

centerra**GOLD**



NEWS RELEASE

Centerra Gold First Quarter Results

(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 20 and in our Cautionary Note Regarding Forward-looking Information on page 27. It should be read in conjunction with the Company's interim consolidated financial statements for the three-month periods ended March 31, 2012 and March 31, 2011 and associated Management's Discussion and Analysis. The condensed interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and the Company's accounting policies as described in note 3 of its annual consolidated financial statements for the year ended December 31, 2011. All figures are in United States dollars.)

To view Management's Discussion and Analysis and the Financial Statements and Notes for the three-months ended March 31, 2012, please visit the following link:

<http://media3.marketwire.com/docs/CG2012Q1FSMDA.pdf>

Toronto, Canada, May 15, 2012: Centerra Gold Inc. (TSX: CG) today reported a net loss for the first quarter of 2012 of \$14.7 million or \$0.06 per share on revenues of \$133.8 million. The first quarter loss includes \$19.2 million of abnormal mining costs, \$4.6 million of mine standby costs related to the work stoppage at Kumtor and a \$1 million provision for the closure of the Company's Reno exploration office. For the same period in 2011, the Company recorded net earnings of \$136.6 million or \$0.58 per common share based on revenues of \$250.2 million in the same quarter last year reflecting significantly higher gold production and sales.

Consolidated gold production for the first quarter of 2012 totaled 72,555 ounces at a total cash cost of \$985 per ounce, reflecting the original production schedule for the year in which gold production was weighted to the fourth quarter, as well as the impact of the increased ice movement in the southeast section of the pit at Kumtor. In the first quarter of 2012, mining of ore at Kumtor was delayed due to accelerated ice movement that made it unsafe to continue mining the cut-back to gain access to the SB Zone. In the corresponding quarter of 2011, gold production was 180,716 ounces at a total cash cost of \$370 per ounce reflecting Kumtor's production profile which was evenly distributed throughout the year. In addition, in the first quarter of 2011, Kumtor drew down excess in-process gold inventory and processed higher than expected gold grades resulting in significantly higher production. (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

Commentary

Steve Lang, President and CEO of Centerra Gold commented, “The lower first quarter gold production reflects the changes to our guidance for 2012, due to the accelerated ice movement above the SB Zone at Kumtor, as we previously announced. We are currently executing the mitigation plan. We are confirming our 2012-2014 production outlook at Kumtor of producing about 1.87 million ounces of gold over the three-year period. The ounces deferred from this year’s original mining plan will be produced by the end of 2014. Although approximately 50 million tonnes of additional ice and waste material was added to the life-of-mine plan, with the new three-year mining plan, we are moving about the same number of tonnes as outlined in the 2011 Kumtor technical report and getting about the same number of ounces of gold.”

“The decision to offload this high movement area in the upper portion of the southeast section of the pit wall provides an opportunity to examine the potential to expand the limits of the ultimate pit and the life-of-mine plan at Kumtor. We expect to complete and announce the results of this review before the end of the third quarter this year.”

“On another matter, I look forward to my new role as Chair of Centerra’s Board, which was announced on March 14, 2012, along with other changes in Centerra’s Board of Directors and management that will take effect on May 17, 2012 after our annual meeting of shareholders. Mr. Patrick James, Director and Chair and Mr. Ian Austin, Director will both retire from the Board. I will replace Mr. James as the Chair of the Board and will concurrently step down as Centerra’s President and CEO. Mr. Ian Atkinson will become Centerra’s new President and CEO and Mr. David Groves will be promoted to the position of Vice President, Global Exploration.”

Financial and Operating Summary

Highlights

	Three Months Ended March 31		
	2012	2011	% Change
Financial and Operating Summary			
Revenue - \$ millions	133.8	250.2	(47%)
Cost of sales - \$ millions ⁽¹⁾	84.7	61.8	37%
Abnormal mining costs - \$ millions	19.2	-	100%
Net earnings (loss) - \$ millions	(14.7)	136.6	(111%)
Earnings per common share - \$ basic and diluted	(0.06)	0.58	(110%)
Cash provided by operations - \$ millions	10.2	143.1	93%
Capital expenditures - \$ millions	128.9	72.1	79%
Weighted average common shares outstanding - basic (thousands)	236,354	235,880	0%
Weighted average common shares outstanding - diluted (thousands)	236,354	236,314	0%
Average gold spot price - \$/oz	1,691	1,386	22%
Average realized gold price - \$/oz	1,721	1,385	24%
Gold sold – ounces	77,720	180,628	(57%)
Cost of sales - \$/oz sold ⁽¹⁾	1,090	342	219%
Gold produced – ounces	72,555	180,716	(60%)
Total cash cost - \$/oz produced ⁽²⁾	985	370	166%
Total production cost - \$/oz produced ⁽²⁾	1,179	468	152%

(1) Cost of sales includes depreciation, depletion and amortization related to operations.

(2) Total cash cost and total production cost are non-GAAP measures and are discussed under “Non-GAAP Measures”.

Revenue in the first quarter of 2012 decreased to \$133.8 million from \$250.2 million in the same period last year reflecting lower ounces sold, partially offset by higher realized gold prices. First quarter 2012 revenue reflects a 24% increase in the Company’s average realized gold price (\$1,721 per ounce in the first quarter of 2012 versus \$1,385 per ounce in the first quarter of 2011) offset by a 57% reduction in ounces sold in the period.

Total gold production for the first quarter was 72,555 ounces compared to 180,716 ounces reported in the first quarter of 2011, a 60% reduction year-over-year. The decreased gold production in the current quarter of 2012 reflects the Company’s original production schedule for 2012 where gold production was weighted to the fourth quarter, as well as, the impact at Kumtor of the increased ice movement in the southeast section of the pit. In 2011, production was evenly distributed throughout the year and in the first quarter reflected the mining and processing at Kumtor of high grade material from the pit and from ore stockpiled in the fourth quarter of 2010.

The upper portion of the southeast section of the pit wall above the SB Zone at Kumtor consists primarily of re-handled waste and ice. This material is active with considerable seasonal fluctuations in the movement rates. The higher movement rates have been typically observed in the warmer summer months, but the rate of movement is not consistent and material may accelerate and decelerate on a daily basis. In the first quarter of 2012, higher than usual acceleration was experienced in the high movement area. The rapid movement of material, combined with the toppling-type failure of the ice, made it unsafe to continue mining the cut-back to gain access to the ore which was scheduled to provide ore from March 2012. Following a full technical analysis, the Company developed an alternate plan to access ore by accelerating mining in the southwest portion of the Kumtor pit which is not below the high movement area. This will allow access to part of the new ore reserves (reported in the February 9, 2012 reserve and resource update) in September 2012 and is expected to provide higher grade ore for the Kumtor mill. The decision to offload this high movement area in the southeast section of the pit provides an opportunity to expand the limits of the ultimate pit and the life-of-mine plan at Kumtor. The Company expects to complete and announce the results of this review before the end of the third quarter this year.

The Company has, in the past, successfully managed the flow of ice and waste into the pit, treating this as a normal cost of operation. However, the increased level of mining of ice and waste necessary to maintain safe access to the pit during most of the quarter, exacerbated by the ten day labour strike and the increased acceleration of this material resulted in a decision to stop mining cutback 12B where ore for the quarter was to be released and stripping of cutback 14A. The additional mining activity associated with the ice and waste during a period where little ore was mined resulted in an unusual amount of cost being added to existing stockpiled inventory. This further caused the inventory's recorded value to exceed what the Company believes can be realized after further processing and subsequent sale of the gold by \$18.7 million. Under the circumstances, the Company does not consider these costs to be a cost of sale and has recorded the excess inventory cost over its net realizable value as an abnormal cost for the period.

