



NEWS RELEASE

Centerra Gold Reports First Quarter Results

(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 10 and in our Cautionary Note Regarding Forward-looking Information on page 14. All figures are in United States dollars).

Toronto, Canada, April 29, 2009: Centerra Gold Inc. (TSX: CG) today reported a first quarter net loss of \$20.3 million or \$0.09 per common share based on revenues of \$98.4 million compared to earnings before unusual items of \$23.7 million or \$0.11 per common share on revenues of \$112.7 million in the same quarter of last year.

Consolidated gold production for the first quarter of 2009 totaled 103,204 ounces at a total cash cost of \$871 per ounce produced compared to 120,395 ounces at a total cash cost of \$610 per ounce produced in the corresponding quarter of 2008. Cash provided by operations, net of working capital changes was \$10.8 million compared to \$28.0 million in the first quarter of 2008. (Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures” in the Management’s Discussion and Analysis issued in conjunction with this news release).

As disclosed in the Company’s news release of April 24, 2009, Centerra has reached agreement (the “Agreement on New Terms”) with the Government of the Kyrgyz Republic (the “Government”) and Cameco Corporation (“Cameco”) that resolves all of the existing disputes between the Company and the Government with respect to the Kumtor Project. The Agreement on New Terms provides for the Government’s full commitment to and support for the Company’s continuing long-term development of the Kumtor Project and the Government has agreed not to take any action that deprives the Company or its affiliates of any of their rights in respect of the Kumtor Project. The Government has presented the Agreement on New Terms and draft legislation authorizing the implementation of all of its terms to Parliament for approval in the last week of April and has agreed to make a concerted effort to obtain such approval.

First Quarter Highlights

- Subsequent to quarter-end announced new agreement with Kyrgyz Government with respect to the Kumtor Project
- Two of the deeper holes drilled to date in the Stockwork Zone at Kumtor have returned significant intercepts that are open along strike to the northeast and down dip

- Production guidance for 2009 remains unchanged. Repaired Kumtor SAG mill and returned to normal operations with no material impact.
- Negotiations continued with respect to the Gatsuurt Investment Agreement between the Government and the Company.
- Stabilized the movement in the southeast pit wall by acceleration of mining ice and waste above the SB Zone at Kumtor.

Commentary

“The new agreement concerning the Kumtor Project with the Kyrgyz Government and Cameco demonstrates the Government’s commitment to Centerra and secures the Company’s long-term presence in the Kyrgyz Republic. In addition, this agreement resolves all of the disputes between Centerra and the Government and provides a stable and economically attractive business and operational environment. On the operational front accelerated mining of waste material and the removal of ice around the Central Pit combined with the shutdown for the SAG mill gear repair at Kumtor resulted in lower than normal ore production, however we are maintaining our gold production guidance for the year since we will be mining higher grade material in the third and fourth quarters. In Mongolia, we have resumed negotiations with the government working group with respect to an investment agreement for the Gatsuurt Project,” said Steve Lang, President and CEO of Centerra Gold.

Financial and Operating Summary

Revenues for the first quarter of 2009 were \$98.4 million compared to \$112.7 million during the same period one year ago. First quarter 2009 revenue reflects a 13% reduction in ounces sold partially offset by a 1% increase in realized gold price (\$915 per ounce in the first quarter of 2009 versus \$909 per ounce in the first quarter of 2008) in the period.

The Company produced a total of 103,204 ounces of gold in the first quarter of 2009, less than the 120,395 ounces of gold produced in the first quarter of 2008. Gold production was lower at both Kumtor and Boroo. At Kumtor significantly less tonnes of ore were mined than planned during the first quarter because a sector of the high wall in the vicinity of the SB Zone containing waste material and ice needed to be mined faster than planned. This resulted in lower grade stockpiled material being fed to the mill instead of the planned higher grade material from the pit. The average mill head grade at Kumtor for the first quarter 2009 was 1.92 g/t as compared to 2.42 g/t in the first quarter 2008.

Centerra’s total cash cost per ounce produced of gold was \$871 in the first quarter compared to \$610 in the first quarter of 2008. The year-over-year increase in unit cash costs was primarily due to a \$137 per ounce increase in operating costs (see “Operations Update”) and the impact of lower gold production which increased unit cash cost by \$124 per ounce. (Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures” in the Management’s Discussion and Analysis for the three months ended March 31, 2009, issued in conjunction with this news release.)

During the first quarter of 2009 a loss before unusual items was recorded of \$20.3 million, or \$0.09 per share, compared to earnings before unusual items of \$23.7 million or \$0.11 per share for the same period in 2008, reflecting reduced gold production and sales volumes, increased operating expenses and an increased tax charge as a result of currency devaluations in Mongolia.

