



NEWS RELEASE

(All figures are in United States dollars)

At Kumtor, Centerra Gold has identified a high-grade inferred resource of 1.4 million ounces and plans to go underground. At Boroo, a heap leach facility will be added.

Toronto, Canada, December 7, 2006: Centerra Gold Inc. (TSX: CG) today announced that it will develop a decline at its 100%-owned Kumtor mine in the Kyrgyz Republic. Based on the identification of 1.4 million ounces of high-grade inferred resources, Centerra's Board of Directors has approved a \$36 million underground exploration and development program at the Kumtor mine. Additionally, the Board approved \$20 million to develop a heap leach addition to the 95%-owned Boroo mine, in Mongolia, to process approximately 645,000 ounces of contained gold.

"This \$56 million investment is in line with our strategy as we continue to deliver on growing our operations organically. We are very excited about developing the underground potential of the high-grade SB Zone, which is still open along strike and down dip. We are confident that the deposit continues at depth and anticipate a second phase of development that targets production in 2010. Underground access will also enable us to easily drill for additional mineralization at depth and test other targets as we develop the decline," said Len Homeniuk, President and CEO. "As we continue to expand our operations in both Mongolia and the Kyrgyz Republic, both these projects will ultimately increase our future gold production and help us achieve our goal of producing over 1 million ounces of gold in 2009."

The construction of a 1.9 kilometre decline at Kumtor is expected to begin in the second quarter of 2007. The decline has been designed for future underground production and will be able to accommodate mine underground haulage trucks, have minimal curves and have a gradient of 15 degrees or less. The planned development decline and exploration of the current inferred resource is projected to cost approximately \$36 million.

Diamond drilling to date in the SB Zone has outlined a high-grade inferred resource below the current ultimate pit design, which is estimated to be 1.4 million ounces of contained gold at an average grade of 20.3 g/t, based on a \$475 gold price and using a cut-off grade of 7.0 g/t, a 60 metre search radius and cutting high-grade values to 100 g/t of gold. Approximately 1 million ounces of the high-grade inferred resource have been newly identified by the 2006 diamond drill program. The decline will give access for underground diamond drilling and be used in the long-term for future mine development. Underground delineation drilling will continue to further define the high-grade mineralization along strike and down dip for possible conversion to reserves.

At the Boroo mine, Centerra's Board of Directors approved the construction of a \$20 million heap leach facility. Construction of the 3 million tonne per annum heap leach facility is expected to begin in the first quarter of 2007, with commissioning scheduled to be completed by mid-year. Approximately 645,000 ounces of contained gold are expected to be processed over the 6-year life of the heap leach project from 19.9 million tonnes with an estimated average grade of 1.01 g/t of gold. This total includes an additional 267,000 ounces of contained gold at an average grade of 0.62 g/t of gold which has now been classified as a probable reserve as a result of changing the cut off grade to 0.2 g/t of gold in the 2005 year-end resource model which was developed using a \$400 gold price and parameters described in the Company's news release dated 23rd January 2006.

Qualified Person

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

Other Information

The Kumtor deposit is described in Centerra's Annual Information Form (the "AIF") for the year ended December 31, 2005 and in a technical report dated March 9, 2006 prepared in accordance with NI 43-101 of the Canadian Securities Administrators. The AIF and technical report have been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are the same as, or similar to, those described in the technical report.

The Boroo deposit is described in the AIF and a technical report dated May 13, 2004 prepared in accordance with NI 43-101, which are available on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Boroo deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Boroo site are the same as, or similar to, those described in the technical report.

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; defects in title; 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, 2005, available on SEDAR at www.sedar.com.

Reserve and resource figures included are estimates and no assurances can be given 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 the reserve and resource estimates included 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 statistical inferences which may ultimately prove unreliable. 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. The evaluation of reserves or resources is always influenced by economic and technological factors, which may change over time.

Resources figures included herein have not been adjusted in consideration of these risks and, therefore, no assurances can be given that any resource estimate will ultimately be reclassified as proven or probable reserves.

If Centerra's reserve or resource estimates for its gold properties are inaccurate or are reduced in the future, this could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

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

Although Centerra believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this report. Centerra disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by Canadian securities laws.

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. Inferred 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 can be upgraded to mineral reserves through continued exploration. Centerra reports its reserves and resources separately.

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 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.

For more information, please contact:

John W. Pearson
Director 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

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