centerra GOLD

NEWS RELEASE
Centerra Gold Reports 2012 Fourth Quarter and Year-end Results

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 24 and in our Cautionary Note Regarding Forward-looking Information on page 34. It should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2012 and the associated Management's Discussion and Analysis. The consolidated financial statements of Centerra are prepared in accordance with International Accounting Standard 34, 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, 2012.

All figures are in United States dollars.

To view the 2012 Management's Discussion and Analysis and the Audited Financial Statements and Notes for the year-ended December 31, 2012, please visit the following link:
http://media3.marketwire.com/docs/CG2012FSMDAQ4.pdf

Toronto, Canada, February 20, 2013: Centerra Gold Inc. (TSX: CG) today reported adjusted net earnings of $112.7 million or $0.48 per share in the fourth quarter of 2012 before recognizing a one-time accounting charge of $180.7 million for the de-recognition of the underground assets at Kumtor, which results in the Company recording a net loss of $68.0 million or $0.29 per share for the period. This compares to net earnings of $79.4 million or $0.34 per common share in the same quarter of 2011.

2012 Fourth Quarter Highlights

- Increased reserves at Kumtor by 58% with the new KS-13 life-of-mine plan.
- Replaced reserves, proven and probable gold reserves now total 11.1 million ounces of contained gold.
- Agreed to acquire the remaining 30% interest for 100% ownership of the Oksut gold project in Turkey, which subsequently closed in January 2013.
- Reported initial resource estimate on the Oksut gold project of indicated resources of 682,000 contained ounces and inferred resources of 477,000 ounces of contained gold.
- Started up the heap leach operation at the Boroo mine.
- Signed a new two year Collective Bargaining Agreement at the Kumtor mine. The new Agreement expires at the end of December 2014.
- Produced 219,316 ounces of gold in the quarter, including 189,438 ounces at Kumtor and 29,878 ounces at Boroo.
- Increased revenues to $368.5 million compared to $248.0 million in the same quarter of 2011.

- Cash provided by operations was $208.2 million compared to $60.3 million in the fourth quarter of 2011.
- Reported all-in cash cost (pre-tax) for the quarter of $839 per ounce compared to $934 for the 2011 fourth quarter.

For the full year, the Company reported an adjusted net loss of $3.3 million or $0.01 per share before recognizing a one-time accounting charge of $180.7 million for the de-recognition of the underground assets at Kumtor, which results in the Company recording a net loss of $184.0 million or $0.78 per share, compared to net earnings of $370.9 million or $1.57 per share in 2011. The 2012 results reflects the charge for the de-recognition of the underground assets at Kumtor and the negative impact on production resulting from the unexpected acceleration of ice and waste in the high movement area above the SB Zone which made it unsafe to mine in this area and required a revision to the production plan for 2012 delaying the release of ore.

Consolidated gold production in 2012 totalled 387,076 ounces compared to 642,380 ounces in the prior year. The decrease in ounces poured was primarily due to the unexpected acceleration of ice and waste into the Central Pit resulting in the rescheduling of mining activities to the extension of the southwest end of the SB Zone which was discovered in 2011. This revised mining plan led to a 46% decrease in production at Kumtor year over year, which was partially offset by a 21% increase in production at Boroo where the heap leach operation was re-started in October 2012.

Commentary

Ian Atkinson, President and CEO of Centerra stated, “Recently we published our updated reserves and resources and with that we were pleased to report our initial resource estimate on the Oskut Gold Project in Turkey. We have announced an indicated resource of 682,000 contained ounces of gold and an inferred resource of 477,000 ounces of contained gold at Oksut. It is still early in the development of this project, but we are excited and expect to continue to grow the resource, with the aim to fast track it to production. From a financial standpoint, in the fourth quarter of 2012, the Company had strong adjusted net earnings of $112.7 million or $0.48 per share, before recognizing the one-time accounting charge of $180.7 million for the de-recognition of the underground assets at Kumtor. The operations generated approximately $135 million of cash during the quarter and our cash and short-term investments grew during the period to $382 million. In comparing the quarter-over-quarter operating performance, both operations performed well in the quarter producing 45% more ounces in the fourth quarter of 2012 compared to the same period last year.”

“Still 2012 was a challenging year, beginning with the ice and waste movement at Kumtor, the revised mining plan, political challenges, lower than expected mill throughput and recovery, as well as lower than expected mill head grades encountered in the fourth quarter at Kumtor as we were mining the newly discovered portion of the orebody. However, as outlined in the December 2012 Kumtor technical report, the KS-13 model has proven to be a reliable indicator of mineral reserves relative to gold production and we expect that trend to continue. In 2013, we expect approximately 75% of our production at Kumtor to come from the SB Zone which has had a number of years of historical production. For 2013, consolidated gold production is expected to be in the 605,000 to 660,000 ounce range as Kumtor returns to more normal production levels.”

“The State Commission has issued its final report regarding Kumtor and has delivered it to the Kyrgyz Republic Government; and the Kyrgyz Republic Parliament. On February 20, 2013, the Parliament debated the State Commission report and discussed a draft resolution that endorses the report and calls on the Government to hold negotiations with Centerra with a view to revising the agreements governing the Kumtor project in the interests of the Kyrgyz Republic. We understand that the draft resolution recommends that if mutually advantageous terms cannot be agreed the Government should take a number of steps, including annulling legislation enacted in 2009 approving the project agreements and terminating such project agreements. See "Other Corporate Developments – Kyrgyz Republic – State Commission Activities – Parliament Review and Draft Resolution". The Company believes that the conclusions and recommendations of State Commission relating to the Company are exaggerated or without merit and has responded in detail to the State Commission. We have always benefited from a close and constructive dialogue with the Kyrgyz authorities over the many years we have operated there and remain committed to continuing to work with them to resolve these issues in accordance with the New Project Agreements, and to the benefit of all shareholders. However, no assurances can be given that the claims and recommendations of the State Commission can be resolved without a material negative impact on the Company."

"Finally, Centerra like many of our peers is moving toward reporting an "all-in cash cost" methodology for its gold production at Kumtor and Boroo mine operations. Having first reported along these lines with the announcement of the revised life-of-mine plan for Kumtor and with our 2012 production update and 2013 guidance, the Company believes an all-in cash cost measure more fully reflects the actual cost of producing an ounce of gold than the former Gold Institute total cash cost measure. Centerra's projected consolidated all-in cash cost (pre-tax) per ounce produced for 2013, described in our outlook, is within a range of $1,067 to $1,164, and includes all costs except revenue-based taxes in the Kyrgyz Republic and income taxes. This demonstrates the Company's focus on maximizing margins and our leverage to increases in the gold price. We continue to focus on our exploration and business development efforts as we look for additional operating platforms in an effort to increase our future gold production, diversify our regions of operation and help us achieve our goal of producing 1.5 million ounces of gold annually."

Year-end Gold Reserves and Resources

Reserves

As reported in the Company's news release of February 7, 2013, Centerra's proven and probable gold reserves as of December 31, 2012, increased by 3.6 million contained ounces (before accounting for 2012 production) to 11.1 million ounces of contained gold, compared to 8.1 million ounces as of December 31, 2011. This represents an increase of 45% before accounting for 534,000 contained ounces processed at Kumtor and Boroo during 2012. The reserve increase is the result of the significant expansion of the Kumtor Central Pit, announced November 7, 2012 and is described in detail in a new NI 43-101 technical report filed on SEDAR in December 2012. All 2012 year-end reserves were estimated using a gold price of $1,350 per ounce compared to $1,200 per ounce at December 31, 2011.

Resources

As of December 31, 2012, Centerra's measured and indicated resources total 5.1 million ounces of contained gold a decrease of 23% or 1.5 million ounces, compared to 6.6 million contained ounces as of December 31, 2011. The majority of this decrease is a result of the conversion of previously outlined Kumtor Central Pit measured and indicated open pit resources into mineral reserves as a result of the KS-13 Pit expansion. This conversion of resources to reserves has been offset by increased resources at Kumtor and the addition of 682,000 contained ounces of new indicated resources at the Oksut project (100% basis as of January 24, 2013).

Centerra's inferred resources, as of December 31, 2012, total 4.1 million ounces of contained gold for an increase of 22,000 contained ounces over the December 31, 2011 figures. The conversion of Kumtor underground resources into reserves within the KS-13 expanded pit was offset by the addition of 477,000 contained ounces of new inferred resources at the Oksut project (100% basis) and the new high grade resources outlined below the KS-13 pit design which resulted in the increase.
2012 year-end resource estimates on the Boroo, Gatsuurt, Ulan Bulag properties in Mongolia and Kara Beldyr property in Russia remain unchanged from those outlined at the end of 2011.

Financial and Operating Summary
Consolidated Highlights

	Three Months Ended December 31			Year Ended December 31		
Financial and Operating Summary	**2012**	**2011**	**% Change**	**2012**	**2011**	**% Change**
Revenue - $ millions	**368.5**	248.0	49%	**660.7**	1,020.3	(35%)
Cost of sales - $ millions (1)	**165.2**	104.1	59%	**387.5**	382.3	1%
Abnormal mining costs - $ millions	**8.9**	-	100%	**60.9**	-	100%
Revenue-based taxes - $ millions	**44.5**	33.6	33%	**74.7**	131.8	(43%)
Loss on de-recognition of UG - $ millions	**180.7**	-	100%	**180.7**	-	100%
Exploration - $ millions	**11.5**	11.7	(1%)	**37.9**	39.6	(4%)
Earnings (loss) before income taxes - $ millions	**(62.8)**	80.3	(178%)	**(172.3)**	362.8	(147%)
Income tax expense - $ millions	**5.2**	0.9	486%	**11.7**	8.1	44%
Net earnings (loss) - $ millions	**(68.0)**	79.4	(186%)	**(184.0)**	370.9	(150%)
Earnings(loss) per common share-$basic&diluted	**(0.29)**	0.34	(185%)	**(0.78)**	1.57	(150%)
Cash provided by operations - $ millions	**208.2**	60.3	245%	**134.7**	434.9	(69%)
Capital expenditures -$ millions	**85.0**	30.0	184%	**410.6**	187.9	118%
Weighted average common shares outstanding - basic (thousands) (2)	**236,339**	236,323	0%	**236,369**	236,088	0%
Weighted average common shares outstanding - diluted (thousands) (2)	**236,339**	236,621	(0%)	**236,369**	236,354	0%
Average gold spot price - $/oz	**1,721**	1,688	2%	**1,669**	1,572	6%
Average realized gold price - $/oz	**1,711**	1,690	1%	**1,692**	1,569	8%
Gold sold – ounces	**215,361**	146,704	47%	**390,533**	650,258	(40%)
Cost of sales (1) (3) - $/oz sold	**767**	709	8%	**992**	588	69%
Gold produced – ounces	**219,316**	151,562	45%	**387,076**	642,380	(40%)
Operating cash cost(3)(4)(5)- $/oz produced	**360**	603	(40%)	**663**	502	32%
Total production cost(3)(4)(5) - $/oz produced	**998**	820	22%	**1,143**	687	66%
All-in cash cost (pre-tax) (3)(4)(5)-$/oz produced	**839**	934	(10%)	**1,882**	929	103%

(1) Cost of sales excludes regional office administration.
(2) As of December 31, 2012, the Company had 236,376,011 common shares issued and outstanding.
(3) Operating cash cost is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes depreciation, depletion and amortization, reclamation costs, capital investments, community investments, exploration expenses and corporate general and administration expenses. Operating cash cost, total production cost and all-in cash cost (pre-tax) per ounce produced as well as cost of sales per ounce sold are non-GAAP measures and are discussed under "Non-GAAP Measures".
(4) As a result of Kumtor's Restated Investment Agreement signed in 2009, operating cash cost and total production cost per ounce measures exclude operating and revenue-based taxes.
(5) All-in cash cost (pre-tax) per ounce produced includes operating cash costs, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses, and community investments, but excludes revenue-based taxes at Kumtor and income taxes.

