NEWS RELEASE

Centerra Gold Reports Second Quarter Results

(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 22 and in our Cautionary Note Regarding Forward-looking Information on page 30. It should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and notes for the three and six months ended June 30, 2012 and June 30, 2011 and the associated Management's Discussion and Analysis. The condensed interim financial statements of Centerra are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board and the Company's accounting policies as described in note 3 of its annual consolidated financial statements for the year ended December 31, 2011. All figures are in United States dollars.)

To view Management's Discussion and Analysis and the Financial Statements and Notes for the three and six months ended June 30, 2012, please visit the following link:

http://media3.marketwire.com/docs/CG2012FSMDAQ2.pdf

Toronto, Canada, August 1, 2012: Centerra Gold Inc. (TSX: CG) today reported a net loss of $54.6 million, or $0.23 per share based on revenues of $89.7 million. The second quarter loss includes $13.5 million ($0.06 per share) of abnormal mining costs, an other operating expense of $21.0 million ($0.09 per share) for Kumtor's contribution to a national micro-credit financing program in the Kyrgyz Republic in April and a charge of $7.2 million ($0.03 per share) for a gold metal reconciliation adjustment of the stockpiles at Kumtor. For the same period in 2011, the Company recorded net earnings of $71.1 million or $0.30 per common share based on revenues of $243.8 million in the same quarter last year reflecting significantly higher gold production and sales.

Consolidated gold production for the second quarter of 2012 totaled 52,482 ounces at a total cash cost of $885 per ounce produced reflecting lower gold production as a result of the revised mine plan at Kumtor. In the corresponding quarter of 2011, consolidated gold production was 155,166 ounces at a total cash cost of $513 per ounce produced. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

Commentary

Ian Atkinson, President and CEO of Centerra Gold stated, "As expected, our gold production was down for the second quarter. While Kumtor continues with its mitigation plan of moving the ice and waste material to allow access to the SB Zone on the southeast side of the pit, we continue the pre-stripping in the southwest portion of the pit and are on track to be in ore by mid-September. We expect to achieve our annual production guidance of 450,000 to 470,000 ounces of gold."

"At Kumtor, the technical and financial study of the potential for expanding the limits of the ultimate pit is continuing. However, the work done to date has produced very encouraging results and indicates that a much larger open pit is feasible, which would result in a significant addition to the open pit reserves and a substantially extended mine life. The opportunity was created by the expansion of reserves and resources in the SB Zone over the last three years, in conjunction with the decision made in March to mitigate the impact of the high movement area by offloading the upper portion of the southeast section of the pit wall."

"The expanded pit would also encompass a significant part of the existing SB underground development and would result in a revaluation of the associated capital investment. Further development work on Decline 1 has been postponed until the study is finalized. The expanded pit may require removal of additional ice and waste material that may have an impact on the short-term (2013-2014) production and financial estimates previously disclosed on May 15, 2012. Significant technical, financial and permitting factors require further study. We expect to complete the study and release its conclusions late in the third quarter."

"Unfortunately for all shareholders, Centerra's share price has been negatively impacted by the recent developments in the Kyrgyz Republic. We believe that the Kyrgyz Parliamentary Commission's report regarding the Kumtor gold project released on June 18, 2012, and its findings are without merit. We believe that Kumtor has operated in full compliance with Kyrgyz laws and meets or exceeds Kyrgyz and international environmental, safety and health standards. This has been shown over the years in systematic compliance audits by both Kyrgyz and international independent experts, who have confirmed Centerra's high level of performance. We also believe that the new agreements we signed in 2009 form a solid foundation for the successful operation of the Kumtor project. The new agreements were approved by all relevant Kyrgyz governmental authorities, including the Kyrgyz Parliament and the Constitutional Court, and all disputes in relation to the new agreements are subject to international arbitration. In response to the Parliamentary report and resolution relating to Kumtor, the Government established a State Commission to examine the parliamentary report and its conclusions, and to initiate revisions to the new agreements that may impact the relevant concession area, tax regime, local operating company management structure and other matters. The Company will work with the State Commission and Government to address the environmental matters raised in the parliamentary report and to resolve other issues identified in the parliamentary resolution in accordance with the new agreements."

Financial and Operating Summary

	Three Months Ended June 30			Six Months Ended June 30		
Financial and Operating Summary	**2012**	2011	**% Change**	**2012**	2011	**% Change**
Revenue - $ millions	**89.7**	243.8	(63%)	**223.5**	494.0	(55%)
Cost of sales - $ millions [1]	**78.4**	105.9	(26%)	**163.1**	167.7	(3%)
Abnormal mining costs - $ millions	**13.5**	-	100%	**32.8**	-	100%
Other operating expenses	**22.9**	0.5	4480%	**24.3**	0.5	4760%
Net earnings (loss) - $ millions	**(54.6)**	71.1	(177%)	**(69.3)**	207.7	(133%)
Earnings (loss) per common share - $ basic and diluted	**(0.23)**	0.30	(177%)	**(0.28)**	0.88	(132%)
Cash provided by (used in) operations - $ millions	**(45.1)**	123.3	(137%)	**(34.9)**	266.4	(113%)
Capital expenditures - $ millions	**115.1**	48.6	137%	**244.0**	120.8	102%
Weighted average common shares outstanding - basic (thousands)	**236,370**	236,021	0%	**236,370**	235,951	0%
Weighted average common shares outstanding - diluted (thousands)	**236,370**	236,353	0%	**236,370**	236,281	0%
Average gold spot price - $/oz	**1,609**	1,506	7%	**1,651**	1,445	14%
Average realized gold price - $/oz	**1,597**	1,527	5%	**1,669**	1,452	15%
Gold sold – ounces	**56,201**	159,642	(65%)	**133,921**	340,271	(61%)
Cost of sales - $/oz sold [1]	**1,395**	663	110%	**1,218**	493	147%
Gold produced – ounces	**52,482**	155,166	(66%)	**125,037**	335,882	(63%)
Total cash cost - $/oz produced[2]	**885**	513	72%	**943**	436	117%
Total production cost - $/oz produced[2]	**1,005**	625	61%	**1,106**	541	104%

(1) Cost of sales includes depreciation, depletion and amortization related to operations.
(2) Total cash cost and total production cost per ounce produced are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

Revenues for the second quarter of 2012 were $89.7 million compared to $243.8 million during the same period one year ago. Second quarter 2012 revenue reflects lower sales (56,201 ounces versus 159,642 ounces) due to the mine plan revision at Kumtor, disclosed on March 27, 2012. The Company’s average realized gold price in the second quarter of 2012 was $1,597 per ounce compared to $1,527 per ounce in the second quarter of 2011.

Gold production for the second quarter of 2012 was 52,482 ounces compared to 155,166 ounces reported in the second quarter of 2011. The decline in gold production reflects the decision to revise Kumtor’s mine plan, which delayed mining activities and access to the scheduled area of higher grade SB Zone in the southeast portion of the open pit. Gold production at Boroo was lower in the second quarter 2012 due to processing low-grade stockpiled ore with lower recoveries. The heap leach operation at Boroo remained idle during the quarter.

Centerra’s total cash cost per ounce of gold produced was $885 in the second quarter of 2012 compared to $513 in the second quarter of 2011. The year-over-year increase in unit cash costs was

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

primarily due to lower gold production at Kumtor as a result of lower grades and recoveries from the processing of stockpiled materials and reduced operating levels at Boroo (see "Operations Update"). (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

The Company recorded an amount of $13.5 million of abnormal mining costs in the second quarter of 2012 resulting from the increased unloading of ice and waste material in the high movement area and the impact of the revised mine plan at its Kumtor operation. See "Operations Update – Kumtor". There were no abnormal mining costs recorded in the comparative quarter of 2011.

Other operating expenses for the second quarter of 2012 totaled $22.9 million and include $21.0 million contributed by Kumtor to a national micro-credit financing program, pertaining to an agreement signed by Kumtor and the Kyrgyz Government on April 23, 2012. See "Other Corporate Developments - Kyrgyz Republic – National Micro-Credit Financing Program". In Mongolia, Boroo increased its commitment to fund the construction of the maternity hospital in Ulaanbaatar during the second quarter of 2012 and accrued a further $1.1 million, bringing its overall commitment to its maximum approved level of $7.5 million (or 10 billion tugriks). Other spending on ongoing social development programs in the various countries where the Company operates totaled $0.7 million in the second quarter of 2012, compared to $0.5 million in the same quarter of 2011.

