
All-in Sustaining Costs - \$ /oz sold	\$ 916	\$ 634
All-in Costs - \$ /oz sold	\$ 993	\$ 673
All-in Costs (including taxes) - \$ /oz sold	\$ 1,159	\$ 842

(1) Results may not add due to rounding

(2) Consolidated

Centerra

<i>(unaudited)</i> (\$ millions, unless otherwise specified)	Three months ended March 31, ⁽¹⁾	
	2016	2015
Cost of sales, as reported	\$ 31.5	\$ 113.9
Less: Non-cash component	12.3	70.4
Cost of sales, cash component	19.2	43.5
Adjust for:		
Regional office administration	3.3	5.3
Stand-by costs	-	2.3
Refining fees	0.5	1.0
By-product credits	(0.4)	(1.0)
Community costs related to current operations	0.5	0.7
Adjusted Operating Costs	23.1	51.8
Corporate general administrative costs	5.7	9.3
Accretion expense	0.4	0.4
Capitalized stripping and ice unload	10.4	51.7
Capital expenditures (sustaining)	23.2	12.6
All-in Sustaining Costs	62.8	125.8
Capital expenditures (growth)	4.7	6.5
Boroo Closure Costs	1.2	-
Exploration and business development	2.0	2.8
All-in Costs, excluding development projects	70.7	135.1
Revenue-based taxes and income taxes	10.3	28.8
All-in Costs, excluding development projects (including taxes)	\$ 81.0	\$ 163.9
Ounces sold (000)	61.7	175.2
Adjusted Operating Costs - \$ /oz sold	\$ 372	\$ 296
All-in Sustaining Costs - \$ /oz sold	\$ 1,015	\$ 718
All-in Costs, excluding development projects - \$ /oz sold	\$ 1,144	\$ 770
All-in Costs, excluding development projects (including taxes) - \$ /oz sold	\$ 1,312	\$ 935

(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:

First Quarter – 2016	Kumtor	Mongolia	Turkey	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>					
Capitalized stripping – cash	10.4	-	-	-	10.4
Sustaining capital – cash	23.0	-	-	0.2	23.2
Growth capital – cash	4.7	0.4	-	-	5.1
Greenstone Property pre-development capital – cash	-	-	-	0.6	0.6
Öksüt project development capital – cash	-	-	3.6	-	3.6
Net increase in accruals included in additions to PP&E	(7.6)	-	-	-	(7.6)
Total - Additions to PP&E	30.5	0.4	3.6	0.8	35.3⁽¹⁾

First Quarter – 2015	Kumtor	Mongolia	Turkey	All other	Consolidated
(\$ millions) <i>(Unaudited)</i>					
Capitalized stripping – cash	51.7	-	-	-	51.7
Sustaining capital – cash	12.4	0.1	-	0.1	12.6
Growth capital – cash	6.5	0.1	-	-	6.6
Greenstone Property pre-development capital – cash	-	-	-	1.5	1.5
Net increase in accruals included in additions to PP&E	(0.2)	-	-	-	(0.2)
Total - Additions to PP&E	70.4	0.2		1.6	72.2⁽¹⁾

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

Development Projects

Öksüt Project

At the Öksüt Project in Turkey, the Company spent \$3.6 million during the first quarter of 2016 (\$1.8 million in the first quarter of 2015) on development activities to progress the ESIA, access and site preparation and detailed engineering works.

In March 2016, the Company finalized a purchase of a net smelter royalty on the Öksüt property from Teck Resources Limited through the issuance of 546,703 common shares of the Company, representing a value of approximately \$3 million.

Following approval of the business opening permit from local authorities in December 2015, applications were submitted for the land usage permits, after approval of which other required permits will be submitted. There are no assurances that the approval of the land use permits or other permits will be obtained by the Company in the anticipated time frame, or at all.

Subject to timely receipt of permits, the Company expects to commence development of the Öksüt Project in the second quarter of 2016 with first gold production anticipated in the third quarter of 2017. On September 3, 2015 a Technical Report for the Öksüt Project was filed on SEDAR.

As noted above, on April 5, 2016, subsequent to quarter-end, OMAS entered into a \$150 million credit facility agreement with UniCredit Bank AG to assist in financing the construction of the Company's Öksüt Project. The interest rate on the Öksüt Facility is LIBOR plus 2.65% to 2.95% (dependent on project completion status) and it is secured by Öksüt assets and is non-recourse to the Company. Availability of the Öksüt Facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals.

Gatsuurt Project

The Company continued to engage in discussions with the Mongolian Government regarding the definitive agreements relating to the Gatsuurt Project, during the quarter. As previously disclosed, such definitive agreements are expected to include a 3% special royalty in place of a 34% Mongolian state ownership in the project. The Company is currently drilling on the property and expects to carry out infill, exploration, geo-technical and hydrogeological drilling in 2016 in support of eventual project development. See "Other Corporate Developments – Mongolia".