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Fourth Quarter of 2012 compared to Fourth Quarter of 2011

- Gold production for the fourth quarter of 2012 was 219,316 ounces compared to 151,562 ounces in the same quarter of 2011. The increased gold production in the current quarter reflects 37% higher production at Kumtor as higher throughput was achieved in the mine and mill in the fourth quarter. Boroo achieved significantly higher production (+132%) in the fourth quarter of 2012, by processing higher grades with slightly lower recoveries through the mill and recovering gold from its heap leach operations which resumed activities in October 2012 after receiving all required permits.

- Revenues in the fourth quarter of 2012 increased by $120.5 million to $368.5 million from $248 million in the same period last year mainly as a result of 47% higher ounces sold, (215,361 ounces compared to 146,704 ounces). The average gold price realized in the fourth quarter of 2012 was $1,711 per ounce, an increase from the $1,690 per ounce realized in the same quarter of 2011.

- Cost of sales for the fourth quarter of 2012 was $165.2 million compared to $104.1 million in the same quarter of 2011. The increase reflects the higher ounces sold at both sites and higher operating costs due to price increases for diesel, volume increases due to the increased use of consumables for the expanded fleet at Kumtor and the start-up of the heap leach operation at Boroo.

  Depreciation, depletion and amortization (DD&A) included in costs of sales for the fourth quarter of 2012 of $91.2 million increased by $60.7 million compared to the same period last year, due in part to the processing and sale of significantly higher ounces in the fourth quarter of 2012. In addition, depreciation expense for the fourth quarter of 2012 was higher than the comparative quarter reflecting the increased depreciation from the expanded mining fleet and achieving higher throughput mining cut-back 14B in the last quarter of 2012 compared to the same quarter of 2011 where lower volumes were mined in cut-back 14A.

- The Company recorded an amount of $8.9 million of abnormal mining costs at Kumtor in the fourth quarter of 2012 representing the ice and waste removal from the high movement unload zone. There were no abnormal mining costs in the comparative quarter.

- Other operating expenses for the fourth quarter of 2012 totalled $4.8 million compared to $3.6 million in the same quarter of 2011. Costs in the current quarter of 2012 include $2.9 million for the closure of the underground development project at Kumtor and $1.9 million for ongoing sustainable development projects in both countries where the Company operates.

- Exploration expenditures for the fourth quarter of 2012 were $11.5 million compared to $11.7 million in the same quarter of 2011 mainly reflecting increased drilling activity at the ATO property in Mongolia, the Dvoinoy Joint Venture in Russia and Kumtor.

- A one-time accounting charge of $180.7 million was recorded in the fourth quarter of 2012 to reflect the de-recognition of the underground assets at Kumtor. This results from the decision in early November to expand the open pit at Kumtor and as a result consume a major portion of the underground infrastructure.

- A net loss of $68.0 million was recorded in the fourth quarter of 2012 compared to net earnings of $79.4 million in the same quarter of 2011. Before the charge for the de-recognition of the underground assets, net earnings of $112.7 million were recorded. The higher earnings (pre-accounting charge) in the current quarter of 2012 reflect the increased production and sales at both operations.

- Cash provided by operations was $208.2 million in the fourth quarter of 2012 compared to $60.3 million in the same period of 2011. The increase over 2011 reflects higher earnings from higher production and ounces sold, higher realized prices and a reduction in working capital levels, partially offset by higher operating costs.

- Capital expenditures (spent and accrued) in the fourth quarter of 2012 were $85.0 million, which included sustaining capital of $11.1 million. Growth capital of $73.9 million in the fourth quarter of 2012 reflects $73.4 million of spending at Kumtor mainly on fleet expansion ($23.1 million) and the stripping of cut-back 14A ($36.8 million) and spending at Boroo of $0.3 million. Capital expenditures in the same quarter of 2011 were $30.0 million, which included $9.0 million spent and accrued on sustaining capital projects and $21.0 million invested in growth capital.

All-in Cash Costs(1) - Consolidated	**Three Months Ended December 31**		**Year Ended December 31**	
$ millions unless otherwise specified	**2012**	**2011**	**2012**	**2011**
Operating cash costs	**78.9**	91.4	**256.6**	322.4
Capitalized stripping and ice unload - cash (1)	**32.2**	6.0	**152.7**	39.4
Operating cash costs and capitalized stripping	**111.1**	97.4	**409.3**	361.8
Sustaining capital (cash)	**11.1**	9.0	**43.5**	34.6
Growth capital (cash)	**37.1**	12.7	**177.2**	99.9
Operating Cash Costs including capital (1)	**159.3**	119.1	**630.0**	496.3
Corporate and other cash costs (2)	**24.6**	22.5	**98.5**	100.4
All-in Cash Costs (pre-tax) (1)	**183.9**	141.6	**728.5**	596.7
Ounces poured	**219,316**	151,562	**387,076**	642,380
All-in Cash Costs (pre-tax) per ounce produced(1)	**$ 839**	$ 934	**$ 1,882**	$ 929

(1) All-in cash costs (pre-tax), capitalized stripping – cash and sustaining and growth capital (excluding stripping) are non-GAAP Measures and are discussed under "Non-GAAP Measures".
(2) Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses, and community investments.

- Operating cash costs in the fourth quarter of 2012 was $78.9 million compared to $91.4 million in the comparative quarter of 2011. The decrease in the 2012 period results from higher capitalized stripping costs and charges for the unloading of ice and waste, partially offset by higher operating costs for labour, diesel fuel and other consumables for the expanded fleet at Kumtor.

- Operating cash costs per ounce produced was $360 in the fourth quarter of 2012 compared to $603 in the comparative quarter of 2011. The decrease in the 2012 period results mainly from significantly higher production at both sites, partially offset by higher operating costs. Operating cash costs per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

- All-in cash costs per ounce produced pre-tax were $839 in the fourth quarter of 2012 compared to $934 in the same quarter of 2011. The decrease reflects the higher production at both sites in the 2012 quarter, partially offset by higher capitalized stripping and higher spending on capital. All-in cash costs per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Full Year 2012 compared to Full Year 2011

- Gold production for 2012 totalled 387,076 ounces compared to 642,380 ounces in the prior year. The decreased gold production was mainly due to the March 2012 revised mine plan at Kumtor, as a result of the accelerated ice and waste movements in the SB Zone, which led to a 46% decrease in production at Kumtor year-over-year, partially offset by a 21% increase in production at Boroo, which was positively impacted by the start-up of the heap leach operation in October 2012.

- Revenues for 2012 decreased to $660.7 million compared to $1,020.3 million in 2011 due to a 40% decrease in ounces sold (390,533 ounces compared to 650,258 ounces), partially offset by an 8% increase in the realized gold price. The reduction in sales reflects the lower gold production at Kumtor (-46%) mostly due to lower volumes as a result of the revised mine plan. The average gold price for 2012 was $1,692 per ounce, compared to $1,569 per ounce realized in 2011.

- Operating cash cost per ounce produced for 2012 increased to $663 compared to $502 per ounce in 2011. The increase in 2012 reflects the impact of lower production levels due to lower grades and recoveries from the processing of stockpiled material at Kumtor and higher operating costs at both Kumtor and Boroo as discussed in "Operations Update". Operating cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

- All-in cash costs per ounce produced for 2012 increased to $1,882 compared to $929 per ounce in 2011. The increase in 2012 reflects the impact of lower production levels due to lower grades and recoveries from the processing of stockpiled materials at Kumtor, higher capitalized stripping and ice and waste unloading costs, and higher spending on capital at Kumtor and higher operating costs at both Kumtor and Boroo. All-in cash costs per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

- Cost of sales in 2012 was $387.5 million compared to $382.3 million in 2011, reflecting the processing of lower grade, higher cost, stockpiled material at Kumtor for the period to September 2012, higher operating costs for labour, diesel and other consumables and increased DD&A. Cost of sales in 2012 also includes a charge of $7.2 million representing a metal reconciliation variance between the gold content estimated in the stockpiles and the gold actually recovered through processing. In 2011 costs of sales included a charge of $5.8 million for the settlement resulting from an audit by the Kyrgyz Social Fund, relating to the calculation of the premium for work conducted at high altitude at the Kumtor project.

  Depreciation, depletion, and amortization associated with production increased by 44% to $142.6 million in 2012 from $99.3 million in 2011 as a result of higher depreciation for the expanded mobile fleet at Kumtor and higher amortization of deferred stripping at both sites, partially offset by lower volumes.

- The Company recorded $60.9 million of abnormal mining costs at Kumtor in 2012 (nil in 2011) representing $24.8 million for the cost of removing the ice and waste from the high movement unload zone and $36.1 million of stripping costs during the period while little or no ore was mined.

- Other operating expenses for 2012 totalled $34.3 million, which includes $26.2 million spent on corporate social responsibility programs and $7.8 million for the closure of the underground project at Kumtor, compared to $15.5 million in 2011.

- Exploration expenditures in 2012 were $37.9 million compared to $39.6 million in 2011. Exploration expenditures in 2012 decreased slightly from 2011 reflecting reduced regional exploration programs in Kyrgyz Republic and the closure of the Reno, Nevada office and cessation of the US exploration program in mid-2012.

- A one-time accounting charge of $180.7 million was recorded in the fourth quarter of 2012 to reflect the de-recognition of the underground assets at Kumtor. This results from the decision in early November to expand the open pit at Kumtor which expansion will consume a major portion of the underground infrastructure.