The weakening of the Mongolian tugrik compared to the U.S. dollar resulted in an unrealized taxable gain from the revaluation of Boroo's local currency denominated financial statements. The related tax liability of \$11.0 million would only become payable upon realization of the gain. Boroo files its tax returns in local currency.

Cash provided by operations was \$10.8 million for the first quarter of 2009 compared to \$28.0 million for the prior year first quarter. The increase reflects the lower earnings partially offset by reduced working capital levels.

Capital expenditures spent and accrued in the first quarter of 2009 amounted to \$22.3 million of which \$17.1 million was spent on sustaining capital projects. Centerra's cash position at the end of March 2009 was \$154.5 million, compared to cash and short-term investments of \$167.4 million at December 31, 2008.

Exploration expenditures for the first quarter were \$5.6 million dollars compared to \$4.9 million in the first quarter of 2008 reflecting an increase in spending at Kumtor and on new joint venture projects.

Other Corporate Developments

Kyrgyz Republic

On April 24, 2009, the Company announced that the Company had reached an agreement (the "Agreement on New Terms") with the Government of the Kyrgyz Republic (the "Government") and Cameco Corporation ("Cameco") that resolves all of the existing disputes between the Company and the Government with respect to the Kumtor Project. The Agreement on New Terms provides for the Government's full commitment to and support for the Company's continuing long-term development of the Kumtor Project and the Government has agreed not to take any action that deprives the Company or its affiliates of any of their rights in respect of the Kumtor Project. The Agreement on New Terms and draft implementing legislation has been submitted by the Government to the Parliament, which will consider them on April 30.

On June 2, 2008, the Company reported that the previously announced framework agreements entered into between the Company, Cameco and the Government on August 30, 2007 had not been ratified by the Parliament of the Kyrgyz Republic within the time frame agreed by the parties and had therefore expired. Shortly thereafter, a Vice-Speaker of the Parliament of the Kyrgyz Republic, K.S. Isabekov filed two lawsuits in 2008 against the Government of the Kyrgyz Republic seeking to invalidate the licenses and agreements pursuant to which the Kumtor mine is operated. Subsequently, the parties resumed their discussions and negotiations and the current Agreement on New Terms reflects the outcome of those negotiations.

The Agreement on New Terms provides that the parties will execute restated project agreements to incorporate the provisions of the Agreement on New Terms including providing for the settlement of all outstanding claims between them including those currently the subject of international arbitration as well as for the expansion of the Company's existing concession area to include the area of its exploration and development license. The Government will also support further and additional exploration activity by the Company in the Kyrgyz Republic by inviting it to consider opportunities to acquire additional exploration and mining licenses.

The Company and the Government have agreed to replace the current tax regime applicable to the Kumtor project with a simplified, new tax rate effective January 1, 2008. Under the new tax regime, gross revenue will be taxed at a rate of 14%, which includes a 1% monthly contribution to the Issyk-Kul Oblast Development Fund. The new tax regime replaces income tax (10% of taxable income), mineral resource tax (5% of revenue), emergency fund tax (1.5% of revenue), road tax (0.8% of revenue), withholding taxes (10-30% depending on the nature of the payment), the Issyk-Kul Social Fund tax (2-4% of taxable income), all custom duties and certain other taxes.

The Company will pay to the Government approximately \$22.4 million representing: (i) an \$11.0 million difference in taxes payable from January 1, 2008 to December 31, 2008 representing the difference between the taxes paid under the existing tax regime and the taxes that would be payable under the new tax regime, (ii) \$1.75 million in full satisfaction of all liabilities or claims of any governmental authority against the Company or any of its affiliates in respect of any matter arising before the closing of the transactions contemplated by the Agreement on New Terms and (iii) an advance on taxes of approximately \$9.65 million related to 2009.

The Company has agreed to issue to the Government 18,232,615 common shares from its treasury and Cameco has agreed to transfer to the Government up to 25,300,000 common shares of the Company, which are to be released to the Government upon the satisfaction of certain conditions, including, among other things, if Cameco's interest in the Company falls below 10,800,000 common shares of the Company. Until that time Cameco retains voting control over approximately 52.7% of the issued and outstanding shares of Centerra. No restrictions have been placed on the Company's ability to issue common shares in the future. On the closing of the transactions contemplated by the Agreement on New Terms, the Company's Board of Directors will be expanded to include an additional independent director nominated by the Kyrgyz Government.

The Agreement on New Terms provides for an annual payment of 4% of gross revenue against which all capital and exploration expenditures in the Kyrgyz Republic are fully credited. Expenditures not applied for credit in the year are carried forward for credit in future years.