Exploration expenditures for the second quarter of 2012 were $9.1 million dollars compared to $12.5 million in the second quarter of 2011 mainly reflecting decreased drilling activity at the Öksüt joint venture project in Turkey, and in Mongolia at the Altan Tsagaan Ovoo ("ATO") property, while the Company focused its efforts on the completion of the Mongolian Reserve and Resource Report.

On May 28, 2012, a tax advance agreement was signed by Kumtor and the Kyrgyz Government, after which $30 million of future revenue-based taxes were advanced. This interest-free advance will be applied against future revenue-based taxes otherwise payable during 2012 (starting in November 2012) and 2013, under a formal repayment schedule that will involve $10 million being off-set in 2012 and the remaining $20 million off-set in 2013. See "Other Corporate Developments - Kyrgyz Republic – Tax Advance Agreement".

Cash used in operations, net of working capital changes, was $45.1 million compared to cash provided by operations of $123.3 million in the second quarter of 2011, primarily reflecting lower earnings as a result of lower sales volumes.

Capital expenditures spent and accrued of $115.1 million in the second quarter of 2012 included $12.2 million of sustaining capital and $102.9 million invested in growth capital. Kumtor spent and accrued $11.2 million on sustaining capital and $98.8 million on growth capital, mainly for the capitalization of pre-stripping activities ($64.1 million), the purchase of haul trucks, shovels and drills ($17.6 million), underground development ($12.0 million) and other various projects ($5.1 million). Boroo spent and accrued $0.8 million on sustaining capital and $4.0 million on growth capital, mainly for the capitalization of pre-stripping activities in Pit 6. Capital expenditures in the

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

comparative quarter of 2011 totaled $48.6 million, consisting of $8.4 million of sustaining capital and $40.2 million of growth capital.

Centerra's cash and cash equivalents and short-term investments at the end of June 2012 were $297.7 million, compared to cash and short-term investments of $568.2 million at December 31, 2011. As of June 30, 2012, the Company had an undrawn revolving credit facility of $150.0 million.

Operations Update

	Three Months Ended June 30			Six Months Ended June 30		
Kumtor Operating Results	**2012**	2011	**% Change**	**2012**	2011	**% Change**
Gold sold – ounces	**40,228**	144,687	(72%)	**102,425**	310,832	(67%)
Revenue - $ millions	**64.0**	221.2	(71%)	**171.8**	451.1	(62%)
Average realized gold price – $/oz	**1,592**	1,529	4%	**1,677**	1,451	16%
Cost of sales - $ millions (1)	**62.1**	92.9	(33%)	**130.6**	141.2	(8%)
Cost of sales - $/oz sold (1)	**1,544**	642	140%	**1,275**	454	181%
Abnormal mining costs - $ millions	**13.5**	-	100%	**32.8**	-	100%
Tonnes mined - 000s	**42,736**	38,271	12%	**73,482**	74,779	(2%)
Tonnes ore mined – 000s	**16**	1,448	(99%)	**79**	2,036	(96%)
Average mining grade - g/t (2)	**1.18**	2.68	(56%)	**1.30**	3.97	(67%)
Tonnes milled - 000s	**1,376**	1,545	(11%)	**2,627**	2,936	(11%)
Average mill head grade - g/t (2)	**1.33**	3.27	(59%)	**1.64**	3.68	(55%)
Recovery - %	**71.2**	82.6	(14%)	**72.0**	82.6	(13%)
Gold produced – ounces	**41,307**	139,077	(70%)	**102,014**	303,244	(66%)
Total cash cost - $/oz produced (3)	**876**	507	73%	**950**	418	128%
Total production cost - $/oz produced (3)	**985**	615	60%	**1,114**	517	116%
Capital expenditures - $ millions	**110.0**	46.0	139%	**235.0**	117.9	99%
Boroo Operating Results						
Gold sold – ounces	**15,973**	14,955	7%	**31,496**	29,439	7%
Revenue - $ millions	**25.7**	22.6	14%	**51.7**	42.9	21%
Average realized gold price - $/oz	**1,610**	1,513	6%	**1,643**	1,457	13%
Cost of sales - $ millions (1)	**16.3**	13.0	25%	**33.6**	26.5	27%
Cost of sales - $/oz sold (1)	**1,018**	869	17%	**1,065**	900	18%
Total Tonnes mined - 000s	**2,453**	-	100%	**4,374**	-	100%
Average mining grade (non heap leach material) - g/t (2)	**1.05**	-	100%	**1.05**	-	100%
Tonnes mined heap leach – 000s	**22**	-	100%	**22**	-	100%
Tonnes ore mined direct mill feed -000's	-	-	100%	-	-	100%
Tonnes ore milled - 000s	**635**	510	25%	**1,222**	1,106	10%
Average mill head grade - g/t (2)	**0.86**	1.35	(36%)	**0.82**	1.35	(39%)
Recovery - %	**69.0**	70.3	(2%)	**73.7**	65.5	13%
Gold produced – ounces	**11,175**	16,089	(31%)	**23,023**	32,639	(29%)
Total cash cost - $/oz produced (3)	**916**	568	61%	**911**	607	50%
Total production cost - $/oz produced (3)	**1,079**	707	53%	**1,069**	756	41%
Capital expenditures - $ millions (Boroo)	**4.9**	2.4	99%	**8.6**	2.5	250%
Capital expenditures - $ millions (Gatsuurt)	**0.09**	0.12	(26%)	**0.19**	0.25	(23%)

(1) Cost of sales includes depreciation, depletion and amortization related to operations.
(2) g/t means grams of gold per tonne.
(3) Total cash cost and total production cost per ounce produced are non-GAAP Measures and are discussed under "Non-GAAP Measures".

Kumtor
At the Kumtor mine in the Kyrgyz Republic, gold production was 41,307 ounces in the second quarter of 2012 compared to 139,077 ounces in the same quarter in 2011. The decrease in gold production in the second quarter of 2012 is the result of fewer tonnes milled with lower mill head grades (1.33 g/t versus 3.27 g/t) and lower recoveries (71.2% versus 82.6%). Total tonnes mined for the second quarter of 2012 were 42.7 million tonnes compared to 38.3 million tonnes in the comparative quarter of 2011, an increase of 12% due to the increased capacity of the expanded mining fleet. During the quarter, the company mined waste from cut-back 14B and continued to unload the ice and waste material from the high movement area. The revised mining plan in the southwest section of the open pit and the progress with the ice and waste unload is expected to provide access to ore by the end of the third quarter of 2012. During the second quarter of 2012, very little ore was mined and the majority of the mill feed processed came from stockpiles.

Kumtor recorded an amount of $13.5 million of abnormal mining costs in the second quarter of 2012 resulting from the increased unloading of ice and waste material in the high movement area and the impact of the revised mine plan at its Kumtor operation. Under this new plan no ore was released from the pit during the second quarter of 2012 while pre-stripping activities were moved to the southwest portion of the pit (cut-back 14B). This pre-stripping activity added costs totaling $9.6 million which were in excess of what the Company believes it can realize after further processing and eventual sale of the gold. The cost of removal of the ice and waste from the high movement area during the second quarter of 2012 was $3.9 million, expensed to abnormal mining costs.

Total cash cost per ounce produced, a measure of production efficiency, was $876 in the second quarter of 2012 compared to $507 in the second quarter of 2011. The quarter-over-quarter increase in unit cash costs reflects lower gold production due to the lower grades and recoveries from the stockpiled material processed, which increased cash costs by $615 per ounce. This was partially offset by a decrease in operating costs of $244 per ounce predominantly from the capitalization and expensing of substantial mining costs ($40.2 million for capital pre-stripping and unloading activities expensed). Operating costs include costs directly related to the production of gold bullion and include mining, milling, site administration and other related costs (including refining costs and royalties). (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".)

Exploration expenditures totaled $2.9 million for the second quarter of 2012, comparable to the same quarter in 2011. Exploration activity focused on drilling of the SB Zone from the Central Pit, underground exploration drilling from Decline#1 and #2, and drilling at Sarytor.

Capital expenditures spent and accrued at Kumtor for the second quarter of 2012 were $110.0 million which includes $11.2 million of sustaining capital, compared to $46.0 million in the same quarter of 2011. Sustaining capital was predominantly expended for the dewatering program ($4.3 million), the major overhaul program for heavy duty equipment ($3.9 million), the tailings dam expansion ($2.9 million) and other projects ($0.1 million). Growth capital investment totalling $98.8 million was expended for pre-stripping capitalization ($64.1 million), the underground development ($12.0 million), purchase of new CAT 789 haul trucks ($6.5 million), purchase of Hitachi shovels ($6.0 million), purchase of larger Sandvik drills ($5.1 million), Stockwork Zone delineation drilling ($1.2 million), camp expansion ($1.0 million), underground equipment ($1.0 million), expanded fuel farm ($0.6 million) and numerous other smaller projects ($1.3 million).

