

centerra**GOLD**



NEWS RELEASE

Centerra Gold Completes Preliminary Economic Assessment of the Öksüt Project

All figures are in United States dollars

Toronto, Canada – February 19, 2014: Centerra Gold Inc. (TSX: CG) announces the completion of a preliminary economic assessment study (PEA) on its 100% owned Öksüt project located in south-central Turkey, about 295 kilometres southeast of the capital city of Ankara. The Öksüt project is currently comprised of the Keltepe deposit and the smaller Güneytepe deposit.

The resource estimate used as the basis for the PEA was made as of December 31, 2013 using a cut-off grade of 0.2 grams per tonne of gold and a gold price of \$1,300 per ounce and was announced in a news release dated February 5, 2014. The resource estimate consists of: (i) indicated mineral resources from the Keltepe deposit, estimated at 29 million tonnes grading 1.2 grams per tonne of gold for 1.1 million contained ounces of gold; and (ii) inferred mineral resources located at the Güneytepe deposit, estimated at 4.7 million tonnes grading 0.9 grams per tonne of gold for 134,000 contained ounces of gold.

The PEA envisions a conventional open-pit and heap leach facility with an expected 34 million tonnes of ore to be stacked at a maximum rate of 11,000 tonnes per day.

Highlights of the PEA study (using a \$1,300 per ounce gold price) include:

- 11 year mine life (2016 to 2027),
- Life of mine gold production of 893,000 ounces, average annual gold production of 125,000 ounces in years 4 through 6,
- Total construction capital and preproduction costs of \$166 million,
- Total sustaining capital of \$9 million,
- All-in costs⁽¹⁾ for the project of \$849 per ounce,
- All-in costs including taxes⁽¹⁾ for the project of \$914 per ounce,
- After tax net present value (NPV) of \$117 million at an 8% discount rate with a 19% project internal rate of return,
- Payback on construction capital and pre-production costs is expected to be 4.5 years after production begins.

- (1) Non-GAAP measure. Centerra has adopted the World Gold Counsel's (WGC)'s guidelines regarding "all-in-costs". 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 issuers applying the WGC's guidelines. See description of "Non-GAAP Measures" in the Company's Management Discussion & Analysis dated February 19, 2014 and filed on SEDAR.

The PEA is preliminary in nature and includes the use of inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Thus, there is no certainty that the PEA will be realized. Actual results may vary, perhaps materially. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is subject to a number of assumptions, including, among others, that an environmental impact assessment will be completed within the required timelines, all required permits will be obtained in a timely manner, the Company will continue to have the support of local communities, a constant regulatory environment and no material increase occurs to the estimated costs. A full list of the relevant assumptions will be set out in the PEA.

Ian Atkinson, President and CEO of Centerra Gold stated, “We are very pleased with the positive results of the PEA study which confirmed our expectations based on the known resources. The Keltepe deposit is still open to the south in the direction of the Güneytepe deposit and we have additional exploration targets on our land package which we will continue to follow-up on through exploration and drilling. Now we will move forward with a feasibility study for the project with the target of achieving initial gold production sometime in late 2016.”

The PEA study envisions a conventional open pit and heap leach facility with the mining of the two pits completed by a local mining contractor. The heap leach pad design is based on an expected 34 million tonnes of ore to be stacked at a maximum rate of 11,000 tonnes per day, with a nominal crush size of 80% less than 37.5 mm.

Over the life of mine, mining costs are estimated to average \$2.77 per tonne mined, processing costs are estimated to average \$4.00 per tonne processed and administrative costs will average about \$9 million per operating year.

To account for mining dilution and losses during the mining process, the mineral resources have had a 95% factor applied to the gold grades in the production schedule and are constrained by an optimized pit shell defined using optimization software, a gold price of \$1,300 per ounce, an overall metallurgical recovery of 77%, and estimated average mining, processing and administrative costs. Overall pit-slope angles range from 38° to 42° depending on the location in the pit and result in a low overall stripping ratio of 2.0 over the mine life.