The Agreement on New Terms will constitute a legally binding agreement and closing will occur on the satisfaction (or waiver) of certain conditions precedent, including the following: (i) the approvals of the boards of directors of the Company and Cameco and of the Government of the steps required to be taken at closing including definitive documentation; (ii) the execution of restated project agreements; (iii) Parliamentary approval of the Agreement on New Terms and the required legislation to implement the terms of the Agreement on New Terms; (iv) all claims and proceedings before the Kyrgyz courts in respect of the Kumtor project shall have been permanently terminated

and all orders or rulings made in such proceedings adverse to the Kumtor project shall have been permanently vacated; and (v) obtaining any necessary regulatory and other approvals, including TSX approval.

After closing of the transactions and upon the satisfaction of all conditions to the transfer of shares by Cameco, the Kyrgyz Government could own up to 33.0% of the Company, Cameco 37.8% and the balance, 29.2%, would be held by the remaining shareholders.

Mongolia

Centerra has resumed negotiations with the government working group with respect to an investment agreement for the Gatsuurt Project. Although there is a binding collective agreement in place, the labour union at Boroo has made a number of monetary demands and has threatened a work interruption if demands are not met. The Company believes these demands are unreasonable, however, in the event of work stoppage there is the possibility of interruptions in production.

Operations Update

Kumtor

At the Kumtor mine, gold production was 63,021 ounces in the first quarter of 2009 representing a 16% decrease from the same quarter in 2008. The decrease is the result of lower ore production, lower ore grades and lower recovery. Mine ore production for the quarter was 55% lower than the previous year primarily as a result of activities related to the accelerated mining of ice and the removal of waste in the vicinity of the central pit. The reduced ore production from the pit resulted in lower grade stockpile material being fed to the mill. The mill head grade averaged 1.92 g/t with a recovery of 70.8% in the first quarter of 2009, compared to 2.42 g/t with a recovery of 74.9% in the same quarter of 2008.

The Company's 2009 guidance on gold production at Kumtor will not be affected by the accelerated mining of ice and waste material.

Total cash cost per ounce, a non-GAAP measure of production efficiency, increased to \$1,121 in the first quarter of 2009 from \$766 in the first quarter of 2008. The year-over-year increase in unit cash costs was primarily due to a \$179 per ounce increase in operating costs and the impact of lower gold production which increased unit cash cost by \$176 per ounce. The significant increase over the first quarter of 2008 in cash cost was due to the lower production and higher mining and milling costs. Mining costs increased 30% to \$39.6 million in the first quarter of 2009 due to additional costs from purchases associated with the till depressurization and dewatering programs commencing in late 2008, increased blasting costs, labour costs, increased spending on lubricants and maintenance materials and supplies. This was partially offset by reduced spending on diesel fuel as a result of lower prices during the period. Milling costs were \$12.4 million or 28% higher than 2008. This arose primarily because of increased prices and higher consumption due to the higher throughput for all reagents and consumables.

Exploration expenditures totaled \$3.3 million for the first quarter of 2009, a slight increase from the \$3.2 million reported in the first quarter 2008. This is primarily a result of the increase in the amount of drilling complete in the first quarter.

Capital expenditures in the first quarter of 2009 totalled \$21.8 million compared to \$7.6 million in the prior year. This consisted of \$16.7 million of sustaining capital, predominantly spent on the heavy duty equipment overhaul program (\$9.5 million). Other sustaining capital expenditures included the purchase of a new 9350 Liebherr shovel (\$4.2 million) and the continued purchase of equipment for the pit and till dewatering projects (\$1.4 million). Growth capital investment totaled \$5.1 million spent mainly on the SB zone underground development including expenditures for construction of the decline and construction of the overhead power line.

The SB Zone exploration access drift has completed 420 meters of development. Poor ground conditions were encountered initially but improved rock and geology conditions have been reached. Geotechnical probe holes have been initiated to review the geology and structures ahead of the development. The planned turn of the development to align with the SB Zone structure is anticipated to occur in the second quarter. This turn will allow for exploration and resource definition drilling to be completed from an optimal distance from the SB Zone. For the further planned Phase II development that will allow further access to the SB Zone and other underground exploration targets \$11.3 million has been allocated for required long lead items.

Boroo

At the Boroo mine, gold production was 40,183 ounces in the first quarter of 2009 lower than the first quarter of 2008 due to reduced ore grades, 2.34 g/t in first quarter 2009 versus 2.74 g/t in the first quarter 2008 and lower recovery 65.7% compared to 85.5%. The recovery of gold at Boroo has been negatively affected by the changing metallurgical nature of ore in pit 3 which is more refractory than the oxide ores mined in the prior year. Overall, the lower recovery and lower ore grade resulted in a reduction of mill poured ounces of 14,774 ounces which was partially offset by 9,292 ounces from heap leach production (heap leach production commenced in June 2008) and 1,064 ounces from slightly higher throughput in the first quarter 2009 compared to 2008. Final regulatory approvals of the heap leach facility have been received however, the operating permits are pending.