In addition, as a result of the decision announced on March 27, 2012 to address the acceleration of ice and waste material in the high movement area above the SB Zone, access to the ore in this section of the pit was delayed and the mine plan for the year was revised. The area of ice and waste which needs to be removed is primarily outside of the current pit limits and will require significant effort and cost over the balance of 2012 and part of 2013 to provide access to mine the southeast section of the pit. The cost of removal of this ice and waste material from the high movement area from the date of the announcement to the end of the first quarter of 2012 was \$0.5 million.

At Boroo, mining operations resumed in the first quarter of 2012 with the pre-stripping of Pit 6. The Boroo mill continued to process stockpiled pit and heap leach material with lower head grades than material processed in the first quarter of 2011, partially offset by higher recoveries. Heap leach operations at Boroo remained idle during the first quarter of 2012 pending issuance of a final operating permit by the government authorities.

Centerra's total cash cost per ounce of gold produced was \$985 in the first quarter compared to \$370 in the first quarter of 2011. The year-over-year increase in unit cash cost is primarily a result of 63% lower production at Kumtor due to the lower grades and recovery from processing stockpiled ore

and the increase in operating costs mainly as a result of higher labour cost, diesel, other consumables and social fund contributions (see “Operations Update”). (Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures” in this news release.)

Other operating expenses for the first quarter of 2012 of \$2.6 million included \$1.2 million of operating costs incurred at Kumtor to remove the ice and waste material from the unload areas above the southeast wall of the SB Zone following the decision and announcement by the Company on March 27, 2012 that it would need to change its production plan for the year and address the accelerated ice and waste movement in order to gain access to the higher grade ore in the SB Zone. The amount also includes \$1.4 million contributed by the Company to social development programs in the Kyrgyz Republic. There were no other operating expenses reported in the comparative quarter of 2011.

Exploration expenditures for the first quarter of 2012 increased to \$7.8 million from \$7.4 million in the same quarter of 2011.

Cash provided by operations was \$10.2 million for the first quarter of 2012 compared to \$143.1 million for the prior year first quarter, primarily reflecting decreased earnings as a result of lower production and sales volumes and higher operating costs.

Capital expenditures spent and accrued in the first quarter of 2012 amounted to \$128.9 million which included \$6.1 million of sustaining capital and \$122.8 million invested in growth capital. Growth capital at Kumtor totaled \$119.5 million including spending on the purchase of new CAT 789 haul trucks (\$72.0 million), pre-stripping capitalization (\$30.2 million), underground development (\$9.9 million), the purchase of larger Sandvik drills (\$5.1 million), Stockwork Zone delineation drilling (\$1.2 million) and numerous other projects (\$1.1 million). At Boroo, \$3.3 million was spent on the pre-stripping of Pit 6 and \$0.4 million on equipment overhauls. Capital expenditures in the comparative quarter of 2011 totaled \$72.1 million, consisting of \$6.8 million of sustaining capital and \$65.3 million of growth capital.

Centerra’s cash and cash equivalents and short-term investments at the end of March 2012 decreased to \$445.7 million, compared to cash and short-term investments of \$568.2 million at December 31, 2011. At March 31, 2012, the Company had no debt outstanding and had an undrawn revolving credit facility of \$150 million. Centerra believes, based on its current forecast, that it has sufficient cash and investments to carry out its business plan in 2012 (see “Outlook for 2012”).

Operations Update

	Three Months Ended March 31			
	2012	2011	Change	% Change
Kumtor Operating Results				
Gold sold – ounces	62,196	166,145	(103,949)	(63%)
Revenue - \$ millions	107.7	229.9	(122.2)	(53%)
Average realized gold price – \$/oz	1,732	1,384	348	25%
Cost of sales - \$ millions ⁽¹⁾	68.5	48.3	20.2	42%
Cost of sales - \$/oz sold ⁽¹⁾	1,101	291	810	278%
Abnormal mining costs - \$ millions	19.2	-	19	100%
Tonnes mined - 000s	30,746	36,508	(5,762)	(16%)
Tonnes ore mined – 000s	63	588	(525)	(89%)
Average mining grade - g/t ⁽²⁾	1.33	7.14	(6)	(81%)
Tonnes milled - 000s	1,252	1,391	(139)	(10%)
Average mill head grade - g/t ⁽²⁾	1.98	4.12	(2.14)	(52%)
Recovery - %	72.6	82.6	(10.0)	(12%)
Gold produced – ounces	60,707	164,167	(103,460)	(63%)
Total cash cost - \$/oz produced ⁽³⁾	1,001	342	659	193%
Total production cost - \$/oz produced ⁽³⁾	1,202	434	768	177%
Capital expenditures - \$ millions	125.0	71.9	53.1	74%
Boroo Operating Results				
Gold sold – ounces	15,524	14,484	1,040	7%
Revenue - \$ millions	26.0	20.3	5.8	28%
Average realized gold price - \$/oz	1,676	1,399	277	20%
Cost of sales - \$ millions ⁽¹⁾	16.3	13.5	2.8	21%
Cost of sales - \$/oz sold ⁽¹⁾	1,050	933	116.7	13%
Total Tonnes mined - 000s	1,920	-	1,920	100%
Average mining grade - g/t ⁽²⁾	-	-	0.00	-
Tonnes ore mined direct mill feed -000's	-	-	0	-
Tonnes ore milled - 000s	587	596	(9)	(2%)
Average mill head grade - g/t ⁽²⁾	0.77	1.35	(0.58)	(43%)
Recovery - %	79.2	61.3	17.9	29%
Gold produced – ounces	11,848	16,549	(4,701)	(28%)
Total cash cost - \$/oz produced ⁽³⁾	905	643	262	41%
Total production cost - \$/oz produced ⁽³⁾	1,059	805	254.2	32%
Capital expenditures - \$ millions (Boroo)	3.7	0.0	3.7	100%
Capital expenditures - \$ millions (Gatsuurt)	0.1	0.1	(0.03)	(21%)

(1) Cost of sales includes depreciation, depletion and amortization related to operations.

(2) g/t means grams of gold per tonne.

(3) Total cash cost and total production cost are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

Kumtor

At the Kumtor mine in the Kyrgyz Republic, gold production in the first quarter of 2012 was 60,707 ounces of gold compared to 164,167 ounces of gold in the comparative quarter of 2011. Sequencing of ore in 2011 allowed for consistent quarterly production, as well as, excess in-process gold inventory was drawn down and higher than expected gold grades were processed in the quarter which contributed to the production. In 2012, the gold production was expected to be weighted to the fourth quarter. Therefore, as expected, the first quarter of 2012 ounces were significantly reduced from the first quarter in 2011 (approximately 72,000 ounces compared to actual 2011 first quarter production of 164,167 ounces). The reduction from planned production of 72,000 ounces resulted from lower ore mill head grades and recoveries, as the mill processed stockpiled material with lower grades compared to the higher grade material from cut-back 12B that was planned to be available during the quarter.