The underground development at Kumtor continued in the second quarter of 2012 with a total advance of 536 metres. During the second quarter of 2012, Decline #1 (SB Zone decline) advanced 92 metres and Decline #2 advanced 444 metres towards the SB Zone. Year-to-date total development advance is 1,010 metres. The two declines joined on June 30, 2012 and flow through ventilation has been established. As at June 30, 2012, the Company has capitalized approximately $180 million for the underground development, delineation drilling and associated underground equipment.

Underground exploration drilling continued in the second quarter of 2012 along with the delineation drilling of the Stockwork Zone resource. Underground exploration drilling will continue in 2012 from Decline#1.

Boroo/Gatsuurt

At the Boroo mine in Mongolia, gold production was 11,175 ounces in the second quarter of 2012 compared to 16,089 ounces in the second quarter of 2011. The lower gold production is the result of processing low-grade and low recovery stockpiled ore (including low-grade material originally destined for the heap leach operation). The mill head grade averaged 0.86 g/t with a recovery of 69% in the second quarter of 2012, compared to 1.35 g/t with a recovery of 70.3% in the same quarter of 2011. During the quarter, mining activities continued in Pit 6 exposing ore at the end of the second quarter of 2012. Milling of Pit 6 ore is expected to extend to January 2013. The heap leach operation remained idle during the second quarter 2012 pending final permitting and regulatory commissioning by the Mongolian government authorities.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, was $916 in the second quarter of 2012 compared to $568 in the second quarter of 2011 due to the lower gold production and higher milling costs. Operating cash costs at Boroo increased in the second quarter of 2012 by $4.9 million before the capitalization of $3.6 million for pre-stripping activities in Pit 6 (net increase of $1.3 million) compared to the same quarter in 2011. Milling costs at Boroo for the second quarter of 2012 were $5.4 million, $1.3 million or 31% higher than the same quarter in 2011. This is primarily the result of higher costs incurred for the consumption of reagents, grinding media and electricity in the second quarter of 2012 as 25% higher throughput flowed through the mill compared to the same period in 2011. During 2011, there was a shutdown of the mill caused by the SAG mill repair in May and June 2011 that reduced overall consumption of consumables.

During the second quarter of 2012, exploration expenditures in Mongolia decreased to $2.1 million from $4.1 million in the same period of 2011, reflecting lower activity on the ATO property in northeast Mongolia as the Company focused its efforts on completion of the Mongolian Reserve and Resource Report.

Capital expenditures spent and accrued at Boroo in the second quarter of 2012 increased to $4.9 million including $0.8 million of sustaining capital compared to $2.4 million, which included $0.3

million of sustaining capital in the same period of 2011. 2012 growth capital consisted of cash and non-cash Pit 6 pre-stripping activities resulting in $4.1 million of these costs capitalized in the second quarter of 2012. Minimal capital expenditures were incurred at Gatsuurt, pending resolution of permitting issues related to the Water and Forest Law as the project was put on care and maintenance. Since June 2011, Gatsuurt's care and maintenance costs, including security contractors, have been expensed.

Exploration Update

To view the graphics, maps/drill sections and complete drill results discussed in this news release, visit the following link: http://media3.marketwire.com/docs/CG2012Q2ExplorationAll.pdf **or visit the Company's web site at:** www.centerragold.com.

Kyrgyz Republic

During the second quarter of 2012, exploration drilling programs continued in the Kumtor Central Pit, and Sarytor regions of the concession and underground delineation and exploration drilling from Declines 1 and 2.

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

Kumtor Pit

In the Central Pit, sixteen holes were completed in the second quarter of 2012 with another three drill holes in progress at the end of the quarter. Two holes were stopped due to technical reasons and did not intersect mineralization. Drilling in the quarter focused on testing for continuity and western extensions to the SB Zone within and below the KS12 pit design on Sections -10 to 6.

Three holes were drilled on Section -10 to test the SB Zone. D1620 intersected 7.9 g/t gold over 39.9 metres, including 17.5 g/t over 5.8 metres and 18.7 g/t over 6.5 metres. Approximately 40 metres further down dip, D1625 returned 6.4 g/t gold over 35 metres, including 13.7 g/t over 4 metres. D1633 intersected the SB Zone approximately 120 metres below the KS12 pit design and returned 3.8 g/t gold over 8.2 metres and 7.4 g/t gold over 40.9 metres, including 15.3 g/t over 5.3 metres.

Forty metres further east on Section -6, D1627 intersected 3.2 g/t gold over 33 metres within the KS 12 pit design. D1634 returned 5.1 g/t gold over 58.7 metres below the KS12 pit design. A third hole, D1639A, intersected 4.9 g/t gold over 13.3 metres and 3.3 g/t gold over 39.9 metres before terminating in mineralization due to drilling difficulties.

On Section -2, D1632 intersected 3.1 g/t gold over 42.7 metres, and D1638A returned 3.6 g/t gold over 53.4 metres. Both intercepts lie below the KS12 pit design. A third hole, D1619, tested the SB Zone within the KS12 pit design and returned 3.5 g/t gold over 7.4 metres and 3.4 g/t gold over 5.6 metres.

A single hole, D1622 on Section 2 intersected 1.6 g/t gold over 16.7 metres. On Section 6, D1614 returned 5.4 g/t gold over 14.5 metres (including 11.1 g/t over 3 metres), and D1635 intersected 1.7 g/t gold over 13.2 metres. These intercepts are located 150-200 metres below the KS12 pit design.

On Section 10, D1643 returned 4.0 g/t gold over 27.2 metres, including 10.5 g/t over 7.8 metres. The intercept is located approximately 200 metres below the KS12 pit.

A number of these intercepts lie beyond the limits of the KS12 mine design and will have a positive impact on future resource estimates.

Further drilling will continue in the third quarter of 2012 from the Central Pit and Decline 1 to infill inferred resources and test for extensions to the SB Zone.

True widths for the mineralized zones are from 50% to 95% of the stated intercept.

Decline Exploration

Seven underground exploration holes were completed during the quarter in Decline 1 and a single hole in Decline 2. Four holes were stopped due to technical reasons and did not intersect any mineralized zones.

Drill hole GD1616A was a geotechnical hole drilled on Section -2 some 200 metres below existing drill holes. It intersected 11.4 g/t gold over 21 metres, including 24.0 g/t over 5.5 metres. The other six holes were drilled further west on Sections -22, -38 and -42 and encountered narrow gold intervals in the hanging wall of the main Kumtor ore horizon or were stopped short of the target due to drilling difficulties.

Exploration drilling will continue from Decline 1 in the third quarter of 2012 to test the western limits of the SB Zone

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

Resource Delineation Drilling

In the second quarter 15 drill holes were completed from the Stockwork Zone Drive. Six of the holes were abandoned short of their targets due to drilling difficulties.

UD1621 intersected 7.1 g/t gold over 22.9 metres, including 25.7 g/t over 3.5 metres, on Section 138 in the Stockwork Zone. On Section 142, UD1610 intersected 8.1 g/t gold over 3 metres, 13.5 g/t gold over 3.5 metres and 6.8 g/t gold over 17.1 metres. Further east on Section 146, UD1636 intersected 3.1 g/t gold over 48.1 metres, including 7.7 g/t over 5.7 metres.

Delineation drilling has been completed in the Stockwork Zone. Work will shift to exploration drilling of the SB Zone from Decline 1.

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

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

Sarytor Area
During the quarter three holes were completed at the Sarytor deposit to test prospective ore horizons at depth. Drill hole SR-12-205 intersected 3.9 g/t gold over 23.7 metres, whereas the other two holes intersected narrow, low-grade intervals. Two additional holes are planned for the third quarter of 2012.

Regional Exploration
The Licensing Commission of the Agency for Subsoil and Natural Resources considered Kumtor Gold Company's application for renewal of the Karasay and Koendy licenses and requested a review by the Environment and Forestry Agencies of the possible impacts on the Sarychat-Ertash Reserve (see "Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission – Other Related Matters"). It is unlikely that any exploration work will be performed on these licenses this year.

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

Mongolia
ATO Project
The Mineral Reserve Authority of Mongolia (MRAM) formally accepted the ATO reserves and resources as calculated by Centerra Gold Mongolia (CGM). The ATO General Environmental Impact Assessment (GEIA) was also officially approved by the Ministry of Nature, Environment and Tourism. Authorities also outlined watershed areas within the boundaries of the exploration license. Metallurgical test work is ongoing, and hydrological and environmental programs are progressing according to plan.