Greenstone Gold Property

In the first quarter of 2016, the Company spent \$3.6 million on project development activities (\$20.9 million, cumulative to date). During the first quarter, work continued on the feasibility study for the Hardrock Project, including detailed engineering on the processing facility, tailings facility and critical site infrastructure. A third party engineer was engaged to provide a peer review, the results of which will be incorporated into the feasibility study expected to be completed in mid-year 2016.

Greenstone filed a draft Environmental Impact Study (EIS) and Environmental Assessment (EA) with the various provincial and federal agencies in February and has also begun to receive comments from such regulatory agencies, as well as from other stakeholders. These comments will be reviewed and addressed in the final EIS/EA submission expected to occur shortly after completion of the feasibility study.

Greenstone is also continuing consultations with local communities of interest regarding mutually beneficial impact benefit agreements.

Exploration Update

During the first quarter of 2016, exploration expenditures totalled \$2.0 million, similar to expenditures in the first quarter of 2015 of \$1.7 million. Exploration activities during the quarter included: geological mapping, ridge and spur soil sampling, soil and chip sampling, channel sampling, drill hole re-logging, ground geophysics, trenching, satellite image processing, report preparations and submissions, public meetings, permit applications and drill planning.

Mongolia

Gatsuurt Project

Subsequent to Mongolian Parliamentary approval of the ownership structure for the Gatsuurt Project, exploration work restarted with the planning and preparation of drill activities and contractor selections. Site

work commenced with camp and processing facilities construction and upgrade. In April, exploration, infill and geotechnical diamond drilling commenced.

Mexico

Tajitos Project

In Mexico, at the Tajitos Project, 8 diamond drill holes were completed for 1,805 metres on the Tajitos claims and 12 RC drill holes for 1,228 metres on the Tejo claims during the first quarter. Assay results have been received for one diamond drill and all RC holes. There have been no significant results received to date.

Nicaragua

La Luz Project

During the quarter, three diamond drill holes with a total meterage of 811 metres were completed at the La Luz Project in Nicaragua. Significant results from this drilling include:

CA16-022*: 10.90 metres at 3.06 g/t Au (157.90m-168.80m),
2.70 metres at 120.60 g/t Au (212.65m-215.35m),
8.12 metres at 22.47 g/t Au (219.10m-227.22m),
2.75 metres at 5.49 g/t Au (263.60m-266.35m).

CA16-023*: 7.63 metres at 5.24 g/t Au (150.97m-158.60m).

* No capping has been applied; maximum waste inclusion 2.0 metre; intervals are core lengths with true widths currently estimated to be from 40% to 70% of core length.

Qualified Person & QA/QC

Exploration information and related scientific and technical information in this news release regarding the La Luz Gold-Silver Project were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and were prepared, reviewed, verified and compiled by Calibre’s geological staff under the guidance of Boris Kotlyar, a Certified Professional Geologist, Centerra’s Director, Exploration, North America and Central America, 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.

All production information and other scientific and technical information in this news release 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 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. 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.

Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries. Readers are cautioned that there are a number of legal and regulatory matters that are currently affecting the Company and that the following is only a brief summary of such matters. For a more complete

discussion of these matters, see the Company's most recently filed Annual Information Form available on SEDAR at www.sedar.com. The following summary also contains forward-looking statements and readers are referred to "Caution Regarding Forward-looking Information".

Credit Facilities

EBRD Facility

On February 12, 2016, the Company entered into a new five-year \$150 million revolving credit facility (the "Facility") with EBRD. Currently \$76 million is drawn down on the Facility.

Öksüt Project Financing

On April 5, 2016, subsequent to quarter-end, the Company announced that its wholly-owned Turkish subsidiary, OMAS entered into a project financing term loan facility for its Öksüt Project in Turkey. The Öksüt Facility is secured by the Öksüt assets and is non-recourse to Centerra. The 5.75-year term facility of up to \$150 million is fully underwritten by UniCredit Bank AG as sole mandated lead arranger and bookrunner. The interest rate is LIBOR plus 2.65% to 2.95% (dependent on project completion status) with no mandatory gold hedging requirements. Availability of the Öksüt Facility is subject to customary conditions precedent, including receipt of all necessary permits and approvals. OMAS intends to use the Öksüt Facility to finance a substantial portion of the construction, development and operation of the Öksüt gold mine and its related infrastructure.

Kyrgyz Republic

Outstanding Matters

There remain several significant outstanding matters affecting the Kumtor Project which require discussion between the Company and the Kyrgyz Republic government, including discussion regarding, among other things: (i) claims made by the General Prosecutor relating to a \$200 million inter-corporate dividend declared and paid by Kumtor Gold Company ("KGC") to Centerra in December 2013; (ii) claims made by the Kyrgyz Republic General Prosecutor's Office ("GPO") seeking to invalidate Kumtor's land use certificate and to seize certain lands within the Kumtor concession area; and (iii) significant environmental claims made by various Kyrgyz state agencies alleging environmental offenses and other matters totalling approximately \$473 million (at applicable exchange rates when the claims were commenced). Centerra believes that each of these claims is without foundation.