Total cash costs per ounce produced, a non-GAAP measure of production efficiency, increased to \$479 in the first quarter of 2009 from \$354 in the first quarter of 2008. The increase results primarily from the lower production in 2009 which accounted for \$57 per ounce and higher milling, leaching and other operating costs which accounted for \$68 per ounce.

During the first quarter of 2009, exploration expenditures in Mongolia remained virtually unchanged year over year at \$0.3 million. Capital expenditures in the first quarter of 2009 were \$0.2 million compared to \$7.9 million in the same quarter of 2008. The reduction is mainly due to more significant expenditures in the first quarter of 2008 for pre-stripping costs in pit 3 amounting to \$2.9 million, heap leach capital expenditures amounting to \$3.1 million, and tailings dam repair costs of \$0.5 million.

Exploration Update

Kyrgyz Republic - Kumtor Drilling

During the first quarter of 2009 the exploration drilling program continued in the Kumtor Central Pit. The drilling program focused on continuing the 40-80 metre spaced holes being drilled to test the down dip and strike extensions of the potential high grade underground mineable mineralization in the Stockwork Zone below the current planned open pit. Drilling also continued testing for strike and down dip extensions to the main mineralized horizons in a relatively untested area to the northeast of the pit high-wall and in the Saddle Zone area of the Central Pit.

In the first quarter of 2009 drilling results from the Stockwork Zone continue to be encouraging and confirm the excellent potential for a high-grade underground deposit. The drilling in the Central Pit area continued to test the strike and down dip extension of high grade mineralization intersected in Soviet drill holes in the Stockwork Zone below the KS 9 design pit bottom. Two of the deeper holes drilled to date in the Stockwork Zone have returned significant intercepts of 20.6 g/t Au over 22.1 metres, including 32.6 g/t Au over 13.2 metres in hole D1320 and 11.1 g/t Au over 20.3 metres, including 16.2 g/t Au over 13.4 metres in hole D1322. Both of these intercepts are open along strike to the northeast and down dip and additional drilling is underway to follow up on these two high grade intercepts.

Other significant drill intercepts from the Stockwork Zone are as follows: 5.7 g/t Au over 35.0 metres, including 7.0 g/t Au over 25.0 metres in hole D1281C, 6.9 g/t Au over 9.3 metres, including 14.1 g/t Au over 3.0 metres in hole D1293, 5.9 g/t Au over 9.8 metres, including 10.0 g/t Au over 4.9 metres in hole D1298, 6.8 g/t Au over 30.2 metres, including 15.3 g/t Au over 6.2 metres in hole D1304, 5.2 g/t Au over 25.5 metres, including 12.0 g/t Au over 2.9 metres and 7.1 g/t Au over 9.5 metres in hole D1316.

These results along with those from previous drilling from the Stockwork Zone have outlined a high-grade mineralized zone over a strike length of more than 300 metres and down dip for up to 300 metres from the bottom of the planned KS9 pit design. The results are confirming the excellent potential for a high grade underground deposit that is open both along strike to the northeast and down plunge to the northeast and southwest. The focus in the second quarter of 2009 will be on 80 metres step out drilling to define further strike and down dip extensions of the high grade mineralization intersected in holes D1320 and D1322 which are two of the deepest holes drilled to date.

Four drill holes were completed in the first quarter of 2009 in the Saddle Zone area of the Central pit, between the SB and Stockwork Zones. Three of the holes intersected significant widths of mineralization, including : 2.1 g/t Au over 45.3 metres in hole D1305, 3.2 g/t Au over 22.2 metres in hole D1307: and 7.2 g/t Au over 10.6 metres, including 17.5 g/t Au over 3.5 metres in hole D1319A. These wide intersections of low grade mineralization and narrower zones of high grade mineralization are encouraging. The focus in the second quarter of 2009 will be on 80 metre spaced step-out drilling to test for high grade mineralization within the broad mineralized package.

Further drilling was also carried out to test the Northeast Extension to the Kumtor pit. Three holes were completed to follow up on the results from drill holes completed in the fourth quarter of 2008. These earlier holes returned encouraging results with some of the better intercepts being: 4.8 g/t Au over 14.1 metres, including 7.6 g/t Au over 6.0 metres, and 5.8 g/t Au over 13.1 metres, including 8.1 g/t Au over 7.6 metres in hole D1278 and 5.5 g/t Au over 8.2 metres, including 7.1 g/t Au over 5.0 metres, and 3.1 g/t Au over 11.0 metres in hole D1278A.

Two of the holes drilled in the first quarter of 2009 returned intercepts of 2.3 g/t Au over 3.4 metres in hole D1310 and 7.9 g/t Au over 2.0 metres in hole D1317. The intersections in both of these holes are within 90 metres of surface, below the Lysii glacier, and 160 metres from the northeast end of Central Pit.