- The net loss for 2012 was $184.0 million or $0.78 per share compared to net earnings of $370.9 million or $1.57 per share in 2011, reflecting the de-recognition of Kumtor's underground assets and lower earnings at Kumtor from the revised mining plan.

- Cash provided from operations for 2012 totalled $134.7 million compared to $434.9 million in 2011, primarily as a result of significantly lower earnings at Kumtor in 2012.

- Capital expenditures (spent and accrued) in 2012 were $410.6 million, which included sustaining capital of $40.8 million. Growth capital of $367.1 million in 2012 reflects $359.0 million of spending at Kumtor mainly on fleet expansion ($117 million), the stripping of cut-back 14B and 14A ($179.8 million) and on underground development of decline 1 and 2 ($30.0 million) and spending at Boroo of $7.7 million in 2012 mainly to strip Pit 6 prior to reaching ore. Capital expenditures in 2011 were $187.9 million, which included $34.6 million spent and accrued on sustaining capital projects and $153.3 million invested in growth capital.

As at December 31, 2012, the Company had $76 million outstanding debt under its $150 million revolving credit facility with the European Bank for Reconstruction and Development ("EBRD") leaving a balance of $74 million undrawn at December 31, 2012. The drawn amount is due to be repaid on August 8, 2013, or at the Company's discretion, repayment of the loaned funds could be extended until February 2014.

Net cash and short-term investments decreased to $382.1 million from $568.2 million at December 31, 2011.

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Operations Update - Summary of Key Operating Results

	Three Months Ended December 31			Year Ended December 31		
Kumtor Operating Results	**2012**	**2011**	**% Change**	**2012**	**2011**	**% Change**
Revenue - $ millions	**317.8**	239.7	33%	**533.6**	941.1	(43%)
Gold sold – ounces	**185,936**	141,897	31%	**314,987**	599,494	(47%)
Average realized gold price – $/oz	**1,709**	1,689	1%	**1,694**	1,570	8%
Cost of sales - $ millions (1)	**137.3**	96.9	42%	**311.1**	332.6	(6%)
Cost of sales - $/oz sold (3)	**738**	683	8%	**988**	555	78%
Tonnes mined - 000s	**38,185**	37,124	3%	**147,610**	150,605	(2%)
Tonnes ore mined – 000s	**4,463**	1,095	308%	**4,955**	6,020	(18%)
Tonnes milled - 000s	**1,547**	1,450	7%	**4,756**	5,815	(18%)
Average mill head grade - g/t (2)	**5.13**	3.80	35%	**2.79**	3.79	(26%)
Recovery - %	**77.7**	77.6	0%	**75.6**	80.8	(6%)
Gold produced – ounces	**189,438**	138,696	37%	**315,238**	583,156	(46%)
Operating cash cost (3) (4) - $/oz produced	**341**	580	(41%)	**655**	482	36%
Total production cost (3) (4)-$/oz produced	**1,021**	808	26%	**1,175**	673	75%
All-in cash cost (pre-tax) (3) (5)-$/oz produced	**760**	769	(1%)	**1,808**	768	135%
Capital expenditures - $ millions	**83.9**	28.5	195%	**399.9**	180.7	121%
Boroo Operating Results						
Revenue - $ millions	**50.6**	8.3	512%	**127.2**	79.3	60%
Gold sold – ounces	**29,425**	4,807	512%	**75,546**	50,764	49%
Average realized gold price - $/oz	**1,720**	1,719	0%	**1,684**	1,562	8%
Cost of sales - $ millions (1)	**27.9**	7.2	286%	**76.4**	49.7	54%
Cost of sales - $/oz sold (3)	**948.0**	1,504	(37%)	**1,011.0**	979	3%
Total tonnes mined - 000s	**0**	0	-	**6,338**	0	100%
Tonnes mined heap leach – 000s	**0**	0	-	**143**	0	100%
Tonnes stacked heap leach - 000s	**456**	100%	-	**456**	0	100%
Tonnes ore mined direct mill feed -000’s	**0**	0	-	**907**	0	100%
Tonnes ore milled - 000s	**581**	629	(8%)	**2,382**	2,340	2%
Average mill head grade - g/t (2)	**2.07**	1.09	90%	**1.32**	1.11	19%
Recovery - %	**58.3**	66.5	(12%)	**64.0**	68.9	(7%)
Gold produced – ounces	**29,878**	12,866	132%	**71,838**	59,224	21%
Operating cash cost (3) - $/oz produced	**479**	849	(44%)	**699**	694	1%
Total production cost (3)-$/oz produced	**846**	951	(11%)	**999**	828	21%
All-in cash cost (pre-tax) (3) (5)-$/oz produced	**502**	940	(47%)	**820**	800	3%
Capital expenditures (Boroo) - $ millions	**0.7**	1.1	(39%)	**9.8**	6.3	55%
Capital expenditures (Gatsuurt) - $ millions	**0.1**	0.0	504%	**0.4**	0.3	39%

(1) Cost of sales excludes regional office administration.

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

(3) Operating cash cost is comprised of mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes depreciation, depletion and amortization, reclamation costs, capital investments, community investments, exploration expenses and corporate general and administration expenses. Operating cash cost, total production cost and all-in (pre-tax) cost produced as well as cost of sales per ounce sold are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

(4) Kumtor’s operating cash cost and total production cost per ounce measures exclude operating and revenue-based taxes.

(5) All-in cash cost (pre-tax) per ounce produced for Kumtor and Boroo includes operating cash cost, sustaining and growth capital, but excludes corporate general and administrative expenses, global exploration expenses, and community investments, revenue-based taxes at Kumtor and income taxes.

All-in Cash Costs (1) - Kumtor	**Three Months Ended December 31**		**Year Ended December 31**	
$ millions unless otherwise specified	**2012**	**2011**	**2012**	**2011**
Operating cash costs	**64.6**	80.4	**206.5**	281.3
Capitalized stripping and ice unload - cash (1)	**32.2**	6.0	**146.4**	39.4
Operating cash costs and capitalized stripping	**96.8**	86.4	**352.9**	320.7
Sustaining capital (cash)	**10.5**	7.8	**40.8**	32.2
Growth capital (cash)	**36.6**	12.4	**176.4**	95.0
Operating Cash Costs including capital (1)	**143.9**	106.6	**570.1**	447.9
Corporate and other cash costs (2)	**-**	-	**-**	-
All-in Cash Costs (pre-tax) (1) (3)	**143.9**	106.6	**570.1**	447.9
Ounces poured	**189,438**	138,696	**315,238**	583,156
All-in Cash Costs (pre-tax) per ounce produced (1) (3)	**$ 760**	$ 769	**$ 1,808**	$ 768

All-in Cash Costs (1) - Boroo	**Three Months Ended December 31**		**Year Ended December 31**	
$ millions unless otherwise specified	**2012**	2011	**2012**	2011
Operating cash costs	**14.3**	10.9	**50.2**	41.1
Capitalized stripping - cash (1)	**0.0**	0.0	**6.3**	0.0
Operating cash costs and capitalized stripping	**14.3**	10.9	**56.5**	41.1
Sustaining capital (cash)	**0.4**	0.9	**2.1**	1.8
Growth capital (cash)	**0.3**	0.3	**0.3**	4.5
Operating Cash Costs including capital (1)	**15.0**	12.1	**58.9**	47.4
Corporate and other cash costs (2)	**-**	-	**-**	-
All-in Cash Costs (pre-tax) (1) (3)	**15.0**	12.1	**58.9**	47.4
Ounces poured	**29,878**	12,866	**71,838**	59,224
All-in Cash Costs (pre-tax) per ounce produced (1) (3)	**$502**	$940	**$820**	$800

(1) All-in cash costs (pre-tax), capitalized stripping –cash and sustaining and growth capital (excluding stripping) are non-GAAP Measures and are discussed under “Non-GAAP Measures”.
(2) Corporate and other cash costs include corporate general and administrative expenses, global exploration expenses, and community investments.
(3) All-in cash costs (pre-tax) for Kumtor and Boroo exclude corporate and other cash costs.

Kumtor

At the Kumtor mine, gold production was 189,438 ounces in the fourth quarter of 2012, compared to 138,696 ounce in the same quarter in 2011. The increased production for the fourth quarter of 2012 was due to processing the higher grade ore available from cutback 14B. In comparison, in the fourth quarter of 2011 Kumtor processed consistent grades from the then newly accessed cutback 12B. Mill head grades for the fourth quarter of 2012 were 5.13 g/t with a recovery of 77.7%, versus 3.80 g/t and a recovery of 77.6% for the same quarter in 2011. Tonnes processed in the fourth quarter of 2012 were 1,547,463, 7% higher than the same period of 2011 as the Company increased mill availabilities and throughput following the seven week mill shutdown in the third quarter when extensive maintenance and remediation work was completed.

Operating cash costs including capitalized stripping and ice unloading at Kumtor (see "Non-GAAP Measures") in the fourth quarter of 2012 increased by $10.3 million due to higher mining costs, which increased by $8.6 million as a result of the 11% increase in the material mined by the expanded mine fleet which moved higher grade ore from the SB Zone. Other costs increased by $1.7 million relating to higher site support costs and higher labour costs.

Operating cash costs per ounce produced was $341 in the fourth quarter of 2012 compared to $580 in the comparative quarter of 2011. The decrease in per ounce costs in the 2012 period is the result of increased capitalized stripping and ice unload and 37% higher production partially offset by increased operating costs discussed above. Operating cash costs per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

All-in cash costs per ounce produced were $760 in the fourth quarter of 2012 compared to $769 in the same quarter of 2011. The decrease reflects the higher production in the 2012 quarter, partially offset by higher capitalized stripping and higher spending on capital. All-in cash costs per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Exploration expenditures totaled $2.9 million for the fourth quarter of 2012, which is similar to the comparative quarter of 2011. Exploration activity focused on drilling of the southwest extension of the SB Zone and deeper portions of the SB Zone below the Central Pit. Underground exploration drilling from Declines 1 and 2 ended in November 2012, following the Company's decision to expand the Kumtor Central Pit and cease underground development activities.

During the fourth quarter of 2012, capital expenditures were $83.9 million, which included $10.5 million of sustaining capital spent mainly on the heavy equipment overhaul program ($6.1 million), the effluent treatment plant relocation ($3.4 million) and other projects ($1.0 million). Growth capital investment totalled $76.0 million mainly on capitalized stripping ($36.8 million), purchase of six CAT 789 Haul Trucks ($23.1 million) associated with the new KS-13 life-of-mine plan, purchase of four Hitachi shovels ($12.0 million), expansion of the fuel farm at the new marshaling yard ($0.9 million) and numerous other minor projects ($0.6 million). Capital expenditures in 2011 were $28.5 million, which included $7.8 million spent and accrued on sustaining capital projects and $20.7 million invested in growth capital.

