

centerra**GOLD**



NEWS RELEASE

Centerra Gold Reports Second Quarter Results, Net Earnings of \$71 million or 30 cents per share

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 19 and in our Cautionary Note Regarding Forward-looking Information on page 27. The financial figures in this news release are presented under International Financial Reporting Standards (“IFRS”) see “Conversion to IFRS” on page 21. All figures are in United States dollars.

To view the Management’s Discussion and Analysis and the Financial Statements and Notes for the three and six month periods ended June 30, 2011, please visit the following link:

<http://file.marketwire.com/release/CCG728FS.pdf>

Toronto, Canada, July 28, 2011: Centerra Gold Inc. (TSX: CG) today reported net earnings of \$71.1 million or \$0.30 per common share on revenues of \$243.8 million compared to a net earnings of \$30.7 million or \$0.13 per common share based on revenues of \$152.2 million in the same quarter last year.

Consolidated gold production for the second quarter of 2011 totaled 155,166 ounces at a total cash cost of \$513 per ounce produced compared to 121,728 ounces at a total cash cost of \$616 per ounce produced in the corresponding quarter of 2010. Cash provided by operations, net of working capital changes, was \$118.5 million compared to \$76.5 million in the second quarter of 2010. (Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures” in this news release.)

Second Quarter Highlights

- Special and annual dividend payment of \$99.3 million
- Consolidated gold production of 155,166 ounces
- Cash provided by operations of \$118.5 million or \$0.50 per share
- Maintaining consolidated gold production and cost guidance for 2011
- Exploration discovery in Eastern Mongolia, the ATO property, additional 35 drill holes completed in June and five holes were deepened.

Commentary

Steve Lang, President and CEO of Centerra Gold stated, “We are maintaining our gold production and cost guidance for the year after another solid quarter of operating performance at our mines. During the quarter, Centerra's Board declared a special dividend and increased our annual dividend

based on our strong cash flow and the continuing high gold price. The Company's cash balances are growing even after significant capital investment.”

“On July 11, we announced a significant discovery in Eastern Mongolia at our Altan Tsagaan Ovoo (ATO) property. We are very excited about this new discovery in what we view as a new emerging mineral district. The 35 additional drill holes completed in June continue to demonstrate high-grade mineralization from surface and that there is good continuity in the mineralization and also the drilling continues to expand Pipe #4. As indicated in our earlier news release our Board has approved a \$6 million increase in the Company's 2011 exploration budget from \$34 million to \$40 million, with \$4 million of this additional funding allocated for further work on the ATO property,” he concluded.

Financial and Operating Summary

	Three Months Ended June 30			Six Months Ended June 30		
	2011	2010	% Change	2011	2010	% Change
Financial and Operating Summary						
Revenue - \$ millions	243.8	152.2	60%	494.0	407.7	21%
Cost of sales - \$ millions ⁽¹⁾	105.9	79.8	33%	167.7	158.1	6%
Net earnings - \$ millions	71.1	30.7	131%	207.7	154.6	34%
Earnings per common share - \$ basic and diluted	0.30	0.13	131%	0.88	0.66	33%
Cash provided by operations - \$ millions	118.5	76.5	55%	261.0	158.8	64%
Capital expenditures - \$ millions	48.6	54.7	(11%)	120.8	83.8	44%
Weighted average common shares outstanding - basic (thousands)	236,021	234,992	0%	235,951	234,926	0%
Weighted average common shares outstanding - diluted (thousands)	236,353	235,567	0%	236,281	235,512	0%
Average gold spot price - \$/oz	1,506	1,197	26%	1,445	1,152	25%
Average realized gold price - \$/oz	1,527	1,200	27%	1,452	1,143	27%
Gold sold – ounces	159,642	126,797	26%	340,271	356,636	(5%)
Cost of sales - \$/oz sold ⁽¹⁾	663	629	5%	493	443	11%
Gold produced – ounces	155,166	121,728	27%	335,882	332,767	1%
Total cash cost - \$/oz produced ⁽²⁾⁽³⁾	513	616	(17%)	436	441	(1%)
Total production cost - \$/oz produced ⁽²⁾⁽³⁾	625	757	(17%)	541	557	(3%)

- (1) As a result of the IFRS conversion, cost of sales for 2011 and its comparative year now includes depreciation, depletion and amortization related to operations.
- (2) Total cash cost and total production cost are non-GAAP measures and are discussed under “Non-GAAP Measures”.
- (3) As a result of Kumtor's Restated Investment Agreement signed in 2009, total cash cost and total production cost per ounce measures for both years exclude production-based and revenue-based taxes.

Revenues for the second quarter of 2011 were \$243.8 million compared to \$152.2 million during the same period one year ago. Second quarter 2011 revenue reflects a 26% increase in ounces sold

(159,642 ounces versus 126,797 ounces) and a 27% increase in realized gold price (\$1,527 per ounce in the second quarter of 2011 versus \$1,200 per ounce in the second quarter of 2010) in the period.

Gold production for the second quarter of 2011 was 155,166 ounces compared to 121,728 ounces reported in the second quarter of 2010. The increase in gold production reflects 54% higher gold production at the Kumtor mine. At Kumtor, the increase in production was the result of higher throughput and the processing of higher grade material with the associated higher recoveries. Gold production at Boroo was lower in the second quarter 2011 due to processing low-grade stockpiled ore with lower recoveries as mining operations ceased at the end of November 2010. The heap leach operation at Boroo remained idle during the quarter.

Centerra's total cash cost per ounce of gold produced was \$513 in the second quarter of 2011 compared to \$616 in the second quarter of 2010. The year-over-year decrease in unit cash costs was primarily due to 54% higher gold production at Kumtor, partially offset with increased operating costs at Kumtor and reduced operating levels at Boroo (see "Operations Update"). (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

Cash provided by operations was \$118.5 million for the second quarter of 2011 compared to \$76.5 million for the prior year second quarter. The increase reflects increased earnings as a result of higher gold sales volumes and higher average realized gold prices.

Capital expenditures spent and accrued in the second quarter of 2011 amounted to \$48.6 million of which \$8.4 million was spent on sustaining capital projects. Growth capital totaled \$40.2 million, mainly invested at Kumtor relating to capitalization of pre-stripping activities (\$15.1 million), the purchase of haul trucks, shovels and drills (\$11.1 million) and the underground development (\$10.2 million). Capital expenditures in the comparative quarter of 2010 totaled \$54.7 million, consisting of \$12.9 million of sustaining capital and \$41.8 million of growth capital.

Exploration expenditures for the second quarter of 2011 were \$11.3 million dollars compared to \$6.9 million in the second quarter of 2010 mainly reflecting increased drilling activity in Mongolia at the Altan Tsagaan Ovoo (ATO) property and at the Company's other exploration joint venture projects.

Net earnings for the second quarter of 2011 was \$71.1 million, or \$0.30 per share, compared to \$30.7 million or \$0.13 per share for the same period in 2010, reflecting higher realized gold prices and higher ounces sold and produced at Kumtor, partially offset by lower volumes at Boroo.

Centerra's cash and cash equivalents and short-term investments at the end of June 2011 increased to \$464.7 million, compared to cash and short-term investments of \$413.0 million at December 31, 2010. As of June 30, 2011, the Company had an undrawn revolving credit facility available of \$150.0 million.

