

centerra**GOLD**



NEWS RELEASE

Centerra Provides Update on International Arbitration

Toronto, Canada, July 19, 2017: Centerra Gold Inc. (TSX: CG) announces that an arbitrator has issued an order providing certain interim relief to Centerra in its ongoing arbitration against the Kyrgyz Republic and Kyrgyzaltyn JSC in connection with the Kumtor Project.

The interim relief granted by the arbitrator, among other things: (i) orders the Kyrgyz Republic to give 30 days' prior notice to the arbitrator and Centerra in the event of resumption of the claims brought by Kyrgyz Government entities in Kyrgyz courts relating to alleged environmental harm, dividends and land use, in order to allow Centerra to seek appropriate relief from the arbitrator; (ii) directs the Kyrgyz Republic to give immediate notice to the arbitrator and Centerra if any procedural action is taken in the Kyrgyz court proceedings; and (iii) orders the Kyrgyz Republic to use its best efforts to ensure that public officials, authorities, agencies, and instrumentalities of the Kyrgyz Republic comply with her decision.

In addition, the arbitrator found that Centerra had made out both (i) a *prima facie* case for the arbitrator to take jurisdiction over the arbitration proceeding; and (ii) a *prima facie* case on the merits of the case. Such findings relating to jurisdiction and merits support Centerra's long-standing view that the Kyrgyz court proceedings are disputes that should be brought in international arbitration and may not be brought before the courts of the Kyrgyz Republic. Centerra further believes that the court claims are without foundation or substance on the merits.

As previously disclosed, on January 12, 2017, Centerra filed with the Permanent Court of Arbitration a request for a partial award or, in the alternative, interim measures, against the Kyrgyz Republic in which Centerra sought an award ordering that the Kyrgyz Republic withdraw or stay (suspend) the Kyrgyz court proceedings, and related decisions, court orders and judgments, which proceedings have been continuously postponed for several months. One consequence of the Kyrgyz court proceedings is a freezing order from a Kyrgyz Republic court seeking to block Centerra's subsidiary, Kumtor Gold Company (KGC), from distributing cash it currently holds to Centerra. The interim relief Centerra sought included a declaration that the freezing order was invalid. However, the arbitrator's order does not grant the interim relief requested by Centerra because she did not find an imminent threat of irreparable or substantial harm to Centerra's rights if the Kyrgyz court order remained in place while the main arbitration proceeding proceeds. However, her order effectively prohibits the Kyrgyz Republic from taking further action in the Kyrgyz court proceedings without providing Centerra the opportunity to object to such action, and preserves for the arbitrator the authority to order the Kyrgyz Republic to refrain from taking any proposed action. In particular, she noted:

"To avoid the aggravation of the dispute...it appears necessary to ensure that the Kyrgyz Court Claims will not proceed to final judgments or enforceable orders during the pendency of these arbitrations, or at least that they do not so proceed without [Centerra and its Kyrgyz Republic subsidiaries] having adequate notice allowing them to take any action they deem appropriate to avoid incurring substantial harm."

Centerra will continue to pursue its claims in its main arbitration proceeding, which was commenced in May 2016 and remains ongoing. Responses to Centerra's statement of claim are expected to be submitted by the Kyrgyz Republic and Kyrgyzaltyn in September 2017.

In the meantime, Centerra and the Government of the Kyrgyz Republic continue discussions with a view to settling all outstanding matters relating to the Kumtor Project.

About Centerra

Centerra Gold Inc. is a Canadian-based gold mining company focused on operating, developing, exploring and acquiring gold properties in North America, Asia and other markets worldwide. Centerra is the largest Western-based gold producer in Central Asia and operates the Kumtor mine in the Kyrgyz Republic and the Mount Milligan mine in British Columbia, Canada. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

For more information:

John W. Pearson
Vice President, Investor Relations
(416) 204-1953
john.pearson@centerragold.com

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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