On April 28, 2016, the Company reported that the GPO and other state law enforcement agencies conducted a search at the Bishkek offices of KGC. According to a news release issued by the GPO, the purpose of the search appears to have been to collect documents relevant to a criminal case relating to alleged financial violations by KGC in connection with past inter-corporate transactions between KGC and Centerra.

The Kyrgyz Republic government has very recently indicated to Centerra its dissatisfaction with the current arrangements governing Centerra and the Kumtor project. The government repeated certain historical concerns and allegations regarding Centerra's and KGC's management and governance and the operations of the Kumtor project and expressed its desire to resolve all such matters through proposals to be provided by it to Centerra.

Centerra has communicated to the Kyrgyz Republic government its openness to receive and discuss proposals to resolve such concerns in a manner that is fair to all of Centerra's shareholders. No negotiations with the Kyrgyz Republic government have to date taken place.

The Company has benefited from a close and constructive dialogue with Kyrgyz Republic authorities during the Kumtor Project operations and remains committed to working with them to resolve these issues in accordance with the 2009 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 any discussions between the Kyrgyz Republic government and Centerra will result in a mutually acceptable solution regarding the arrangements governing Centerra and the Kumtor Project or 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 or actions that cause disruptions to the operation and management of KGC and / or the Kumtor Project. 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.

Kyrgyz Permitting and Regulatory Matters

As previously disclosed, KGC experienced delays in 2016 in receiving key permits and approvals required from Kyrgyz regulatory authorities. KGC has received the industrial safety and subsoil expertises (approvals) for Kumtor’s 2016 Special Mine Plan (two of the three required expertises). The remaining expertise for environmental protection is being reviewed by the Kyrgyz Republic State Agency for Environment and Protection and Forestry (“SAEPF”). In late March 2016, KGC has received approval from SAEPF of its waste permit, which is valid until December 31, 2016, and an extension to the maximum allowable emissions (“MAE”) permit, which is valid until June 30, 2016, to allow time for further review.

On April 28, 2016, KGC received notice from SAEPF stating that SAEPF requires that KGC provide certain additional information and documents and take certain additional measures as a pre-condition to SAEPF issuing its environmental expertise on the 2016 Special Mine Plan. On the same date, KGC also received notice from SAGMR stating that if KGC did not receive the environmental expertise from SAEPF by June 30, 2016, it will be required to cease mining operations at Kumtor effective July 1, 2016. Kumtor management believes that it has previously provided to SAEPF all information and documents and taken all measures required under the Kumtor project agreements and Kyrgyz Republic regulations for SAEPF to issue its environmental expertise. While it therefore disputes the SAEPF notice, KGC will continue to work with SAEPF to resolve any outstanding questions and concerns in connection with the environmental expertise. No assurances can be provided that such expertise will be issued by SAEPF prior to July 1, 2016 or at all.

KGC continues to operate fully in compliance with permits as granted. The Company understands that the delay in obtaining the necessary approvals and permits relate to concerns regarding the mining of ice at Kumtor as well as the additional informational and document requests made by SAEPF which are referred to above. With regard to the mining of ice, regulatory authorities referenced the 2005 Water Code of the Kyrgyz Republic (Water Code) and its prohibition regarding the mining of ice. Centerra has repeatedly disputed the interpretation of the Water Code by the regulatory agencies based on the rights provided to Centerra and KGC under the Kumtor Project Agreements.

There can be no assurances that the remaining expertise for the 2016 Special Mine Plan and the MAE permit for 2016 will be issued or issued in a timely manner.

Should Kumtor be prohibited from moving ice (as a result of the purported application of the Water Code) or if SAEPF does not provide the expertise of the 2016 Special Mine Plan or if any required permits are withdrawn or not further extended, the entire December 31, 2015 mineral reserves at Kumtor, and Kumtor’s

current life-of-mine plan would be at risk, leading to an early closure of the operation. Centerra believes that any disagreements with respect to the foregoing would be subject to international arbitration under the Kumtor Project Agreements.

Mongolia

Gatsuurt – Development

Throughout the first quarter of 2016, the Company has been in discussions with the Mongolian Government to implement the previously disclosed 3% special royalty in lieu of the Government's 34% direct interest in the Gatsuurt project. Various working groups have been established by the Mongolian Government to negotiate with Centerra and its wholly owned subsidiary, Centerra Gold Mongolia ("CGM"), the definitive agreements relating to the Gatsuurt Project.

