



NEWS RELEASE

(All figures are in United States dollars)

Centerra and the Kyrgyz Government reach agreement on outstanding issues regarding the Kumtor Project

TORONTO, CANADA – August 30, 2007 – Centerra Gold Inc. (TSX: CG) announced today that the Company and Cameco Corporation have reached binding agreements with the Government of the Kyrgyz Republic that provide for the Government's full commitment to and support for Centerra's continuing long-term development of the Kumtor Project. The agreements also enlarge the Company's existing concession area by over 25,000 hectares to include all territory covered by the current exploration license and establish a simplified, stable and predictable tax regime for the Kumtor operations.

The Company and the Government have agreed to replace Kumtor's current tax regime with a simplified new tax rate for the Kumtor Project applied to gross revenue at the rate of 11% in 2008, 12% in 2009 and 13% thereafter. At current gold prices the revised tax regime is slightly beneficial to the Kumtor Project.

After final agreements are signed, Cameco will transfer 32.3 million shares of Centerra to the Kyrgyz Government; 17.3 million of such shares will be held in escrow to be released within four years subject to conditions described in Cameco's press release today. Centerra has agreed in its negotiations with the Government, that Centerra will issue 10 million treasury shares to Cameco after final agreements are signed. The issuance of treasury shares will result in a 4.6% dilution to Centerra's shareholders. The Company will record a one-time pre-tax loss equal to the market value of the treasury shares.

The parties have signed initial agreements that provide the framework for final agreements, which the Company expects to be completed in about two months, subject to approval by the Parliament of the Kyrgyz Republic, the Company's board of directors, Cameco's board of directors and any required regulatory or other approvals, in each case by no later than October 31, 2007. The Government has advised Centerra it intends to submit the agreements to Parliament for approval when Parliament resumes sitting in early September.

After completion of the transactions, the Kyrgyz Government will own 29.3% of Centerra, Cameco will own 40.5% and the balance, 30.2%, will be held by the remaining shareholders.

“We have always enjoyed a cooperative and mutually supportive relationship with the Kyrgyz Republic. This framework agreement further demonstrates the Government’s commitment to Centerra and secures the Company’s long-term presence in the country. The Government’s increased shareholding in the Company further aligns our interests and provides continued assurance for the stable and economically attractive operational environment for the Kumtor Project, which is the Company’s and the Kyrgyz Republic’s largest gold asset” commented Len Homeniuk, Centerra Gold’s President and CEO.

About Centerra

Centerra is a growth-oriented, gold Company focused on acquiring, exploring, developing and operating gold properties primarily in Central Asia, the former Soviet Union and other emerging markets. Centerra is a leading North American-based gold producer and the largest Western-based gold producer in Central Asia and the former Soviet Union. Centerra’s shares trade on the Toronto Stock Exchange under the symbol CG. The Company is based in Toronto, Canada.

Cautionary Note Regarding Forward-looking Statements

Statements contained in this news release, which are not historical facts, are forward-looking statements that involve 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 statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility and sensitivity to market prices for gold; replacement of reserves; equipment failure; unexpected geological or hydrological conditions; political risks arising from operating in certain developing countries; inability to enforce legal rights; defects in title; litigation or arbitration proceedings in which third parties claim title to properties or assets of the Company; imprecision in reserve estimates; success of future exploration and development initiatives; competition; operating performance of the facilities; environmental and safety risks including increased regulatory burdens; seismic activity, weather and other natural phenomena; failure to obtain necessary permits and approvals from government authorities; changes in government regulations and policies, including trade and tax laws and policies; ability to maintain and further improve positive labour relations; and other development and operating risks. For further discussion of the factors that could cause actual results to differ materially, please refer to Centerra’s Annual Information Form and Annual Management’s Discussion and Analysis for the year ended December 31, 2006, available on SEDAR at www.sedar.com.

Additional information

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

For further information, please contact:

John W. Pearson
Director, Investor Relations
Centerra Gold Inc.
416-204-1241

www.centerragold.com

- end -