Operations Update

	Three Months Ended June 30			Six Months Ended June 30		
	2011	2010	% Change	2011	2010	% Change
Kumtor Operating Results						
Gold sold – ounces	144,687	91,204	59%	310,832	291,971	6%
Revenue - \$ millions	221.2	109.8	101%	451.1	333.1	35%
Average realized gold price – \$/oz	1,529	1,204	27%	1,451	1,141	27%
Cost of sales - \$ millions ⁽¹⁾	92.9	59.9	55%	141.2	123.8	14%
Cost of sales - \$/oz sold ⁽¹⁾	642	657	(2%)	454	424	7%
Tonnes mined - 000s	38,271	28,654	34%	74,779	56,191	33%
Tonnes ore mined – 000s	1,448	791	83%	2,036	2,179	(7%)
Average mining grade - g/t ⁽²⁾	2.68	2.68	0%	3.97	4.09	(3%)
Tonnes milled - 000s	1,545	1,434	8%	2,936	2,900	1%
Average mill head grade - g/t ⁽²⁾	3.27	2.74	19%	3.68	3.83	(4%)
Recovery - %	82.6	77.5	7%	82.6	77.0	7%
Gold produced – ounces	139,077	90,050	54%	303,244	270,612	12%
Total cash cost - \$/oz produced ⁽³⁾⁽⁴⁾	507	639	(21%)	418	416	0%
Total production cost - \$/oz produced ⁽³⁾⁽⁴⁾	615	763	(19%)	517	515	0%
Capital expenditures - \$ millions	46.0	39.5	17%	117.9	62.9	87%
Boroo Operating Results						
Gold sold – ounces	14,955	35,593	(58%)	29,439	64,665	(54%)
Revenue - \$ millions	22.6	42.4	(47%)	42.9	74.6	(43%)
Average realized gold price - \$/oz	1,513	1,191	27%	1,457	1,153	26%
Cost of sales - \$ millions ⁽¹⁾	13.0	19.9	(35%)	26.5	34.3	(23%)
Cost of sales - \$/oz sold ⁽¹⁾	869	558	56%	900	530	70%
Total Tonnes mined - 000s	-	2,969	(100%)	-	6,062	(100%)
Average mining grade (non heap leach material) g/t ⁽²⁾	-	1.66	(100%)	-	1.75	(100%)
Tonnes mined heap leach – 000s	-	577	(100%)	-	1,355	(100%)
Tonnes ore mined direct mill feed -000's	-	736	(100%)	-	1,873	(100%)
Tonnes ore milled - 000s	510	615	(17%)	1,106	1,238	(11%)
Average mill head grade - g/t ⁽²⁾	1.35	2.05	(34%)	1.35	1.98	(32%)
Recovery - %	70.3	74.9	(6%)	65.5	73.9	(11%)
Gold produced – ounces	16,089	31,678	(49%)	32,639	62,155	(47%)
Total cash cost - \$/oz produced ⁽³⁾	568	549	3%	607	550	10%
Total production cost - \$/oz produced ⁽³⁾	707	738	(4%)	756	739	2%
Capital expenditures - \$ millions (Boroo)	2.4	3.2	(24%)	2.5	3.4	(28%)
Capital expenditures - \$ millions (Gatsuurt)	0.1	11.9	(99%)	0.2	17.3	(99%)

- (1) As a result of the IFRS conversion, cost of sales for 2011 and its comparative year now includes depreciation, depletion and amortization related to operations.
- (2) g/t means grams of gold per tonne.
- (3) Total cash cost and total production cost are non-GAAP Measures and are discussed under “Non-GAAP Measures”.
- (4) As a result of Kumtor’s Restated Investment Agreement signed in 2009, total cash cost and total production cost per ounce measures for both years are shown excluding operating and revenue-based taxes.

Kumtor

At the Kumtor mine in the Kyrgyz Republic, gold production was 139,077 ounces in the second quarter of 2011 representing a 54% increase from the same quarter in 2010. The increase in gold production is the result of higher grades (3.27 g/t versus 2.74 g/t) and higher recoveries (82.6% versus 77.5%) in the second quarter of 2011. During the quarter, ore from cut-back 12B was uncovered in May 2011 and as a result, Kumtor began amortizing the pre-stripping costs previously capitalized. Ore tonnage processed increased 7.7% to 1.5 million tonnes in the quarter compared to the same period in 2010. The majority of the mill feed processed for the second quarter of 2011 included ore sourced from cutback 12A which resulted in a higher head grade and recovery for the quarter.

Total cash cost per ounce, a non-GAAP measure of production efficiency, was \$507 in the second quarter of 2011 down from \$639 in the second quarter of 2010. The quarter-over-quarter decrease in unit cash costs reflects 54% higher gold production partially offset by 22% higher cash operating costs. The total cash costs were \$70.5 million in the second quarter of 2011 compared to \$57.6 million in the same period of 2010. The cost increase reflects the higher mining rate achieved during the second quarter of 2011 where 34% more tonnes of waste and ore were moved with Kumtor's expanded mining fleet. This also reflects higher operating costs due to an increase of \$8.3 million in national labour costs as a result of the new collective agreement with the unionized national workforce signed in October 2010 and higher consumable costs, in particular, a \$10.1 million increase in diesel costs, partially offset by higher by-product revenue from silver sales of \$1.6 million. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".)

Exploration expenditures totaled \$2.8 million for the second quarter of 2011, comparable to the same quarter in 2010. Exploration activity in the quarter focused on regional surface work and drilling within the Central Pit.

Capital expenditures in the second quarter of 2011 were \$46.0 million, which includes \$8.0 million of sustaining capital, compared to \$39.5 million in the same quarter of 2010. Sustaining capital was predominantly spent on the major overhaul program for heavy duty equipment (\$5.1 million), tailings dam lift (\$1.5 million) and pit dewatering system (\$0.6 million). Growth capital investment during the quarter totalled \$38.0 million which was mainly spent on pre-stripping capitalization (\$15.1 million), purchases of the new CAT 789 haul trucks (\$11.0 million), underground development phase I and II (\$9.7 million), underground delineation drilling (\$0.5 million), purchase of container handler for Balychy Marshalling Yard (\$0.5 million), waste rock dump buttress (\$0.3 million) and numerous other projects (\$0.9 million).

The underground development at Kumtor continued in the second quarter of 2011 with a total advance of 490 metres. Year-to-date total development advance is 891 metres. Decline #1 (SB Zone decline) advanced 193 metres in the second quarter and is now approximately 1.5 kilometres in length. Decline #2 advanced 153 metres in the second quarter towards the SB Zone and totals 807 metres in length. The Stockwork Drive advanced 144 metres in the second quarter to a total length of 429 metres.

In the Stockwork Drive, delineation drilling commenced in the second quarter and exploration drilling continues to test for extensions to the Stockwork Zone. Exploration drilling will be continued in the third quarter from Decline #1 to test the Kumtor structure beneath the Davidoff Glacier and from Decline #2 to test the Saddle Zone. Delineation drilling of the SB Zone is planned for the first quarter of 2012.

Boroo/Gatsuurt

At the Boroo mine in Mongolia, gold production was 16,089 ounces in the second quarter of 2011 compared to 31,678 ounces in the second quarter of 2010. The lower gold production is the result of processing low-grade and low recovery ore stockpiled from the open pit and heap leach operation as mining operations ceased at the end of November 2010. The heap leach operation remained idle during the second quarter 2011 awaiting issuance of the final operating permit from the Mongolian government. The milling ore grade averaged 1.35 g/t with a recovery of 70.3% in the second quarter of 2011, compared to 2.05 g/t with a recovery of 74.9% in the same quarter of 2010.

During May and June 2011, the Boroo SAG mill motor and related motor control centre had an unscheduled shut down for 35 days due to an electrical failure. Production continued without any material impact as a result of a by-pass of the SAG mill which was configured using the ball mill and a stockpile of fine material remaining from the heap leach development. The SAG mill was restarted in early June following the receipt and replacement of the damaged components.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, was \$568 in the second quarter of 2011 compared to \$549 in the second quarter of 2010 due to the lower gold production which was partially offset by lower operating costs. Operating costs decreased in the quarter by \$8.1 million primarily due to a \$5.3 million reduction in mining costs as mining operations ceased at the end of November 2010.

During the second quarter of 2011, exploration expenditures in Mongolia increased to \$4.1 million from \$1.5 million in the same period of 2010, reflecting significant drilling on the ATO property in northeast Mongolia. Capital expenditures spent and accrued at Boroo in the second quarter of 2011 were \$2.4 million compared to \$3.2 million the same quarter of 2010. This consisted of \$0.3 million of sustaining capital and \$2.1 million of growth capital investment spent on raising the tailings dam.

Exploration Update

To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link: <http://file.marketwire.com/release/CCG728a.pdf> or visit the Company's web site at: www.centerragold.com.