Results from the one deep hole, D1301, drilled at the Northeast Extension area intersected only low-grade mineralization. Hole D1301A is in progress and will test the Kumtor structure on section 206 at approximately 3,500 metre elevation to follow up on the intersection in hole D1165 drilled in 2007, which returned an intercept of 12.7 g/t Au over 7.9 metres.

One geotechnical drill hole was completed on sections -2 to -10 in the Southwest Extension of the Central pit at the end of 2008. Assaying of the drill core in the first quarter of 2009 returned significant widths and grades of mineralization, including 16.0 g/t Au over 3.7 metres, and 5.0 g/t Au over 11.0 metres, including 9.7 g/t Au over 4.0 metres in hole GD1259. This intercept lies approximately 60 metres to the southwest of the nearest drill hole and indicates that the SB zone extends to the southwest in an area on the margin of the current KS9 pit design where there are no reserves or resources outlined.

Additional 40-80 metre step out holes will be drilled in the second quarter of 2009 to test the strike and down dip extensions of the high grade mineralization intersected in the geotechnical drill hole to evaluate the extent of the strike extension of the SB Zone mineralization to the southwest. As this is an active mining area access for drilling is limited.

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

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

Mongolia

A nine hole drill program commenced in December 2008 and was completed in early January 2009 totalling 1,300 metres on the Khuder Project in northeast Mongolia. The Khuder prospect lies approximately 135 kilometres to the northeast of the Boroo operation along the Yerogool trend one of the main regional structures controlling gold mineralization in northeast Mongolia. The drill program was designed to test the shallow and gently dipping structures identified by a combination of ground magnetic and IP surveys and trenching. This earlier work has identified a series of auriferous flat lying structures with broad alteration zones exposed in several road cuts and trenches that returned anomalous 1+ g/t Au values over 100+ metres.

Six of the nine holes intersected moderate to strongly altered oxidised zones. The drilling program has identified a new gold prospect associated with at least two flat lying structures dipping northwest at 20 to 30 degrees. The thickness of gold bearing zones with Au values >1 g/t Au varies from 1 to 12 metres.

All of the assays have been received and some of the better intercepts are: 2.1 g/t Au over 13.0 metres in KU-4, 1.5 g/t Au over 7.2 and 1.0 g/t over 4.1 and 1.5 g/t over 1.5 metres in hole KU-2, 2.5 g/t Au over 11.2 metres in KU-6.

Additional trenching and diamond drilling are planned for the second quarter of 2009.

The Khuder project is one of several prospects within the large land position that Centerra controls in northeast Mongolia that are being evaluated that offer potential for satellite deposits that can be processed at the Boroo facilities.

Outlook for 2009

Production

For the full year of 2009, Centerra expects consolidated gold production of 720,000 to 770,000 ounces, which is unchanged from prior guidance.

Gold production for the full year 2009 at the Kumtor mine is forecasted to be 560,000 to 600,000 ounces, which is unchanged from prior guidance. The forecasted production excludes the nearby Sarytor deposit. The quarterly production profile at Kumtor will be similar to 2008 however the third quarter of 2009 is expected to be somewhat stronger than the same period last year. The production in the second quarter will be negatively affected by the mining activities related to sustaining the cutback of the ice creep into the pit from the Davidov glacier. Kumtor's 2009 guidance on gold production is not expected to be affected by the accelerated mining of ice and waste material. The Company expects that due to an unplanned maintenance shutdown of the SAG mill in the first quarter, the planned 2-week shutdown of the Kumtor mill to replace the ball mill ring gear and the SAG mill liner, originally scheduled for the third quarter of 2009 will be delayed to 2010. The third quarter production is forecast to exceed the production in the same quarter of last year by approximately 30,000 ounces due to the availability of high grade material for processing. The Company expects the highest production in the fourth quarter of 2009, when the high-grade ore in the SB Zone is being mined.

At Boroo, gold production is forecast to be 160,000 to 170,000 ounces, which is unchanged from the prior guidance. The quarterly production for the balance of 2009 is expected to follow a similar profile as for 2008.

Cash cost per ounce

The 2009 initial outlook for cash costs per ounce for both operations and consolidated of \$485 to \$525 has been reduced reflecting a lower cost of fuel and grinding media and an expected beneficial effect of a strengthening US dollar against local currencies in the Kyrgyz Republic and in Mongolia

on the costs of locally purchased supplies, services and power. Centerra expects that the higher cost profile in the first quarter of 2009 will be offset by higher production in the subsequent quarters.

Total cash cost for 2009 is expected to be in the range of \$465 to \$505 per ounce for both Kumtor and Boroo operations and on a consolidated basis, a \$20 per ounce reduction for both operations compared to prior guidance. Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Assuming satisfaction of all conditions to closing the Agreement on New Terms transactions, including Parliamentary approval current taxes will be replaced with a revenue-based tax. Total cash costs would exclude the revenue-based tax. In such case, the outlook for total cash costs per ounce would be reduced by \$75 for Kumtor and \$58 for Centerra on a consolidated basis.