Concurrent with the negotiations of such agreements, the Company expects to undertake economic and technical studies to update the existing studies on the project, which were initially completed and published in May 2006. As part of such work, the Company will undertake a program of exploration drilling, and geotechnical and additional hydrogeological drilling in preparation for eventual project development.

There are no assurances that Centerra will be able to negotiate definitive agreements with the Mongolian Government (in a timely fashion or at all) or that such economic and technical studies and drilling programs will have positive results. The inability to successfully resolve all such matters could have a material impact on the Company's future cash flows, earnings, results of operations and financial condition.

Gatsuurt – Illegal Mining

No significant developments have occurred in the first quarter of 2016 regarding the presence of illegal miners at the Gatsuurt project. CGM and Centerra continue to work with appropriate Mongolian federal and aimag (local) governments, relevant state bodies and police to clear the Gatsuurt site from artisanal miners and to restrict their access to the site. Centerra does not support any violence or excessive use of force in encounters between Mongolian authorities and artisanal miners and has made this explicitly clear to the Mongolian authorities. In early April 2016, the Company resumed limited drilling activity at the Gatsuurt site. The presence of artisanal miners on the Gatsuurt site has decreased significantly since drilling activity resumed.

Claim against the Mongolian Mineral Resources Authority to revoke Gatsuurt mining licenses

In the first quarter of 2016, a non-governmental organization (NGO) called "Movement to Save Mt. Noyon" filed a claim against the Mongolian Mineral Resources Authority (MRAM) requesting that MRAM revoke the two principle mining license underlying the Gatsuurt Project. CGM, the holder of these two mining licenses, is involved in the claim as a third party. At this time, this court proceeding is in its preliminary stages. The Company and CGM will continue to monitor the proceedings.

Corporate

Ontario Court Proceedings Involving the Kyrgyz Republic and Kyrgyzaltyn

There were no significant developments in the first quarter of 2016 on the Ontario court proceedings involving the Kyrgyz Republic and Kyrgyzaltyn. Centerra continues to be subject to two court orders which prevent Centerra from paying any dividends to Kyrgyzaltyn. Centerra currently holds approximately C\$15.9 million in trust for these two court proceedings. These court orders also restricted Kyrgyzaltyn's ability to certificate and/or transfer 11,253,655 common shares of Centerra (3,787,879 shares are restricted in the court order involving Valeri Belokon, and 7,465,776 shares are restricted in the court order involves Entes Industrial Plant Construction & Erection Contracting Co. Inc.). The Company understands that further court dates are scheduled for May and June 2016 regarding the Ontario court's ability to recognize the underlying

arbitral awards against the Kyrgyz Republic and to determine the issue of whether the Kyrgyz Republic has an interest in the Centerra shares held by Kyrgyzaltyn.

2016 Outlook

2016 Gold Production

Centerra's 2016 gold production is expected to be between 480,000 to 530,000 ounces, which is unchanged from the previous guidance disclosed in the Company's news release of January 11, 2016. All of Centerra's 2016 production is expected to come from the Kumtor mine and is consistent with the 2016 production outlined in the life-of-mine plan set out in the Kumtor NI 43-101 technical report dated March 20, 2015, filed on SEDAR. According to 2016 mine plan at Kumtor more than half of the annual gold production will be come in the second half of 2016.

The Boroo operation will continue with closure activities mainly focusing on reclamation work. Any revenue from Boroo gold production from the drain down of the heap leach pad will be offset against mine closure costs. The 2016 production forecast assumes no gold production from Boroo or Gatsuurt, which is unchanged from the previous guidance.

Centerra's 2016 guidance for production, exploration, capital spending, corporate administration, and community costs and DD&A is unchanged from the previous guidance disclosed in the Company's news release of January 11, 2016.

2016 All-in Unit Costs¹

Centerra's 2016 all-in sustaining costs per ounce sold¹ and all-in costs (excluding Öksüt, Greenstone, and Gatsuurt development projects) per ounce sold¹ are unchanged from the previous guidance and are forecast as follows:

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

	Kumtor	Consolidated⁽⁵⁾
Ounces sold forecast	480,000-530,000	480,000-530,000
US \$ / gold ounces sold		
Operating Costs	400 – 442	400 – 442
Changes in inventories	(8) – (9)	(8) – (9)
Operating Costs (on a sales basis)	\$392 – 433	\$392 – 433
Regional office administration	29 – 32	29 – 32
Social Development costs	4 – 5	4 – 5
Refining costs and by-product credits	1	1
Sub-Total (Adjusted Operating Costs)⁽¹⁾	\$426 – 471	\$426 – 471
Corporate general & administrative costs	-	56 – 62
Accretion expense	3	4
Capitalized stripping costs – cash	230 – 254	230 – 254
Capital expenditures (sustaining) ⁽¹⁾	158 – 174	161 – 177
All-in Sustaining Costs⁽¹⁾	\$817 – 902	\$877 – 968
Capital expenditures (growth) ^{(1), (5)}	49 – 54	49 – 54
Boroo closure costs ⁽²⁾	-	14 – 16
Other costs ⁽³⁾	-	25 – 28
All-in Costs (excluding development projects)⁽⁵⁾	\$866 – 956	\$965 – 1,066
Revenue-based tax and income taxes ⁽⁴⁾	168	168
All-in Costs (excluding development growth projects and including taxes)^{(1), (5)}	\$1,034 – 1,124	\$1,133 – 1,234