Abnormal mining costs at Kumtor for the fourth quarter of 2012 were $8.9 million representing the ice and waste removal from the high movement unload zone, which is required to resume mining the southeast section of the pit and to access the higher grade ore in 2013.

During the fourth quarter of 2012, the Company recorded a one-time charge of $180.7 million for the de-recognition of the underground assets at Kumtor following the decision to expand the open pit. The larger open pit will partially consume the declines rendering them unusable for future mining activities.

Other operating expenses were incurred in the fourth quarter for the closure of the underground operation at Kumtor in the amount of $2.9 million. Kumtor will incur further closure costs for the underground during the first quarter of 2013.

Boroo

At the Boroo mine in the fourth quarter of 2012, gold production was 29,878 ounces, compared to 12,866 ounces in the same period of 2011. The production increase of 12,614 ounces is a result of processing higher grade ore from Pit 6 with an average mill head grade of 2.07 g/t compared to 0.86 g/t last year and the addition of 7,486 ounces of production from the heap leap operation which resumed in October 2012.

Operating costs at Boroo were up $3.8 million quarter-over-quarter primarily due to increased costs for mining ($0.4 million), heap leaching ($1.9 million) and royalties ($1.8 million), partially offset by a decrease in milling costs ($0.2 million). Heap leaching costs were higher due to stacking, crushing and processing activities which commenced in the fourth quarter in 2012. Royalties increased in 2012 due to the additional 24,618 ounces sold in the 2012 fourth quarter. Milling cost decreased mainly due to lower consumption of consumables.

Operating cash costs per ounce produced in the fourth quarter 2012 was $479 compared to $849 per ounce for 2011. The decrease in the unit cash cost is a result of the higher production partially offset by higher operating cost incurred for heap leach operations in the fourth quarter of 2012. Operating cash costs per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Boroo’s all-in cash costs per ounce produced for the fourth quarter of 2012 is $502 and includes all costs directly related to gold production except for income tax paid in Mongolia. The same all-in cash costs measure for 2011 was $940 per ounce produced. The decrease in all-in cash costs is due to the 21% increase in production partially offset by higher costs at Boroo year-over-year. All-in cash costs per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

During the fourth quarter of 2012 exploration expenditures in Mongolia decreased to $3.0 million from $4.2 million in the same period in 2011. The majority of the exploration work in the fourth quarter 2012 was conducted at the ATO property in eastern Mongolia.

During the fourth quarter of 2012, capital expenditures at Boroo were $0.7 million, $0.4 million of sustaining capital and $0.4 million of growth capital.

Other Corporate Developments

The following is a summary of corporate developments with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic, Mongolia and Canada:

Kyrgyz Republic

Since the Company’s most recent quarterly news release dated November 7, 2012, there have been several developments with respect to the state commission established by the Kyrgyz Government for the purpose of inspecting and reviewing Kumtor’s compliance with Kyrgyz operational and environmental laws and regulations and community standards (the “State Commission”). In particular, the following developments have occurred, each of which will be discussed below in greater detail: (a) The State Commission released its final report (the “State Commission Report”) on December 25, 2012; (b) Kumtor received five claims from

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the State Inspectorate Office for Environmental and Technical Safety under the Government of the Kyrgyz Republic ("SIETS") for an aggregate of $152 million for alleged environmental violations, which was previously disclosed in a news release of the Company on December 14, 2012; (c) The Kyrgyz Republic Government received the State Commission Report on January 24, 2013 and created a working group to hold discussions with Centerra on revising the terms under which the Kumtor Project operates; and (d) the Kyrgyz Republic Parliament received the State Commission Report on February 20, 2013 and is considering a draft Parliamentary resolution. Such draft Parliamentary resolution calls on the Government to hold negotiations with Centerra with a view to revising the Kumtor Project Agreements (as defined below) in the interest of the Kyrgyz Republic and recommends that, if mutually advantageous terms cannot be agreed, the Government take a number of steps including, without limitation, the repeal of the 2009 laws approving the Kumtor Project Agreements and the termination of the Kumtor Project Agreements; and . (e) the Kyrgyz Republic Social Fund (the "Social Fund") has appealed to the Supreme Court a lower court ruling that dismissed the Social Fund's request to invalidate documentary acts (assessments) of the Social Fund against Kumtor for the years 2004 to 2009.

The Company addresses each of the developments below in detail. Reference should also be made to the historical information contained in the Company's news release dated November 7, 2012 regarding the State Commission and the related Parliamentary Commission which was formed in early 2012. The Company believes that the agreements entered into in 2009 governing the Kumtor Project (the "Kumtor Project Agreements") are legal, valid and enforceable obligations. The Kumtor Project Agreements were reviewed and approved by the Kyrgyz Republic Government and the Kyrgyz Republic Parliament, and were the subject of a positive decision of the Kyrgyz Republic Constitutional Court and a legal opinion by the Kyrgyz Republic Ministry of Justice. The Company continues to be in discussions with the Government regarding the State Commission Report, with the objective of resolving these outstanding concerns through constructive dialogue. However, there can be no assurances that the Company will be able to successfully resolve any or all of these matters currently affecting the Kumtor Project. There can also be no assurance that the Kyrgyz Republic Government and/or Parliament will not take actions that are inconsistent with the Kyrgyz Republic's obligations under the Kumtor Project Agreements or cancel government decrees, orders or licenses under which Kumtor currently operates. Any such actions could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. See "Material Assumptions & Risks" and "Cautionary Note Regarding Forward-looking Information" below. For further information on risk factors relevant to Centerra and its operations, please see "Risk Factors" in the most recently filed MD&A and in the Company's most recently filed Annual Information Form.

<u>State Commission Activities</u>

(A) State Commission Report

In December 2012, the State Commission issued its final report following five months of study and several visits to the Kumtor mine site, and over 120 written requests for information on a wide variety of matters going back to 1993 when the original agreement regarding the Kumtor Project was executed. The State Commission was comprised of three working groups with responsibility for environmental and technical matters, legal matters (including a review of all prior and current agreements relating to the Kumtor Project), and social-economic matters (including a review of financial, taxation, procurement and employment-related matters).

The State Commission Report includes a large number of allegations in regard to prior transactions relating to the Kumtor Project and the Kumtor Project's operations and management, including the following:

(i) that the Kumtor Project violated Kyrgyz Republic legislation relating to corporate, environment, and subsoil legislation at various times since project activities began in 1993, including

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allegations relating to the tender process for the deposit in 1993, the approval process for the initial development of the Kumtor Project, the placing of waste rock on glaciers, and causing environmental damage to water and land resources in the area of the Kumtor Project;

(ii) that the Kumtor management is ineffective;

(iii) that incorrect valuation of assets occurred during the 2003/2004 restructuring process, which purportedly led to significant losses sustained by the Kyrgyz Republic;

(iv) that the Kumtor Project Agreements adopted in 2009 were improperly approved and violate the Kyrgyz Republic constitution.

The State Commission Report recommends that the Kyrgyz Government open negotiations under which the Kumtor Project is governed, including requiring Kumtor to accept the current tax regime and pay higher environmental charges; changes in the management of Kumtor and Centerra including greater representation by Kyrgyzaltyn on the Centerra board of directors and greater representation of Kyrgyz citizens in management of the Kumtor Project; and recommendations for additional charges and fees to be paid by the Kumtor Project including for land use, and for those items raised by SIETS (see disclosure below regarding environmental claims received by Kumtor Project). The State Commission Report also recommends various actions to be taken by Kyrgyzaltyn, by the Kyrgyz Government, including revisions to Kyrgyz law, and the Kyrgyz Republic General Prosecutor's Office with respect to investigating the personal liability of parties who were involved in negotiating previous agreements governing the Kumtor Project for violations of Kyrgyz legislation and for inflicting losses to the Kyrgyz Republic's interests. The State Commission recommended the establishment of a working group to give effect to the recommendations, in particular the opening of negotiations with Centerra and Kumtor.

The Company received the final copy of the State Commission Report on January 18, 2013. The Company believes that the conclusions and claims in the State Commission Report are exaggerated or without merit. While the Company has responded in detail in writing to such conclusions and claims, it also makes the following general responses:

(i) The Company operates in accordance with Kyrgyz and international standards, and this has been proven over the years in systematic audits by Kyrgyz and international experts. In particular, in August 2012, the Safety, Health and Environment Committee of the Board of Directors of Centerra engaged an independent internationally recognized consultant to carry out a due diligence review of Kumtor's performance on safety, health and environmental matters. The report issued in October 2012 concluded that "no major or materially significant environmental issues were identified".

(ii) The Kumtor Project Agreements provide for a full regime of all payments to the Kyrgyz Government including a comprehensive revenue-based tax and specified fees and payments for other matters including environmental charges. The Kumtor Project Agreements were negotiated at arm's length, and reviewed and approved by the Kyrgyz Government and its Parliament. The agreements were the subject of a positive decision by the Kyrgyz Constitutional Court and a legal opinion of the Kyrgyz Republic Ministry of Justice. The Company believes these agreements are legal, valid and enforceable obligations of the parties.

(iii) Centerra, Kumtor and the Kyrgyz Government, among other parties, entered into a release agreement (the Release Agreement) on June 6, 2009, as part of Kumtor Project Agreements. The Release Agreement provides that parties agreed to release each other from any claims, including any legal, tax and fiscal matters, in respect of any matter arising or existing prior to June 6, 2009, whether such matters were known or unknown as of June 6, 2009, subject to certain exemptions which are not applicable in the circumstances. Accordingly, the conclusions and recommendations relating to alleged wrong doings prior to June 6, 2009, including matters relating to the 1993 Master Agreement and the 2003 Restructuring Agreement, have been released by all parties.

(B) Kumtor Has Received Claims from Kyrgyz Authorities for Alleged Environmental Violations

As previously disclosed, Kumtor received in mid-December 2012, five claims from the SIETS for alleged environmental violations. The claims are for an aggregate amount of approximately $152 million, including (i) a claim for approximately $142 million for alleged damages in relation to the placement on waste dumps of waste rock (unprocessed rock) from mining operations for the period from 2000 to 2011; (ii) a claim for approximately $4 million for use of water resources from Petrov Lake for the period of 2000 to 2011; and (iii) a claim for approximately $2.3 million for alleged damages caused to land resources, including in some cases from the time of initial construction of the Kumtor facilities in 1995. One Claim for $2.8 million for waste placed in the tailings management facilities and for emissions for 2009-2011 was withdrawn after discussions with the applicable Kyrgyz regulatory authorities, although there are no assurances that further claims will not be issued on this matter. The claims reference the review of the Kumtor Project carried out by the environmental and technical working group of the State Commission. Kumtor disagrees with these claims and has responded to them in detail in writing to the relevant authority. While the Company believes that such claims are exaggerated or without merit, there can be no assurances that these claims will be successfully resolved in favour of the Company or that further claims will not be issued.