Exploration drilling resumed in June following formal acceptance of the ATO reserves and resource report. Drilling is targeting extensions and feeders to the pipe-like bodies hosting the current ATO resource and possible strike extensions to the nearby Mungu prospect. Infill soil sampling, IP and trenching have outlined the surface expression of Mungu over some 600 metres of strike length. Drilling will continue at Mungu and ATO through the third quarter of 2012.

Russia
Kara Beldyr Joint Venture
Results were received for six holes drilled on two widely-spaced sections at the Baran prospect located one kilometre south and on strike with the Camp Zone. Three holes were drilled on Section 900NW to test the southern extension of the structure. KB134 intersected 2.7 g/t gold over 2.4

metres near surface, and KB132 intersected 2.2 g/t gold over 10.8 metres, approximately 60 metres below the intercept in KB134. A third drill hole encountered two, 1 metre intercepts. Further south on Section 400NW, three holes intersected isolated 1 metre intercepts.

Drilling will resume in the third quarter of 2012 and focus on extending and infilling the Camp Zone and testing several peripheral targets.

Turkey

Stratex JV - Öksüt Project

Drilling commenced in the second quarter of 2012 at Ortacam North with two drill rigs completing two drill holes. Two additional drill rigs were added to the project in June. The first two holes in this year's drill program encountered 100-150 vertical metres of andesite before intersecting oxidized breccia, the principal gold host at Ortacam North. Final assay results are pending for both holes.

Exploration drilling will continue in the third quarter of 2012 with four drill rigs and include both step-out and infill drilling at Ortacam North.

To view the graphics, maps/drill sections and complete drill results discussed in this news release, visit the following link:
http://media3.marketwire.com/docs/CG2012Q2ExplorationAll.pdf
or visit the Company's web site at: www.centerragold.com.

Other Corporate Developments

The following is a summary of corporate developments since the Company's news release and MD&A for the period ended March 31, 2012 filed on May 15, 2012 with respect to matters affecting the Company and its subsidiaries in the Kyrgyz Republic, Mongolia and Canada. Except as expressed below, no material changes have occurred with respect to the matters discussed in the "Other Corporate Development" section of the Company's news release and MD&A for the period ended March 31, 2012 published on May 15, 2012 and no new corporate developments have occurred that are material to Centerra.

In particular, the following corporate matters remain outstanding:

- Heap Leach Permit: receipt of a permanent permit and regulatory commissioning to resume heap leach operations at Boroo;

- Gatsuurt and the Impact of the Mongolian Water and Forest Law: the receipt of regulatory commissioning of the Gatsuurt development property, and determination of the impact of the Mongolian *Law to Prohibit Mineral Exploration and Mining Operations at River Headwaters, Protected Zones of Water Reservoirs and Forested Areas* (the "Water and Forest Law") on the Company's Mongolian operations. Centerra is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Water and Forest Law having a limited impact on the Company's Mongolian activities. There can be no assurance, however, that this will be the case. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the Gatsuurt project or Gatsuurt is designated as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo. As at June 30, 2012, the Company had net assets recorded amounting to approximately $36 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;

- <u>Impact of the Graduated Royalty Fee on Boroo:</u> the possibility that the graduated royalty fee introduced by the Mongolian Parliament in November 2010 may apply to the Boroo project, despite the existence of a stability agreement which provides legislative stabilization for the property. The Company 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. Despite this, the Company cannot provide any assurances that Boroo will not be made subject to the graduated royalty fee. If the graduated royalty fee does apply to Boroo, it may have an adverse impact on Centerra's future cash flows, earnings, results of operations or financial condition;

- <u>Enforcement Notice by Sistem</u>: the impact on Centerra of an enforcement notice filed in an Ontario court by Sistem Muhenkislik Insaat Sanayi Ticaret ("Sistem") in March 2011 to seize shares and dividends in Centerra held by Kyrgyzaltyn JSC in satisfaction of an international arbitral award against the Kyrgyz Republic in favour of Sistem in the amount of $11 million with additional interest. On July 25, 2012, the Ontario Superior Court of Justice dismissed a motion brought by Kyrgyzaltyn raising a jurisdictional challenge to a prior Ontario court decision which had recognized an international arbitral award obtained by Sistem. The merits of the dispute between Kyrgyzaltyn and Sistem will now proceed in court, subject to any appeal which may be taken of the July 25th decision.

For further discussion relating these corporate matters affecting the Company and its operations, please see the Company's MD&A for the period ended March 31, 2012 and the Company's 2011 Annual Information Form.

Kyrgyz Republic

Tax Advance Agreement

At the request of the Kyrgyz Government, an agreement was reached on May 28, 2012 between Kumtor Gold Company ("KGC") and the Kyrgyz Government whereby KGC agreed to advance $30 million before the end of May 2012 in revenue-based taxes. This interest-free advance will be applied against revenue-based taxes otherwise payable during 2012 (starting in November 2012) and 2013, under a formal repayment schedule that will involve $10 million being off-set in 2012 and the remaining $20 million off-set in 2013.

National Micro-Credit Financing Program

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

Kyrgyz Republic Parliamentary Commission Report and State Commission

Parliamentary Commission Report

On February 15, 2012, the Kyrgyz Republic Parliament (the "Parliament") established an interim Parliamentary Commission (the "Parliamentary Commission") to inspect and review (i) Kumtor's compliance with relevant Kyrgyz operational and environmental laws and regulations and community standards, and (ii) the State's regulation over Kumtor's activities. The Parliamentary Commission made numerous requests to Centerra and Kumtor for various project-related documents and information going back to the initial project discussions in 1992. These requests related to a wide variety of subjects including mine construction, operations, project ownership, human resources and procurement practices, environmental practices, and project management and financial matters.

The Parliamentary Commission released its report on June 18, 2012 (the "Commission Report"). The Commission Report, which is over 300 pages, made numerous assertions, all of which the Company believes are without merit. The Company notes that the Kumtor project has been operating without interruption since 1997 and is in full compliance with Kyrgyz law, meets or exceeds Kyrgyz and international environmental standards, and has been the subject of systematic compliance audits by both Kyrgyz and international independent experts, who have confirmed its high level of performance. The assertions made in the Commission Report include:

(i) challenging the legal validity and propriety of the project agreements that have governed the Kumtor project from time to time, and certain transactions contemplated by such agreements, including the 1992 Master Agreement between the Kyrgyz Republic and the investor parties, the 2003 Investment Agreement between the Kyrgyz Republic, Centerra and others, and the current agreements that govern the project, including the Restated Investment Agreement among the Kyrgyz Republic, Centerra, Kumtor Gold Company ("KGC") and Kumtor Operating Company ("KOC") dated June 6, 2009, the Restated Concession Agreement between the Kyrgyz Republic and KGC dated June 6, 2009, the Restated Shareholders Agreement between Kyrgyzaltyn JSC ("Kyrgyzaltyn") and Centerra dated June 6, 2009, and the Restated Gold and Silver Sale Agreement between Kyrgyzaltyn, the Government of the Kyrgyz Republic (the "Government") on behalf of the Kyrgyz Republic and KGC dated June 6, 2009 (collectively, the "Restated Project Agreements");

(ii) non-compliance by the Kumtor project with Kyrgyz environmental laws and other laws and regulations, and inadequate oversight of the Kumtor project by Kyrgyz state authorities. The allegations of non-compliance related to, among other things, the Kumtor tailings facility, the Davidov glacier, and the Sarychat-Ertash State Reserve which is in the vicinity of the Kumtor mine. The Commission Report also alleges very substantial monetary damage as a result of environmental contamination at Kumtor; and

(iii) inefficient or improper management of the Kumtor mine, including in relation to customs practices, tax and social fund payments, operational decisions, procurement practices and mill efficiencies (gold recoveries). The Commission Report alleges very substantial losses due to the purported inefficient approach to gold recoverability since 1997 (when commercial production began).

Draft Parliamentary Commission Decree

On June 20, 2012, the Parliamentary Commission proposed a form of decree to the Parliament ("Draft Decree"), which, among other things, called for the cancellation of the Restated Project Agreements, among other agreements, and the creation of a new state-owned Kyrgyz Republic entity to assume control over the Kumtor mine. If the Draft Decree had been approved and given full effect by the Government, the results would have, in substance, resulted in the nationalization of the Kumtor project.

