



NEWS RELEASE

CENTERRA COMMENTS ON BOROO STABILITY AGREEMENT AND MONGOLIAN WINDFALL PROFITS TAX LAW

Toronto, Canada, May 26, 2006: Centerra Gold commented today on the reported decision of the Government of Mongolia to impose a windfall profits tax of 68% when gold reaches US\$500 per ounce. The new windfall profits tax will not have an impact on Centerra's Boroo project, which is protected by a stability agreement with the Government of Mongolia. The stability agreement, which is in effect until July 2013, provides that Boroo is liable only for taxes at agreed rates in effect when the agreement was entered into.

The new law was passed by Mongolian parliament on May 14, 2006 with little advance warning and therefore took the industry by surprise. Since the passing of the law, Centerra, with both national and international investors, has strongly indicated its opposition to the proposed tax. However, based on reports published today, Centerra understands that the President of Mongolia has elected not to exercise his power to veto the law, and therefore the windfall profits tax will become effective law in Mongolia. Centerra will continue to advocate for the new tax to be repealed and for the adoption of tax and minerals laws that will encourage foreign investment in the minerals sector.

Centerra is continuing to analyse the impact of the law on the proposed development of the Gatsuurt project, which is not currently protected by a stability agreement. As previously announced, Centerra completed a feasibility study on the Gatsuurt deposit in late 2005. Current plans provide for the investment in Mongolia of about US\$75 million over the next three years to develop the deposit, including the capital required to modify the existing Boroo facility to process Gatsuurt ore. As a result of the decision to impose a windfall profits tax, Centerra anticipates that it may suspend further development of the deposit until a stability agreement acceptable to Centerra has been signed. Centerra expects to commence discussions with the Government soon regarding a stability agreement for Gatsuurt. While Centerra is prepared to quickly advance discussions, the current on-going debate in Mongolia with respect to foreign investment in Mongolia's mining industry may slow the process to finalize agreement.

Centerra has a history of cooperative relations with the Mongolian government and believes that the strength of this relationship will facilitate discussion on the Gatsuurt stability agreement.

Additional information on the Boroo Stability Agreement can be found in Centerra's Annual Information Form filed on www.sedar.com (March 29, 2006).

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.

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

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