(C) Government Decree #34

The Kyrgyz Government received the State Commission Report on January 24, 2013 and issued a decree, Decree of the Kyrgyz Government dated January 24, 2013, #34 ("Decree #34"), accepting the State Commission Report and sending it to the Kyrgyz Parliament. Pursuant to Decree 34, the Kyrgyz Government also established a working group to hold discussions on the revisions of terms governing the Kumtor Project, particularly on revisions to the tax regime and other matters identified in the State Commission Report.

The Company intends to meet with the working group and other Kyrgyz Government officials, with the objective of resolving matters through constructive dialogue. However, there can also be no assurance that such discussions will result in a successful outcome for the Company, or that the Kyrgyz Government will not take actions that are inconsistent with its obligations under the Kumtor Project Agreements or cancel government decrees, orders or licenses under which the Kumtor Project currently operates. Any such actions could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial conditions.

(D) Parliament Review and Draft Resolution

On February 20, 2013, the Parliament of the Kyrgyz Republic debated the State Commission Report and discussed a draft resolution (the "Draft Resolution") that endorses the Report and calls on the Government to hold negotiations with Centerra with a view to revising the Kumtor Project Agreements in the interests of the Kyrgyz Republic. The Company understands that the Draft Resolution further recommends that if mutually advantageous terms cannot be agreed the Government should take a number of steps including the following:

(i) annul the legislation enacted by Parliament in 2009 approving the Kumtor Project Agreements;
(ii) terminate the Kumtor Project Agreements, including the Restated Investment Agreement and Restated Concession Agreement dated June 6, 2009;

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(iii) initiate legal proceedings with a view to implementing a Government decree of July 5, 2012 "On Cancellation of the Government's Decree on granting land plots to Kumtor Gold Company CJSC dated as of March 25, 2010. (Such March 25, 2010 decree granted Kumtor certain surface rights in relation to the project. See Centerra's news release dated July 6, 2012.);
(iv) review Government decisions issued between 1992 and 2012 which granted areas for carrying out exploration, mining operations and construction of facilities for the Kumtor Project; and
(v) develop and submit amendments to laws on biosphere territories and prevention of damage to glaciers.

In addition, the Draft Resolution advises the Government to:
(i) ensure that the Kumtor mine remains in continuous operation;
(ii) require Kumtor to develop additional designs for reclamation and determine relevant financial resources required to implement such designs; and
(iii) ensure that the recommendations of the State Commission (the Report) and Draft Resolution are fulfilled.

The Draft Resolution also recommends that the Government review allegations that Kumtor has understated reserves of silver, tellurium and other elements.

The Draft Resolution calls for the Government to report on the fulfillment of the recommendations contained in the State Commission Report and the Parliamentary resolution by June 1, 2013. While it is not certain that Parliament will pass the Draft Resolution in its current form, Centerra is reviewing the provisions of the Draft Resolution and will respond to any final Parliamentary resolution accordingly. However, as already stated in this news release, Centerra continues to be confident in the continued validity of the Kumtor Project Agreements, which provide for disputes concerning the project to be resolved by international arbitration.

(E) Kyrgyz Republic Social Fund Dispute

As previously disclosed, the Social Fund commenced a claim in the Kyrgyz courts to invalidate documentary acts (assessments) issued by the Social Fund for the years 2004-2009. Preliminary motions regarding jurisdictional matters were argued on August 28, 2012 and subsequently determined in favour of Kumtor. Such decision was appealed by the Social Fund to the Bishkek City Court, which dismissed the appeal of the Social Fund on November 28, 2012. In early February 2013, the Social Fund appealed this decision of the Bishkek City Court to the Kyrgyz Republic Supreme Court.

For a further discussion regarding the Social Fund claim and the dispute for the 2010 taxation year regarding the payment of Social Fund contributions on the high altitude coefficient, please see the Company's Annual Information Form for 2011. There are no assurances that the Company and Kumtor will be able to resolve the outstanding matters relating to the Social Fund without any material impact on the Company's future cash flows, earnings, results of operations and financial condition.

Other

The Company is aware of certain statements made by the Kyrgyz Minister of Health and published on the Ministry's website indicating that Centerra has committed to certain donations related to the improvement of cardiology, cardiac surgery and hemodialysis care in the Kyrgyz Republic. While the Company is reviewing the appropriateness of this donation along with other possible donations in the Kyrgyz Republic, the Company has not yet made a determination thereon.

Mongolia

Gatsuurt and the Impact of the Mongolian Water and Forest Law

Further to information disclosed in Centerra's MD&A for the third quarter 2009 and Centerra's Annual Information Form for 2011, the Mongolian Parliament enacted in July 2009 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") which prohibits mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia. The law provides for a specific exemption for "mineral deposits of strategic importance", which exempts the Boroo hard rock deposit from the application of the law. Centerra's Gatsuurt licenses are currently not exempt. Under the Mineral Laws of Mongolia, Parliament on its own initiative or, on the recommendation of the Mongolian Government, may designate a mineral deposit as strategic. Such designation could result in Mongolia receiving up to a 34% interest in the applicable project.

Centerra is currently in discussions with the Mongolian Government regarding the development of the Gatsuurt property. 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 Gatsuurt property, in particular, and other Company's Mongolian activities including ATO. 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 December 31, 2012, the Company had net assets recorded amounting to approximately $37 million related to the investment in Gatsuurt and approximately $28 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 exploit 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 Centerra's future cash flows, earnings, results of operations or financial condition. For a further discussion relating to the Water and Forest Law, please see the Company's Annual Information Form for 2011.

The Boroo Heap Leach

Boroo received regulatory approval for the mine plan for the heap leach facility in September 2012. As a result, Boroo recommenced heap leach operations in the fourth quarter of 2012.

Corporate

Enforcement Notice by Sistem:

As previously disclosed, in March 2011, Centerra was served by a Turkish company, Sistem Muhenkislik Insaat Sanayi Ticaret SA ("Sistem"), with a notice of enforcement to seize any shares and dividends in Centerra held in the name of the Kyrgyz Republic, followed by a notice of garnishment in April 2011 for any debts owed by Centerra to the Kyrgyz Republic. These notices were served by Sistem as part of the enforcement proceedings brought by Sistem in the Ontario Superior Court to collect approximately US$11 million with additional interest, owed to Sistem by the Kyrgyz Republic in accordance with a judgment of the

Ontario Superior Court enforcing an international arbitration award against the Kyrgyz Republic. In these Ontario proceedings, Sistem alleges that the shares in Centerra owned by Kyrgyzaltyn and any dividends paid in respect of those shares, are in fact legally and beneficially owned by the Kyrgyz Republic and are therefore subject to execution to pay the judgment.

Based on legal advice received, Centerra disputes those allegations and paid to Kyrgyzaltyn its portion of Centerra dividends payable on May 18, 2011 (approximately C$31 million) and on May 31, 2012 (approximately C$3 million). Sistem is continuing with its claim regarding the Centerra shares owned by Kyrgyzaltyn. If this claim is successful in the Ontario court proceedings, Sistem may have a right to execute its judgment against those shares and may assert a claim against Centerra in respect of the payment of the dividends to Kyrgyzaltyn. However, Centerra believes it has a strong defense to that claim based on the facts and the law.

Preliminary motions regarding jurisdictional matters have been heard in the Ontario Superior Court over the course of 2012, with the objective of setting aside the Ontario judgment enforcing the arbitration award. The lower court decision found in favour of Sistem and dismissed the motion. Kyrgyzaltyn appealed such decision to the Court of Appeal where it was not successful. At this point, the matter can either be appealed further by Kyrgyzaltyn or the trial on the substantive issue will commence.

Pursuant to a Ontario court decision dated September 5, 2012 (the "Court Order"), Centerra is required to hold in trust to the credit of the Sistem court proceeding, Kyrgyzaltyn's portion of dividends payable on shares of Centerra, up to a maximum of C$11.2 million. The Court Order has been put in place until the resolution of the court proceedings. To date, Centerra is holding in trust for the credit of the Sistem court proceedings, an amount equal to $5.9 million. The Court Order also places certain restrictions on 4 million of the Centerra shares held by Kyrgyzaltyn, including restrictions on the transfer or encumbrance of such shares. The Centerra shares pledged by Kyrgyzaltyn to Kumtor Gold Company and Kumtor Operating Company as security for payments due from Kyrgyzaltyn under the Restated Gold and Silver Sale Agreement dated as of June 6, 2009 are not subject to the Court Order restrictions.

For a full discussion of risk factors that can have a material effect on the profitability, future cash flow, earnings, results of operations, stated mineral reserves and financial condition of the Company, please see "Caution Regarding Forward-looking Information". For information regarding risk factors relevant to Centerra and its operations, please see "Risk Factors" in the most recently filed MD&A and in the Company's most recently filed Annual Information Form.

2013 Outlook

Centerra's 2013 gold production and unit costs are forecast as follows:

	2013 Production Forecast (ounces of gold)	2013 Operating Cash Cost(1) ($ per ounce produced)	2013 All-in Cost Pre-tax(2) ($ per ounce produced)
Kumtor	550,000 – 600,000	$342 – 373	$853 – 931
Boroo	55,000 – 60,000	$1,055 – 1,151	$1,225 – 1,336
Consolidated	**605,000 – 660,000**	**$406 – 443**	**$1,067 – 1,164**

(1) Operating cash cost per ounce produced is a non-GAAP measure and includes mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes depreciation, depletion and amortization, reclamation costs, capital investments, community investments, exploration expenses and corporate general and administration expenses.

(2) All-in cost (pre-tax) per ounce produced is a non-GAAP measure and includes cash operating cost, sustaining and growth capital, corporate general and administrative expenses, global exploration expenses, and community investments, but excludes revenue-based taxes at Kumtor and income taxes.

2013 Production

Centerra's 2013 consolidated gold production is forecast to be in the 605,000 to 660,000 ounce range.

In 2013, approximately 50% of Kumtor's gold production is expected to occur in the fourth quarter creating a potential variability to Kumtor's 2013 production guidance. Centerra estimates that the Kumtor mine will produce between 550,000 and 600,000 ounces in 2013. Ore production in the fourth quarter is planned to come from the high-grade SB Zone ore that has several years of production history. The high-grade ore from the SB Zone is only available for mining at the end of the third quarter when it is exposed by Cut Back 15.