Government Review of Parliamentary Commission Report

The Parliament reviewed the Commission Report and the Draft Decree on June 20, 22 and June 27, 2012. At its meeting on June 27, 2012 the Parliament voted against the Draft Decree proposed by the Parliamentary Commission and instead elected to adopt an alternative resolution ("Resolution 2117-V"). Resolution 2117-V took note of the Commission Report and declared the Restated Investment Agreement to be contradictory to the interests of the Kyrgyz people. Resolution 2117-V also called for the formation of a State Commission by July 10, 2012 to examine the Commission Report, and to, among other things, by October 1, 2012 "assess the environmental, industrial and social damage" caused by the Kumtor project and to initiate the renegotiation of the current project agreements, "in order to protect economic and environmental interests". Resolution 2117-V also recommended that renegotiations include increasing environmental reclamation obligations, renegotiation of the ownership interest of the Kyrgyz Republic in Centerra, replacing the current profit sharing arrangement with a production sharing arrangement, renegotiating the Kumtor concession area and the applicable tax regime, and other matters relating to the Kumtor project. Resolution 2117-V requested that the State Commission submit information to Parliament on the work done November 1, 2012.

Resolution 2117-V also recommended that the Government cancel various government decrees and orders, including Government Decree #168 dated March 25, 2010 regarding the allocation of lands to Kumtor (surface rights in respect of the Kumtor concession area), and recommended to the State Agency for Geology and Mineral Resources to cancel certain licenses granted to Kumtor, including the exploration license for the Koendy licensed area. Lastly, the resolution called on the Prosecutor

General of the Kyrgyz Republic to examine all agreements and other documents made with the Kyrgyz Republic relating to the Kumtor project and to investigate any offences committed arising from them.

Decree #465 and the State Commission

In response to Resolution 2117-V, the Government issued Decree #465 dated July 3, 2012 to establish a State Commission (the "State Commission") for the purpose of reviewing the Commission Report by inspecting and reviewing Kumtor's compliance with Kyrgyz operational and environmental laws and regulations and community standards. The Company understands that the State Commission is comprised of three working groups with responsibility for environmental and mining matters, legal matters (including a review of all prior and current agreements relating to the Kumtor project), and socio-economic matters (including a review of financial, taxation, procurement and employment related matters).

On July 13, 2012, the Kyrgyz Republic Prime Minister issued orders to establish two interagency commissions to facilitate the activity of the State Commission. According to the Government orders, one interagency commission is to review Kumtor's compliance with Kyrgyz legal requirements in general, and one is tasked with reviewing Kumtor's compliance with legal requirements with respect to natural resources, environmental and operation-related matters. Both interagency commissions have until September 1, 2012 to complete their review, and are given the right to use government specialists as well as independent experts and consultants. It is unclear at this point how the work of the interagency commissions will relate to the work of the State Commission.

Decree #475 and the Land Use Certificate

The Government issued Decree #475 dated July 5, 2012 to cancel Government Decree #168 which was issued on March 24, 2010. Government Decree #168 provided Kumtor with land use (surface) rights over the Kumtor concession area for the duration of the Restated Concession Agreement. On July 6, 2012, in response to a request for clarification from the Company, the Kyrgyz Republic Prime Minister confirmed the Government's position that Decree #475 would have no impact on or limit in any way Kumtor's activities or operations. Based on advice from Kyrgyz legal counsel, the Company believes that Decree #475 is in violation of the Kyrgyz Republic Land Code because such legislation provides that land rights can only be terminated by court decision and on the listed grounds set out in the Land Code. The requirements were not followed in these circumstances, and accordingly the Company believes that Decree #475 cannot be considered a legal basis for terminating KGC's land rights. The Company also notes that under the Restated Investment Agreement, Kumtor is guaranteed all necessary access to the Kumtor concession area, including all necessary surface lands as is necessary or desirable for the operation of the Kumtor project. The agreement also provides for the payment of quarterly land use and access fees. The Restated Investment Agreement also provides that the Government shall use its best efforts to reserve or cancel any action that conflicts with Kumtor's rights under the Restated Investment Agreement. To the extent that Kumtor's land use rights are considered invalid (which the Company does not accept), the Company would seek to enforce its rights under the Restated Investment Agreement to obtain the rights otherwise guaranteed to it.

Other Related Matters

Kumtor received notice on June 15, 2012, that the renewal applications for its exploration licenses for the Koendy license area and the Karasay license area would be reviewed by the Kyrgyz Republic Environmental and Forestry Agencies for possible impacts on the nearby Sarychat-Ertash State Reserve. Kumtor has been conducting exploration on these two license areas since 2010 and has expended in excess of $1 million developing exploration targets on both licenses. Exploration work has been suspended on these licenses and will not resume until such reviews have been completed and the licenses renewed. It is unlikely that any exploration work will be performed on these licenses in 2012.

On July 17, 2012, the Company received notice from the Kyrgyz Republic Social Fund (i) declaring invalid an August 23, 1994 agreement between the Kyrgyz Social Fund and Kumtor Operating Company, and requiring Kumtor to pay Social Fund contributions for all expatriate employees for the period from February 15, 1993 to present, and (ii) obliging Kumtor to make Social Fund contributions on high altitude premium paid to all Kumtor employees before 2010. As previously disclosed, the application of the Social Fund contribution to the high altitude premium for the 2010 tax year was the subject of a dispute between the Kyrgyz Social Fund and Kumtor, which was settled in late 2011 with Kumtor agreeing to make a settlement payment and to apply the contribution going forward. Tax audits for periods prior to 2010 have been completed, and the Company believes that cancelling such previously completed tax audits is not permitted under Kyrgyz law or under the Company's agreement with the Kyrgyz Republic. The Company notes that pursuant to the Restated Investment Agreement, Kumtor is only required to make Social Fund payments in respect of such Kumtor employees who are Kyrgyz citizens.

Conclusion

As noted above, Centerra believes that the findings of the Parliamentary Commission set out in the Parliamentary Commission Report are without merit. Nevertheless, Centerra and Kumtor intend to work constructively with the State Commission and the interagency commissions to complete their reviews, and with any other Kyrgyz regulatory body to resolve matters. With respect to the State Commission's mandate in Resolution 2117-V to renegotiate the current project agreements by October 1, 2012, the Company notes that such agreements were approved by all relevant Kyrgyz governmental authorities in 2009, including the Kyrgyz Parliament and the Constitutional Court. Accordingly, the Company believes these agreements are legally valid and enforceable obligations. In addition, concurrently with entering into the Restated Project Agreements, Centerra, KGC, the Kyrgyz Republic and others entered into a Release Agreement dated June 6, 2009, whereby, subject to certain exceptions which are not applicable in the circumstances, the Kyrgyz Republic released Centerra and KGC from any and all claims, and damages with respect of any matter (including any tax or fiscal matters) arising or existing prior to the date of such release agreement, whether such matters were known or unknown at such time, and the Kyrgyz Republic agreed not to commence any actions or assert any demands for such actions or demands so released. The Restated Project Agreement also provide for any disputes regarding the Restated Project Agreements, the Release Agreement, and the Kumtor project to be resolved by international arbitration, if necessary.

There are risks associated with the Parliamentary Commission Report, the State Commission, the interagency commissions, and the other related matters which could have an adverse impact on

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

Centerra's future cash flows, earnings, results of operations, financial condition, or business prospects. See "Outlook for 2012 – Material Assumptions & Risks" and "Cautionary Note Regarding Forward-Looking Information".

Corporate

Effective May 17, 2012, Mr. Patrick James retired as a director and Chair of the Board and Mr. Ian Austin retired as a director. Mr. James and Mr. Austin had been on Centerra's Board since 2004. Mr. Stephen Lang, Centerra's former President and CEO replaced Mr. James as Chair of the Board effective as of May 17, 2012. Mr. Lang has been with Centerra since December, 2007, was named President and CEO in June, 2008, and has been a member of the Board since that time. He decided to retire from his former role concurrently with assuming the position of the Chair. As Mr. Lang will not be considered as an independent director for a three year period due to his historical role with Centerra, the independent members of the Board named Mr. Terry Rogers as the independent lead director.

In accordance with the succession plan previously established by the Board, Mr. Ian Atkinson was promoted to the position of President and CEO and Mr. David Groves was promoted to the position of Vice President, Global Exploration, both became effective immediately following the annual general shareholders meeting.

The Board replaced Mr. Austin with Mr. Rick Connor who now serves as the chair of the Board's audit committee. Mr. Niyazbek Aldashev resigned from the Board in late June 2012.

On June 15, 2012, Centerra paid a dividend of C$0.04 per common share to shareholders of record on May 31, 2012.

Effective June 29, 2012, the Company closed its Reno, Nevada office.

