

centerra**GOLD**



NEWS RELEASE

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All figures are in Canadian dollars unless otherwise stated.

CENTERRA GOLD INC. ANNOUNCES CLOSING OF C\$195 MILLION BOUGHT DEAL FINANCING

Toronto, Canada, July 20, 2016: Centerra Gold Inc. (TSX:CG) ("Centerra" or the "Company") has announced today that it has completed its previously announced bought deal offering (the "Offering") of subscription receipts (the "Subscription Receipts").

On July 5, 2016, the Company entered into an agreement with BMO Capital Markets, Credit Suisse Securities Canada and Scotiabank (collectively, the "Underwriters") under which they agreed to purchase from Centerra and sell to the public 23,130,000 Subscription Receipts at a price of C\$7.35 per Subscription Receipt. Effective at the closing, the Underwriters exercised in full their over-allotment option to acquire an additional 3,469,500 Subscription Receipts, such that a total of 26,599,500 Subscription Receipts were issued for total gross proceeds of C\$195,506,325.

The net proceeds of the Offering of approximately C\$185.7 million will be used to partially fund the redemption of the secured and unsecured notes of Thompson Creek Metals Company Inc. ("Thompson Creek") in connection with the Company's previously announced acquisition of all of the issued and outstanding common shares of Thompson Creek (the "Transaction"). Upon completion of the Transaction, existing Centerra and Thompson Creek shareholders are expected to own approximately 92% and 8% of the pro forma company, respectively, on a fully-diluted in-the-money basis, after giving effect to the Offering. The Company expects the Transaction to close in the fall of 2016.

Each Subscription Receipt represents the right of the holder to receive, upon closing of the Transaction, without payment of additional consideration or further action, one common share of the Company (a "Common Share") plus an amount equal to the amount per Common Share of any cash dividends for which a record date has occurred on or after the closing of the Offering and before the date on which Common Shares underlying the Subscription Receipts are issued or deemed to be issued, net of applicable withholding taxes, if any. If the closing of the Transaction does not occur on or before 5:00 p.m. (Toronto time) on December 31, 2016, or if the Transaction is terminated at any earlier time, holders of Subscription Receipts will receive the full purchase price of their Subscription Receipts, together with their pro rata portion of interest earned or deemed to be earned on the gross proceeds of the Offering, net of applicable withholding taxes, if any.

The Subscription Receipts will commence trading on the Toronto Stock Exchange on July 20, 2016, under the symbol "CG.R".

The Subscription Receipts were offered by way of a short form prospectus in all of the provinces and territories of Canada, except Quebec, and were also offered by way of private placement in the United States.

About Centerra Gold Inc.

Centerra 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 headquartered in Toronto, Ontario, Canada.

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CAUTIONARY STATEMENT:

This news release may contain "forward-looking information" or "forward-looking statements" as defined in applicable Canadian securities legislation. All statements other than statements of historical fact included in this news release, including, without limitation, statements regarding the use of proceeds of the financing, timing and completion of the financing and the acquisition of Thompson Creek, and future plans and objectives of Centerra, constitute forward-looking information that involve various risks and uncertainties. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect, including, but not limited to, assumptions that general industry and economic conditions will remain consistent with historical experience and management's expectations; that the estimation of mineral reserves and mineral resources will prove accurate; that the Company will be able to obtain any additional financing on satisfactory terms; that contracts, laws, rules and regulations will be fairly and impartially observed and enforced; that the market prices for relevant commodities will remain at levels that justify development and/or operation of the Company's projects; that the Company will be able to obtain, maintain, renew or extend any required permits; that nationalization, war, civil strife and/or insurrection will not impact the Company's current or future exploration, development plans and mining activities; and that Centerra will be able to consummate the acquisition of Thompson Creek. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information.

Important factors that could cause actual results to differ materially from Centerra's expectations include, among other things, the risk that the financing or the acquisition of Thompson Creek are not completed on the anticipated schedules or at all, as well as general market conditions, including economic, commodity price and interest rate dynamics. For additional information with respect to risk factors applicable to Centerra, reference should be made to Centerra's continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, Centerra's Annual Information Form. The forward-looking information contained in this news release is made as of the date of this news release.

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