According to the KS-13 mine plan, 2013 is expected to be the last year with a significant back-end loaded production profile as the mine continues to build stockpiles, which will allow for more consistent production on a quarterly basis going forward.

At the Boroo mine, gold production is forecast to be approximately 55,000 to 60,000 ounces, which includes about 24,000 ounces from heap leaching and 36,000 ounces from processing mill stockpiles. The Boroo mill is expected to process ore stockpiles during the year with an average grade of 0.82 g/t. The 2013 forecast assumes no mining activities at Boroo and Gatsuurt, and no gold production from Gatsuurt.

2013 All-in Unit Cash Costs

Centerra's 2013 all-in unit cash production costs per ounce are forecast as follows:

	Kumtor	Boroo	Consolidated
	($ per ounce produced)	($ per ounce produced)	($ per ounce produced)
Operating cash costs[1]	$342 – 373	$1,055 – 1,151	$406 – 443
Capitalized stripping costs - cash	354 – 386	-	322 – 351
Operating cash and stripping costs	**$696 – 759**	**$1,055 – 1,151**	**$728 – 794**
Sustaining capital (cash)	105 – 115	170 – 185	113 – 124
Growth capital (cash)	52 – 57	-	49 – 53
Operating cash costs including capital	**$853 – 931**	**$1,225 – 1,336**	**$890 – 971**
Corporate and other cash costs[2]	-	-	177 – 193
All-in cash costs (pre-tax)[1]	**$853 – 931**	**$1,225 – 1,336**	**$1,067 – 1,164**
Revenue-based tax and income tax	234 – 255	130 – 142	224 – 245
Total all-in cash costs including taxes[1]	**$1,087 – 1,186**	**$1,355 – 1,478**	**$1,291 – 1,409**

1. Operating cash costs, all-in cash costs (pre-tax) and total all-in cash costs including taxes per ounce produced are non-GAAP measures and are discussed under "Non-GAAP Measures".
2. Corporate and other cash costs per ounce produced include corporate general and administrative expenses, global exploration expenses, and community investments.

2013 Exploration Expenditures

Exploration expenditures of $45 million are planned for 2013, which is unchanged from the budgeted expenditures for 2012. The 2013 program will continue the successful exploration work below and west of the Central Pit at the Kumtor mine and includes drilling on the adjacent Sarytor and Northeast satellite deposits. Planned exploration expenditures on the Kumtor concession are expected to be about $13.5 million.

In Mongolia, approximately $7 million is allocated for exploration programs that will focus on expanding the mineral resource at the Altan Tsagaan Ovoo ("ATO") project and evaluating targets in the greater ATO district.

Exploration spending in Turkey will increase to approximately $8 million as work focuses on expanding and upgrading the Öksüt gold deposit resource, advancing ongoing metallurgical testwork and initiating detailed environmental and technical project studies.

In 2013, drilling programs will continue in Russia on the Kara Beldyr and Dvoinoy Joint Ventures and commence on the new Umlekan Joint Venture adjoining Dvoinoy. Expenditures for the projects in Russia are expected to be, in the aggregate, approximately $6 million.

The China 2013 exploration program of $2 million includes the drilling of targets developed on the Laogouxi Joint Venture project and generating new projects in several prospective areas. Generative programs will continue in Central Asia, Russia, China, Turkey and several new regions to increase the pipeline of projects that the Company is developing to meet the longer term growth targets of Centerra.

2013 Capital Expenditures

Centerra's capital expenditures for 2013, excluding capitalized stripping, are estimated to be $107 million, including $75 million of sustaining capital and $32 million of growth capital.

Capital expenditures (excluding capitalized stripping) include:

Projects	2013 Growth Capital (millions of dollars)	2013 Sustaining Capital (millions of dollars)
Kumtor mine	$31	$64
Mongolia	$1	$10
Corporate	-	$1
Consolidated Total	**$32**	**$75**

Kumtor

At Kumtor, 2013 total capital expenditures, excluding capitalized stripping, are forecast to be $95 million including $64 million of sustaining capital. The largest sustaining capital spending will be the major overhaul maintenance of the heavy duty mine equipment ($29 million), purchase of new mining equipment ($17 million), tailings dam construction raise ($5 million) and other items ($13 million).

Growth capital investment at Kumtor for 2013 is forecast at $31 million, which includes the relocation of certain infrastructure at Kumtor related to the KS-13 life-of-mine expansion ($26 million) and other items ($5 million).

Capitalized stripping costs related to the development of the open pit are expected to be $212 million (cash) in 2013.

Mongolia (Boroo & Gatsuurt)

At Boroo, 2013 sustaining capital expenditures are expected to be $10 million primarily for raising the tailings dam at Boroo ($6 million), and maintenance rebuilds and overhauls.

Growth capital for the Gatsuurt deposit is forecast at $1 million, related to environmental studies.

2013 Corporate Administration and Community Investment

Corporate and administration expenses for 2013 are forecast at $45 million, which includes $7 million for business development activities.

Total community investments for 2013 are forecast at $27.5 million, which includes $7.5 million for donations and sustainable development projects in the various communities in which Centerra operates and $20 million for strategic community investment projects. Note that these costs are not included in cash operating cost per ounce.

2013 Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expenses included in costs of sales expense for 2013 are forecast to be approximately $218 million. Changes in DD&A are a result of increases or decreases to certain of the Company's capital assets.

(In millions)	**2013 DD&A Forecast**	**2012 DD&A Actual**	**2011 DD&A Actual**
Kumtor			
Mine equipment	$95	**$ 87**	$ 69
Less DD&A capitalized to stripping costs (1)	(77)	**(59)**	(14)
Stripping costs amortized	291	**117**	32
Other mining assets	1	**1**	5
Mill assets	6	**4**	8
Administration assets and other	12	**3**	10
Inventory movement (non-cash)	(127)	**(32)**	(22)
Subtotal for Kumtor	**$ 201**	**$ 121**	**$ 88**
Boroo			
Mine equipment	$ 1	**$ 1**	$ 2
Less DD&A capitalized to stripping costs	**-**	**(1)**	**-**
Stripping costs amortized	2	**9**	**-**
Mine development and other mining assets	1	**1**	1
Mill assets	6	**4**	1
Administration assets and other	6	**8**	3
Inventory movement (non-cash)	1	**(1)**	3
Subtotal for Boroo	**$ 17**	**$ 21**	**$ 10**
Consolidated Total	**$ 218**	**$ 142**	**$ 98**

(1) Use of the Company's mining fleet for stripping activities results in a portion of the depreciation related to the mine fleet to be allocated to capitalized stripping costs. In 2012, $2 million of depreciation was expensed as mine standby costs, $7 million of depreciation was expensed as abnormal ice unload costs, and $51 million of depreciation was allocated to capitalized stripping costs.

Kumtor

At Kumtor, the forecast for 2013 DD&A expensed as part of costs of sales is $201 million. The increase over the three years reflects a significant expansion of the mining fleet in order to achieve higher throughput levels of materials moved and the increased stripping of waste required to access the deposit. The amortization of capitalized stripping costs is the largest component of depreciation expense in 2013 totalling $291 million. The mine equipment assets are depreciated on a straight-line basis over their estimated useful lives. The

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depreciation expense related to mine equipment engaged in a stripping campaign is capitalized as stripping costs ($77 million forecasted to be capitalized as stripping costs in 2013).

During 2013 Kumtor will be mining the remaining ore from cut-backs 14A and 14B and starting stripping campaigns on cut-backs 15, 16 and 17. The costs to remove waste and ice within the various cut-backs include mining operating costs such as labour, diesel and maintenance costs, as well as the depreciation expense for the mine equipment used in the stripping campaign. Labour and consumables costs (such as diesel costs) have been steadily increasing over the last several years due to both increases in price and demand with the expanding operation at Kumtor. These costs are capitalized as stripping costs and amortized over the ounces contained in the ore body exposed by the stripping campaign.

Based on the sequencing of production at Kumtor for 2013, ore from cut-backs 14A, 14B and 15 will be mined resulting in the amortization through cost of sales of $291 million in capitalized pre-stripping costs. As Kumtor completes mining of the ore from cut-backs 14A and 14B, it will amortize the remaining unamortized capitalized stripping costs of $101 million related to those cut-backs. The forecast assumes that the stripping campaign for cut-back 15 is completed in the third quarter of 2013 providing access to the ore in the third and fourth quarters. As the ore in cut-back 15 is mined in the third and fourth quarters, the amortization expense for 2013 for the capitalized stripping costs related to cut-back 15 is forecast at $190 million.

Boroo

At Boroo, the forecast for 2013 DD&A expensed as part of costs of sales is $17 million, compared to $21 million in 2012 and $10 million in 2011. The decrease in 2013 reflects the completion of mining activities in Pit 6 in 2012. The largest components of depreciation expense are related to depreciation of the mill, the administration buildings and other assets forecasted at $6 million.

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 in 2009.

The corporate income tax rate for Centerra's Mongolian subsidiary, BGC is 25% for taxable income over 3 billion Mongolian tugriks (approximately $2.2 million at the 2012 year-end 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 expiration of the Boroo Stability Agreement in July 2013, after which Boroo's operations will be subject to a prevailing income tax rate of 25%. Royalty fees will increase from 5% under Boroo's Stability Agreement to the current graduated royalty fee structure which would charge the maximum of 10% based on current gold prices.

Sensitivities

Centerra's revenues, earnings and cash flows for 2013 are sensitive to changes in certain variables and the Company has estimated their impact on revenues, net earnings and cash from operations.

	Change	Impact on ($ millions)			
		Costs	**Revenues**	**Cash flow**	**Earnings before income tax**
Gold Price	**$50/oz**	5.1	32.5	27.4	27.4
Diesel Fuel [(1)]	**10%**	8.2	-	8.2	8.2
Kyrgyz som [(2)]	**1 som**	2.8	-	2.8	2.8
Mongolian tugrik[(2)]	**25 tugrik**	1.3	-	1.3	1.3
Canadian dollar [(2)]	**10 cents**	3.2	-	3.2	3.2

(1) a 10% change in diesel fuel price equals $13/oz produced

(2) appreciation of currency will result in higher costs and lower cash flow and earnings, depreciation of currency results in decreased costs and increased cash flow and earnings

Material Assumptions & Risks

Material assumptions or factors used to forecast production and costs for 2013 include the following:

- a gold price of $1,700 per ounce,
- exchange rates:
  - $1USD:$0.99 CAD
  - $1USD:47.0 Kyrgyz som
  - $1USD:1,375 Mongolian tugriks
  - $1USD:0.78 Euro
- diesel fuel price assumption:
  - $0.80/litre at Kumtor
  - $1.18/litre at Boroo

The assumed diesel price of $0.80/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 $87 per barrel.