In the second quarter of 2011, the Company entered into three new exploration joint venture agreements covering projects located in the Amur region of Russia, Central Anatolia region of Turkey and Heilongjiang region of China.

KYRGYZ REPUBLIC

During the second quarter of 2011, exploration drilling programs continued in the Kumtor Central Pit, regional exploration drilling continued on the Kumtor concession area at the Northeast, Petrov, Bordoo and Akbel areas and surface exploration commenced on the Karasay and Koendy projects.

Kumtor Pit

In the second quarter of 2011, fourteen drill holes were completed and a further three holes are in progress at the end of the quarter to test the extent and grade of mineralization within and below the KS11 open pit design.

Eleven holes were completed to test the northeast extension of the SB Zone towards the Saddle Zone, with a number of the holes returning significant results. Some of the better intercepts are discussed below.

Holes D1533 and D1538 were drilled on section 34 and both holes returned significant results. Hole D1533 intersected 8.9 g/t Au over 31.2 metres including 19.7 g/t Au over 11.0 metres within the KS-11 pit design and 3.8 g/t Au over 11.1 metres immediately below the KS-11 pit design bottom. Hole D1538 intersected 8.1 g/t Au over 23.3 metres including 25.7 g/t Au over 3.0 metres within the KS-11 pit design.

Holes D1544 and D1546 were drilled on section 42 and intersected mineralization 20 to 150 metres below the KS11 pit design, with 4.9 g/t Au over 47.3 metres, 3.8 g/t Au over 17.6 metres and 7.1 g/t Au over 11.5 metres in hole D1544, and 3.9 g/t Au over 26.8 metres and 7.8 g/t Au over 5.7 metres in hole D1546.

Holes D1548 and D1549 were drilled on section 46 with hole D1548 intersecting 2.1 g/t Au over 21.9 metres within the KS-11 pit design and 9.8 g/t Au over 2.3 metres immediately below the pit design bottom. Hole D1549 intersected 6.8 g/t Au over 13.3 metres approximately 50 metres below the KS11 design pit bottom.

Holes D1541, D1552 and D1554 on sections 58, 50 and 46, respectively, were drilled as wide-spaced holes to test the down dip extension of the SB Zone. Hole D1541 intersected 2.4 g/t Au over 24.9 metres. Hole D1552 intersected 3.4 g/t Au over 42.1 metres including 12.2 g/t Au over 5.0 metres. Hole D1554 intersected 4.5 g/t Au over 72.3 metres including 9.8 g/t Au over 4.1 metres and 15.8 g/t Au over 6.0 metres, confirming the continuation of high-grade mineralization for 300 metres down dip of the KS11 design pit bottom.

Further drilling to delineate the depth extent of the SB Zone will continue in the third quarter whenever suitable drill locations become available.

Decline Exploration

One underground exploration hole was completed during the quarter and one hole is in progress. Drill hole UD1547 was completed on section -72 in Decline #1 to test for extensions of the mineralized structure immediately below the Davidoff glacier. Drilling intersected alteration and

low grade mineralization over 116 metres including 1.6 g/t Au over 8.0 metres and 3.2 g/t Au over 4.6 metres.

Exploration drilling from Decline 1 to test below Davidoff glacier and in Decline 2 to test the Saddle Zone will be continued in the third quarter whenever drill access becomes available.

Stockwork Resource Delineation Drilling

The resource delineation program was started in the second quarter. A number of holes were stopped before reaching their target depth as a result of difficult drilling conditions. One hole was completed and two holes are in progress. Hole UD1545 intersected 3.3 g/t Au over 2.7 metres, on the southwestern edge of the Stockwork Zone. Drilling will continue in the third quarter, with the addition of a second diamond drill.

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

Regional Exploration

Regional exploration drilling continued in the second quarter with up to three drills completing two holes in the Northeast area, three holes in the Petrov area and two holes in the Bordoo area.

Northeast Area

Two drill holes were completed during the second quarter designed as 40 metre to 80 metre spaced infill holes to confirm the extent of the mineralization within 100 to 200 metres of surface over the known 800 metre strike extent of mineralization at the Northeast Prospect. Drilling intersected 1.3 g/t Au over 7.0 metres in hole DN1532, and 1.7 g/t Au over 26.6 metres in DN 1537.

An additional two holes will be drilled in the third quarter to test for increased grades and widths of mineralization at depth at the northeastern end of the mineralized structure.

Petrov Area

Two holes were completed in the second quarter at the Petrov prospect area, which covers the northeastern-most strike extension of the Kumtor structure within the mining concession area. Hole DRP1528 intersected the Kumtor Fault but did not intersect any significant alteration or return any gold values. Hole DRP1536, designed to test a strong geophysical anomaly in the footwall stratigraphy west of the Kumtor Fault, intersected minor disseminated pyrite in weakly altered Carboniferous sandstones with no significant assays.

Prospecting and target definition work will continue in the third quarter of 2011.

Bordoo Area

Two drill holes were completed during the second quarter to test geophysical and geochemical targets in the footwall stratigraphy on the western side of the Kumtor Fault. No significant alteration or mineralization was intersected.

Karasay and Koendy Projects

Continuation of the stream sediment sampling program as well as follow-up mapping, soil sampling, geophysics and trenching on the targets identified in 2010, commenced in the second quarter on both exploration licenses. Drilling is scheduled to be carried out in the third quarter of 2011.

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

MONGOLIA

Field activities in Mongolia were focused on the ATO project with drilling, trenching, mapping, geochemical and geophysical surveys were carried out on the ATO prospect and in the district. Results have been very encouraging and the program has been expanded to include additional drilling, metallurgical test work and baseline environmental, social hydrological and engineering studies.

As previously disclosed in the July 11, 2011 news release, the precious and base-metal mineralization identified at the ATO prospect is in three vertically plunging, breccia pipes (Pipes #1, #2 and #4) that cut Early Jurassic sediments (conglomerates, gravels, sandstone and clay) and Permian volcanoclastic rock. The Pipes have been displaced by later faulting and cross cut by younger diorite porphyry dykes. Gold, Ag, Pb, Zn and Cu are main metals making up the mineralization.

Drilling on Pipe #1 has been completed on a 30 by 30 metre grid with 47 drill holes totaling 8,511 metres which were completed in 2010 and 44 holes and 7,575 metres drilled in 2011 for a total of 91 holes and 16,086 metres of drilling. Pipe #1 has an oval shape surface projection of approximately 200 by 300 metres oriented NE - SW. It has been drilled to a depth of 200-250 metres below surface (elevation 850 metres) where the pipe has a similar length and slightly less width. Pipe #1 has primarily Pb mineralization in the upper portion and Pb+Zn mineralization at depth. The gold distribution is consistent from surface down to the 850 metre elevation.

Drilling has been completed at Pipe #2 on a 30 by 60 metres grid and includes 12 holes totaling 2,183 metres drilled in 2010 and 21 holes totaling 2,869 metres drilled in 2011 for a total of 34 holes and 5,052 metres of drilling. Pipe #2 is also ovoid in shape but is smaller than Pipe #1 and is approximately 120 by 270 metres on surface. It is also oriented NE - SW and somewhat narrower at depth with base metal mineralization forming a high grade +5% zone at depth.

Pipe #4 was first identified in 2011 when trenching to test a geophysical target located SE of Pipe #1 returned weak base and precious metal values. Pipe #4 is being drilled on a 30 by 60 metre grid with a total of 40 holes and 7,421 metres of drilling completed to the end of the second quarter. Pipe #4 has similar geometry of 150 to 250 metres on surface oriented NE - SW. Work-to-date indicates that Pipe # 4 has a strong lateral (from NW to SE) zonation with the base metal content decreasing in

this direction from +1% to the ppm level and Ag increasing with values up to several hundreds of grams per tonne.

In general, gold can be traced down to depths of 200 to 250 metres below surface to the 850 metre elevation, with base metals being traced deeper than Au. Silver is characterized by high grades in SE parts of Pipes #1 and 2. Base-precious mineralization occupies entire volume of the pipes #1, 2 and 4. Oxidation is commonly defined and coincident with the sediments and volcanics stratigraphic boundary. The pipes are located from 50 to 100 metres distance between each other.