- (1) Adjusted operating costs per ounce sold, all-in sustaining costs per ounce sold, all-in costs (excluding growth projects) per ounce sold, all-in costs (excluding development projects 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) Boroo closure costs include maintaining the Boroo mill on care and maintenance and ongoing closure costs net of gold sales.
- (3) Other costs per ounce sold include global exploration expenses, business development expenses and other costs not related to current operations.
- (4) Includes revenue-based tax that reflects actual realized gold price of \$1,186 per ounce sold for January – March period and a revised forecast gold price assumption of \$1,200 per ounce sold for April – December period (\$1,125 per ounce sold for the full year in the previous guidance).
- (5) All-in costs per ounce sold (excluding development projects) and all-in costs (excluding development projects and including taxes) per ounce sold as well as capital expenditures (sustaining and growth) measures in the above table exclude capital expenditures required to advance development of Öksüt, Gatsuurt and Greenstone development projects.

2016 Exploration Expenditures

Planned exploration expenditures for 2016 total \$11.0 million, which is unchanged from the previous guidance provided in the January 11, 2016 news release.

2016 Capital Expenditures

Centerra's projected capital expenditures for 2016, excluding capitalized stripping, are unchanged from the previous guidance and estimated to be \$269 million, including \$85 million of sustaining capital¹ and \$184 million of growth capital¹.

Projected capital expenditures (excluding capitalized stripping) include:

Projects	2016 Sustaining Capital¹ (millions of dollars)	2016 Growth Capital¹ (millions of dollars)
Kumtor	\$84	\$26
Öksüt Project	-	157
Greenstone Gold Property	-	1*
Other (Boroo, Gatsuurt and Corporate)	1	-
Consolidated Total	\$85	\$184

* Excludes \$4.9 million representing capitalized amount for Premier's 50% share of the development expenditures related to the Greenstone Gold Property and funded by Centerra.

Kumtor

At Kumtor, 2016 total capital expenditures, excluding capitalized stripping, are forecast to be \$110 million, which is unchanged from the previous guidance.

Mongolia (Boroo and Gatsuurt)

At Boroo, 2016 sustaining capital¹ expenditures are expected to be minimal and no growth capital¹ is forecast for Boroo, which is unchanged from the previous guidance.

The Company expects to carry out additional exploration drilling to expand the Gatsuurt resource base as well as geo-technical and hydrogeological drilling in support of the eventual project development. The Company is in process of estimating a complete scope of work and additional expenditures that would be required for further development of the Gatsuurt Project assuming the definitive agreements with the Mongolian authorities are completed.

Öksüt Project

Subject to the timely receipt of permits, the Company expects to spend \$157 million for capital construction at the Öksüt property in 2016, which is unchanged from the previous guidance.

Greenstone Gold Property

Centerra's guidance for 2016 expenditures in connection with the Greenstone Gold Property is approximately \$10.8 million (Cdn\$14.5 million), which is unchanged from the previous guidance. The Greenstone Partnership is expected to complete the feasibility study in mid-year 2016. At that time, Centerra will re-estimate costs for the balance of the year.

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

Sensitivities

Centerra's revenues, earnings and cash flows for the remaining nine months of 2016 are sensitive to changes in certain key inputs or currencies. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations

	Change	Impact on (\$ millions)				Impact on (\$ per ounce sold)
		Costs	Revenues	Cash flow	Earnings	AISC ⁽²⁾
Gold Price	\$50/oz	2.9 – 3.3	20.9 - 23.4	18.0 - 20.2	18.0 - 20.2	6.0 - 6.2
Diesel Fuel	10%	1.7	-	4.2	1.1	3.2 - 3.5
Kyrgyz som ⁽¹⁾	1 som	0.7	-	1.1	0.7	1.3 - 1.5
Canadian dollar ⁽¹⁾	10 cents	2.1	-	2.1	2.1	4.0 - 4.4

⁽¹⁾ 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.

⁽²⁾ All-in sustaining costs per ounce sold ("AISC") is a non-GAAP discussed under "Non-GAAP Measures".

Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for the remaining nine months of 2016 include the following:

- a gold price of \$1,200 per ounce (from \$1,125 per ounce in the prior guidance),
- exchange rates:
 - \$1USD:\$1.34 CAD
 - \$1USD:65.0 Kyrgyz som
 - \$1USD:0.95 Euro
- diesel fuel price assumption (unchanged):
 - \$0.55/litre at Kumtor

The assumed diesel price of \$0.55/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 Russian suppliers and correlates in part with world oil prices. The diesel fuel price assumptions were made when the price of oil (Brent) was approximately \$50 per barrel. During the first quarter of 2016 diesel prices at Kumtor averaged approximately \$0.43/litre, while average price of oil (Brent) was about \$34 per barrel. During the same period average exchange rate of the United States dollar to the Kyrgyz som was about 72 som per 1 U.S. dollar. The lower costs of diesel fuel and favorable exchange for the Kyrgyz som have provided some year-to-date costs savings for the Kumtor operations. Centerra's management continues to monitor the prices of diesel and exchange rates affecting the Company's operations. Currently, Centerra's management is investigating a hedging program and supply chain management options to source lower fuel costs at Kumtor in the short to medium term. The decision on introduction of a hedging program will be made during the second quarter of 2016.

Other material assumptions were used in forecasting production and costs for 2016. These material assumptions include the following:

- That any discussions between the Government of the Kyrgyz Republic and Centerra regarding the resolution of all outstanding matters affecting the Kumtor mine are satisfactory to Centerra, fair to all of Centerra's shareholders, and that any such resolution will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.

- All mine plans, expertises and related permits and authorizations at Kumtor receive timely approval from all relevant governmental agencies of the Kyrgyz Republic and are not subsequently withdrawn, and Kumtor is able to resolve outstanding questions and concerns raised by SAEPF in its April 28, 2016 letter in connection with its issuance of the environmental expertise for the 2016 Special Mine Plan.
- All construction related permits and authorizations for development of the Öksüt property are received in a timely manner.
- The buttress constructed at the bottom of the Davidov glacier continues to function as planned.
- The pit walls at Kumtor remain stable.
- The resource block model at Kumtor reconciles as expected against production.
- 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.
- Any actions taken by the Kyrgyz Republic Parliament and Government do not have a material impact on operations or financial results. This includes any actions, (i) being taken by the Parliament or Government to cancel the Kumtor Project Agreements; (ii) which are not consistent with the rights of Centerra and KGC under the Kumtor Project Agreements; or (iii) that cause any disruptions to the operation and management of KGC and / or the Kumtor Project.
- The previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of approximately \$476 million (at the then current exchange rates) 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 environmental allegations or otherwise, are resolved without material impact on Centerra's operations or financial results.
- The accession of the Kyrgyz Republic into the Eurasian Economic Union and/or any sanctions imposed on Russian entities do not have a negative effect on the costs or availability of inputs or equipment to the Kumtor Project.
- The movement in the Central Valley Waste Dump at Kumtor, initially referred to in the Annual Information Form for the year ended December 31, 2013, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production.
- Grades and recoveries at Kumtor will remain consistent with the 2016 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 mill continues to operate as expected.
- The Company continues to meet the terms of the EBRD Facility in order to further access such funds.
- OMAS is able to meet the UniCredit Facility conditions to access the funds.
- Exchange rates, prices of key consumables, costs of power, water usage fees, and any other cost assumptions at all operations and projects of the Company 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.

Production, cost and capital forecasts for 2016 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings “Material Assumptions & Risks” and “Cautionary Note Regarding Forward-Looking Information” in this news release and under the heading “Risk Factors” in the Company’s 2015 MD&A and in the Company’s Annual Information Form for the year ended December 31, 2015.

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

	March 31, 2016	December 31, 2015
(Expressed in Thousands of United States Dollars)		
Assets		
Current assets		
Cash and cash equivalents	\$ 339,767	\$ 360,613
Short-term investments	162,035	181,613
Amounts receivable	3,147	28,781
Inventories	411,205	347,011
Prepaid expenses	9,503	12,880
	<u>925,657</u>	<u>930,898</u>
Property, plant and equipment	705,255	693,016
Restricted cash	13,188	9,989
Other assets	30,090	26,681
	<u>748,533</u>	<u>729,686</u>
Total assets	\$ 1,674,190	\$ 1,660,584
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 61,446	\$ 75,292
Short-term debt	74,198	76,000
Revenue-based taxes payable	3,167	9,152
Taxes payable	1,885	1,286
Current portion of provision for reclamation	1,062	1,062
	<u>141,758</u>	<u>162,792</u>
Dividends payable to related party	12,186	9,330
Provision for reclamation	65,419	65,087
Deferred income tax liability	2,899	2,524
	<u>222,262</u>	<u>239,733</u>
Total liabilities	222,262	239,733
Shareholders' equity		
Share capital	688,577	668,705
Contributed surplus	24,775	24,153
Accumulated other comprehensive (loss) income	(11)	220
Retained earnings	738,587	727,773
	<u>1,451,928</u>	<u>1,420,851</u>
Total liabilities and Shareholders' equity	\$ 1,674,190	\$ 1,660,584