Other material assumptions include the following:

- 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. No assurances can be given by the Company in this regard,
- the activities of the State Commission, referred to under the heading "Other Corporate Developments – Kyrgyz Republic - State Commission Activities" do not have an impact on operations or financial results. No assurances can be given by the Company in this regard,
- the Government and the Parliament of the Kyrgyz Republic taking no action in connection with the matters referred to under the heading "Other Corporate Developments – Kyrgyz Republic - State Commission Activities" that has an impact on operations or financial results. This includes the Parliament adopting the Draft Resolution referred to therein, and the Government (or a working group

formed by the Government) seeking to negotiate the Kumtor Project Agreements, and taking the steps referred to in the Parliamentary Draft Resolution if such negotiations are not successful, including repealing laws passed in 2009 approving the Kumtor Project Agreements and terminating the Kumtor Project Agreements. No assurances can be given by the Company in this regard,

- the previously disclosed environmental claims received from the Kyrgyz regulatory authorities in the amount of $152 million, in aggregate, and any further claims that may result from the State Commission, are resolved without material impact on Centerra's operations or financial results. No assurances can be given by the Company in this regard,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine 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 over the life-of-mine,
- the design of the new and expanded waste dumps (contemplated by the new KS-13 life-of-mine plan) at Kumtor adequately address the risks associated with size and stability,
- 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 Kumtor pit,
- prices of key consumables 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,
- the Mongolian legislation which prohibits mineral prospecting, exploration and mining in water basins and forest areas in Mongolia (the "Water and Forest Law") will be amended or repealed to allow Gatsuurt to proceed as planned, (see Company's most recently filed AIF),
- the royalty paid by Boroo increases to 10% after the Boroo stability agreement expires in July 2013 and the current 25% income tax rate remains unchanged, and
- all necessary permits, licenses and approvals are received in a timely manner.

Production and reserve estimates and cost forecasts 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 and the market price of Centerra's shares 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, results of operations or cash flows and the market price of Centerra's shares. See the section entitled "Risk Factors" in the Company's most recently filed Annual Information Form (the "2011 Annual Information Form"), 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 operating cash costs of production of an ounce of gold produced, total production costs per ounce produced and all-in cash costs per ounce produced for the operating properties of Centerra. Operating cash costs per ounce produced is calculated by dividing operating cash costs by gold ounces produced for the relevant period. Total production costs per ounce produced include operating cash costs plus depreciation, depletion and amortization attributable to production divided by gold ounces produced for the relevant period. All-in cash costs per ounce produced includes operating cash costs, plus capitalized stripping, plus capital spent and accrued (sustaining and growth capital) divided by gold ounces produced for the relevant period. Cost of sales per ounce sold is calculated by dividing cost of sales by gold ounces sold for the relevant period. Operating cash costs, total production costs and all-in cash costs per ounce produced, as well as cost of sales per ounce sold are non-GAAP measures.

Operating cash costs include mine operating costs such as mining, processing, site and regional office administration, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), but exclude depreciation, depletion and amortization, reclamation costs, capital investments and exploration expenses. Certain amounts of stock-based compensation at the corporate level have been excluded. Total production costs includes total operating cash cost plus depreciation, depletion and amortization attributable to production. All-in cash costs includes operating cash costs, plus capitalized stripping and total sustaining and growth capital spent and accrued.

Operating cash costs per ounce produced, total production costs per ounce produced and all-in cash costs 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 operating cash cost per ounce produced, total production cost per ounce produced and all-in cash costs per ounce produced and cost of sales per ounce sold may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

Reporting measure going forward

Centerra has initiated an “all-in cash cost” reporting methodology for its gold production. Having first reported along these lines with the announcement of the revised life-of-mine plan for Kumtor in November 2012, the Company believes an all-in cash cost measure more fully reflects the actual cash cost of producing gold than the former Gold Institute total cash cost measure. The new measure does have limitations as an analytical tool as it may be distorted in periods where significant capital investments are being made to expand for future growth or where significant cash mining costs are being expended on stripping to benefit future periods. This new measure should therefore not be considered in isolation, or as a substitute for, analysis of our results as reported under GAAP.

It should also be noted that the mining industry is in early stages of defining an industry-wide standard on the reporting of “all-in cash costs” hence, the definition adopted by the mining industry may differ from the Company’s current definition. The Company may modify the calculation of its “all-in cash cost” to conform to the industry’s standard once it is known.

Management uses all-in cash cost per ounce produced to evaluate current operating performance and for planning and forecasting of future periods. Management believes that the presentation of this new measure is useful for the investor because it allows investors to view results in a manner similar to the method used by management.

Operating Cash Cost per Ounce Produced and Total Production Cost per Ounce Produced can be reconciled as follows:

(Unaudited) **($ millions, unless otherwise specified)**	**Year ended December 31, 2012**	**2011**	**Fourth Quarter December 31, 2012**	**2011**
Centerra:				
Cost of sales, as reported	**$ 387.5**	$ 382.3	**$ 165.2**	$ 104.1
Less: Non-cash component	**142.2**	98.4	**91.1**	30.3
Cost of sales, cash component	**$ 245.3**	$ 283.9	**$ 74.1**	$ 73.8
Adjust for: Refining fees & by-product credits	**(1.2)**	(3.3)	**(0.7)**	(0.3)
Regional office administration	**21.0**	21.3	**5.6**	5.9
Mining Standby Costs	**4.6**	0.2	**-**	-
Non-operating costs	**32.6**	(14.1)	**15.2**	-
Inventory movement	**(45.7)**	34.4	**(15.3)**	11.9
Operating cash cost	**$ 256.7**	$ 322.4	**$ 78.9**	$ 91.3
Depreciation, depletion, amortization and accretion	**142.6**	99.3	**91.2**	30.5
Inventory movement - non-cash	**43.0**	19.5	**48.7**	2.5
Total production cost	**$ 442.3**	$ 441.1	**$ 218.8**	$ 124.3
Ounces poured (000)	**387.1**	642.4	**219.3**	151.6
Operating cash cost per ounce produced	**$ 663**	$ 502	**$ 360**	$ 603
Total production cost per ounce produced	**$ 1,143**	$ 687	**$ 998**	$ 820
Kumtor:				
Cost of sales, as reported	**$ 311.1**	$ 332.6	**$ 137.3**	$ 96.9
Less: Non-cash component	**121.1**	88.3	**80.1**	29.1
Cost of sales, cash component	**$ 190.0**	$ 244.3	**$ 57.2**	$ 67.7
Adjust for: Refining fees & by-product credits	**(1.0)**	(3.3)	**(0.6)**	(0.3)
Regional office administration	**15.5**	15.3	**4.2**	4.1
Mining Standby Costs	**4.6**	-	**-**	-
Non-operating costs	**32.6**	(14.1)	**15.2**	-
Inventory movement	**(35.2)**	39.1	**(11.4)**	8.9
Operating cash cost	**$ 206.5**	$ 281.3	**$ 64.6**	$ 80.4
Depreciation, depletion, amortization and accretion	**121.4**	88.9	**80.1**	29.2
Inventory movement - non-cash	**42.6**	22.0	**48.8**	2.5
Total production cost	**$ 370.5**	$ 392.2	**$ 193.5**	$ 112.1
Ounces poured (000)	**315.2**	583.2	**189.4**	138.7
Operating cash cost per ounce produced	**$ 655**	$ 482	**$ 341**	$ 580
Total production cost per ounce produced	**$ 960**	$ 673	**$ 491**	$ 808
Boroo:				
Cost of sales, as reported	**$ 76.4**	$ 49.7	**$ 27.9**	$ 7.2
Less: Non-cash component	**21.1**	10.1	**11.0**	1.1
Cost of sales, cash component	**$ 55.3**	$ 39.6	**$ 16.9**	$ 6.1
Adjust for: Refining fees & by-product credits	**(0.2)**	(0.1)	**(0.1)**	-
Regional office administration	**5.5**	6.0	**1.5**	1.8
Mining Standby Costs		0.2		-
Non-operating costs		-		-
Inventory movement	**(10.5)**	(4.7)	**(4.0)**	3.0
Operating cash cost	**$ 50.2**	$ 41.1	**$ 14.3**	$ 10.9
Depreciation, depletion, amortization and accretion	**21.2**	10.4	**11.1**	1.3
Inventory movement - non-cash	**0.4**	(2.5)	**(0.1)**	-
Total production cost	**$ 71.8**	$ 49.0	**$ 25.3**	$ 12.2
Ounces poured (000)	**71.8**	59.2	**29.9**	12.9
Operating cash cost per ounce produced	**$ 699**	$ 694	**$ 479**	$ 849
Total production cost per ounce produced	**$ 1,033**	$ 828	**$ 793**	$ 951

Total capital and capitalized stripping presented in the All-in cash cost calculation can be reconciled as follows:

Fourth Quarter 2012 ***($ millions, unaudited)***	**Kumtor**	**Boroo**	**All other**	**Consolidated**
Capitalized stripping –cash	**26.1**	**-**	**-**	**26.1**
Sustaining capital – cash	**10.5**	**0.4**	**0.2**	**11.1**
Growth capital – cash	**36.6**	**0.3**	**0.2**	**37.1**
Increase in accruals included in additions to PP&E	**9.1**	**-**	**-**	**9.1**
Total - Additions to PP&E	**82.3**	**0.7**	**0.4**	**83.4 (1)**
Fourth Quarter 2011				
Capitalized stripping – cash	6.0	-	-	6.0
Sustaining capital – cash	7.8	0.9	0.3	9.0
Growth capital - cash	12.4	0.3	-	12.7
Increase in accruals included in additions to PP&E	2.1	-	-	2.1
Total - Additions to PP&E	28.3	1.2	0.3	29.8 (1)

2012 Year ***($ millions, unaudited)***	**Kumtor**	**Boroo**	**All other**	**Consolidated**
Capitalized stripping –cash	**129.3**	**6.3**	**-**	**135.6**
Sustaining capital - cash	**40.8**	**2.1**	**0.6**	**43.5**
Growth capital - cash	**176.4**	**0.3**	**0.5**	**177.2**
Increase in accruals included in additions to PP&E	**10.1**	**-**	**-**	**10.1**
Total - Additions to PP&E	**356.6**	**8.7**	**1.1**	**366.4 (1)**
2011 Year				
Capitalized stripping – cash	39.4	-	-	39.4
Sustaining capital – cash	32.2	1.8	0.6	34.6
Growth capital - cash	95.0	4.5	0.4	99.9
Increase in accruals included in additions to PP&E	1.3	-	-	1.3
Total - Additions to PP&E	167.9	6.3	1.0	175.2 (1)

(1) As reported in the Company's Consolidated Statement of Cash Flows as "Investing Activities – Additions to property, plant & equipment".