Results for the first 124 holes drilled for which all assays results had been received by the end of May 2011 were filed on SEDAR and published on the Company's web site to accompany the news release of 11th July 2011.

Assay results have now been received for six holes completed in May that had assays pending at the end of May. In addition as of 20th July 2011 results have been received for 30 of the 35 holes drilled and three of the five holes deepened in June. The assay results for the six holes from May and 33 holes from June and the supporting maps and sections have been filed on SEDAR and published on the Company's web site.

Following are some of the more significant intersections from the drilling completed in late May and June:

Centerra Gold Inc. - ATO 2011 Drilling Results

Results from June 1st, 2011 to July 20th, 2011

Location	Section	Drill Hole	From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)	Pb %	Zn %	
PIPE 1	3 SE	ATO-125	0.00	68.00	68.00	2.03	9.95	0.27	0.75	
			<i>includes</i>	10.30	29.00	18.70	2.01	10.97	0.29	0.53
			<i>includes</i>	34.50	58.30	23.80	3.40	13.03	0.32	0.98
				70.60	75.80	5.20	0.15	2.17	0.05	0.31
				87.20	105.00	17.80	0.15	3.63	0.18	0.61
		120.60	130.20	9.60	0.90	3.82	0.45	0.97		
	4SE	ATO-127	0.00	132.75	132.75	2.66	17.64	0.90	1.26	
			<i>includes</i>	54.40	91.30	36.90	4.55	28.31	1.43	1.96
			<i>includes</i>	99.75	121.55	21.80	4.80	10.45	1.60	1.74
	5 SE	ATO-131	0.00	141.60	141.60	1.50	5.98	0.97	1.36	
			<i>includes</i>	22.40	32.40	10.00	1.40	4.55	1.03	0.99
			<i>includes</i>	33.40	49.40	16.00	1.75	5.33	0.76	0.90
			<i>includes</i>	50.40	63.40	13.00	2.16	9.15	1.48	2.61
		153.60	178.55	24.95	1.78	9.80	1.50	2.87		
	7 SE	ATO-152	0.00	7.90	7.90	1.00	12.86	0.64	0.12	
				23.25	31.35	8.10	0.15	4.97	0.02	0.12
				140.95	199.30	58.35	1.58	11.36	1.87	4.13
				207.10	214.90	7.80	0.12	1.57	0.01	0.04
				232.10	244.10	12.00	0.11	0.86	0.05	0.45
		256.20	281.20	25.00	0.30	6.34	0.72	3.42		
	9 SE	ATO-138	0.00	47.90	47.90	1.20	11.51	0.94	0.13	
			<i>includes</i>	2.70	17.80	15.10	2.94	24.39	2.12	0.09
		ATO-139	<i>includes</i>	1.50	208.40	206.90	1.29	6.27	0.72	0.71
			<i>includes</i>	1.50	48.70	47.20	4.45	18.85	1.87	0.22
		215.45	221.45	6.00	0.59	13.28	1.34	2.34		
		226.45	231.65	5.20	0.14	0.71	0.06	0.09		
PIPE 4	9 SE	ATO-134	5.50	74.50	69.00	1.79	6.50	0.13	0.15	
			<i>includes</i>	9.00	41.95	32.95	3.47	5.62	0.22	0.24
		ATO-143 *	58.90	85.60	26.70	1.59	8.22	0.15	0.18	
			94.00	97.60	3.60	0.15	1.63	0.01	0.03	
			41.50	62.50	21.00	2.80	6.44	0.66	0.81	
	ATO-150	67.00	117.05	50.05	0.28	10.64	0.09	0.15		
		126.05	132.05	6.00	0.13	4.20	0.01	0.02		
		13.00	30.20	17.20	0.41	100.00	0.10	0.34		
	13 SE	ATO-135	37.40	113.00	75.60	1.96	5.88	0.16	0.25	
			<i>includes</i>	52.50	67.00	14.50	4.98	4.62	0.24	0.35
	15 SE	ATO-130	88.80	147.40	58.60	2.76	6.19	0.90	1.36	
			157.70	180.00	22.30	1.68	4.28	0.44	0.62	
			185.00	191.15	6.15	0.15	4.21	0.14	0.31	
	ATO-140 *	44.60	73.70	29.10	1.39	23.31	0.08	0.12		
	17 SE	ATO-154	86.00	131.00	45.00	2.18	4.21	0.74	1.34	
			135.00	155.00	20.00	0.18	3.14	0.39	0.73	
Notes: * Partial mineralized interval, only intercept within section corridor +/- 15m, along section line.										
Mineralized intervals are greater than 0.10 g/t Au.										
Higher grade sub-intervals are greater than 1.00 g/t Au.										
Individual assays are top cut to 30 g/t Au prior to composite calculation.										
True widths for mineralized zones are about 20% to 50% of stated down hole interval.										
This information should be read together with our news release of July 11, 2011.										
Ian Atkinson, a Certified Professional Geologist, is Centerra's qualified person for the purpose of National Instrument 43-101.										
Tables are current for all holes drilled up to June 30, 2011 with assays received as of July 20, 2011.										

Drilling will continue in the third quarter of 2011 with two machines. Initially drilling will focus on completion of delineation of the mineralization in Pipe #2 and Pipe #4 and preliminary geotechnical drilling. Subsequently drilling will move to testing other exploration targets identified in the area surrounding the ATO discovery.

RUSSIA

Kara Beldyr JV

A further nine diamond drill holes were completed in the second quarter of 2011 on the Gord Zone. The drilling has confirmed the main geological features previously identified including the major fault and the alteration zones in both the foot and hanging walls and in addition cross faulting has been identified that displaces the mineralized zone on some sections by 40 to 50 metres. Visible gold was detected in both the hanging and footwall mineralization in 50% of the holes, which is significantly more than in the initial drilling.

Some of the more significant intersections from the drilling completed in the second quarter of 2011 are; KB-061: 3.1 g/t Au over 3.0 metres; KB-064: 1.8 g/t Au over 10.2 metres; KB-066: 1.3 g/t Au over 12.4 metres; KB-068: 13.1 Au g/t over 4.0 metres; KB-069: 1.9 Au g/t over 8.9 metres; KB-072: 2.5 g/t Au over 5.4 metres; KB-073: 2.7 g/t Au over 8.0 metres; KB-074: 2.6 g/t Au over 15.3 metres; and KB-075: 10.6 g/t Au over 2.0 metres.

Drilling of the Gord Zone on a 50 by 50 metre grid is now complete and further drilling of the Ezen and Camp Zones is underway.

To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link: <http://file.marketwire.com/release/CCG728a.pdf> or visit the Company's web site at: www.centerragold.com.

Other Corporate Developments

The following is a summary of current matters affecting the Company and its subsidiaries in the Kyrgyz Republic, Mongolia and Canada. Except for the Kyrgyz Republic Social Fund matter and further developments on the claim by Sistem (both as discussed below), no significant changes have occurred on these matters since the Company's most recent interim disclosure documents published on April 29, 2011.

Kyrgyz Republic

The Company's Kyrgyz Republic operating subsidiary Kumtor Operating Company ("KOC") pays Kyrgyz Republic Social Fund ("Social Fund") contributions in respect of the base wages of its national employees. In late 2010, the Social Fund notified KOC of its position that it should pay contributions to the Social Fund not only in respect of base wages but also in respect of the premium compensation that it is required to pay employees for work at high-altitude. The position of the Social Fund is inconsistent with its past practices and with prior audits of KOC. Following the most recent audit of KOC for 2010 operating year and completed at the end of June 2011, the Social Fund issued an act (assessment) for approximately \$6.7 million for the 2010 period. This amount includes a portion assessed on the employer and an amount assessed on Kumtor's employees. KOC has formally responded to the claim and will continue to vigorously dispute the Social Fund's position and the quantum of the claim. The Company has accrued in its second quarter 2011 accounts \$5.8 million in respect of this claim, representing the mid-point from a host of possible outcomes covering the 2010 assessed year and an estimate for the first six months of 2011.