Mill head grades for the first quarter of 2012 were 1.98 g/t with a recovery of 72.6%, versus 4.12 g/t and a recovery of 82.6% for the same quarter in 2011. The mill processed 1.3 million tonnes in the first quarter of 2012, 10% lower than the same period in 2011 as a result of lower mill operating time due to the temporary suspension of operations resulting from a ten day illegal work stoppage. During the quarter, Kumtor recorded \$4.6 million of mine standby costs as a result of the work stoppage.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, was \$1,001 in the first quarter of 2012 up from \$342 in the first quarter of 2011, primarily as a result of 63% lower gold production which increased cash costs by \$587 per ounce and the increase in operating costs which increased cash costs by \$72 per ounce. The quarter-over-quarter increase in unit cash costs was primarily due to the processing of higher cost ounces during the first quarter of 2012 due to the increasing depreciation costs from the augmented fleet and the higher unit costs associated with the increased removal of ice and waste in the first quarter of 2012. With very low amounts of ore being mined in the first quarter of 2012, the cost of ice and waste removal added a significant amount of abnormal costs to the existing inventory leading to an inventory impairment of \$18.7 million of related costs which were charged directly to costs of sales. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Kumtor recorded an amount of \$19.2 million of abnormal mining costs in the first quarter of 2012. The unanticipated acceleration of ice and waste, in addition to the work stoppage in February, resulted in the loss of access in the southeast part of the pit and a delay in accessing the ore planned for the first quarter of 2012. The resulting unplanned removal of the new ice and waste material compounded by the low amount of ore being mined in the first quarter of 2012 added a significant amount of costs to the existing inventory leading to a charge of \$18.7 million of abnormal mining costs expensed in the quarter.

In addition as a result of the decision announced on March 27, 2012 to address the acceleration of ice and waste material in the high movement area above the SB Zone, access to the ore in this section of the pit was delayed and the mine plan for the year was revised. The area of ice and waste which needs to be removed is primarily outside of the current pit limits and will require significant effort and cost over the balance of 2012 and part of 2013 to provide access to mine the southeast

section of the pit. The cost of removal of this ice and waste from the high movement area from the date of the announcement to the end of the first quarter of 2012 was \$0.5 million.

Exploration expenditures totaled \$2.2 million for the first quarter of 2012, compared to \$4.1 million reported in the first quarter 2011.

Capital expenditures in the first quarter of 2012 totalled \$125 million compared to \$71.9 million in the prior year. Current year expenditures consisted of \$5.5 million of sustaining capital, predominantly spent on the major overhaul program for heavy duty equipment (\$3.4 million), the dewatering program (\$1.1 million), the crusher plant replacement (\$0.4 million) and numerous other projects (\$0.6 million). Growth capital investment totaled \$119.5 million which was spent to purchase new CAT 789 haul trucks (\$72.0 million), pre-stripping capitalization (\$30.2 million), the underground development (\$9.9 million), purchase of larger Sandvik drills (\$5.1 million), Stockwork Zone delineation drilling (\$1.2 million) and numerous other projects (\$1.1 million).

The underground development at Kumtor continued in the first quarter of 2012 with a total advance of 474 metres. Decline #1 (SB Zone decline) advanced 223 metres while Decline #2 advanced 251 metres in the first quarter towards the SB Zone. The underground development project is on track to achieve the connection of Decline #1 with Decline #2 early in the third quarter of 2012. Exploration drilling continued in the first quarter of 2012 along with the delineation drilling of the Stockwork Zone resource which will continue through 2012.

Boroo/Gatsuurt

At the Boroo mine in Mongolia, gold production was 11,848 ounces in the first quarter of 2012 compared to 16,549 ounces in the first quarter of 2011 due to processing lower grade stockpiled material. The ore grades averaged 0.77 g/t with a recovery of 79.2% in the first quarter of 2012, compared to 1.35 g/t with a recovery of 61.3% in the same quarter of 2011. The heap leach operation at Boroo remained idle during the first quarter 2012, pending issuance of the final permitting by the Mongolian government authorities.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, increased to \$905 in the first quarter of 2012 from \$643 in the first quarter of 2011 due to the lower gold production, which increased unit cash costs by approximately \$259 per ounce. Operating cash costs at Boroo increased in the first quarter of 2012 by \$2.9 million before the capitalization of \$2.7 million for pre-stripping activities (net increase of \$0.2 million) compared to the same quarter of 2011. Mining costs increased as a result of the resumption of Pit 6 mining operations from January 1, 2012 and milling costs were up \$0.3 million due to higher electricity costs. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

During the first quarter of 2012, exploration expenditures in Mongolia increased to \$2.1 million from \$0.8 million in the same period of 2011, primarily due to cost incurred for the Altan Tsagaan Ovoo (ATO) project which amounted to \$1.4 million.

Capital expenditures at Boroo in the first quarter of 2012 increased to \$3.7 million compared to \$14,000 in the same period of 2011. This is mainly due to capitalizing \$3.3 million of Pit 6 pre-strip during the first quarter of 2012 (including the non-cash component), in addition to higher equipment component change-outs and replacement of a courier bus. No capital expenditures were incurred at Gatsuurt.

The Gatsuurt project remained under care and maintenance in the first quarter of 2012 due to delays in permitting. Further development of the project is subject to receiving all required approvals and regulatory commissioning from the Mongolian Government.

Exploration Update

To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link: <http://media3.marketwire.com/docs/CG2012Q1ExplorationAll.pdf> or visit the Company's web site at: www.centerragold.com.

Kyrgyz Republic

During the first quarter of 2012, exploration drilling programs continued in the Kumtor Central Pit and Sarytor areas and delineation drilling and exploration drilling from Declines 1 and 2. Regional exploration work resumed on the Koendy license.

For the discussion on the quality assurance program, please see “Qualified Person & QA/QC” elsewhere in this news release.

Kumtor Pit

In the Central Pit, six holes were completed during the quarter with two drill holes in progress at the end of the quarter. Drilling in the first quarter focused on testing for continuity and extensions within and below the KS12 pit design and to trace the extension of mineralization at lower elevations in the Saddle and SB Zones.

Five holes were drilled to test the SB Zone at or below the KS 12 pit design. All five holes intersected broad zones of mineralization at or below the KS12 pit design, and the results will have a positive impact on future resource estimates. Better results include:

- D1592 3.3 g/t gold over 46.9 metres and 2.4 g/t gold over 10.1 metres
- D1602 4.4 g/t gold over 38.4 metres and 9.3 g/t gold over 3.6 metres
- D1603 6.5 g/t gold over 41.4 metres (including 17.8 g/t gold over 11.3 metres)
- D1608 6.9 g/t gold over 39.9 metres (including 16.9 g/t over 4.3m and 13.6 g/t gold over 4.5 metres)
- D1609 2.6 g/t gold over 40.3 metres , 2.4 g/t gold over 11.7 metres and 1.4 g/t gold over 17.9 metres

D1587A was drilled on Section 86 to test the down dip extension of the Saddle Zone mineralization at 3,250 metre elevation. Results include 3.5 g/t gold over 30.1 metres, 1.8 g/t gold over 3.4 metres and 1.0 g/t gold over 9.6 metres.

Drilling will continue in the second quarter to test the SB Zone within and below the KS 12 pit design.

True widths for the mineralized zones are typically from 70% to 95% of the stated intercept.

Decline Exploration

Four holes were drilled from Decline 1 and a single exploration hole was completed in Decline 2. Three of four holes drilled from Decline 1 were abandoned short of their target due to bad ground conditions, and the fourth hole was lost during the February work stoppage. Results included:

UD1601A 1.8 g/t gold over 5.0 metres

Exploration drilling will continue from both declines.