Centerra’s production and unit costs are forecast as follows:

	2009 Production Forecast (ounces of gold)	2009 Total Cash Cost⁽¹⁾ (\$ per ounce)
Kumtor	560,000 – 600,000	465 - 505
Boroo	160,000 – 170,000	465 - 505
Consolidated	720,000 – 770,000	465 - 505

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

Major Assumptions and Sensitivities

The following material assumptions have been updated from the prior disclosed guidance in light of current market conditions. In particular, material assumptions or factors used to forecast production and costs include the following:

- a gold price of \$900 per ounce,
- exchange rates:
 - \$1USD:\$1.26CAD
 - \$1USD:41 Kyrgyz Som
 - \$1USD:1,500 Mongolian Tugrik
 - \$1USD:0.80 Euro
- diesel price assumption:
 - \$0.55/litre at Kumtor
 - \$0.85/litre at Boroo

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 done when the price of oil was about \$52 per barrel.

Centerra's revenues, earnings and cash flows for 2009 are sensitive to changes in certain variables and the Company has estimated their impact on revenues, net earnings and cash from operations.

Sensitivities	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flow	Earnings before income tax
Gold Price	\$25/oz	1.0	13.0	11.6	12.0
Diesel Fuel	10%	\$6/oz	-	3.7	3.7
Kyrgyz som	1 som	1.4	-	1.4	1.4
Mongolian tugrik	25 tugrik	0.3	-	0.3	0.3
Canadian dollar	10 cents	1.6	-	1.6	1.6

Other important assumptions that are implicit in Company's production, cost and capital guidance are as follows:

- grades and recoveries at Kumtor increase as expected through the fourth quarter to achieve the forecast gold production,
- no delays in or interruption of scheduled production from our mines, including due to natural phenomena, labour disputes or other development and operation risks,
- the dewatering and depressurization programs at Kumtor continue to produce the expected results and the water management system works as planned,
- the Boroo ore does not become more refractory in nature affecting mill recoveries,
- prices for fuel oil, reagents and other consumables will remain consistent with Company estimates,
- no material reduction in gold price which could impact timing and amount of capital expenditures,
- no labour disruption at the Boroo mine site while discussions continue with the trade union and
- all necessary permits, licences and approvals are received in a timely manner.

Production and cost forecasts for 2009 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 under the heading "Caution Regarding Forward-Looking Information".

Kumtor Mill Shutdown

In March 2008, an unplanned shutdown of the ball mill at Kumtor was required to repair the ring gear which had failed. The repair was completed in late March and the ball mill returned to full operation. The successful repair of the ring gear was only a temporary repair and will require a full replacement; this was planned for the third quarter of 2009. This replacement has been postponed until early 2010 under the expectation that the temporary repair will last until then.

Similarly, the maintenance and changeout of the Kumtor SAG mill liner which was scheduled for the third quarter of 2009 has been postponed until early 2010. However should the current liner and/or the ring gear not last until the end of the year, an unplanned shutdown would be required which would have an adverse affect on the production, costs and earnings of the Company.

Further Creep of Waste and Ice Material at Kumtor

During the first quarter of 2009, significant movement of waste and ice from the South East Ice Wall into the Kumtor open pit required the mining of ice and waste which significantly reduced the production of ore. Management implemented a plan to neutralize and further stabilize this advanced creep, which by the end of the quarter was being significantly mitigated. While work is planned over the balance of the 2009 year to sustain the cutback of the ice creep into the pit there is no guarantee that these efforts will avert further negative impact on the Company's expected production, costs and earnings.

Exploration and Business Development

Exploration expenditures are expected to total \$25 million and the business development program is forecast at \$4.1 million for 2009 to support merger and acquisition initiatives of the Company for the year.

The 2009 exploration program will continue the aggressive exploration at the Kumtor mine. Target generation programs and drilling activities around the Gatsuurt project and on our extensive land holdings in Mongolia will be accelerated in the second quarter of 2009. Target generation programs will continue in Asia, Russia and China. Centerra will continue to fund and earn an interest in joint venture properties and projects in Russia, Turkey and the United States. The Company forecasts \$25 million of spending on its program for the year. The forecast includes \$11 million for exploration at Kumtor.

Activities are planned as follows:

Kumtor

- Additional drilling programs in the main Kumtor pit to test down dip extensions of the deposit for additional high grade underground deposits. Underground drilling from the SB Zone decline to test the southwesterly strike extension of the Kumtor deposit.

Boroo

- Programs will focus on generating and testing targets for additional mineralization around the operating facilities.

Mongolia

- Exploration programs will continue to evaluate Centerra's significant land position, with a focus on defining and testing drill targets around the Gatsuurt deposit and along the Yeroogol Trend that offer the potential for satellite deposits that can be processed at the Boroo facilities.