Using a gold price of \$1,300 per ounce and a discount rate of 8%, the Öksüt open pit LOM outlined in the PEA has an estimated project NPV (after tax) of approximately \$117 million and a project internal rate of return of 19% after accounting for all operating costs and capital expenditures related to the open pit operation as well as required tax and royalty payments. Additional exploration costs going forward have not been included in the financial analysis.

Sensitivities of the project NPV to the gold price, discount rate and other project variables are as follows:

Sensitivities of Öksüt Project Net Present Value to Gold Price and Discount Rate
(millions of dollars)

Gold Price (\$/ounce)	Discount Rate		
	5%	8%	10%
\$1,100	\$81.0	\$36.7	\$14.5
\$1,200	\$131.8	\$77.7	\$50.3
\$1,300	\$181.1	\$117.7	\$85.2
\$1,400	\$224.7	\$153.4	\$116.7
\$1,500	\$267.8	\$188.6	\$147.6

Sensitivities of Öksüt Project Net Present Value to other Variables at \$1,300 per ounce gold and 8% discount rate
(millions of dollars)

Variable	Operating Costs	Capital Costs	Gold Grade
+15%	\$75.4	\$99.9	\$181.3
Base Case	\$117.7	\$117.7	\$117.7
-15%	\$156.1	\$131.2	\$45.4

The inferred mineral resources located at the Güneytepe deposit have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of inferred mineral resources will ever be upgraded to a higher category.

The PEA will be available on the Company's website in middle of March, 2014.

Qualified Person & QA/QC

The PEA report was undertaken by Centerra staff with the assistance of several external consultants. Resource estimates, life-of-mine plan and other scientific and technical information in this news release and on Centerra's website 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 reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of Dan Redmond, Ontario Professional Geoscientist, Centerra's Director, Technical Services – Mining, 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 on the Öksüt project have been done consistent with industry standards and independent certified assay labs have been used. Available quality control data indicates that the gold assay data used for resource estimation are reliable.

Cautionary Note Regarding Forward-looking Information

Information contained in this news release and the documents referred to herein which are not statements of historical facts, 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”, “envision”, “target”, “intends”, “estimate”, “may”, “will”, and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, mineral resource estimates and Centerra’s plans to conduct additional exploration and drilling work and to commence a feasibility study for its Öksüt property in 2014.

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. There may be factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. These factors include: (i) tight time lines for the completion of an environmental impact assessment and permitting, since the project has to receive all necessary permits prior to January 2016 and the possibility of forfeiting the operating license as a result of any delays in such timelines; (ii) delays in recent years in the issuance of permits, particularly for State Forestry Land which covers part of the Öksüt project area and on which the two open pits and part of the waste dump are located; (iii) the absence of condemnation drilling of the heap-leach and waste-dump sites, which may result in those sites being poorly located or requiring additional capital costs; (iv) potential opposition to the project by local communities or civil groups related to concerns over water usage in competition with agriculture, water quality, environmental impact from cyanide use in gold leaching, visual impacts, acoustic impacts, ambient air impacts or failure of the company to agree to local demands; (v) potential material increases in project development or operation costs due to increases in key consumables, inflation, imposed demands for infrastructure development or regulatory changes; (vi) further column tests being required to determine the variability of the metallurgical parameters and response of the Öksüt oxide ore; (vii) the planning, design and costing of the key project infrastructure such as power, water and access being at a high level conceptual stage in the PEA; (viii) closure costs to cap waste rock and heap leach dumps; (ix) mine design, mining schedules, metallurgical flow sheets and process designs will require additional detailed work and economic analysis; and (x) internal studies to ensure satisfactory operational conditions and decisions regarding future targeted production must be carried out. See also “Risks that can affect our business” in the Company’s Annual Information Form for the year ended December 31, 2012, 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 February 19, 2014. 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 gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union and other emerging 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.

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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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