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

Outlook for 2012

Production

Centerra's 2012 consolidated gold production is forecast to be 450,000 to 470,000 ounces. Total cash cost in 2012 is expected to be $590 to $615 per ounce produced. Both production and cash cost guidance are unchanged from the previous guidance disclosed in the Company's news release and MD&A for the first quarter of 2012 dated May 15, 2012.

The Kumtor mine is expected to produce 390,000 to 410,000 ounces of gold in 2012. Kumtor's total cash cost for 2012 is expected to be $550 to $585 per ounce produced. Both the production and cash cost outlook are unchanged from the previous guidance. It is expected that the higher than anticipated production and cost savings realized at Kumtor in the second quarter of 2012 may be offset by lower production and increased costs in the third and partially in the fourth quarters of 2012. Kumtor still expects to produce approximately 68% of its annual gold production in the fourth quarter of 2012. Production at Kumtor is dependent on successfully maintaining the mining rates of the waste and ice in the south section of the pit to gain access to the higher grade ore in the SB Zone. A substantial acceleration of ice and waste movement in the first quarter, which was exacerbated by the 10-day labour disruption which occurred in early February 2012, required that cut-back 14A be delayed to allow for the unloading of such ice and waste in the southeast section of the pit. This is expected to delay the ore release from the cut-back from late 2012 to late 2013, resulting in the deferral into 2013-2014 of production from the high-grade SB Zone otherwise expected in 2012. The Company is planning to focus on removal of ice and waste in the high movement area by allocating more of the existing mining capacity to unload activities.

The Company expects to partially mitigate the impact of the ice and waste movement and the resulting delay in cut-back 14A on 2012 gold production by accelerating mining in the southwest portion of the Kumtor pit to access part of the new reserves (reported in its February 9, 2012 reserve and resource update) in September 2012 to provide higher grade ore for the Kumtor mill. The Kumtor mill is expected to process stockpiled ore until July 22, 2012. There will be no milling activities at Kumtor in August 2012 until ore from the southwest portion of the SB Zone is accessed in September 2012, at which time the mill will process this high-grade ore for the balance of the year. The planned downtime of the mill in August will be used to carry out the scheduled mill maintenance. Kumtor's collective bargaining agreement expires at the end of 2012. A work stoppage at any time during the year would have a significant impact on Kumtor achieving its revised forecast production. Additionally, achieving the revised gold production is dependent on the Company satisfactorily managing the ice movement and unloading the ice and waste in the southeast portion of the pit. See "Outlook for 2012 - Material Assumptions & Risks" and "Cautionary Note Regarding Forward-looking Information".

At the Boroo mine, gold production is forecast to be approximately 60,000 ounces in 2012. Boroo's total cash cost is expected to be $810 per ounce produced in 2012. Both production and cash cost outlook are unchanged from the previous guidance. Boroo resumed mining of Pit 6 from January 2012 and exposed ore at the end of the second quarter. The mining of Pit 6 ore is expected to be completed in the third quarter. During the first half of the year the Boroo mill was processing mostly higher grade heap leach ore stockpiles. During the second half of the year, the Boroo mill is expected to process a mixture of higher grade Pit 6 ore and stockpiled heap leach material with grades between 0.67 – 0.76 g/t. The remaining ore from Pit 6 is refractory and recoveries are expected to be approximately 53%.

The 2012 forecast also assumes no production from the heap leach facility or the Gatsuurt project due to uncertainties with permitting. Commissioning of the heap leach would add approximately 2,000 ounces of gold a month. At Gatsuurt, the project is ready to begin mining the oxide ore upon receipt of the final approvals and regulatory commissioning. See also "Other Corporate Developments" and other material assumptions set out below.

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

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

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

Kumtor – Forecast Production & Select Financial Information (2012 – 2014) – Potential Impact of Technical and Financial Study on Forecast

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

In its news release and MD&A for the first quarter of 2012 dated May 15, 2012, the Company outlined the production estimate for the Kumtor operation for the three years from 2012 to 2014, highlighting the estimated tonnage to be moved for pre-stripping and abnormal removal of ice and waste from the unload zones, and presented select financial information including unit cost for gold produced in the revised Kumtor plan. This production estimate and related financial information for 2013 and 2014 may be affected by the ongoing detailed technical and financial study of the potential for expanding the limits of the ultimate pit and the impact of an expanded open pit on reserves and resources and the life-of-mine plan. The work done to date has produced very encouraging results and indicates that a much larger open pit is feasible, which would result in a significant addition to the open pit reserves and a substantially extended mine life. The expanded open pit would also encompass a significant part of the existing SB underground development and would result in a revaluation of the associated capital investment. Further development work on Decline 1 has been postponed until the study is finalized. The expanded open pit may require removal of additional ice and waste material that may have an impact on the short-term (2013-2014) production and financial estimates. Significant technical, financial and permitting factors require further study. The company expects to complete the study and release its conclusions late in the third quarter.

2012 Exploration Expenditures

Exploration expenditures of $45 million are planned for 2012, which is unchanged from the previous guidance. The 2012 program includes a program of surface and underground drilling at the Kumtor mine site. Planned expenditures are expected to be about $13 million. Further, regional exploration on the Karasay and Koendy licenses has been suspended awaiting the license renewals (see "Other Corporate Developments – Kyrgyz Republic – Kyrgyz Parliamentary Commission Report and State Commission - Other Related Matters"). In Mongolia, planned exploration expenditures have increased to $9 million to fund exploration and advanced project studies on the ATO project and to advance exploration on other projects along the Onon Trend in eastern Mongolia.

Expenditures for the Kara Beldyr and Dvoinoy projects in Russia are expected to total approximately $6 million. In Turkey, expenditures on the Company's Öksüt, Akarca and Altunhisar joint venture projects are expected to increase to approximately $8 million as drilling accelerates at Öksüt in the latter half of the year. Exploration is underway on the Laogouxi joint venture project in China and is expected to total $0.7 million for the year. Approximately $3 million is allocated to generative programs in Central Asia, Russia, China, and Turkey to increase the Company's pipeline of exploration projects.

2012 Capital Expenditures

The capital expenditures for 2012 are estimated to be $384 million, including $36 million of sustaining capital and $348 million of growth capital, which is unchanged from the previous guidance provided in the Company's news release and MD&A for the first quarter of 2012.

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

Kumtor

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

Growth capital investment at Kumtor for 2012 is forecast at $338 million, which includes pre-stripping costs related to the development of the open pit ($156 million), purchase of new mining equipment, including 25 CAT 789 haul trucks, 4 drills and 4 Hitachi 3600 shovels ($126 million), $47 million for the underground project to continue to develop the SB and Stockwork Zones, as well as, for delineation drilling and capital purchases in 2012 and other items ($9 million).

Mongolia (Boroo & Gatsuurt)

At Boroo, 2012 sustaining capital expenditures are expected to be about $3 million primarily for component change-outs and mill maintenance. Growth capital is forecast at $12 million, which includes capitalized pre-stripping costs of Pit 6 at Boroo ($8 million). No capital for the development of the deeper sulphide ores at Gatsuurt has been forecast and capital will only be invested following successful regulatory commissioning of the Gatsuurt oxide project. The engineering and construction of the bio-oxidation facility to be located at the Boroo mill, which is needed to treat Gatsuurt sulphide ores, will also be restarted only after the approval to begin mining at Gatsuurt has been received from the Government of Mongolia.

2012 Corporate Administration and Community Investment
Corporate and administration expenses for 2012 are forecast at $32 million, which is $9 million less than the previous guidance, reflecting a reduction in stock-based compensation expense.

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

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

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold Company, is 25% for taxable income over 3 billion Mongolian tugriks (approximately $2.2 million at the June 30, 2012 end-of-day foreign exchange rate) with a tax rate of 10% for taxable income up to that amount. These tax rates will continue to apply until the termination of the Boroo Stability Agreement in July 2013, after which Boroo's operations will be subject to prevailing taxes and royalty fees.

Production, cost and capital forecasts for 2012 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions & Risks" and "Caution Regarding Forward-Looking Information" and under the heading "Risk Factors" in the Company's 2011 Annual Information Form.