Mongolia

In Mongolia, the Company continued to work with the Minerals Resource Authority of Mongolia (“MRAM”) and the Mongolian General Department of Specialized Inspection (“SSIA”) with respect to several outstanding issues arising from the inspections at the Boroo mine carried out by the SSIA in mid-2009. During the quarter, the Company also worked with the SSIA in relation to the very significant claim for compensation that the Company received from the SSIA in October 2009 regarding state alluvial reserves covered by the Boroo mine licenses. While Centerra cannot give assurances, it believes that settlement of the outstanding matters and the alluvial claim (which the Company disputes) will be concluded through negotiations and will not result in a material impact.

In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the water basin and forestry law which was enacted by the Mongolian Parliament in July 2009 (the “Water and Forest Law”). Under the Water and Forest Law, mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia would be prohibited, and the affected licenses would be revoked. The legislation provides a specific exemption for “mineral deposits of strategic importance”, which would exempt the Boroo mining licenses from the application of the legislation. Centerra’s Gatsuurt licenses and its other exploration license holdings in Mongolia however, are currently not exempt. Under the Minerals Law of Mongolia, Parliament on its own initiative or, on the recommendation of the Government, may designate a mineral deposit as strategic. Such designation could result in Mongolia receiving up to a 34% interest in the deposit. The March 2010 letter requested that the Company provide a preliminary estimate of expenses incurred in relation to each license that could be revoked and the compensation that the Company would expect to receive if such licenses were to be revoked. The Company submitted a detailed estimate to MRAM in March 2010.

In April 2010, the Company received a letter from the Ministry of Mineral Resources and Energy (“MMRE”) indicating that the Gatsuurt licenses were within the area designated, on a preliminary basis, as land where mineral mining is prohibited under the Water and Forest Law, and that the MMRE would communicate with the Company further on negotiations with respect to an investment agreement for the Gatsuurt project once the MMRE received additional clarity on the impact of the Water and Forest Law on the Gatsuurt project.

In November 2010, Mongolia’s cabinet announced its intention to initiate the revocation of 1,782 mineral licenses under the Water and Forest Law on a staged basis, beginning with the revocation of 254 alluvial gold mining licenses. The Company has four licenses (subsequently clarified to be only three licenses) on the list of alluvial gold mining licenses that may be revoked. None of these licenses are material to the Company. In particular, Centerra’s principal Gatsuurt hardrock mining licenses are not on the list of alluvial licenses to be revoked. In accordance with the Water and Forest Law, the Company submitted in February 2011 a formal request for compensation for the three licenses slated to be revoked. The Company has not yet received any further update from the Mongolian regulatory authorities on this matter.

In late 2010, the Mongolian Government announced that it was considering taking the following actions as the next stages of its implementation of the Water and Forest Law:

- preparing and submitting to the cabinet a proposal to designate as “strategic” those deposits, development of which would contribute to regional social and economic development and, at the same time, require significant amounts of compensation;
- revoking all licenses for non-gold mining operations which utilize surface water;
- revoking all 460 gold exploration licenses and providing compensation ;
- revoking all 931 non-gold exploration licenses and providing compensation;
- revoking and providing compensation to all remaining affected mining licenses.

Of the Company’s 55 mineral licenses, 36 licenses (including the Gatsuurt hard rock licenses) are included in the 1,782 licenses referred to in the cabinet announcement as subject to staged revocation.

The Company understands that Mongolia’s cabinet expects that the Water and Forest Law will take until approximately November 2012 to fully implement. According to statements by officials, the Government estimates that the total compensation due to mining companies for the revocation of their licenses will amount to approximately US\$4 billion, which is about equal to Mongolia’s annual gross domestic product for 2009.

The Water and Forest Law has attracted opposition from Mongolia’s alluvial miners, the Mongolian National Mining Association and other groups. A group of parliamentarians has proposed amendments to the Water and Forest Law to reduce its impact on environmentally-sound mining operations. The Company understands that if the amendments are approved in its submitted form, the Gatsuurt project would be able to proceed. The proposed amendments were discussed in the second quarter of 2011 by a Mongolian parliamentary committee which then referred it to Parliament for further discussion. The Company understands that such discussion is expected to occur in the third or fourth quarter of 2011.

While the Company has continued to receive permits and approvals in connection with the road construction to Gatsuurt and for construction of surface facilities at the project, in November 2010, the Company received a letter from the MMRE indicating that operations at the Gatsuurt project cannot be commenced while the implementation of the Water and Forest Law is being resolved. Accordingly, it is anticipated that further approvals and regulatory commissioning of Gatsuurt will be delayed as a result of the Water and Forest Law.

Centerra is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Water and Forest Law having a limited impact on the Company’s Mongolian activities. There can be no assurance, however, that this will be the case. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the 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 June 30, 2011, the Company has net assets recorded amounting to approximately \$36 million related to the investment in Gatsuurt and approximately \$19 million remaining capitalized for the Boroo mill facility, which is expected to be

utilized for the processing of ore from Gatsuurt. 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 and financial condition. See "Risk Factors" in the Company's most recently filed Annual Information Form ("AIF").

New Graduated Royalty Fee

In November 2010, the Mongolian Parliament enacted a graduated royalty tax that applies to all mining projects as of January 1, 2011, including the Gatsuurt project when commissioned, the Ulaan Bulag and ATO prospects. This graduated royalty replaces the previous flat 5% royalty fee on gold. Pursuant to the graduated royalty fee, the royalty rate is tied to the price of gold such that there is a 1% increase in the royalty fee for every \$100 increase in the price of gold per ounce above a certain price. In the case of gold, there is a basic 5% royalty fee that applies while gold is less than \$900 per ounce. At \$900 per ounce the royalty fee increases to 6%, at \$1,000 per ounce the royalty is 7%, at \$1,100 per ounce the royalty is 8%, and at \$1,200 per ounce the royalty is 9%. The highest royalty fee rate is reached at 10% at \$1,300 per ounce and above. For example an ounce of gold sold at \$1,000 per ounce would be subject to a royalty of 7% or \$70.

The graduated royalty became effective as of January 1, 2011 for all mining projects in Mongolia. On January 19, 2011, the Standing Committee of the State Great Hural of Mongolia issued a resolution to the Government which, among other things, resolved to direct the Government to enter into negotiations to have the graduated royalty structure apply to business entities that have already entered into a stability and/or an investment agreement. This would include the Company's Boroo mine which is currently operating pursuant to a stability agreement entered with the Mongolian government. To date, the Company has not received any further word regarding this resolution and whether the Government will act on it. In any event, the Company is of the opinion that the Boroo stability agreement provides, among other things, legislative stabilization for its Boroo operations and accordingly the graduated royalty fee is not applicable to Boroo's remaining operations. However, the Company cannot provide any guarantees that Boroo will not be made subject to the graduated royalty fee. If the graduated royalty fee does apply, it may have an adverse impact on Centerra's future cash flows, earnings, results of operations or financial condition. Regardless of whether the graduated royalty fee applies to the Boroo operation, it will apply to gold produced from the Gatsuurt mine, when developed. See "Risk Factors" in the Company's most recently filed AIF.

Corporate

On June 23, 2011 the Company held its Annual Special Meeting of Shareholders. At the Shareholders Meeting all resolutions proposed by management in the Management Information Circular were voted in favour of. The number of directors elected at the Meeting was twelve. See "Nominees – Biographies" in the Company's most recently filed Management Information Circular.

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 (the "Republic"). These notices were served by Sistem through the Sheriff in Toronto as part of the enforcement proceedings brought by Sistem in

the Ontario Superior Court to collect US\$11 million with additional interest, owed to Sistem by the Republic in accordance with a judgment of the Ontario Superior Court enforcing an international arbitration award against the Republic. In these Ontario proceedings, Sistem alleges that the shares in Centerra owned by Kyrgyzaltyn JSC, and any dividends paid in respect of those shares, are in fact legally and beneficially owned by the Republic and are therefore subject to execution to pay the judgment. Based on legal advice received, Centerra disputes those allegations and maintains that Kyrgyzaltyn JSC alone is the legal and beneficial owner of the shares and any dividends in respect of those shares, based on the applicable legal principles and the binding agreements with Kyrgyzaltyn JSC. As a result, Centerra paid its May 18, 2011 dividend in the total amount of approximately Cdn\$31 million to Kyrgyzaltyn JSC. Sistem is continuing with its claim regarding the Centerra shares owned by Kyrgyzaltyn JSC. 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 May 18, 2011 dividend after service of the notice of garnishment. However, Centerra believes it has a strong defense to that claim based on the facts and the law. Kyrgyzaltyn JSC is aware of these Ontario proceedings and, when necessary, may elect to protect its own interest in respect of the shares.