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

	Three months ended March 31,	
	2016	2015
(Expressed in Thousands of United States Dollars, except per share amounts)		
Revenue from gold sales	\$ 73,221	\$ 212,638
Cost of sales	31,452	113,943
Standby costs, net	(57)	2,704
Regional office administration	3,341	5,276
Earnings from mine operations	38,485	90,715
Revenue-based taxes	10,251	28,699
Other operating expenses (income)	561	(114)
Pre-development project costs	1,297	3,282
Exploration and business development	2,041	2,764
Corporate administration	5,829	9,365
Earnings from operations	18,506	46,719
Other (income) expenses, net	(1,267)	4,245
Finance costs	1,246	1,147
Earnings before income taxes	18,527	41,327
Income tax expense	469	650
Net earnings	\$ 18,058	\$ 40,677
Other Comprehensive Income		
Items that may be subsequently reclassified to earnings:		
Net (loss) gain on translation of foreign operation	(231)	14
Other comprehensive (loss) income	(231)	14
Total comprehensive income	\$ 17,827	\$ 40,691
Basic earnings per common share	\$ 0.08	\$ 0.17
Diluted earnings per common share	\$ 0.07	\$ 0.17

Centerra Gold Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)

Three months ended
March 31,
2016 2015

(Expressed in Thousands of United States Dollars)

Operating activities

Net earnings	\$	18,058	\$	40,677
Items not requiring (providing) cash:				
Depreciation, depletion and amortization		20,749		70,964
Finance costs		1,246		1,147
Loss on disposal of equipment		118		47
Compensation expense on stock options		622		627
Reversal of other share based compensation charge		(1,066)		(2,824)
Reversal of inventory impairment charge		(12,946)		-
Income tax expense		469		650
Other operating items		504		754
		27,754		112,042
Change in operating working capital		(18,289)		20,083
Change in long-term inventory		-		(145)
Income taxes paid		(38)		(509)
Cash provided by operations		9,427		131,471

Investing activities

Additions to property, plant and equipment	(35,405)		(72,166)
Net redemption (purchase) of short-term investments	19,578		(16,248)
Purchase of interest in Greenstone Partnership	-		(67,423)
Decrease (increase) in restricted cash	(319)		-
Increase in long-term other assets	(3,408)		(1,037)
Cash used in investing	(19,554)		(156,874)

Financing activities

Dividends paid - declared in period	(5,024)		(5,217)
Dividends transferred to trust account	(2,220)		(2,352)
Payment of interest and borrowing costs	(3,475)		(1,509)
Proceeds from common shares issued for options exercised	-		269
Cash used in financing	(10,719)		(8,809)
Decrease in cash during the period	(20,846)		(34,212)
Cash and cash equivalents at beginning of the period	360,613		300,514
Cash and cash equivalents at end of the period	\$ 339,767		\$ 266,302

Cash and cash equivalents consist of:

Cash	\$	113,562	\$	95,846
Cash equivalents		226,205		170,456
		\$ 339,767		\$ 266,302

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

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

	Number of Common Shares	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at January 1, 2015	236,403,958	\$ 660,554	\$ 22,556	\$ -	\$ 715,533	\$ 1,398,643
Share-based compensation expense	-	-	627	-	-	627
Shares issued on exercise of stock options	67,969	447	(178)	-	-	269
Shares issued on redemption of restricted share units	3,550	18	-	-	-	18
Dividend declared	-	-	-	-	(7,569)	(7,569)
Foreign currency translation	-	-	-	14	-	14
Net earnings for the period	-	-	-	-	40,677	40,677
Balance at March 31, 2015	236,475,477	\$ 661,019	\$ 23,005	\$ 14	\$ 748,641	\$ 1,432,679
Balance at January 1, 2016	237,889,274	\$ 668,705	\$ 24,153	\$ 220	\$ 727,773	\$ 1,420,851
Share-based compensation expense	-	-	622	-	-	622
Shares issued on redemption of restricted share units	3,034	15	-	-	-	15
Shares issued to settle obligations	4,117,120	19,857	-	-	-	19,857
Dividend declared	-	-	-	-	(7,244)	(7,244)
Foreign currency translation	-	-	-	(231)	-	(231)
Net earnings for the period	-	-	-	-	18,058	18,058
Balance at March 31, 2016	242,009,428	\$ 688,577	\$ 24,775	\$ (11)	\$ 738,587	\$ 1,451,928

To view the Management's Discussion and Analysis and the Financial Statements and Notes for the three months-ended March 31, 2016, please visit the following link:

<http://media3.marketwire.com/docs/cg502-mdafs.pdf>

The Unaudited Interim Consolidated Financial Statements and Notes for the three-months ended March 31, 2016 and Management's Discussion and Analysis for the three-months ended March 31, 2016 have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site at: www.centerragold.com.