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

Sensitivities
Centerra's revenues, earnings and cash flows for the last six months of 2012 are sensitive to changes in certain variables. The Company has estimated the impact of changes in these variables on revenues, net earnings and cash flow from operations as follows:

	Change	Impact on *($ millions)*			
		Costs	**Revenues**	**Cash flow**	**Earnings before Income tax**
Gold Price	**$50/oz**	2.7	17.1	14.4	14.4
Diesel Fuel(1)	**10%**	5.4	-	5.4	5.4
Kyrgyz som	**1 som per USD**	1.3	-	1.3	1.3
Mongolian tugrik	**25 tugrik per USD**	0.4	-	0.4	0.4
Canadian dollar	**10 cents per USD**	1.8	-	1.8	1.8

(1) a 10% change in diesel fuel price equals $16/oz produced

Material Assumptions & Risks
Material assumptions or factors used to forecast production and costs for the second half of 2012 include the following:

- a gold price of $1,600 per ounce,
- exchange rates:
    - $1USD:$1.00 CAD
    - $1USD:47.5 Kyrgyz som
    - $1USD:1,290 Mongolian tugriks
    - $1USD:0.78 Euro
- diesel fuel price assumption:
    - $0.81/litre at Kumtor
    - $1.15/litre at Boroo

The assumed diesel price of $0.81/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 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,
- the activities of the Parliamentary Committee and State Commission, referred to under the heading "Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission" do not have an impact on operations. No assurances can be given by the Company in this regard,

- the Government of the Kyrgyz Republic taking no action in connection with the matters referred to under the heading “Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission” that has an impact on operations. 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 dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the pit,
- no labour related disruptions occur at any of the Company’s operations, in particular at the Kumtor mine where the collective agreement is scheduled to expire on December 31, 2012,
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- certain issues at Boroo raised by the General Department of Specialized Inspection ("SSIA") concerning the production and sale of gold from the Boroo heap leach facility and other outstanding matters will be resolved through negotiation without material adverse impact on the Company, see "Other Corporate Developments ",
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licenses and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company’s business, prospects, financial condition, results of operations or cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, and results of operations or cash flows. See the sections entitled “Risk Factors” in the Company’s most recently filed 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 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, community investment and exploration costs. In addition, ice and waste removal costs in the unload zones at Kumtor and certain amounts of stock-based compensation have been excluded from total cash costs. 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)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Centerra:				
Cost of sales, as reported	**$ 78.4**	$ 105.9	**$ 163.2**	$ 167.7
Less: Non-cash component	**17.3**	25.3	**37.6**	40.1
Cost of sales - Cash component	**$ 61.1**	$ 80.6	**$ 125.6**	$ 127.6
Adjust for: Refining fees & by-product credits	**(0.2)**	(1.3)	**(0.4)**	(2.2)
Regional Office administration	**5.3**	6.2	**10.1**	11.0
Mine standby costs	**-**	0.2	**4.6**	0.2
Non-operating costs	**-**	(5.8)	**-**	(5.8)
Inventory movement	**(19.8)**	(0.3)	**(22.0)**	15.7
Total cash cost - 100%	**$ 46.4**	$ 79.7	**$ 117.9**	$ 146.5
Depreciation, Depletion, Amortization and Accretion	**17.4**	25.5	**37.8**	40.4
Inventory movement - non-cash	**(11.1)**	(8.3)	**(17.4)**	(5.5)
Total production cost - 100%	**$ 52.7**	$ 96.8	**$ 138.3**	$ 181.4
Ounces poured - 100% (000)	**52.5**	155.2	**125.0**	335.9
Total cash cost per ounce	**$ 885**	$ 513	**$ 943**	$ 436
Total production cost per ounce	**$ 1,005**	$ 625	**$ 1,106**	$ 541
Kumtor:				
Cost of sales, as reported	**$ 62.1**	$ 92.9	**$ 130.6**	$ 141.2
Less: Non-cash component	**14.8**	22.4	**32.5**	34.1
Cost of sales - Cash component	**$ 47.3**	$ 70.5	**$ 98.1**	$ 107.1
Adjust for: Refining fees & by-product credits	**(0.1)**	(1.3)	**(0.3)**	(2.2)
Regional Office administration	**4.1**	4.7	**7.4**	8.0
Mine standby costs	**-**	-	**4.6**	-
Non-operating costs	**-**	(5.8)	**-**	(5.8)
Inventory movement	**(15.1)**	2.3	**(12.9)**	19.5
Total cash cost - 100%	**$ 36.2**	$ 70.5	**$ 97.0**	$ 126.7
Depreciation, Depletion, Amortization and Accretion	**$ 14.9**	$ 22.6	**$ 32.6**	$ 34.4
Inventory movement - non-cash	**$ (10.4)**	$ (7.6)	**$ (15.9)**	$ (4.3)
Total production cost - 100%	**$ 40.7**	$ 85.5	**$ 113.7**	$ 156.8
Ounces poured - 100% (000)	**41.3**	139.1	**102.0**	303.2
Total cash cost per ounce	**$ 876**	$ 507	**$ 950**	$ 418
Total production cost per ounce	**$ 985**	$ 615	**$ 1,114**	$ 517
Boroo:				
Cost of sales (cash), as reported	**$ 16.3**	$ 13.0	**$ 32.6**	$ 26.5
Less: Non-cash component	**2.5**	2.9	**5.1**	6.0
Cost of sales - Cash component	**$ 13.7**	$ 10.1	**$ 27.4**	$ 20.5
Adjust for: Refining fees & by-product credits	**(0.1)**	(0.0)	**(0.1)**	(0.0)
Regional Office administration	**1.3**	1.5	**2.7**	3.0
Mine standby costs	**-**	0.2	**-**	0.2
Non-operating costs	**-**	-	**-**	-
Inventory movement	**(4.7)**	(2.6)	**(9.1)**	(3.8)
Total cash cost - 100%	**$ 10.2**	$ 9.1	**$ 20.9**	$ 19.8
Depreciation, Depletion, Amortization and Accretion	**$ 2.6**	$ 2.9	**5.2**	6.0
Inventory movement - non-cash	**$ (0.7)**	$ (0.7)	**$ (1.6)**	$ (1.2)
Total production cost - 100%	**$ 12.0**	$ 11.3	**$ 24.6**	$ 24.6
Ounces poured - 100% (000)	**11.2**	16.1	**23.0**	32.6
Total cash cost per ounce	**$ 916**	$ 568	**$ 911**	$ 607
Total production cost per ounce	**$ 1,079**	$ 707	**$ 1,069**	$ 756

Centerra Gold Inc.
Condensed Consolidated Statements of Financial Position

(Unaudited)	**June 30 2012**	December 31 2011
(Expressed in Thousands of United States Dollars)		
Assets		
Current assets		
Cash and cash equivalents	**$ 267,411**	$ 195,539
Short-term investments	**30,233**	372,667
Restricted cash	**-**	179
Amounts receivable	**34,271**	56,749
Inventories	**218,680**	279,944
Prepaid expenses	**38,675**	26,836
	589,270	931,914
Property, plant and equipment	**785,519**	590,151
Goodwill	**129,705**	129,705
Long-term receivables and other	**44,183**	24,674
Long-term inventories	**12,174**	12,174
	971,581	756,704
Total assets	**$ 1,560,851**	$ 1,688,618
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 30,715**	$ 76,385
Revenue-based taxes	**5,512**	15,178
Taxes payable	**4,230**	1,074
Current portion of provision	**4,259**	1,848
	44,716	94,485
Provision	**52,268**	53,777
Deferred income tax liability	**2,548**	1,897
	54,816	55,674
Shareholders' equity		
Share capital	**660,399**	660,117
Contributed surplus	**35,060**	33,994
Retained earnings	**765,860**	844,348
	1,461,319	1,538,459
Total liabilities and shareholders' equity	**$ 1,560,851**	$ 1,688,618

Centerra Gold Inc.

Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

(Unaudited)

	Three months ended		Six months ended	
	June 30 2012	**June 30 2011**	**June 30 2012**	**June 30 2011**
(Expressed in Thousands of United States Dollars, except per share amounts)				
Revenue from Gold Sales	**$ 89,737**	$ 243,808	**$ 223,490**	$ 493,987
Cost of sales	**78,375**	105,912	**163,129**	167,706
Abnormal mining costs	**13,523**	-	**32,751**	-
Mine standby costs	**-**	164	**4,584**	164
Regional office administration	**5,332**	5,743	**10,129**	10,509
Earnings (loss) from mine operations	**(7,493)**	131,989	**12,897**	315,608
Revenue based taxes	**8,962**	30,966	**24,045**	63,154
Other operating expenses	**22,861**	488	**24,329**	535
Exploration and business development	**9,171**	12,406	**17,516**	19,963
Corporate administration	**1,920**	12,467	**10,466**	20,235
Earnings (loss) from operations	**(50,407)**	75,662	**(63,459)**	211,721
Other (income) and expenses	**807**	(1,272)	**30**	(2,320)
Finance costs	**743**	1,220	**1,659**	1,610
Earnings (loss) before income taxes	**(51,957)**	75,714	**(65,148)**	212,431
Income tax expense	**2,640**	4,597	**4,102**	4,691
Net Earnings (loss) and comprehensive income (loss)	**$ (54,597)**	$ 71,117	**$ (69,250)**	$ 207,740
Basic and diluted earnings (loss) per common share	**$ (0.23)**	$ 0.30	**$ (0.29)**	$ 0.88

