

# Centerra Gold Meets 2014 Production Guidance and Announces 2014 Consolidated Gold Production of 620,821 Ounces and 2015 Outlook

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## All Figures Are in United States Dollars Unless Otherwise Stated

TORONTO, ON--(Marketwired - January 15, 2015) - [Centerra Gold Inc.](#) (TSX: CG) announced today that it met its 2014 annual production guidance and that consolidated gold production for 2014 totalled 620,821 ounces. This production total includes 567,693 ounces of gold from the Kumtor mine, located in the Kyrgyz Republic and 53,128 ounces of gold from the Boroo mine, located in Mongolia. During the fourth quarter of 2014, consolidated gold production was 301,236 ounces, including 291,635 ounces of gold produced by the Kumtor mine and 9,601 ounces of gold produced by the Boroo mine.

Ian Atkinson, President and CEO of Centerra stated, "The Boroo operation continued to perform well in the fourth quarter, exceeding our revised production guidance for the year. At Kumtor, the operation met its annual production guidance and during the fourth quarter produced 291,635 ounces of gold as we accessed the high-grade SB Zone which we are continuing to mine in the first quarter of 2015."

"For 2015 we are estimating consolidated gold production to be in the range of 480,000 to 535,000 ounces. No production from Gatsurt has been included in our production guidance for 2015. At Kumtor this year, we are expecting relatively even quarterly production as compared to prior years when the majority of the ounces were produced in the fourth quarter. Centerra's projected consolidated all-in sustaining cost per ounce sold<sup>1</sup> for 2015 is within a range of \$898 to \$1,003 and consolidated all-in cost per ounce sold<sup>1</sup> (before taxes) is \$1,003 to \$1,121," he concluded.

As previously disclosed, Centerra is continuing to study the impact on the Kumtor SB Zone of the buttress constructed early in 2014 in response to the increased movement of the Davidov Glacier, as well as the Kumtor block model, each of which may result in adjustments to Kumtor's reserve and resource estimates. Centerra is also evaluating the significance of lower than expected metallurgical recoveries experienced at Kumtor. Centerra expects to complete this work shortly and plans to release its reserve and resource update in early February.

### 2015 Outlook

Kumtor's forecast 2015 production and unit costs are provided on a 100% basis and the forecast does not make any assumptions regarding possible changes in the structure and management of the Kumtor Project, including without limitation the level of ownership resulting from ongoing discussions with the Government of the Kyrgyz Republic and Kyrgyzaltyn JSC, Centerra's largest shareholder. See "Material Assumption and Risks" for other material assumptions or factors used to forecast production and costs for 2015.

### 2015 Gold Production

Centerra's 2015 consolidated gold production is expected to be 480,000 to 535,000 ounces. The Kumtor mine is expected to produce between 470,000 and 520,000 ounces in 2015. Kumtor's 2015 production guidance range is lower than that outlined in the life of mine plan set out in the Kumtor technical report filed

on December 20, 2012 (the "2012 life of mine plan") primarily as a result of negative block model reconciliation, as previously disclosed, timing of ore release due to deferral of capital for mine haulage equipment and lower than expected metallurgical recovery.

At the Boroo mine, gold production is forecast to be 10,000 to 15,000 ounces. The forecast annual production at Boroo represents ounces from the secondary leaching of the heap leach pad. The 2015 forecast assumes no mining activities at Boroo or Gatsuurt, and no gold production from Gatsuurt.

### 2015 All-in Unit Costs

Centerra's 2015 all-in sustaining costs per ounce sold<sup>1</sup> and all-in costs per ounce sold<sup>1</sup> are forecast as follows:

	Kumtor	Boroo <sup>(4)</sup>	Consolidated
Ounces sold forecast	470,000-520,000	10,000-15,000	480,000-535,000
US \$ / gold ounces sold			
Operating costs	368 - 408	364 - 546	368 - 411
Changes in inventories	(45) - (50)	465 - 697	(31) - (34)
Operating Costs (on a sales basis)	\$323 - 358	\$829 - 1,243	\$337 - 377
Regional office administration	37 - 41	241 - 362	43 - 48
Social Development Costs	5 - 6	24 - 36	6
Refining costs and by-product credits	1	(2)	1
Sub-Total (Adjusted Operating Costs) <sup>(1)</sup>	\$366 - 406	\$1,092 - 1,639	\$387 - 432
Corporate general & administrative costs	-	-	69 - 77
Accretion expense	2 - 3	32 - 48	3 - 4
Capitalized stripping costs - cash	356 - 394	-	346 - 386
Capital expenditures (sustaining) <sup>(1)</sup>	95 - 105	7 - 11	93 - 104
All-in Sustaining Costs <sup>(1)</sup>	\$819 - 908	\$1,131 - 1,698	\$898 - 1,003
Capital expenditures (growth) <sup>(1)</sup>	50 - 55	-	48 - 54
Other costs <sup>(2)</sup>	-	351 - 527	57 - 64
All-in Costs	\$869 - 963	\$1,482 - 2,225	\$1,003 - 1,121
Revenue-based tax and income taxes <sup>(3)</sup>	\$164	-	\$160
All-in Costs (including taxes) <sup>(1) (3)</sup>	\$1,033 - 1,127	\$1,482 - 2,225	\$1,163 - 1,281