Russia

- Centerra entered into an option/joint venture agreement with Central Asia Gold AB covering the Kara Beldyr project in the Tyva Republic, Russia in the third quarter of 2008. Centerra has the right to earn a 50% interest in the property by spending a total of \$2.5 million over three years after which Centerra has a one-time option to earn an additional 20% interest in the property by spending an additional \$4 million over a further four-year period. Target definition work will continue in 2009 and drilling of targets identified is planned in the second quarter of 2009.

Turkey

- Centerra entered into a Joint Venture Agreement with KEFI Minerals covering the Artvin project in northeast Turkey in its fourth quarter of 2008. Centerra has the right to earn a 50% interest in the property by spending a total of \$3 million over three years after which Centerra has a one-time option to earn an additional 20% interest in the property by spending an additional \$3 million over a further two-year period. Thereafter, Centerra and KEFI shall further fund the exploration and development of the Artvin Property proportionate to their respective interests. The drilling program commenced in 2008 will continue in 2009.
- Centerra entered into a Joint Venture Agreement with Eurasian Minerals (EMX) covering the Akarca, Samli and Elmalı projects in northwest Turkey in the fourth quarter of 2008. Centerra has the right to earn a 50% interest in the properties by spending a total of \$5.0 million over four years, in addition to a cash payment of \$1.0 million at the end of the fourth year after which Centerra has a one-time option to earn an additional 20% interest in the properties by spending an additional \$5.0 million over a further two-year period. Thereafter, Centerra and EMX shall further fund the exploration and development of the properties proportionate to their respective interests. Target definition work and drilling to test targets identified will be carried out in 2009.

United States, Nevada

Tonopah Divide

- Centerra has the right to earn a 60% interest in the Tonopah Divide project by spending \$2.7 million over five years. Centerra can earn an additional 15% interest by spending a further \$5.0 million over four years. Surface mapping and sampling programs will continue on the property and additional drilling is planned for 2009.

REN

- Barrick Gold holds a 37% joint-venture interest in the REN property. Barrick Gold has elected not to participate in further exploration on the REN property in 2009. The Company is considering its options for the property which include selling or joint venturing its interest in the REN project.

Capital Expenditures

The capital requirement in 2009 is estimated to be \$100 million (unchanged from prior guidance), including \$49 million of sustaining capital. Growth capital is forecast at \$51 million, which includes \$36 million for Kumtor (the largest expenditures would be \$17 million for the development of the SB Zone underground decline and \$12 million for purchase of mobile equipment and other long-lead time items for the phase II of SB Zone underground development), \$1 million for Boroo and \$14 million for Gatsuurt including \$10 million for road construction and the balance for site and infrastructure development. The 55 kilometre road to the Gatsuurt mine site has been designed and has been submitted for permitting to the appropriate government agencies. The 14-month construction period is expected to start in the second quarter of 2009.

Administration

Annual corporate and administration expenses without unusual items are expected to amount to approximately \$30 million in 2009.

For further discussion of the factors that could cause actual results to differ materially, please refer to “Risk Factors” in Centerra’s 2008 Annual Management’s Discussion and Analysis and to Centerra’s 2008 Annual Information Form including the section titled “Risk Factors”, available on SEDAR at www.sedar.com. For information on forward-looking information see “Caution Regarding Forward-Looking Information”.

Qualified Person

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

The Kumtor deposit is described in Centerra’s most recently filed Annual Information Form (the “AIF”) and in a technical report dated March 28, 2008 prepared in accordance with NI 43-101. The AIF and technical report have been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are described in the technical report.

Cautionary Note Regarding Forward-looking Information

Statements contained in this news release including those under the heading “Outlook for 2009”, and the documents incorporated by reference herein, contain statements which are not current statements or historical facts and are “forward-looking information” within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, contained or incorporated by reference in this news release constitute forward-looking information. Wherever possible, words

such as “plans”, “expects” or “does not expect”, “budget”, “forecasts”, “projections”, “anticipate” or “does not anticipate”, “believe”, “intent”, “potential”, “strategy”, “schedule”, “estimates” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things Centerra’s expectations regarding, future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and political environment and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Although the forward-looking information in this news release reflects Centerra’s current beliefs on the date of this news release based upon information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied, will be consistent with such forward-looking information. By its very nature, forward-looking information necessarily involves significant known and unknown risks, assumptions, uncertainties and contingencies that may cause Centerra’s actual results, assumptions, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking information. These risks and uncertainties include, among other things, risks relating to the Parliamentary approval of the Agreement on New Terms which is described above under the heading “Other Corporate Developments – Kyrgyz Republic”, gold prices, replacement of reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour, material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailing dam, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See “Risk Factors” in the Company’s most recently filed Annual Information Form and Annual Management’s Discussion and Analysis available on SEDAR at www.sedar.com.

