

centerra**GOLD**



NEWS RELEASE

Centerra Gold Provides Operations Update

Toronto, Canada, December 27, 2017: Centerra Gold Inc. (TSX: CG) today reported that, due to a lack of sufficient water resources, mill processing operations at the Mount Milligan mine in British Columbia, Canada have been temporarily suspended. Mill processing operations are expected to recommence at partial capacity by the end of January 2018 and at full capacity after the spring melt.

As disclosed in the Company's news release of October 31, 2017, Mount Milligan experienced a drier than normal spring and summer during 2017 with a limited amount of spring snow melt. This resulted in lower than expected reclaim water volumes in the tailings storage Facility (TSF) at Mount Milligan which is used for mill processing operations. The water shortage has been exacerbated by unanticipated extremely cold temperatures at Mount Milligan, which has resulted in a greater than expected loss of water volumes in the TSF due to ice formation.

In the fourth quarter of 2017, the Company sought to mitigate the water shortfall by drilling additional water wells to draw water from nearby aquifers located on the property. While such wells were partially successful, the additional water obtained was not sufficient to offset the loss of water volumes noted above. In addition, as a further, longer-term mitigation measure, the Company is pursuing an amendment to Mount Milligan's Environmental Assessment (EA) to allow pumping of water from a nearby lake (Phillips Lake) and is applying for the additional related permits.

It is expected that by the end of January 2018 there will be adequate fresh water available to restart mill processing operations utilizing just one of the ball mills (38,000 tpd to minimize water requirements). The Company expects that additional fresh water will become available after the spring melt, typically in April, at which time it expects to re-start the second ball mill returning mill processing operations to full capacity. However, as noted, above, the availability of water is subject to, among other things, natural forces that can be unpredictable.

During this downtime, mill maintenance crews will continue to carry out outstanding preventative maintenance activities and will look to bring forward other maintenance work that had been planned for later in the year. The Mount Milligan mine continues to operate according to its mine plan and will continue to expose, mine and stockpile additional ores for future processing.

Year-to-date the Mount Milligan mine has produced approximately 225,000 ounces of payable gold and approximately 54 million pounds of payable copper. 2017 gold production at the Kumtor mine, located in the Kyrgyz Republic, has continued to be strong and the mine is expected to finish the year with production of approximately 560,000 ounces of gold.

Additionally, the Kumtor mine has received its maximum allowable emissions permit ("MAE") and its maximum allowable discharge permit ("MAD") from the Kyrgyz Republic State Agency for Environmental Protection and Forestry ("SAEPF") for the full calendar year of 2018. With the MAE and MAD permits in place, Kumtor now has all the necessary permits and approvals to operate throughout 2018.

The Company expects to issue its 2018 full year production guidance in mid-January 2018 and will be providing additional information regarding Mount Milligan as it becomes available, including updates on and additional steps to mitigate Mount Milligan's water shortfall.

Caution Regarding Forward-Looking Information

Information contained in this document 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: the timing and outcome of the amendment to Mount Milligan's EA to allow pumping from a nearby lake to access additional fresh water and that adequate fresh water becomes available in sufficient quantities to restart mill processing operations.

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: Aboriginal claims and consultative issues relating to Mount Milligan's permitting and regulatory matters, risks related to operational matters and the Company's ability to successfully manage such matters, including the ability of the Company to successfully manage water issues, mechanical breakdowns and maintenance at Mount Milligan; the availability of water resources at Mount Milligan and the Company's expectations regarding the effects and timing of weather and spring melt at Mount Milligan; the Company's expectations regarding the results of drilling to access water from aquifers near Mount Milligan; and the Company's expectations regarding the approval of the amendment to Mount Milligan's EA. See section titled "Risks that can affect our business" in the 2016 Annual Information Form available on SEDAR at www.sedar.com.

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 December 27, 2017. 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 North America, Asia and other markets worldwide. Centerra operates two flagship assets, the Kumtor Mine in the Kyrgyz Republic and the Mount Milligan Mine in British Columbia, Canada and 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.

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