(1) Adjusted operating costs per ounce sold, all-in sustaining costs per ounce sold, all-in costs per ounce sold, all-in costs (including taxes) per ounce sold, as well as capital expenditures (sustaining and growth) are non-GAAP measures and are discussed under "Non-GAAP Measures" in the Company's MDA filed on SEDAR.

(2) Other costs per ounce sold include costs to place the Boroo mill on care and maintenance, global exploration expenses, business development expense and project development costs not related to current operations.

(3) Includes revenue-based tax that reflects a forecast gold price assumption of \$1,175 per ounce sold.

(4) At the Boroo operation, all forecast production and sales are a result of secondary leaching and mill cleanup.

### 2015 Exploration Expenditures

Planned exploration expenditures for 2015 total approximately \$11 million, which is \$9 million lower than the 2014 forecast of \$20 million. The 2015 exploration plan includes \$1.3 million for further exploration work on the Öksüt property, \$1.2 million in Portugal on the Lagares gold property (JV with Medgold Corp.), and \$8 million to fund other ongoing projects and generative exploration programs.

### 2015 Capital Expenditures

Centerra's projected capital expenditures for 2015, excluding capitalized stripping, are estimated to be \$76 million, including \$50 million of sustaining capital<sup>1</sup> and \$26 million of growth capital<sup>1</sup>.

Projected capital expenditures (excluding capitalized stripping) include:

Projects	2015 Growth Capital <sup>(1)</sup> (millions of dollars)	2015 Sustaining Capital <sup>(1)</sup> (millions of dollars)
Kumtor mine	\$26	\$49
Other (Boroo, Gatsuurt and Corporate)	-	1
Consolidated Total	\$26	\$50

### Kumtor

At Kumtor, 2015 total capital expenditures, excluding capitalized stripping, are forecast to be \$75

million. Spending on sustaining capital<sup>1</sup> of \$49 million relates primarily to the major overhaul maintenance of the heavy duty mine equipment (\$36 million), construction to raise the tailings dam (\$7 million) and other items (\$6 million).

Growth capital<sup>1</sup> investment at Kumtor for 2015 is forecast at \$26 million and includes the relocation of certain infrastructure at Kumtor related to the KS-13 life-of-mine expansion plan amounting to \$25 million and dewatering projects (\$1 million).

The cash component of capitalized stripping costs related to the development of the open pit is expected to be \$185 million of the \$234 million total capitalized stripping in 2015.

### **Mongolia (Boroo and Gatsuurt)**

At Boroo, 2015 sustaining capital<sup>1</sup> expenditures are expected to be minimal and no growth capital<sup>1</sup> is forecast for Boroo or Gatsuurt.

### **2015 Öksüt Project**

The Company expects to complete the feasibility study for its Öksüt property in the middle of 2015. The total planned spending in 2015 of \$11 million includes work for technical studies, environmental and social impact assessment and project support (collectively, \$10 million) and \$1.3 million for exploration (as noted earlier).

### **2015 Corporate Administration and Community Investment**

Corporate and administration expense for 2015 is forecast to be \$40 million, which includes \$36 million for corporate and administration costs, and \$4 million for business development activities.

Total planned community investments for 2015 are forecast at \$3 million for donations, and sustainable development projects in the various communities in which Centerra operates.

### **2015 Depreciation, Depletion and Amortization**

Consolidated depreciation, depletion and amortization expense included in costs of sales expense for 2015 is forecasted to be approximately \$220 million, including approximately \$216 million at Kumtor and \$3 million at Boroo.

### **2015 Taxes**

Pursuant to the Restated Investment Agreement, Kumtor's operations are not subject to corporate income taxes. The agreement replaced the prior tax regime applicable to the Kumtor Project with a simplified tax regime effective January 1, 2008. This simplified regime, which assesses tax at 13% on gross revenue (plus 1% for the Issyk-Kul Oblast Development Fund) effective January 2009, was approved and enacted by the Parliament of the Kyrgyz Republic on April 30, 2009.