Resource Delineation Drilling

In the first quarter, five drill holes were completed on Sections 130, 138 and 142 as a part of the Stockwork Zone infill resource delineation program which began in 2011. Three drill holes are in progress and two were stopped due to technical reasons. Three of five infill holes in the Stockwork Zone returned high-grade intercepts within the limits of the inferred resource and a sixth hole constrained the limits of the Stockwork Zone at depth. Results include:

UD1595 10.0 g/t gold over 24.5 metres (including 26.4 g/t gold over 7.3 metres)
UD1598 7.8 g/t gold over 35.5 metres (including 17.9 g/t gold over 11.8 metres)
UD1600 5.3 g/t gold over 6.7 metres and 4.6 g/t gold over 11.0 metres
UD1605 5.5 g/t gold over 2.0 metres, 4.4 g/t over 2.0 m, and 2.8 g/t over 10.4 metres
UD1610 6.9 g/t gold over 7.0 metres and 13.5 g/t gold over 3.5 metres (in progress)

The resource infill drilling will continue in the second quarter of 2012.

True widths for the mineralized zones are typically from 40% to 95% of the stated intercept.

Sarytor Area

Drilling was started late in the quarter in the Sarytor area. A single hole was completed to test for zones of higher gold grades beyond planned pit limits. The drill hole returned substantially higher gold grades than the average resource grade at Sarytor, and the result may indicate improving grades at depth with hole SR-12-202 returning an intercept of 7.1 g/t gold over 28.3 metres.

Drilling will continue at Sarytor in the second quarter of 2012.

Regional Exploration

Exploration resumed on the Koendy license in anticipation of a planned trenching program in the second quarter of 2012.

A complete listing of the drill results and supporting maps for the Kumtor pit, Sarytor area and the underground have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site at: www.centerragold.com.

Mongolia

ATO Project

The Mongolian Reserve and Resource Report containing updated block model, metallurgical tests, and environmental and social study sections was compiled and submitted to the Mineral Resource Authority of Mongolia (MRAM). MRAM, in turn, selected and appointed official reviewers of the report. The review is in progress.

Russia

Kara Beldyr Joint Venture

During the first quarter of 2012, 14 diamond drill holes were completed at the Ezen and Baran Zones on the Kara Beldyr project. Drilling at the Ezen Zone tested almost 1,000 metres of the trend on 200-metre sections and at 50-metre spacing on the northeast end of the prospect. The following are the most significant intersections in the Ezen Zone in the first quarter of 2012:

KB-126:	44.9 g/t gold over 1.0 metre
KB-128:	2.6 g/t gold over 4.2 metres
KB-129:	15.2 g/t gold over 1.2 metres

Drilling also continued in the Baran Zone where five holes were completed during the quarter. Assay results received for one hole, KB-132, returned values of 2.2 g/t gold over 10.8 metres.

A complete listing of the drill results and supporting maps for the Kara Beldyr project have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and are available at the Company's web site at: www.centerragold.com.

Turkey

Stratex JV - Öksüt Project

Drilling with two drill rigs will resume at Ortaçam North in the second quarter of 2012. The drilling program will be complemented with an initial metallurgical program and environmental baseline study.

To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link: <http://media3.marketwire.com/docs/CG2012Q1ExplorationAll.pdf> or visit the Company's web site at: www.centerragold.com.

Other Corporate Developments

The following is a summary of corporate developments since the Company's annual MD&A filed on February 23, 2012 with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic, Mongolia and Canada. Except as expressed below, no material changes have occurred with respect to the matters discussed in the "Other Corporate Development" section of the Company's annual MD&A published on February 23, 2012.

In particular, the following corporate matters remain outstanding:

- Heap Leach Permit: receipt of a permanent permit for the Boroo heap leach operation;
- Gatsuurt and the Impact of the Mongolian Water and Forest Law: the receipt of regulatory commissioning of the Gatsuurt development property, and determination of the impact of the Mongolian *Law to Prohibit Mineral Exploration and Mining Operations at River Headwaters, Protected Zones of Water Reservoirs and Forested Areas* (the "Water and Forest Law") on the Company's Mongolian operations. Centerra is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Water and Forest Law having a limited impact on the Company's Mongolian activities. There can be no assurance, however, that this will be the case. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo. As at March 31, 2012, the Company had net assets recorded amounting to approximately \$36 million related to the investment in Gatsuurt and approximately \$25 million remaining capitalized for the Boroo mill facility and other surface structures which are expected to be utilized for the processing of ore from Gatsuurt. Although the Company expects to mine the Gatsuurt deposit, should this not be the case, the Company would be required to write-off these amounts. A revocation of the Company's mineral licenses, including the Gatsuurt mineral license, or the reclassification of mineral reserves or the write-off of assets could have an adverse impact on the market price of Centerra's shares, Centerra's future cash flows, earnings, results of operations or financial condition;
- Impact of the Graduated Royalty Fee on Boroo: the possibility that the graduated royalty fee introduced by the Mongolian Parliament in November 2010 may apply to the Boroo project, despite the existence of a stability agreement which provides legislative stabilization for the property. The Company believes that the Boroo Stability Agreement provides, among other things, fiscal stabilization for its Boroo operations and accordingly the graduated royalty fee is not applicable to Boroo's remaining operations. Despite this, the Company cannot provide any assurances that Boroo will not be made subject to the graduated royalty fee. If the graduated royalty fee does apply to Boroo, it may have an adverse impact on the market price of Centerra's shares, Centerra's future cash flows, earnings, results of operations or financial condition;

- Enforcement Notice by Sistem: the impact on Centerra of an enforcement notice filed in an Ontario court by Sistem Muhenkislik Insaat Sanayi Ticaret (“Sistem”) in March 2011 to seize shares and dividend in Centerra held by Kyrgyzaltyn JSC in satisfaction of an international arbitral award against the Kyrgyz Republic in favour of Sistem in the amount of \$11 million with additional interest.

For a discussion relating these corporate matters affecting the Company and its operations, please see the Company’s annual MD&A and the Company’s most recently filed Annual Information Form dated March 15, 2012.

Kyrgyz Republic

On April 23, 2012, KGC signed an agreement with the Kyrgyz Government to fund \$21 million into a national micro-credit financing program. This funding is part of an existing government program whose objective is to provide financing for small sustainable development projects throughout the Kyrgyz Republic. On signing of this agreement, the \$21 million was transferred by KGC to the Government’s micro credit agency. This funding is in support of the Company’s commitment to invest in sustainable development projects in the communities where it works.

Mongolia

Regulatory Matters

In January 2012, Centerra’s wholly owned subsidiary, Boroo Gold LLC, which owns the Boroo project, resolved the previously disclosed very significant claim for compensation that it received from the Mongolian General Department of Specialized Inspection (“SSIA”) in October 2009 following the June 2009 inspection at the Boroo project. The claim related to certain mineral reserves, including state alluvial reserves, covered by the Boroo project licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Pursuant to the resolution, Boroo Gold LLC paid approximately \$2.6 million. While this claim has been resolved, other regulatory issues remain outstanding in Mongolia, including the issuance of a final heap leach permit.

Corporate

Board and Management Changes

On March 14, 2012, Centerra announced changes to its board of directors (the “Board”) and management scheduled to take effect immediately following the annual general shareholders meeting scheduled for May 17, 2012. Mr. Patrick James will retire as a director and Chair of the Board and Mr. Ian Austin will retire as a director. Mr. James and Mr. Austin have been on Centerra’s Board since 2004. Mr. Stephen Lang, Centerra’s current President and CEO is expected

to replace Mr. James as Chair of the Board effective as of May 17, 2012. Mr. Lang has been with Centerra since December, 2007, was named President and CEO in June, 2008, and has been a member of the Board since that time. He has decided to retire from his current role concurrently with assuming the position of the Chair. As Mr. Lang will not be considered as an independent director for a three year period due to his historical role with Centerra, the Board will name an independent lead director.