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Corporate and other cash costs presented in the All-in cash cost calculation can be reconciled as follows:

(Unaudited)	Fourth Quarter		Year	
	2012	**2011**	**2012**	**2011**
($ millions)				
Other operating expenses	**$ 4.8**	$ 3.7	**$ 34.3**	$ 15.5
Exploration and business development	**11.6**	11.1	**38.5**	42.9
Corporate administration	**8.8**	10.3	**27.0**	44.9
Subtotal [1]	**$ 25.2**	$ 25.1	**$ 99.8**	$ 103.3
Adjust for:				
Non-operating charge - claim settlement and other	**-**	(2.5)	**0.1**	(2.5)
Depreciation and amortization	**(0.6)**	(0.1)	**(1.4)**	(0.4)
Total corporate and other cash costs	**$ 24.6**	$ 22.5	**$ 98.5**	$ 100.4

(1) As reported on the Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss) for the reported periods

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

(Expressed in Thousands of United States Dollars)	**December 31, 2012**	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	**$ 334,115**	$ 195,539
Short-term investments	**47,984**	372,667
Current portion of restricted cash	**-**	179
Amounts receivable	**75,338**	56,749
Inventories	**289,012**	279,944
Prepaid expenses	**49,317**	26,836
	795,766	931,914
Property, plant and equipment	**589,209**	590,151
Goodwill	**129,705**	129,705
Restricted cash	**6,087**	-
Long-term receivables and other	**23,270**	24,674
Long-term inventories	**10,094**	12,174
	758,365	756,704
Total assets	**$ 1,554,131**	$ 1,688,618
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 63,940**	$ 76,385
Short-term debt	**74,617**	-
Revenue-based taxes payable	**18,643**	15,178
Taxes payable	**5,180**	1,074
Current portion of provision	**5,257**	1,848
	167,637	94,485
Dividend payable	**5,949**	-
Provision	**49,911**	53,777
Deferred income tax liability	**1,808**	1,897
	57,668	55,674
Shareholders' equity		
Share capital	**660,420**	660,117
Contributed surplus	**36,243**	33,994
Retained earnings	**632,163**	844,348
	1,328,826	1,538,459
Total liabilities and shareholders' equity	**$ 1,554,131**	$ 1,688,618

Centerra Gold Inc.
Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

(Unaudited)	**Three months ended December 31,**		**Twelve months ended December 31,**	
	2012	**2011**	**2012**	**2011**
(Expressed in Thousands of United States Dollars,) **(except per share amounts)**				
Revenue from Gold Sales	**$ 368,461**	$ 247,962	**$ 660,737**	$ 1,020,344
Cost of sales	**165,199**	104,083	**387,470**	382,295
Abnormal mining costs	**8,855**	-	**60,881**	-
Mine standby costs	**-**	-	**4,585**	213
Regional office administration	**5,636**	5,930	**21,042**	21,322
Earnings from mine operations	**188,771**	137,949	**186,759**	616,514
Revenue based taxes	**44,499**	33,558	**74,697**	131,750
Other operating expenses	**4,793**	3,592	**34,280**	15,471
Loss on de-recognition of underground assets	**180,673**	-	**180,673**	-
Exploration and business development	**11,551**	11,070	**38,531**	42,894
Corporate administration	**8,794**	10,279	**27,046**	44,902
Earnings (loss) from operations	**(61,539)**	79,450	**(168,468)**	381,497
Other (income) and expenses	**(55)**	(1,377)	**(132)**	(1,056)
Finance costs	**1,263**	521	**3,978**	3,545
Earnings (loss) before income taxes	**(62,747)**	80,306	**(172,314)**	379,008
Income tax expense	**5,239**	894	**11,684**	8,130
Net Earnings (loss) and comprehensive income (loss)	**(67,986)**	79,412	**(183,998)**	370,878
Basic and diluted earnings (loss) per common share	**$ (0.29)**	$ 0.34	**$ (0.78)**	$ 1.57

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

	Three months ended December 31,		Twelve months ended December 31,	
	2012	**2011**	**2012**	**2011**
(Expressed in Thousands of United States Dollars)				
Operating activities				
Net (loss) earnings	**$ (67,986)**	$ 79,412	**$ (183,998)**	$ 370,878
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	**92,038**	30,366	**152,869**	98,840
Finance costs	**1,262**	521	**3,978**	3,545
Loss on disposal of equipment	**932**	383	**1,403**	1,305
Share-based compensation expense	**704**	483	**2,335**	1,759
De-recognition of underground assets	**180,673**	-	**180,673**	-
Change in provision	**(123)**	(12,481)	**614**	-
Income tax expense	**5,239**	894	**11,684**	8,130
Other operating items	**(128)**	(250)	**(673)**	(2,430)
	212,611	99,328	**168,885**	482,027
Change in operating working capital	**935**	(40,560)	**1,593**	(44,150)
Change in long-term inventory	**439**	-	**2,080**	703
Revenue-based taxes (advanced) utilized	**155**	-	**(30,000)**	-
Income taxes paid	**(5,952)**	1,546	**(7,838)**	(3,657)
Cash provided by operations	**208,188**	60,314	**134,720**	434,923
Investing activities				
Additions to property, plant and equipment	**(83,362)**	(29,833)	**(366,423)**	(175,155)
Net redemption (purchase) of short-term investments	**(45,985)**	(106,971)	**324,683**	(290,389)
Increase in restricted cash	**(3,096)**	(19)	**(5,908)**	(616)
Increase in other assets	**6,752**	77	**(1,070)**	(7,375)
Proceeds from disposition of fixed assets	**32**	11	**79**	19
Cash used in investing	**(125,659)**	(136,735)	**(48,639)**	(473,516)
Financing activities				
Dividends paid	**(6,571)**	-	**(22,238)**	(99,322)
Payment of borrowing costs	**(231)**	(57)	**(1,416)**	(630)
Proceeds from short term debt	**-**	-	**76,000**	-
Proceeds from common shares issued for cash	**(20)**	321	**149**	3,347
Cash provided by (used in) financing	**(6,822)**	264	**52,495**	(96,605)
(Decrease) increase in cash during the period	**75,707**	(76,157)	**138,576**	(135,198)
Cash and cash equivalents at beginning of the period	**258,408**	271,696	**195,539**	330,737
Cash and cash equivalents at end of the period	**$ 334,115**	$ 195,539	**$ 334,115**	$ 195,539
Cash and cash equivalents consist of:				
Cash	**$ 51,675**	$ 75,193	**$ 51,675**	$ 75,193
Cash equivalents	**282,440**	120,346	**282,440**	120,346
	$ 334,115	$ 195,539	**$ 334,115**	$ 195,539

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

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

	Number of Common Shares	Share Capital 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	-	-	1,759	-	1,759
Shares issued on exercise of stock options	469,644	4,939	(1,592)	-	3,347
Dividend declared	-	-	-	(99,322)	(99,322)
Net earnings for the period	-	-	-	370,878	370,878
Balance at December 31, 2011	236,339,041	$ 660,117	$ 33,994	$ 844,348	$ 1,538,459
Share-based compensation expense	-	-	2,335	-	2,335
Shares issued on exercise of stock options	30,752	235	(86)	-	149
Shares issued on redemption of restricted share units	6,218	68	-	-	68
Dividend declared	-	-	-	(28,187)	(28,187)
Net loss for the period	-	-	-	(183,998)	(183,998)
Balance at December 31, 2012	**236,376,011**	$ **660,420**	$ **36,243**	$ **632,163**	$ **1,328,826**

To view the 2012 Management's Discussion and Analysis and the Audited Financial Statements and Notes for the year ended December 31, 2012, please visit the following link:

http://media3.marketwire.com/docs/CG2012FSMDAQ4.pdf

The 2012 Audited Financial Statements and Notes and Management's Discussion and Analysis for the year-ended December 31, 2012 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

Qualified Person & QA/QC

All reserve and resource estimates, production information and other 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 ("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. 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 Kumtor deposit is described in a technical report dated December 20, 2012, which is 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.

The Boroo deposit is described in Centerra's 2011 Annual Information Form and a technical report dated December 17, 2009 prepared in accordance with NI 43-101, which is available on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Boroo deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Boroo site are the same as, or similar to, those described in the technical report.

The Gatsuurt deposit is described in Centerra's 2011 Annual Information Form and a technical report dated May 9, 2006 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 Gatsuurt deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Gatsuurt project are the same as, or similar to, those described in the technical report.

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 annual information form, available on SEDAR at www.sedar.com and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

Cautionary Note 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 successful resolution of matters in the Kyrgyz Republic relating to the State Commission Report, including discussions with the Government working group formed to open negotiations on the Kumtor Project Agreements, the Kyrgyz Republic Parliament consideration of the Draft Resolution referred to under the heading "Other Corporate Developments – Kyrgyz Republic – State Commission Activities – Parliament Review and Draft Resolution", the resolution of environmental claims for the aggregate amount of $152 million; statements made under the heading, "Gold Industry, Key Economics and Recent Market Uncertainty" regarding expectations in the gold industry, investor demand, and global financial markets; statements made under the heading "Outlook for 2013", including the Company's future production, estimates of cash operating costs and all-in unit cash costs, exploration expenditures and the success thereof, capital expenditures; mining plans at each of the Company's operations; the continued success with the management of the ice, waste and water movements at Kumtor; the outcome of discussions with the new Mongolian government on the way forward for the Company's Gatsuurt deposit, the impact of the Water and Forest Law on the Company's Mongolian activities; 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 "2013 Outlook". 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 Kyrgyz Republic Government and Parliament as a result of the Kyrgyz State Commission on Kumtor, any impact on the purported cancellation of Kumtor's land use rights at the Kumtor Project, the effect of the Water and Forest Law on the Company's operations in Mongolia, 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 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; (B) risk related to operational matters, including the waste and ice movement at the Kumtor Project and the Company's continued ability to successfully manage it, the occurrence of further ground movements 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, 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 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; (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 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 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 included in this news release 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 included herein 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 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 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 February 20, 2013. 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 fourth quarter, year-end conference call on Thursday, February 21, 2013 at 10:00AM Eastern Time. The call is open to all investors and the media. To join the call, please dial Toll-Free in North America (800) 745-8951 or International callers dial +1 (212) 231-2900. 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 Thursday, February 28, 2013 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21644903.

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.

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