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",

“plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule”, “understand” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things: timing of receiving a positive environmental expertise of the Kumtor 2016 Special Mine Plan and the possibility of KGC being required to cease mining operations at Kumtor effective July 1, 2016 if such environmental expertise is not provided by SAEPF; plans to begin the development of the Öksüt Project in the second quarter of 2016 and timing for first gold production; the Company’s expectations regarding the release of, and related timing of, low grade and high grade ore from cut-back 17 at the Kumtor Project; OMAS’ plans to use the Öksüt Facility to fund a substantial portion of the development and construction of the Öksüt gold mine; the expected timing for the completion of the feasibility study for the Greenstone Gold Property and the filing of a NI 43-101 compliance technical report; the Company’s expectations regarding additional infill, exploration, geo-technical and hydrological drilling in 2016 at the Gatsuurt Project; the Company’s expectations regarding negotiating a definitive development agreement with the Mongolian Government on the Gatsuurt Project and obtaining all necessary approvals and permits for the development of the Gatsuurt Project; statements found under the heading, “2016 Outlook”, including forecast 2016 production and unit cost estimates, the Company’s plans to introduce a hedging program and supply chain management option to source lower fuel costs at the Kumtor Project, the Company’s plans in 2016 for exploration expenditures, capital expenditures at its properties, corporate administrative and community investment expenditures, and DD&A expenses for 2016.

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) strategic, legal, planning and other risks, including: political risks associated with the Company’s operations in the Kyrgyz Republic, Mongolia and Turkey; resource nationalism including the management of external stakeholder expectations; 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 including any unjustified civil or criminal action against the Company, its affiliates or its current or former employees; the impact of any actions taken by the Kyrgyz Republic Government and Parliament relating to the Kumtor Project Agreements which are inconsistent with the rights of Centerra and KGC under the Kumtor Project Agreements; any impact on the purported cancellation of Kumtor’s land use rights at the Kumtor Project pursuant to a court claim commenced by the Kyrgyz Republic General Prosecutor’s Office; the risks related to other outstanding litigation affecting the Company’s operations in the Kyrgyz Republic and elsewhere; the impact of the delay by relevant government agencies to provide required approvals, expertises and permits, including the delay currently being experienced at the Kumtor Project over the Kumtor 2016 Special Mine Plan and ecological passport and the Company’s ability to resolve outstanding questions and concerns raised by SAEPF in connection with its issuance of its environmental expertise of the 2016 Special Mine Plan; the terms pursuant to which the Mongolian Government will participate in, or to take a special royalty rate in, the Gatsuurt Project; the impact of changes to, the increased enforcement of, environmental laws and regulations relating to the Company’s operations; the impact of any sanctions imposed by Canada, the United States or other jurisdictions against various Russian individuals and entities; the ability of the Company to negotiate a successful development agreement for the Gatsuurt Project; potential defects of title in the Company’s properties that are not known as of the date hereof; the inability of the Company and its subsidiaries to enforce their legal rights in certain circumstances; the presence of a significant shareholder that is a state-owned company of the Kyrgyz Republic; risks related to anti-corruption legislation; risks related to the concentration of assets in Central Asia; Centerra’s future exploration and development activities not being successful; Centerra not being able to replace mineral reserves; difficulties with Centerra’s joint venture partners; and aboriginal claims and consultative issues relating to the Company’s 50% interest in the

Greenstone Gold Property; potential risks related to kidnapping or acts of terrorism; (B) risks relating to financial matters, including: 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 (C) risks related to operational matters and geotechnical issues, including: movement of the Davidov Glacier and the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage such matters, including the continued performance of the buttress; the occurrence of further ground movements at the Kumtor Project and mechanical availability; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; inherent risks associated with the use of sodium cyanide in the mining operations; 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; the risk that Centerra's workforce may be exposed to widespread epidemic; seismic activity in the vicinity of the Company's operations; long lead times required for equipment and supplies given the remote location of some of the Company's operating 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/partnerships, including the Greenstone Gold Partnership; the Company's ability to manage its projects effectively and to mitigate the potential lack of availability of contractors, budget and timing overruns and project resources. See section titled "Risk Factors" above and in the Company's most recently filed 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 May 3, 2016. 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 Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in Asia, North America and other markets worldwide. Centerra is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is 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 2016 first quarter conference call on Wednesday, May 4, 2016 at 10:00AM Eastern Time. The call is open to all investors and the media. To join the call, please dial Toll-Free in North America (800) 694-6219 or International callers dial +1 (312) 281-2958. First quarter summary slides are available on Centerra Gold's website at www.centerragold.com. Alternatively, an audio feed web cast will be broadcast live by Thomson Reuters and can be accessed at Centerra Gold's website at www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight on Wednesday, May 11, 2016 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21808859.

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.

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