In accordance with the succession plan previously established by the Board, Mr. Ian Atkinson (currently Centerra's Senior Vice President, Global Exploration) has been promoted to the position of President and CEO and Mr. David Groves has been promoted to the position of Vice President, Global Exploration, both of which are expected to be effective immediately following the annual general shareholders meeting.

The Board is currently recruiting a replacement for Mr. Austin who is expected to serve as the chair of the Board's audit committee. The Board expects to appoint such individual after the annual general shareholders meeting. The Board also expects that Mr. Atkinson will join the Board prior to the next annual general meeting of shareholders.

See "Risk Factors" in the Company's most recently filed AIF, available on SEDAR at www.sedar.com and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

Outlook for 2012

Production

Centerra's 2012 consolidated gold production is forecast to be 450,000 to 470,000 ounces, which reflects lower production guidance for the Kumtor mine as disclosed in the Company's news release of March 27, 2012.

The Kumtor mine is expected to produce 390,000 to 410,000 ounces in 2012. Production at Kumtor is dependent on successfully maintaining the mining rates of the waste and ice in the southeast section of the pit to gain access to the higher grade ore in the SB Zone. A substantial acceleration of ice and waste movement in the first quarter, which was exacerbated by the 10 day labour disruption which occurred in early February 2012, required that cutback 14A be delayed to allow for the unloading of such ice and waste in the southeast section of the pit. This is expected to delay the ore release from the cutback from late 2012 to late 2013, resulting in the deferral into 2013-2014 of production from the high-grade SB Zone otherwise expected in 2012. The Company is planning to focus on removal of ice in the high movement area by allocating more of the existing mining capacity to ice and waste unload activities.

The Company expects to partially mitigate the impact of the ice movement and the resulting delay in cutback 14A on 2012 production by accelerating mining in the southwest portion of the Kumtor pit to access part of the new reserves (reported in its February 9, 2012 reserve and resource update) in September 2012 to provide higher grade ore for the Kumtor mill.

The Kumtor mill is expected to process stockpiled ore to the end of July 2012. There will be no milling activities in August until higher grade ore from the southwest portion of the SB Zone is accessed in September at which time the mill will process this high grade ore for the balance of the year. The planned downtime of the mill in August will be used to carry out the scheduled mill maintenance.

Kumtor's collective bargaining agreement expires at the end of 2012. A work stoppage at any time during the year would have a significant impact on Kumtor achieving its revised forecast production. Additionally, achieving the revised production is dependent on the delivery of new mining equipment on schedule and the Company satisfactorily managing the ice movement and unloading the ice and waste in the southeast portion of the pit.

At the Boroo mine, gold production is forecast to be approximately 60,000 ounces, which is unchanged from the previous guidance provided in the news release of January 17, 2012. Boroo resumed mining of Pit 6 from January 2012 and is forecast to expose ore by the end of the second quarter. The mining of Pit 6 ore is expected to be completed in the third quarter. During the first quarter the Boroo mill was processing mostly higher grade heap leach ore stockpiles and is expected to continue processing this material during the second quarter of 2012. During the third and fourth quarters, the Boroo mill is expected to process a mixture of higher grade Pit 6 ore and stockpiled heap leach material with grades between 0.67 – 0.76 g/t. The remaining ore from Pit 6 is refractory and recoveries are expected to be approximately 53%.

The 2012 forecast also assumes no production from the heap leach facility or the Gatsuurt project due to uncertainties with permitting. Receipt of the final heap leach operating permit would add approximately 2,000 ounces of gold a month. The Company does not expect the Mongolian Government to make any revisions to the Water and Forest Law prior to its elections in June 2012. At Gatsuurt, the project is ready to begin mining the oxide ore upon receipt of the final approvals and regulatory commissioning. See also "Other Corporate Developments" and other material assumptions set out below.

Total cash cost per ounce produced

The Company is revising its 2012 outlook for consolidated total cash cost per ounce produced to \$590 to \$615 from its prior outlook of \$465 to \$500 to reflect lower gold production at the Kumtor mine.

Total cash cost for 2012 for Kumtor is expected to be between \$550 to \$585 per ounce produced compared to the prior guidance of \$430 to \$465 per ounce produced disclosed in the January 17, 2012 news release reflecting lower gold production and lower cash costs due to the 10 day labour strike and removal of mining costs related to ice and waste unloading activities from the cash cost calculation. The mining costs related to the ice unloading activities will be recognized as a direct charge to earnings as abnormal expense.

Boroo's total cash cost is expected to be approximately \$810 per ounce produced, which is unchanged from the previous guidance disclosed in the news release of January 17, 2012.

Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Centerra’s Production and Unit Cost –2012 Forecast as follows:

	Production <i>Ounces of gold</i>	Total Cash Cost ⁽¹⁾ <i>\$ per ounce produced</i>
Kumtor	390,000 – 410,000	550 – 585
Boroo	approximately 60,000	Approximately 810
Total Consolidated	450,000 – 470,000	580 – 615

(1) Total cash cost per ounce produced is a non-GAAP measure. See “Non-GAAP Measures”.

Kumtor – Forecast Production & Select Financial Information (2012 – 2014)

The announcement on March 27, 2012 to delay the scheduled access to the high-grade SB Zone at Kumtor as a result of the increased ice movement in the southeast section of the pit has necessitated the revising of the mine plan thereby affecting the production outlook for the current year and into 2013 and 2014.

The following table outlines the production estimate for the Kumtor operation for the three years from 2012 to 2014, highlighting the estimated tonnage to be moved for pre-stripping and abnormal removal of ice from the unload zones, and presents select financial information including unit cost for gold in the revised Kumtor plan. While the Company’s 2012 gold production forecast for Kumtor is 390,000 to 410,000 ounces, for the purposes of the following table the mid-point of the range was used. The information provided in this table are estimates only and are subject to the material assumptions and risks set out below, under the heading “Cautionary Note Regarding Forward-looking Information” and set out in the Company’s Annual Information Form dated March 15, 2012 and the annual Management’s Discussion and Analysis dated February 23, 2012.