Outlook for 2011

Centerra's 2011 consolidated gold production is forecast to be 600,000 to 650,000 ounces. Total cash cost in 2011 is expected to be \$460 to \$495 per ounce produced. Both production and cash cost guidance are unchanged from the prior guidance disclosed in the Company's news release of April 29, 2011. While the Company is holding its prior guidance for unit costs, we anticipate that rising cost pressure for fuel and labour may result in the cash costs approaching the higher-end of guidance. Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures".

The Kumtor mine is expected to produce 550,000 to 600,000 ounces in 2011. Kumtor's total cash cost for 2011 is expected to be \$430 to \$460 per ounce produced. Both production and cash cost guidance are unchanged from the prior guidance. The Kumtor mill is expected to have a scheduled replacement of the SAG mill discharge trunnion liners at the beginning of the third quarter which is expected to require the shutdown of the mill for approximately three days.

At the Boroo mine, gold production is forecast to be 50,000 ounces and assumes no mining or heap leach activities in 2011. Boroo's total cash cost is expected to be \$865 per ounce produced in 2011. Both production and cash cost guidance are unchanged from the prior guidance. The 2011 forecast also assumes no production from the Gatsurt project due to uncertainties with permitting final approvals and regulatory commissioning. During the first half of 2011, the Boroo mill processed the remaining direct mill feed stockpiled ore with an average grade of 1.35 g/t. For the balance of the year, the Boroo mill is expected to process mostly stockpiled material with grades between 0.76 – 0.87 g/t Au. At the current reserve gold price assumption of \$1,000 per ounce, the Boroo operation could potentially continue to feed the mill until the end of 2012 utilizing existing low-grade stockpiles.

Receipt of the final heap leach operating permit would add approximately 3,500 to 4,000 ounces of gold a month. At Gatsurt, the project is ready to begin production of the oxide ore on receipt of the

final approvals and regulatory commissioning. See also “Other Corporate Developments – Mongolia” and other material assumptions set out below.

Centerra’s Production and Unit Cost –2011 Forecast as follows:

	Production <i>Ounces of gold</i>	Total Cash Cost ⁽¹⁾ <i>\$ per ounce</i>
Kumtor	550,000 – 600,000	430 – 460
Boroo	50,000	865
Total Consolidated	600,000 – 650,000	460 – 495

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

2011 Exploration Expenditures

As previously disclosed in the news release of July 11, 2011, the Company has expanded the exploration budget for the current year from \$34 million to \$40 million, \$4 million of this additional funding has been allocated for a further work on the ATO property in the northeast Mongolia, which is 100% owned by the Company. The additional funding for the ATO property brings the total planned exploration expenditures in Mongolia to \$9 million allocated for target definition and drill programs on the Company’s land holdings along the Yeroogol trend and in eastern Mongolia.

The 2011 program will also continue the aggressive exploration work at the Kumtor mine together with an increase in the exploration in the Kumtor district with target definition and drilling programs on the properties acquired in 2010. Planned exploration expenditures in the Kyrgyz Republic are approximately \$13 million, which is unchanged from the prior guidance.

In 2011, drilling programs will continue on the Kara Beldyr project in Russia to determine the resource potential of the property. The Kara Beldyr project is a joint venture in which Centerra currently holds an indirect 50% interest. Drilling programs will also continue in Turkey and Nevada. Generative programs will continue in Kyrgyzstan, Mongolia, Russia, China, Turkey and the U.S. to increase the pipeline of projects that the Company is developing to meet the longer term growth targets of Centerra.

2011 Capital Expenditures

The capital expenditures for 2011 are estimated to be \$213 million, including \$38 million of sustaining capital and \$175 million of growth capital, which is unchanged from the prior guidance.

Capital expenditures include:

Projects	2011 Growth Capital (\$ millions)	2011 Sustaining Capital (\$ millions)
Kumtor mine	169	36
Mongolia	6	1
Corporate	-	1
Consolidated Total	175	38

Kumtor

At Kumtor, during 2011 total capital expenditures are forecast to be \$205 million which includes \$36 million of sustaining capital. The largest sustaining capital spending will be on the major overhaul maintenance of the heavy duty mine equipment (\$19 million), expenditures for the shear key, buttress and tailings dam construction works (\$5 million) and for equipment replacement and other items (\$12 million).

Growth capital investment at Kumtor for 2011 is forecast to be \$169 million primarily for the purchase of seven CAT 789 haul trucks (\$21 million), purchase of remaining equipment for the North Wall expansion project (\$28 million), pre-strip costs related to the development of the open pit (\$62 million) and a waste dump expansion project (\$3 million). Also, \$52 million is included in growth capital investment for the underground, of which \$43 million has been allocated to advance the two underground declines to continue to develop the SB Zone and Stockwork Zone, as well as, \$3 million for delineation drilling and \$6 million for capital purchases and other costs.

Boroo & Gatsuurt (Mongolia)

At Boroo, 2011 sustaining capital expenditures are expected to be \$1 million and growth capital is forecast at \$5 million primarily for the tailings dam construction to expand the capacity of the Boroo tailings facility to allow treatment of waste.

At Gatsuurt, \$1 million is forecast for the environment studies, care maintenance of the site and security of the facilities. No other capital for the development of the deeper sulphide ores at Gatsuurt has been forecast and will only be invested following successful regulatory commissioning of the Gatsuurt project. The engineering and construction of a bio-oxidation facility to be located at the Boroo mill, which is needed to treat Gatsuurt sulphide ores, will be restarted only after the approval to begin mining at Gatsuurt has been received from the Government of Mongolia.

Corporate Administration

Corporate and administration expenses for 2011 are forecast at \$45 million, which is unchanged from the prior guidance.

Taxes

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

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold Company is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$2.4 million at the 2010 year-end foreign exchange rate) with a tax rate of 10% for taxable income up to that amount.

Production, cost and capital forecasts for 2011 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions" and "Caution Regarding

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

Sensitivities

Centerra’s revenues, earnings and cash flows for the second half of 2011 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	2.4	15.6	13.2	13.5
Diesel Fuel ⁽¹⁾	10%	3.8	-	3.8	3.8
Kyrgyz som	1 som	0.9	-	0.9	0.9
Mongolian tugrik	25 tugrik	0.2	-	0.2	0.2
Canadian dollar	10 cents	2.2	-	2.2	2.2

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

Material Assumptions and Risks

Material assumptions or factors used to forecast production and costs for the second half of 2011 include the following:

- a gold price of \$1,400 per ounce,
- exchange rates:
 - \$1USD:\$0.97 CAD
 - \$1USD:45.15 Kyrgyz som
 - \$1USD:1,194 Mongolian tugriks
 - \$1USD:0.72 Euro
- diesel fuel price assumption:
 - \$0.77/litre at Kumtor
 - \$1.16/litre at Boroo

The assumed average diesel price of \$0.77/litre at Kumtor does not include a customs export duty imposed by the Russian authorities on the diesel fuel exported to the Kyrgyz Republic in 2010. Russia imposed a customs duty of approximately \$194 per tonne on gasoline and diesel fuel exports to the Kyrgyz Republic that went into effect on April 1, 2010. The customs export duty amounted to approximately \$0.18/litre or \$212.77 per tonne of diesel fuel. While there were public statements that the export duty had been revoked retroactive to January 1, 2011, Kumtor had to pay the customs export duty on some of its purchases of diesel fuel from Russia during the first quarter of 2011. However, towards the end of the first quarter and throughout the second quarter, the cost of purchases of diesel fuel did not include the export duty. Based on that, Kumtor’s forecast for cash costs has been adjusted to exclude the export duty. Nevertheless, any potential savings from the removal of the customs duty are expected to be fully offset by the increased cost of the diesel fuel as a result of the increase in the price of oil. Should the Russian authorities re-introduce the customs export duty (discussed above) on the diesel fuel exported to the Kyrgyz Republic, the cash costs at

Kumtor would be expected to increase by approximately \$9 million on forecasted diesel purchases until the end of 2011.