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold LLC, is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$1.6 million at the December 31, 2014 foreign exchange rate) with a tax rate of 10% for taxable income up to that amount. Royalties payable to the Mongolian Government vary between 5% and 10% based on the price of gold, to a maximum of 10% for gold prices at or above \$1,300 an ounce and are currently set at a fixed 2.5% for gold sold to the Bank of Mongolia. Since January 2014, Boroo has been paying a royalty rate of 2.5% as all of its gold has been sold to the Bank of Mongolia during that time.

### **Sensitivities**

Centerra's revenues, earnings and cash flows for 2015 are sensitive to changes in certain variables. The Company has estimated the impact of any such changes on revenues, net earnings and cash from operations.

	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flows	Earnings before income tax
Gold Price	\$50/oz	3.3 - 3.7	24.0 - 26.7	20.7 - 23.0	20.7 - 23.0

Diesel Fuel	10%	2.6	-	9.4	2.6
Kyrgyz som <sup>(1)</sup>	1 som	1.9	-	2.2	1.9
Mongolian tugrik <sup>(1)</sup>	25 tugrik	0.2	-	0.2	0.2
Canadian dollar <sup>(1)</sup>	10 cents	3.6	-	3.6	3.6

(1) appreciation of currency against the US dollar will result in higher costs and lower cash flow and earnings, depreciation of currency against the US dollar results in decreased costs and increased cash flow and earnings

## Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for 2015 include the following:

- a gold price of \$1,175 per ounce,
- The assumed diesel price of \$0.30/litre at Kumtor assumes that no Russian export duty will be paid on the diesel exports from Russia to the Kyrgyz Republic. Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlated with Mongolian prices. The diesel fuel price assumptions were made when the price of oil was approximately \$70 per barrel.
- \$1.00/litre at Kumtor
- \$1.10/litre at Boroo

Other material assumptions were used in forecasting production and costs for 2015. These material assumptions include the following:

- That current discussions between the Government of the Kyrgyz Republic and Centerra regarding a potential restructuring of the Kumtor Project will result in a mutually satisfactory solution to the outstanding matters affecting the Kumtor Project, which is fair to all of Centerra's shareholders, and that such proposal will receive all necessary legal and regulatory approvals under Kyrgyz law and/or Canadian law.
- All mine plans and related permits and authorizations at Kumtor receive timely approval from all relevant governmental agencies.
- The buttress constructed at the bottom of the Davidov glacier continues to function as planned.
- Any recurrence of political or civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine and/or power to the mine site.
- Any actions taken by the Kyrgyz Republic Parliament and Government do not have a material impact on operations or financial results. This includes any action being taken by the Parliament or Government to cancel the agreements governing the Kumtor Project, or taking any actions which would be inconsistent with the rights of Centerra, Kumtor Gold Company and Kumtor Operating Company under the project agreements.
- The previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the aggregate amount of approximately \$476 million (at the then current exchange rates) and the claims of the Kyrgyz Republic's General Prosecutor's Office purporting to invalidate land use rights and/or seize land at Kumtor and to unwind the \$200 million inter-company dividend declared and paid by KGC to Centerra in December 2013, and any further claims, whether alleging environmental allegations or otherwise, are resolved without material impact on Centerra's operations or financial results.
- The movement in the Central Valley Waste Dump at Kumtor, referred to in the 2013 Annual Information Form, does not accelerate and will be managed to ensure continued safe operations, without impact to gold production, including the successful demolition of buildings and relocation of certain other infrastructure as planned.
- Grades and recoveries at Kumtor will remain consistent with the 2015 production plan to achieve the forecast gold production.
- The Company is able to manage the risks associated with the increased height of the pit walls at Kumtor.
- The dewatering program at Kumtor continues to produce the expected results and the water management system works as planned.
- The Kumtor ball mill and the rotated ring gear or replacement ring gear continue to operate as expected.
- The successful negotiation of a new collective agreement at Kumtor (the old agreement expired on December 31, 2014) without any labour actions/strikes and without significantly increasing labour costs.
- Prices of key consumables, costs of power and water usage fees are not significantly higher than prices assumed in planning.
- No unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks.
- All necessary permits, licenses and approvals are received in a timely manner.

The Company cannot give any assurances in this regard.

Production, cost and capital forecasts for 2015 are forward-looking information and are based on key

assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions & Risks" and "Cautionary Note Regarding Forward-Looking Information" and under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2013.