Kumtor Operation		Actual	Estimates					2013 Year	2014 Year
			Q1 2012	Forecast			2012 Year		
				Q2 2012	Q3 2012	Q4 2012			
Production									
Mine Tonnage (Ore + Waste):									
Operating	tx1000	16,559	5,179	14,277	23,967	59,982	63,622	104,436	
Pre Strip Capital	tx1000	13,924	36,642	22,930	5,834	79,330	92,379	83,539	
Ice/Waste Unloading	tx1000	263	2,373	6,943	13,759	23,338	25,741	-	
Total Mining	tx1000	30,746	44,194	44,150	43,560	162,650	181,742	187,975	
Milling	tx1000	1,252	1,456	669	1,526	4,903	5,970	5,970	
Gold Produced	ozx1000	61	36	32	271	400	650	810	
Unit Costs									
Total cash costs per ounce produced (1)	\$	1,001	1,200	1,650	250	560	335	330	
Total cash costs per ounce produced, including capitalized pre-strip and ice/waste unloading (1)	\$	1,370	2,575	2,900	350	900	560	460	
Select Financial Information (cash + non-cash)		\$ millions							
Abnormal mining costs									
- Ice & waste unload		1	4	11	24	40			
- charges to inventory in excess of realizable value		19	7	7	-	33			
Mine standby costs		5	-	2	-	7			
DD&A (cost of sales)		17	14	16	80	128			
Capital									
- Sustaining		6	14	10	3	32			
- Growth:									
- Capital pre-strip		30	64	42	12	147			
- Mining equipment etc.		89	41	30	31	191			
		119	105	71	43	338			
Total Capitalized		125	118	81	46	370			
(1) the above does not reflect the impact of the adoption of IFRIC 20, effective January 1, 2013, which could result in an increase in the capitalization of pre-strip and lower the cash cost per ounce produced									

Under the revised mine plan at Kumtor, approximately 50 million tonnes (24 million tonnes in 2012 and 26 million tonnes in 2013) of ice and waste have been added to the life-of-mine plan and will need to be removed from the high movement unload areas to provide access to the ore in the high-grade SB Zone. With the re-sequencing of the mining plan, production for the next three years is expected to progressively increase from roughly 400,000 ounces estimated in 2012 to roughly 810,000 ounces in 2014, while total cash costs per ounce produced is expected to decrease from an estimated \$560 in 2012 to \$330 in 2014.

At Kumtor, the expense of abnormal mining costs for the ice and waste removal in the unload zones is expected to be approximately \$40 million in 2012 and approximately \$45 million in 2013. It is estimated that \$147 million of pre-stripping costs will be capitalized in 2012 (see footnote in the table above for further details). Although approximately 50 million tonnes of additional ice and waste material was added to the life-of-mine plan, the new three-year mining plan has approximately the same number of tonnes being mined as outlined in the 2011 Kumtor technical report and approximately the same number of ounces of gold is expected to be produced over the 2012 – 2014 period.

2012 Exploration Expenditures

Exploration expenditures of \$45 million are planned for 2012, which is unchanged from the previous guidance in the January 17, 2012 news release. The 2012 program includes an aggressive program of surface and underground drilling at the Kumtor mine site and exploration on regional licenses in the greater Kumtor district. Planned expenditures are expected to be about \$15 million. In Mongolia, planned exploration expenditures have increased to \$9 million to fund exploration and advanced project studies on the ATO project and to advance exploration on other projects along the Onon Trend in eastern Mongolia.

Drilling programs will continue on the Kara Beldyr and Dvoynoy projects in Russia, and expenditures for the two projects are expected to be approximately \$6 million. Drilling programs will also continue in Turkey on the Company's joint venture projects with expenditures expected to be approximately \$6 million. Exploration of the Laogouxi project in China is expected to commence as soon as the exploration license is renewed by regulatory authorities. In addition, generative programs will continue in Central Asia, Russia, China, and Turkey to increase the pipeline of projects that the Company is developing to meet the longer term growth targets of Centerra.

2012 Capital Expenditures

The capital expenditures for 2012 are estimated to be \$384 million, including \$36 million of sustaining capital and \$348 million of growth capital, which in total is \$5 million lower than the prior guidance provided in the January 17, 2012 news release.

Capital expenditures include:

Projects	2012 Growth Capital (\$ millions)	2012 Sustaining Capital (\$ millions)
Kumtor mine	\$338	\$32
Mongolia	\$10	\$3
Corporate	-	\$1
Consolidated Total	\$348	\$36

Kumtor

At Kumtor, 2012 total capital expenditures are forecast to be \$370 million including \$32 million of sustaining capital. The largest sustaining capital spending will be the major overhaul maintenance of the heavy duty mine equipment (\$11 million), expenditures for dewatering and infrastructure (\$9 million), effluent treatment plant relocation (\$5 million), tailings dam construction works (\$4 million) and for equipment replacement and other items (\$3 million).

Growth capital investment at Kumtor for 2012 is forecast at \$338 million, which includes pre-strip costs related to the development of the open pit (\$147 million), purchase of new mining equipment including 25 CAT 789 haul trucks, 4 drills and 4 Hitachi 3600 shovels (\$126 million), and other items (\$9 million). The growth capital investment includes \$56 million for the underground project to continue to develop the SB and Stockwork Zones, as well as for delineation drilling and capital purchases in 2012.

Boroo & Gatsuurt (Mongolia)

At Boroo, 2012 sustaining capital expenditures are expected to be about \$3 million primarily for component change-outs and mill maintenance. Growth capital is forecast at \$12 million, which includes capitalized pre-stripping costs of Pit 6 at Boroo (\$9 million).

No capital for the development of the deeper sulphide ores at Gatsuurt has been forecast and will only be invested following successful regulatory commissioning of the Gatsuurt oxide project. The engineering and construction of the bio-oxidation facility to be located at the Boroo mill, which is needed to treat Gatsuurt sulphide ores, will also be restarted only after the approval to begin mining at Gatsuurt has been received from the Government of Mongolia.

2012 Corporate Administration and Community Investment

Corporate and administration expenses for 2012 are forecast at \$41 million, which is unchanged from the prior guidance.

Total community investments for 2012 are forecast at \$28 million, which is an increase of \$2 million from the prior guidance reflecting additional projects supported by Centerra in the communities it operates in. This investment includes \$5 million for donations and sustainable development projects in the various communities Centerra operates in and \$23 million for strategic community investment projects, including the Company's funding in the second quarter of 2012 of \$21 million in the micro-credit financing program in the Kyrgyz Republic discussed in "Other Corporate Developments – Kyrgyz Republic". Note that these costs are not included in cash cost per ounce. Centerra has a history of investing in various community sustainable development and strategic investment projects in the countries and communities where it operates. For example in 2010, Boroo invested \$6.4 million towards the construction of a new maternity hospital in Ulaanbaatar and in 2011 Kumtor contributed \$10 million for the construction and repair of 27 schools throughout the Kyrgyz Republic.

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 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 Company, is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$2.3 million at the March 31, 2012 end-of-day foreign exchange rate) with a tax rate of 10% for taxable income up to that amount. These tax rates will continue to apply until the termination of the Boroo Stability Agreement in July 2013, after which Boroo's operations will be subject to prevailing taxes and royalty fees.

Production, cost and capital forecasts for 2012 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 "Caution

Regarding Forward-Looking Information” and under the heading “Risk Factors” in the Company’s most recently filed Annual Information Form (“AIF”).

Sensitivities

Centerra’s revenues, earnings and cash flows for the last nine months of 2012 are sensitive to changes in certain variables and the Company has estimated their impact on revenues, net earnings and cash flow from operations.

	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flow	Earnings before Income tax
Gold Price	\$50/oz	3.2	19.8	16.6	16.6
Diesel Fuel ⁽¹⁾	10%	7.5	-	7.5	7.5
Kyrgyz som	1 som per USD	1.6	-	1.6	1.6
Mongolian tugrik	25 tugrik per USD	0.5	-	0.5	0.5
Canadian dollar	10 cents per USD	2.5	-	2.5	2.5

⁽¹⁾ a 10% change in diesel fuel price equals \$19/oz produced

Material Assumptions & Risks

Material assumptions or factors used to forecast production and costs for the second to fourth quarters of 2012 include the following:

- a gold price of \$1,650 per ounce,
- exchange rates:
 - \$1USD:\$1.01 CAD
 - \$1USD:46 Kyrgyz som
 - \$1USD:1,235 Mongolian tugriks
 - \$1USD:0.74 Euro
- diesel fuel price assumption:
 - \$0.79/litre at Kumtor
 - \$1.15/litre at Boroo

The assumed diesel price of \$0.79/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic.

Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. The diesel fuel price assumptions were made when the price of oil was approximately \$102 per barrel.

Other important assumptions include the following:

- any recurrence of political and civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,

- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the pit,
- no labour related disruptions occur at any of the Company's operations,
- 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,
- certain issues at Boroo raised by the General Department of Specialized Inspection ("SSIA") concerning the production and sale of gold from the Boroo heap leach facility and other outstanding matters will be resolved through negotiation without material adverse impact on the Company, see "Other Corporate Developments",
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licenses and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, and results of operations or cash flows. See the sections entitled "Risk Factors" in the Company's most recently filed AIF, available on SEDAR at www.sedar.com and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

Non-GAAP Measures

This news release presents information about total cash cost of production of an ounce of gold and total production cost per ounce of gold for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce produced is calculated by dividing total cash costs by gold ounces produced for the relevant period. Total production cost per ounce produced includes total cash cost plus depreciation, depletion and amortization divided by gold ounces produced for the relevant period. Total cash cost and total production cost per ounce produced, as well as cost of sales per ounce sold, are non-GAAP measures.

Total cash costs include mine operating costs such as mining, processing, administration, royalties and production taxes (except at Kumtor where revenue-based taxes and production taxes are excluded), but exclude amortization, reclamation costs, financing costs, capital development and exploration. Certain amounts of stock-based compensation have been excluded as well. Total production costs includes total cash cost plus depreciation, depletion and amortization. Total cash cost per ounce produced and total production cost per ounce produced have been included because certain investors use this information to assess performance and also to determine the ability of Centerra to generate cash flow for use in investing and other activities. The inclusion of total cash cost per ounce produced and total production cost per ounce produced may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

**TOTAL CASH COST & TOTAL PRODUCTION COST
RECONCILIATION (unaudited)**

(\$ millions, unless otherwise specified)

Centerra:

	Three months ended March 31,	
	2012	2011
Cost of sales, as reported	\$ 84.8	\$ 61.8
Less: Non-cash component	20.3	14.8
Cost of sales - Cash component	\$ 64.5	\$ 47.0
Adjust for: Refining fees & by-product credits	(0.2)	(0.9)
Regional Office administration	4.8	4.8
Mine standby costs	4.6	-
Non-operating costs	-	-
Inventory movement	(2.3)	16.0
Total cash cost - 100%	\$ 71.4	\$ 66.9
Depreciation, Depletion, Amortization and Accretion	20.4	14.8
Inventory movement - non-cash	(6.3)	2.9
Total production cost - 100%	\$ 85.5	\$ 84.6
Ounces poured - 100% (000)	72.6	180.7
Total cash cost per ounce	\$ 985	\$ 370
Total production cost per ounce	\$ 1,179	\$ 468

Kumtor:

Cost of sales, as reported	\$ 68.5	\$ 48.3
Less: Non-cash component	17.7	11.7
Cost of sales - Cash component	\$ 50.8	\$ 36.6
Adjust for: Refining fees & by-product credits	(0.2)	(0.9)
Regional Office administration	3.4	3.3
Mine standby costs	4.6	-
Non-operating costs	-	-
Inventory movement	2.2	17.2
Total cash cost - 100%	\$ 60.7	\$ 56.2
Depreciation, Depletion, Amortization and Accretion	\$ 17.8	\$ 11.7
Inventory movement - non-cash	\$ (5.5)	\$ 3.4
Total production cost - 100%	\$ 73.0	\$ 71.3
Ounces poured - 100% (000)	60.7	164.2
Total cash cost per ounce	\$ 1,001	\$ 342
Total production cost per ounce	\$ 1,202	\$ 434

Boroo:

Cost of sales (cash), as reported	\$ 16.3	\$ 13.5
Less: Non-cash component	2.6	3.1
Cost of sales - Cash component	\$ 13.7	\$ 10.4
Adjust for: Refining fees & by-product credits	-	-
Regional Office administration	1.4	1.5
Mine standby costs	-	-
Non-operating costs	-	-
Inventory movement	(4.4)	(1.2)
Total cash cost - 100%	\$ 10.7	\$ 10.7
Depreciation, Depletion, Amortization and Accretion	\$ 2.6	3.1
Inventory movement - non-cash	\$ (0.8)	(0.5)
Total production cost - 100%	\$ 12.5	\$ 13.3
Ounces poured - 100% (000)	11.8	16.5
Total cash cost per ounce	\$ 905	\$ 643
Total production cost per ounce	\$ 1,059	\$ 803

Centerra Gold Inc.
Condensed Consolidated Statement of Financial Position
(Unaudited)

March 31
2012

December 31
2011

(Expressed in Thousands of United States Dollars)

Assets

Current assets

Cash and cash equivalents	\$ 293,267	\$ 195,539
Short-term investments	152,469	372,667
Restricted cash	239	179
Amounts receivable	44,287	56,749
Inventories	253,082	279,944
Prepaid expenses	17,190	26,836
	<u>760,534</u>	<u>931,914</u>

Property, plant and equipment

695,004

590,151

Goodwill

129,705

129,705

Long-term receivables and other

35,147

24,674

Long-term inventories

12,174

12,174

872,030

756,704

Total assets

\$ 1,632,564

\$ 1,688,618

Liabilities and Shareholders' Equity

Current liabilities

Accounts payable and accrued liabilities	\$ 38,636	\$ 76,385
Revenue-based taxes	8,261	15,178
Taxes payable	2,750	1,074
Current portion of provision	3,665	1,848
	<u>53,312</u>	<u>94,485</u>

Provision

53,024

53,777

Deferred income tax liability

1,761

1,897

54,785

55,674

Shareholders' equity

Share capital	660,352	660,117
Contributed surplus	34,420	33,994
Retained earnings	829,695	844,348
	<u>1,524,467</u>	<u>1,538,459</u>

Total liabilities and shareholders' equity

\$ 1,632,564

\$ 1,688,618

Centerra Gold Inc.

Condensed Consolidated Statements of (Losses) Earnings and Comprehensive Income

(Unaudited)

Three months ended
 March 31 March 31
 2012 2011

(Expressed in Thousands of United States Dollars, except per share amounts)

Revenue from Gold Sales	\$ 133,753	\$ 250,179
Cost of sales	84,754	61,794
Abnormal mining costs	19,228	-
Mine standby costs	4,584	-
Regional office administration	4,797	4,766
Earnings from mine operations	20,390	183,619
Revenue based taxes	15,083	32,188
Other operating expenses	1,468	47
Exploration and business development	8,345	7,557
Corporate administration	8,546	7,768
(Losses) earnings from operations	(13,052)	136,059
Other (income) and expenses	(777)	(1,048)
Finance costs	916	390
(Losses) earnings before income taxes	(13,191)	136,717
Income tax expense	1,462	94
Net (losses) earnings and comprehensive (loss) income	\$ (14,653)	\$ 136,623
Basic and diluted (losses) earnings per common share	\$ (0.06)	\$ 0.58

Centerra Gold Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three months ended
March 31 **March 31**
2012 **2011**

(Expressed in Thousands of United States Dollars)