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 \$95 per barrel.

Other important assumptions include the following:

- any recurrence of political and civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the remedial plan to deal with the Kumtor waste and ice movement continues to be successful (see "Kumtor Mine – Geotechnical Issues Affecting the Kumtor Open Pit" in the Company's AIF for the year ended December 31, 2010),
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, labour, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- certain issues at Boroo raised by the General Department of Specialized Inspection ("SSIA") concerning state alluvial reserves, the production and sale of gold from the Boroo heap leach facility and other matters will be resolved through negotiation without material adverse impact on the Company, see "Other Corporate Developments - Mongolia",
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licences and approvals are received in a timely manner.

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

Conversion to IFRS

As prescribed by the CICA Accounting Standards Board, the Company adopted the requirements of the International Financial Reporting Standards (“IFRS”) in its statements of account as of January 1, 2011, including the restatement of its opening balance sheet of January 1, 2010 and its second quarter 2010 comparatives. The restatement of the Company’s comparative balances from those previously reported under Canadian GAAP standards to those converted IFRS standards is fully explained and reconciled in note 17 of the Company’s June 30, 2011 condensed consolidated interim financial statements as filed on SEDAR.

Non-GAAP Measures

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

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

**TOTAL CASH COST & TOTAL PRODUCTION COST
RECONCILIATION (unaudited)**
(\$ millions, unless otherwise specified)

Centerra:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Cost of sales, as reported	\$ 105.9	\$ 79.8	\$ 167.7	\$ 158.1
Less: Non-cash component	25.3	17.0	40.1	38.2
Cost of sales - Cash component	\$ 80.6	\$ 62.8	\$ 127.6	\$ 119.9
Adjust for: Refining fees & by-product credits	(1.3)	0.1	(2.2)	0.1
Regional Office administration	6.2	5.0	11.0	9.9
Mine standby costs	0.2	-	0.2	-
Non-operating costs	(5.8)	-	(5.8)	0.2
Inventory movement	(0.3)	7.0	15.7	16.5
Total cash cost - 100%	\$ 79.7	\$ 74.9	\$ 146.5	\$ 146.6
Depreciation, Depletion, Amortization and Accretion	25.5	17.2	40.4	39.0
Inventory movement - non-cash	(8.3)	-	(5.5)	(0.4)
Total production cost - 100%	\$ 96.8	\$ 92.1	\$ 181.4	\$ 185.2
Ounces poured - 100% (000)	155.2	121.8	335.9	332.8
Total cash cost per ounce	\$ 513	\$ 616	\$ 436	\$ 441
Total production cost per ounce	\$ 625	\$ 757	\$ 541	\$ 557

Kumtor:

Cost of sales, as reported	\$ 92.9	\$ 59.9	\$ 141.2	\$ 123.8
Less: Non-cash component	22.4	11.4	34.1	28.3
Cost of sales - Cash component	\$ 70.5	\$ 48.5	\$ 107.1	\$ 95.5
Adjust for: Refining fees & by-product credits	(1.3)		(2.2)	
Regional Office administration	4.7	3.3	8.0	6.6
Mine standby costs	-	-	-	-
Non-operating costs	(5.8)	0.1	(5.8)	0.4
Inventory movement	2.3	5.6	19.5	10.0
Total cash cost - 100%	\$ 70.5	\$ 57.5	\$ 126.7	\$ 112.5
Depreciation, Depletion, Amortization and Accretion	\$ 22.6	\$ 11.6	\$ 34.4	\$ 28.7
Inventory movement - non-cash	\$ (7.6)	\$ (0.4)	\$ (4.3)	\$ (1.9)
Total production cost - 100%	\$ 85.5	\$ 68.7	\$ 156.8	\$ 139.3
Ounces poured - 100% (000)	139.1	90.1	303.2	270.6
Total cash cost per ounce	\$ 507	\$ 639	\$ 418	\$ 416
Total production cost per ounce	\$ 615	\$ 763	\$ 517	\$ 515

Boroo:

Cost of sales (cash), as reported	\$ 13.0	\$ 19.9	\$ 26.5	\$ 34.3
Less: Non-cash component	2.9	5.5	6.0	9.9
Cost of sales - Cash component	\$ 10.1	\$ 14.3	\$ 20.5	\$ 24.4
Adjust for: Refining fees & by-product credits	(0.0)	0.1	(0.0)	0.1
Regional Office administration	1.5	1.7	3.0	3.3
Mine standby costs	0.2	-	0.2	-
Non-operating costs	-	(0.1)	-	(0.2)
Inventory movement	(2.6)	1.4	(3.8)	6.5
Total cash cost - 100%	\$ 9.1	\$ 17.4	\$ 19.8	\$ 34.1
Depreciation, Depletion, Amortization and Accretion	\$ 2.9	5.6	6.0	10.3
Inventory movement - non-cash	\$ (0.7)	0.4	\$ (1.2)	1.5
Total production cost - 100%	\$ 11.3	\$ 23.4	\$ 24.6	\$ 45.9
Ounces poured - 100% (000)	16.1	31.7	32.6	62.2
Total cash cost per ounce	\$ 568	\$ 549	\$ 607	\$ 550
Total production cost per ounce	\$ 707	\$ 738	\$ 756	\$ 739

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

June 30 December 31
2011 2010

(Expressed in Thousands of United States Dollars)

Assets

Current assets

Cash and cash equivalents	\$ 256,375	\$ 330,737
Short-term investments	208,332	82,278
Restricted cash	198	795
Amounts receivable	55,900	100,562
Inventories	217,664	181,633
Prepaid expenses	11,855	22,221
	<u>750,324</u>	<u>718,226</u>

Property, plant and equipment

587,855

519,019

Goodwill

129,705

129,705

Long-term receivables and other

22,652

17,299

Long-term inventories

11,926

12,877

Deferred income tax asset

58

3,367

752,196

682,267

Total assets

\$ 1,502,520

\$ 1,400,493

Liabilities and Shareholders' Equity

Current liabilities

Accounts payable and accrued liabilities	\$ 61,376	\$ 70,909
Taxes payable	17,597	27,354
Current portion of provisions	16,620	9,553
	<u>95,593</u>	<u>107,816</u>

Provisions

33,229

30,880

Deferred income tax liability

1,334

-

34,563

30,880

Shareholders' equity

Share capital	657,239	655,178
Contributed surplus	33,915	33,827
Retained earnings	681,210	572,792
	<u>1,372,364</u>	<u>1,261,797</u>

Total liabilities and shareholders' equity

\$ 1,502,520

\$ 1,400,493

Centerra Gold Inc.

Condensed Consolidated Statements of Earnings and Comprehensive Income

(Unaudited)

	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2011	2010	2011	2010

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

Revenue from Gold Sales	\$ 243,808	\$ 152,172	\$ 493,987	\$ 407,658
Cost of sales	105,912	79,765	167,706	158,131
Mine standby costs	164	-	164	-
Regional office administration	6,231	4,973	11,044	9,917
Earnings from mine operations	131,501	67,434	315,073	239,610
Revenue-based taxes	30,966	15,369	63,154	46,635
Exploration and business development	12,406	7,135	19,963	12,656
Corporate administration	12,467	6,071	20,235	17,209
Earnings from operations	75,662	38,859	211,721	163,110
Other (income) and expenses	(1,272)	1,690	(2,320)	2,126
Finance costs	1,220	308	1,610	634
Earnings before income taxes	75,714	36,861	212,431	160,350
Income tax expense	4,597	6,127	4,691	5,754
Net earnings and comprehensive income	\$ 71,117	\$ 30,734	\$ 207,740	\$ 154,596
Basic and diluted earnings per common share	\$ 0.30	\$ 0.13	\$ 0.88	\$ 0.66