#### **Qualified Person & AA/QC**

The scientific and technical information in this news release, including the production estimates were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 and were prepared, reviewed, verified and compiled by Centerra's technical staff under the supervision of Gordon Reid, Professional Engineer and Centerra's Vice-President and Chief Operating Officer, who is the qualified person for the purpose of NI 43-101.

The Kumtor deposit is described in a technical report filed December 20, 2012 on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site prior to April 2013 are described in the technical report.

#### **Caution Regarding Forward-Looking Information**

Information contained in this news release 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", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, the expected timing for completion of various studies in relation to the buttress at the Kumtor mine, the Kumtor block model and metallurgical recoveries; the expected timing for the release of the Company's reserve and resource update; the statements made under the heading, "2015 Outlook"; the Company's expectations regarding future production, all-in sustaining costs per ounce sold<sup>1</sup> and all-in costs per ounce sold<sup>1</sup>, expected recoveries; 2015 exploration expenditures; 2015 capital expenditures; 2015 corporate administration and community investment expenses; 2015 depreciation, depletion and amortization expenses; 2015 tax expenses and expectations regarding the completion of the feasibility study and related planned expenditures at the Öksüt Project.

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: : (A) political and regulatory risks, including the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia, resource nationalism, the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates, the impact of any actions taken by the Government and Parliament relating to the Kumtor Project Agreement, any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project, the impact of the failure of relevant Kyrgyz Government agencies to provide approvals, required permits and authorizations, the ability of [Stans Energy Corp.](#) to seize Centerra shares held by Kyrgyzaltyn and the ability of the Company to complete the proposed restructuring of the Kumtor Project in accordance with the HOA, the effect of the Water and Forest Law on the Company's operations in Mongolia, the impact of continued scrutiny from Mongolian regulatory authorities on the Company's Boroo Project, the impact of changes to, the increased enforcement of, environmental laws and regulations relating to the Company's operations, the impact of any sanctions imposed by Canada, the United States or other jurisdictions against various Russian individuals and entities; (B) risks related to operational matters and geotechnical issues, including the movement of the Davidov Glacier and the Davidov Waste-rock Dump (Central Valley Waste Dump), the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage such matters, including by the building of a buttress at the bottom of the Davidov Glacier, the occurrence of further ground movements at the Kumtor Project, the timing of the infrastructure move potentially impacting the maintenance of the mobile fleet and its availability, the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities, the adequacy of the Company's insurance to mitigate operational risks, mechanical breakdowns, the Company's ability to obtain the necessary permits and authorizations to (among other things) raise the tailings dam at the Kumtor Project to the required height, the Company's ability to replace its mineral reserves, the occurrence of any labour unrest or disturbance and the ability of the Company to successfully

re-negotiate collective agreements when required, seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia, long lead times required for equipment and supplies given the remote location of the Company's properties, reliance on a limited number of suppliers for certain consumables, equipment and components, illegal mining on the Company's Mongolian properties, the Company's ability to accurately predict decommissioning and reclamation costs, the Company's ability to attract and retain qualified personnel, competition for mineral acquisition opportunities, and risks associated with the conduct of joint ventures; the ability of the Company and its contractors to timely complete the various ongoing studies relating to the buttress constructed at Kumtor, the Kumtor block model and metallurgical recoveries (C) risks relating to financial matters including the sensitivity of the Company's business to the volatility of gold prices, the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company's production and cost estimates, the impact of restrictive covenants in the Company's revolving credit facility which may, among other things, restrict the Company from pursuing certain business activities, the Company's ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company's short-term investments, the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; and (D) risks related to environmental and safety matters, including the ability to continue obtaining necessary operating and environmental permits, licenses and approvals, the impact of the significant environmental claims made in December 2012 and February 2013 relating to the Kumtor Project, inherent risks associated with using sodium cyanide in the mining operations; legal and other factors such as litigation, defects in title in connection with the Company's properties, the Company's ability to enforce its legal rights, risks associated with having a significant shareholder, and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's 2013 Annual Information Form available on SEDAR at [www.sedar.com](http://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 January 15, 2015. 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.](http://www.centerragold.com) is a gold mining company focused on operating, developing, exploring and acquiring gold properties in Asia, the former Soviet Union 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 based in Toronto, Ontario, Canada.

**Additional information on Centerra is available on the Company's web site at [www.centerragold.com](http://www.centerragold.com) and at SEDAR at [www.sedar.com](http://www.sedar.com).**

<sup>1</sup> Non-GAAP measure, see discussion under "Non-GAAP Measures" in the Company's MDA filed on SEDAR.

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