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

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

	Three months ended		Six months ended	
	June 30 2012	**June 30 2011**	**June 30 2012**	**June 30 2011**
(Expressed in Thousands of United States Dollars)				
Operating activities				
Net (loss) earnings	**$ (54,597)**	$ 71,117	**$ (69,250)**	$ 207,740
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	**20,243**	25,423	**43,031**	40,379
Finance costs	**743**	1,220	**1,659**	1,610
Loss on disposal of equipment	**353**	-	**410**	109
Stock - based compensation expense	**640**	477	**1,153**	801
Change in long-term inventory	**-**	768	**-**	951
Change in provision	**-**	5,784	**950**	5,784
Income tax expense	**2,640**	4,597	**4,102**	4,691
Other operating items	**(101)**	278	**(602)**	240
	(30,079)	109,664	**(18,547)**	262,305
Change in operating working capital	**15,387**	13,990	**14,155**	5,941
Revenue-based taxes advanced	**(30,155)**	-	**(30,155)**	-
Income taxes paid	**(276)**	(381)	**(341)**	(1,852)
Cash provided by (used in) operations	**(45,123)**	123,273	**(34,888)**	266,394
Investing activities				
Additions to property, plant and equipment	**(96,224)**	(48,457)	**(218,210)**	(110,142)
Redemption (purchase) of short-term investments	**122,236**	(57,088)	**342,434**	(126,054)
Use of restricted cash	**(239)**	(597)	**(179)**	(597)
Increase in long-term other assets	**2,965**	(4,794)	**(7,508)**	(5,353)
Proceeds from disposition of fixed assets	**47**	-	**47**	-
Cash provided by (used in) investing	**28,785**	(110,936)	**116,584**	(242,146)
Financing activities				
Dividends paid	**(9,238)**	(99,322)	**(9,238)**	(99,322)
Payment of transaction costs related to borrowing	**(280)**	(509)	**(734)**	(636)
Proceeds from common shares issued for cash	**-**	1,177	**148**	1,348
Cash provided by (used in) financing	**(9,518)**	(98,654)	**(9,824)**	(98,610)
(Decrease) increase in cash during the period	**(25,856)**	(86,317)	**71,872**	(74,362)
Cash and cash equivalents at beginning of the period	**293,267**	342,692	**195,539**	330,737
Cash and cash equivalents at end of the period	**$ 267,411**	$ 256,375	**$ 267,411**	$ 256,375
Cash and cash equivalents consist of:				
Cash	**$ 46,779**	$ 45,710	**$ 46,779**	$ 45,710
Cash equivalents	**220,632**	210,665	**220,632**	210,665
	$ 267,411	$ 256,375	**$ 267,411**	$ 256,375

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	-	-	801	-	801
Shares issued on exercise 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
Balance at January 1, 2012	236,339,041	$ 660,117	$ 33,994	$ 844,348	$ 1,538,459
Share-based compensation expense	-	-	1,153	-	1,153
Shares issued on exercise of stock options	30,752	235	(87)	-	148
Shares issued on redemption of restricted share units	3,343	47	-	-	47
Dividend paid	-	-	-	(9,238)	(9,238)
Net loss for the period	-	-	-	(69,250)	(69,250)
Balance at June 30, 2012	**236,373,136**	**$ 660,399**	**$ 35,060**	**$ 765,860**	**$ 1,461,319**

1 University Avenue, Suite 1500
Toronto, ON
M5J 2P1
tel 416-204-1953
fax 416-204-1954
www.centerragold.com

Qualified Person & QA/QC

The exploration information and related scientific and technical information in this news release were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and were prepared, reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of David Groves, Certified Professional Geologist, Centerra's Vice-President, Global Exploration, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used with the exception of the Kumtor project as described in its technical report.

The production information and related scientific and technical information in this news release, including statements regarding the potential larger open pit at Kumtor were prepared in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101 and were prepared, reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of Dan Redmond, Ontario Professional Geoscientist, Centerra's Director, Technical Services – Mining, who is the qualified person for the purpose of NI 43-101.

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

Cautionary Note Regarding Forward-looking Information

Information contained in this news release which 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 statements made under the heading, "Outlook for 2012" including "Kumtor-Forecast Production & Select Financial Information (2012-2014) – Potential Impact of Technical and Financial Study on Forecast", the Company's expectations regarding future production, cash cost per ounce produced and expected milling plan for 2012-2014; Centerra's statements regarding future growth, results of operations, future production and sales, operating capital expenditures, and performance; the Company's ability to successfully manage the ice and waste movement at Kumtor and to access reserves in the southwest portion of the Kumtor pit and resume milling in September 2012; the outcome of the review by the State Commission and interagency commissions on Kumtor's compliance with Kyrgyz operational and environmental laws and regulations and community standards, and other matters raised by the Commission Report and Resolution 2117-V, including without limitation, the resolution of land-use matters affecting the Kumtor project, the environmental review of the Karasay and Koendy license areas, the assertions made by the Kyrgyz Republic Social Fund regarding historical social fund contributions, and the continued effectiveness of the Restated Project Agreements; expected trends in the gold market, including with respect to costs of gold production; capital and operational expenses for 2012; exploration plans for 2012 and the success thereof; mining plans at each of the Company's operations; the receipt of permitting and regulatory approvals at the Company's Gatsuurt development property; the impact of the Water and Forest Law on the Company's Mongolian activities; permitting and regulatory commission of the Company's heap leach activities at the Boroo mine; anticipated delays and approvals and regulatory commissioning of the Company's Gatsuurt development property as a result of the Water and Forest Law; the Company's business and political environment and business prospects; and the timing and development of new deposits.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Material assumptions used to forecast production and costs include those described under the heading "Outlook for 2012" including "Kumtor-Forecast Production & Select Financial Information (2012-2014) – Potential Impact of Technical and Financial Study on Forecast". Factors that could cause actual results or events to differ materially from current expectations include, among other things: the sensitivity of the Company's business to the volatility of gold prices; the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates; the effect of the Water and Forest Law on the Company's operations in Mongolia; ground movements at the Kumtor project; waste and ice movement at the Kumtor project; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; competition for mineral acquisition opportunities; the adequacy of the Company's insurance to mitigate operational risks; the effect of the 2006 Mongolian Minerals Law on the Company's Mongolian operations; the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalties payable in connection with the Company's Mongolian operations; the impact of continued scrutiny from Mongolian regulatory authorities on the Company's Boroo project; the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations; the Company's ability to replace its mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required, including specifically the Kumtor collective agreement that expires at the end of 2012; litigation; the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on; the accuracy of the Company's production and cost estimates; environmental, health and safety risks; defects in title in connection with the Company's properties; the impact of restrictive covenants in the Company's revolving credit facility; the Company's ability to successfully negotiate an investment agreement for the Gatsuurt project to complete the development of the mine and the Company's ability to obtain all necessary permits and regulatory commissions needed to commence mining activity at the Gatsuurt project; seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia; long lead times required for equipment and supplies given the remote location of the

Company's properties; illegal mining on the Company's Mongolian properties; the Company's ability to enforce its legal rights; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to obtain future financing; the impact of global financial conditions; the impact of currency fluctuations; the effect of market conditions on the Company's short-term investments; the Company's ability to attract and retain qualified personnel; the Company's ability to make payments including any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; risks associated with the conduct of joint ventures; risks associated with having a significant shareholder; and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's 2011 Annual Information Form available on SEDAR at www.sedar.com.

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

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

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

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

There can be no assurances that forward looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward looking information is as of August 1, 2012. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward looking information, except as required by applicable law.

About Centerra
Centerra Gold Inc. is a gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. Centerra is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is based in Toronto, Ontario, Canada.

Conference Call
Centerra invites you to join its 2012 second quarter conference call on Thursday, August 2, 2012 at 11:00am Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 728-2056 or International participants dial +1 (416) 981-9033. 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 August 9, 2012 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21598038.

For more information:
John W. Pearson
Vice President, Investor Relations
(416) 204-1241
john.pearson@centerragold.com
Additional information on Centerra is available on the Company's web site at
www.centerragold.com and at SEDAR at www.sedar.com.

To view Management's Discussion and Analysis and the Financial Statements and Notes for the three and six month periods ended June 30, 2012, please visit the following link:
http://media3.marketwire.com/docs/CG2012FSMDAQ2.pdf

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