

centerra**GOLD**



NEWS RELEASE

Centerra Gold Delivers Notice of Arbitration to Kyrgyz Republic Government

Toronto, Canada, May 30, 2016: Centerra Gold Inc. (TSX: CG) (“Centerra” or the “Company”) reports that it has delivered a notice of arbitration (the “Notice”) to the Kyrgyz Republic Government in connection with certain ongoing disputes relating to the Kumtor Project. These include: (i) each of the environmental claims brought by the Kyrgyz Republic State Inspectorate Office for Environmental and Technical Safety (“SIETS”) and the State Agency for Environment Protection and Forestry (“SAEPF”); (ii) the claims of the Kyrgyz Republic General Prosecutor’s Office seeking to unwind a U.S.\$200 million inter-corporate dividend paid by Kumtor Gold Company (“KGC”) to Centerra in December 2013 and the related search of KGC’s Bishkek office; and (iii) the withholding of environmental approvals of Kumtor’s 2016 annual mine plan as well as the withholding of certain key operating and environmental permits required for Kumtor’s operations. Under the 2009 Restated Investment Agreement, the arbitration will be determined by a single arbitrator. Centerra has proposed the name of an arbitrator and, failing agreement, will apply to the Permanent Court of Arbitration in The Hague, the Netherlands to appoint an arbitrator. The arbitration proceedings will be held at Stockholm, Sweden and will be conducted under the UNCITRAL rules of arbitration and the governing law will be the law of the State of New York.

Despite the commencement of arbitration proceedings, the Company has re-iterated to the Kyrgyz Republic Government its openness to receive and discuss proposals to resolve all outstanding matters affecting the Kumtor project in a manner that is fair to all of Centerra’s shareholders.

As noted in the Company’s news release of May 26, 2016, the Inter-District court earlier ruled against KOC on two environmental claims made by SIETS in relation to the placement of waste rock at the Kumtor waste dumps and unrecorded wastes from Kumtor’s effluent and sewage treatment plants. Court hearings on the two outstanding environmental claims made by SIETS and the claim by SAEPF have been postponed until May 31 and June 3, respectively.

Centerra and KOC strongly object to the Inter-District Court’s jurisdiction to decide the SIETS and SAEPF claims and dispute all of the claims and will appeal the court decisions to the Bishkek City Court and, if necessary, to the Kyrgyz Republic Supreme Court. The Company will also continue to contest all of the claims in international arbitration in accordance with the 2009 Restated Investment Agreement.

The Company believes that the Kumtor Project has always been operated in accordance with the provisions of the 2009 project agreements governing the Kumtor Project, including the 2009 Restated Investment Agreement which provides a complete code of all taxes, fees and other charges applicable to the Kumtor Project and that all disputes relating to the Kumtor project shall be resolved through international arbitration.

About Centerra

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.

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.

- end -