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

	Three months ended		Six months ended	
	June 30 2011	June 30 2010	June 30 2011	June 30 2010
(Expressed in Thousands of United States Dollars)				
Operating activities				
Net earnings	\$ 71,117	\$ 30,734	\$ 207,740	\$ 154,596
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	25,423	17,072	40,379	38,449
Finance costs	1,220	308	1,610	634
Loss on disposal of plant and equipment	-	847	109	990
Stock - based compensation expense	477	268	801	629
Change in long-term inventory	768	(898)	951	(2,447)
Long-term other assets	(4,794)	14	(5,353)	(992)
Change in provisions	5,784	-	5,784	-
Income tax expense	4,597	6,127	4,691	5,754
Other operating items	280	(855)	251	(529)
	<u>104,872</u>	<u>53,617</u>	<u>256,963</u>	<u>197,084</u>
Change in operating working capital	11,623	31,612	3,186	(24,601)
Income tax recovery (paid)	1,984	(8,774)	892	(13,656)
Cash provided by operations	118,479	76,455	261,041	158,827
Investing activities				
Net movement in restricted cash	(597)	-	(597)	-
Additions to property, plant and equipment	(48,457)	(57,171)	(110,142)	(78,207)
Purchase of short-term investments	(57,088)	22,627	(126,054)	(14,696)
Advance for long-term assets	-	(5,152)	-	(5,152)
Proceeds from disposition of fixed assets	-	2	-	44
Cash used in investing	(106,142)	(39,694)	(236,793)	(98,011)
Financing activities				
Dividends paid	(99,322)	-	(99,322)	-
Transaction costs related to borrowing	(509)	-	(636)	(17)
Proceeds from common shares issued for cash	1,177	1,477	1,348	1,477
Cash (used in) provided by financing	(98,654)	1,477	(98,610)	1,460
(Decrease) Increase in cash during the period	(86,317)	38,238	(74,362)	62,276
Cash and cash equivalents at beginning of the period	342,692	200,942	330,737	176,904
Cash and cash equivalents at end of the Period	\$ 256,375	\$ 239,180	\$ 256,375	\$ 239,180
Cash and cash equivalents consist of:				
Cash	\$ 45,710	\$ 95,314	\$ 45,710	\$ 95,314
Cash equivalents	210,665	143,866	210,665	143,866
	<u>\$ 256,375</u>	<u>\$ 239,180</u>	<u>\$ 256,375</u>	<u>\$ 239,180</u>

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

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

	Number of Common Shares	Amount	Contributed Surplus	Retained Earnings	Total
Balance at January 1, 2010	234,857,228	\$ 646,081	\$ 35,376	\$ 264,121	\$ 945,578
Stock-based compensation expense	-	-	629	-	629
Shares issued on exercised of stock options	288,741	2,056	(579)	-	1,477
Net earnings for the period	-	-	-	154,596	154,596
Balance at June 30, 2010	235,145,969	\$ 648,137	\$ 35,426	\$ 418,717	\$ 1,102,280
Balance at January 1, 2011	235,869,397	\$ 655,178	\$ 33,827	\$ 572,792	\$ 1,261,797
Stock-based compensation expense	-	-	801	-	801
Shares issued on exercised of stock options	234,347	2,061	(713)	-	1,348
Dividend paid	-	-	-	(99,322)	(99,322)
Net earnings for the period	-	-	-	207,740	207,740
Balance at June 30, 2011	236,103,744	\$ 657,239	\$ 33,915	\$ 681,210	\$ 1,372,364

Qualified Person

The new drilling results in this news release and on Centerra's website and the other scientific and technical information in this news release were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and were reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of Ian Atkinson, Certified Professional Geologist, Centerra's Senior Vice-President, Global Exploration, who is the qualified person for the purpose of NI 43-101.

The Kumtor deposit is described in Centerra's most recently filed Annual Information Form (the "AIF") and a technical report dated March 22, 2011 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are described in the technical report.

Cautionary Note Regarding Forward-looking Information

This news release and the documents referred to herein contain statements which are not statements of current or historical facts and are "forward-looking information" within the meaning of applicable 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. Wherever possible, words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "forecast", "projections", "estimate", "may", "will", "schedule", "potential", "strategy" and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things, Centerra's expectations regarding processing the remaining refractory in-situ ore at Boroo through a bio-oxidation facility, the impact of the Water and Forest Law on the Company's Mongolian operations and the potential need to write off the Company's investments in Gatsuurt and Boroo or reclassify mineral reserves if the Water and Forest Law is not repealed or amended, the timing of the discussion of the Water and Forest Law amendment in the Mongolian Parliament, the application of the Graduated Royalty Fee on the Company's Boroo operations, future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and political environment and business prospects (including the timing and development of new deposits (including the ATO (Altan Tsagaan Ovoo) deposit) and the success of exploration activities), outcome of litigation involving Centerra, the timing for the preparation of an initial resource statement for the Company's ATO property, the timing for mill maintenance and repair work at Boroo, the expected impact on the Company's financial statements as a result of adopting IFRS standards, the timing of the scheduled SAG mill discharge liners at Kumtor and its impact on production and opportunities and the discussion under the heading "Outlook for 2011", including the forecasted gold production and cash costs, exploration expenditures and exploration plans.

Although the forward-looking information in this news release reflects Centerra's current beliefs as of the date of this news release based on information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied will be consistent with such forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information.

Material assumptions used to forecast production and costs include those described under the heading "Outlook for 2011". Other factors that could cause actual results or events to differ materially from current expectations include, among other things: the sensitivity of the Company's business to the volatility of gold prices; the political risks associated with the Company's operations in the Kyrgyz Republic and Mongolia; the impact of changes in, or more oppressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates; the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalty payments payable in connection with the Company's Mongolian operations; the effect of the Water and Forest Law on the Company's operations in Mongolia; the impact of continued scrutiny from Mongolian regulatory authorities; in the Kyrgyz Republic the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations; the Company's ability to replace its reserves; ground movements at the Kumtor Mine; waste and ice movement at the Kumtor Mine; litigation; the accuracy of the Company's reserves and resources estimate; the accuracy of the Company's production and cost estimates; the success of the Company's future exploration and development activities; competition for mineral acquisition opportunities; the adequacy of the Company's insurance; environmental, health and safety risks; defects in title in connection with the Company's properties; the impact of restrictive covenants in the Company's revolving credit facility; the Company's ability to successfully negotiate an investment agreement for the Gatsuurt development property 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 development property; seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia; long lead times required for equipment and supplies given the remote location of the Company's properties; illegal mining on the Company's Mongolian properties; the Company's ability to enforce its legal rights; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to obtain future financing; the impact of current global financial conditions; the impact of currency fluctuations; the effect of recent market conditions on the Company's short-term investments; the Company's ability to attract and retain qualified personnel; the Company's ability to make payments including payments of principal and interest on the Company's debt facilities; risks associated with the conduct of joint ventures; risks associated with the Company's largest shareholder, the Kyrgyz government; 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.

Centerra's mineral reserve and mineral resource figures are estimates and Centerra can provide no assurances that the indicated levels of gold will be produced or that Centerra will receive the gold price assumed in determining its mineral 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 mineral reserve and mineral resource estimates are well established and the best estimates of Centerra's management, by their nature mineral reserve and mineral resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences which may ultimately prove unreliable. If Centerra's reserve or resource estimates for its properties are inaccurate or are reduced in the future, this could have an adverse impact on Centerra's future cash flows, earnings, results or operations and financial condition.

Centerra estimates the future mine life of its operations. Centerra can give no assurance that mine life estimates will be achieved. Failure to achieve these estimates could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

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 in this news release. 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 July 28, 2011. 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 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 a leading North American-based gold producer and is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is headquartered in Toronto, Canada.

Conference Call

Centerra invites you to join its 2011 second quarter conference call on Friday, July 29, 2011 at 10:30am Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 682-8921 or International participants dial +1 (303) 223-2680. 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 Friday August 5, 2011 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21528563.

For more information:

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

To view the Management's Discussion and Analysis and the Financial Statements and Notes for the three and six month periods ended June 30, 2011, please visit the following link:
<http://file.marketwire.com/release/CCG728FS.pdf>

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