Operating activities

Net (losses) earnings	\$	(14,653)	\$	136,623
Items not requiring (providing) cash:				
Depreciation, depletion and amortization		22,788		14,956
Finance costs		916		390
Loss on disposal of plant and equipment		57		109
Stock - based compensation expense		513		324
Change in long-term inventory		-		183
Income tax expense		1,462		94
Other operating items		485		(29)
		<u>11,568</u>		152,650
Change in operating working capital		(1,409)		(8,437)
Income tax paid		76		(1,092)
Cash provided by operations		<u>10,235</u>		143,121

Investing activities

Additions to property, plant and equipment		(121,986)		(61,685)
Redemption (purchase) of short-term investments		220,198		(68,966)
Use of restricted cash		60		-
Increase in long-term other assets		(10,473)		(559)
Cash provided by (used in) investing		<u>87,799</u>		(131,210)

Financing activities

Payment of transaction costs related to borrowing		(454)		(127)
Proceeds from common shares issued for cash		148		171
Cash provided by (used in) financing		<u>(306)</u>		44

Increase in cash during the period		97,728		11,955
Cash and cash equivalents at beginning of the period		195,539		330,737
Cash and cash equivalents at end of the period	\$	293,267	\$	342,692

Cash and cash equivalents consist of:

Cash	\$	68,973	\$	45,074
Cash equivalents		224,294		297,618
	\$	293,267	\$	342,692

Centerra Gold Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

(Expressed in Thousands of United States Dollars, except share information)

	Number of Common Shares	Amount	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2011	235,869,397	\$ 655,178	\$ 33,827	\$ 572,792	\$ 1,261,797
Share-based compensation expense	-	-	324	-	324
Shares issued on exercise of stock options	34,498	269	(98)	-	171
Net earnings for the period	-	-	-	136,623	136,623
Balance at March 31, 2011	235,903,895	\$ 655,447	\$ 34,053	\$ 709,415	\$ 1,398,915
Balance at January 1, 2012	236,339,041	\$ 660,117	\$ 33,994	\$ 844,348	\$ 1,538,459
Share-based compensation expense	-	-	513	-	513
Shares issued on exercise of stock options	30,752	235	(87)	-	148
Net losses for the period	-	-	-	(14,653)	(14,653)
Balance at March 31, 2012	236,369,793	\$ 660,352	\$ 34,420	\$ 829,695	\$ 1,524,467

Qualified Person & QA/QC

The exploration information and related scientific and technical information in this news release 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 prepared, reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of David Groves, Certified Professional Geologist, Centerra’s Vice-President, Exploration, 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 are done consistent with industry standards and independent certified assay labs are used with the exception of the Kumtor project as described in its technical report.

The production information and related scientific and technical information in this news release, including the production estimates for Kumtor under the heading “Kumtor – Forecast Production & Select Financial Information (2012 – 2014)” 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 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.

The Kumtor deposit is described in Centerra’s most recently filed AIF and a technical report dated March 22, 2011 prepared in accordance with NI 43-101. The technical report has been filed on SEDAR at 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 are described in the technical report.

Cautionary Note Regarding Forward-looking Information

Information contained in this news release which is 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 statements made under the headings, “Outlook for 2012” and “Kumtor – Forecast Production & Select Financial Information (2012 – 2014)”, includes the Company’s expectations regarding future production, cash cost per ounce produced and expected milling plan; Centerra’s statements regarding future growth, results of operations, future production and sales, operating capital expenditures, and performance; expected trends in the gold market, including with respect to costs of gold production; capital and operational expenses; exploration plans and the success thereof; mining plans at each of the Company’s operations; the receipt of permitting and regulatory approvals at the Company’s Gatsurt development property; the impact of the Water and Forest Law on the Company’s Mongolian

activities; permitting of the Company's heap leach activities at the Boroo mine; anticipated delays and approvals and regulatory commissioning of the Company's Gatsuurt development property as a result of the Water and Forest Law; the Company's ability to successfully manage the ice and waste movement at Kumtor and to access reserves in the southwest portion of the Kumtor pit in September 2012; the Company's business and political environment and business prospects; and the timing and development of new deposits.

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. Material assumptions used to forecast production and costs include those described under the heading "Outlook for 2012" and "Kumtor – Forecast Production & Select Financial Information (2012 – 2014)". Factors that could cause actual results or events to differ materially from current expectations include, among other things: the sensitivity of the Company's business to the volatility of gold prices; the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia; 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 effect of the Water and Forest Law on the Company's operations in Mongolia; ground movements at the Kumtor project; waste and ice movement at the Kumtor project; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; competition for mineral acquisition opportunities; the adequacy of the Company's insurance to mitigate operational risks; the effect of the 2006 Mongolian Minerals Law on the Company's Mongolian operations; the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalties payable in connection with the Company's Mongolian operations; the impact of continued scrutiny from Mongolian regulatory authorities on the Company's Boroo project; the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations; 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; litigation; 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; environmental, health and safety risks; defects in title in connection with the Company's properties; the impact of restrictive covenants in the Company's revolving credit facility; the Company's ability to successfully negotiate an investment agreement for the Gatsuurt project to complete the development of the mine and the Company's ability to obtain all necessary permits and commissions needed to commence mining activity at the Gatsuurt project; 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; illegal mining on the Company's Mongolian properties; the Company's ability to enforce its legal rights; the Company's ability to accurately predict decommissioning and reclamation costs; 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 attract and retain qualified personnel; 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; risks

associated with the conduct of joint ventures; 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 most recently filed AIF available on SEDAR at www.sedar.com.

Furthermore, market price fluctuations in gold, as well as increased capital or production costs or reduced recovery rates may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. Economic and technological factors which may change over time always influence the evaluation of reserves or resources. Centerra has not adjusted mineral resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any mineral resource estimate will ultimately be reclassified as proven and probable reserves.

Reserve and resource figures are estimates and Centerra can provide no assurances that the indicated levels of gold will be produced or that Centerra will receive the gold price assumed in determining its reserves. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While Centerra believes that these reserve and resource estimates are well established and the best estimates of Centerra’s management, by their nature reserve and resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences which may ultimately prove unreliable.

Centerra has not adjusted resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any resource estimate will ultimately be reclassified as proven and probable reserves or incorporated into future production guidance. If Centerra’s reserve or resource estimates or production guidance for its gold properties are inaccurate or are reduced in the future, this could have an adverse impact on the market price of Centerra’s shares, Centerra’s future cash flows, earnings, results of operations and financial condition. Centerra estimates the future mine life of its operations and provides production guidance in respect of its mining operations. Centerra can give no assurance that mine life estimates will be achieved or that actual production will not differ materially from its guidance. Failure to achieve estimates or production guidance could have an adverse impact on the market price of Centerra’s shares, Centerra’s future cash flows, earnings, results of operations and financial condition.

Mineral resources are not mineral reserves, and do not have demonstrated economic viability, but do have reasonable prospects for economic extraction. Measured and indicated resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resource. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Interred resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources of any category can be upgraded to mineral reserves through continued exploration.

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 May 15, 2012. 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.

Additional information on Centerra is available on the Company's website at www.centerragold.com and at SEDAR at www.sedar.com.

Conference Call

Centerra invites you to join its 2012 first quarter conference call on Wednesday May 16, 2012 at 11:00 am Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 734-8507 or International participants dial 1(212)231-2909. Alternatively, an audio feed web cast will be available on www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight on Wednesday May 23, 2012 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21584997.

For more information:

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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.

To view the Management's Discussion and Analysis and the Financial Statements and Notes for the three months-ended March 31, 2012, please visit the following link:
<http://media3.marketwire.com/docs/CG2012Q1FSMDA.pdf>

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