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or

achievements that are or may be expressed or implied by such forward-looking statements contained in this news release. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of April 29, 2009. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

About Centerra

Centerra is a gold mining company focused on acquiring, exploring, developing and operating gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. 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 (TSX) under the symbol CG. The Company is based in Toronto, Canada.

Conference Call

Centerra invites you to join its 2009 first quarter conference call on Thursday, April 30, 2009 at 12:00 pm (noon) Eastern Time. The call is open to all investors and the media. To join the call, please dial Toll-Free in North America (800) 899-2086 or International callers dial (212) 231-2901. 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, May 7, 2009 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21421723.

For more information:

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

MDA and Financial Statements and Notes follow

Centerra Gold Inc.

Management's Discussion and Analysis ("MD&A")

For the period ended March 31, 2009

The following discussion has been prepared as of April 29, 2009, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. ("Centerra" or the "Company") for the three month period ended March 31, 2009 in comparison with those as at March 31, 2008. This discussion should be read in conjunction with the unaudited interim consolidated financial statements and the notes of the Company for the three month period ended March 31, 2009. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the three years ended December 31, 2008, the related MD&A included in the 2008 Annual Report, and the 2008 Annual Information Form. The financial statements of Centerra are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise specified, all dollar amounts are in United States dollars. The Company's 2008 Annual Report and Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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Consolidated Financial Results

Centerra's consolidated financial results for the three month period ended March 31, 2009 reflect 100% interests in the Kumtor and Boroo mines, and the Gatsurt project.

Highlights

	Three Months Ended March 31		
	2009	2008	% Change
Financial and Operating Summary			
Revenue - \$ millions	98.4	112.7	(13%)
Cost of sales - \$ millions ⁽¹⁾	69.3	53.7	29%
Earnings before unusual items - \$ millions ⁽²⁾	(20.3)	23.7	(186%)
Unusual items - \$ millions	-	4.5	100%
Net earnings (loss) - \$ millions	(20.3)	19.3	-
Earnings (loss) per common share - \$ basic and diluted	(0.09)	0.09	-
Cash provided by operations - \$ millions	10.8	28.0	-
Weighted average common shares outstanding - basic (thousands)	216,318	216,318	0%
Weighted average common shares outstanding - diluted (thousands)	216,318	226,648	(5%)
Gold sold – ounces	107,621	123,975	(13%)
Gold produced – ounces	103,204	120,395	(14%)
Cost of sales - \$/oz sold	644	433	49%
Total cash cost ⁽³⁾ - \$/oz produced	871	610	43%
Total production cost ⁽³⁾ - \$/oz produced	1,103	720	53%
Average realized gold price - \$/oz	915	909	1%
Average gold spot price - \$/oz	908	927	(2%)

1 Cost of sales excludes regional office administration

2 Net earnings before unusual items is a non-GAAP measure and is discussed under "Non-GAAP Measures".

3 Total cash cost and total production cost are non-GAAP measures and are discussed under "Non-GAAP Measures".

Three Month Period Ended March 31, 2009 compared with the Three Month Period Ended March 31, 2008

Gold Production and Revenue

Revenue in the first quarter of 2009 decreased to \$98.4 million from \$112.7 million in the same quarter last year reflecting the lower volumes of gold produced and sold (approximately 14% lower year over year), partially offset by higher realized gold prices. Gold production for the quarter was 103,204 ounces compared to 120,395 ounces of gold reported in the first quarter of 2008. Gold production was lower at both Kumtor and Boroo operations in the quarter year-over-year. At Kumtor significantly less tonnes of ore were mined than planned during the first quarter due to a sector of the high wall in the vicinity of the SB Zone containing ice and waste material which needed to be mined faster than planned. This resulted in lower grade stockpiled material being fed to the mill instead of the planned higher grade material from the pit. The average mill head grade for the first quarter 2009 was 1.92 g/t as compared to 2.42 g/t in the first quarter 2008.

Centerra realized an average gold price of \$915 per ounce for the first quarter of 2009, a slight increase from the \$909 per ounce realized in the same quarter in 2008. Since Centerra's gold production is unhedged and gold is sold at the prevailing spot price, the average realized gold price in the quarter reflects the continued strong spot gold prices, which averaged \$908 per ounce for the first quarter of 2009 (\$927 per ounce for the same period in 2008).

Cost of Sales

Cost of sales in the first quarter of 2009 was \$69.3 million, which is higher than the same quarter of 2008 (\$53.7 million) due primarily to higher operating costs and lower gold production resulting in higher costs associated with the ounces sold in the quarter.

At Kumtor, operating costs increased by approximately \$13.4 million in the first quarter of 2009 compared to the same period of 2008. The increase in 2009 is due to higher costs incurred for till depressurization, increased maintenance and lubricant expenditures attributed to the mobile fleet, higher blasting costs and higher reagent and consumables costs.

Boroo's operating costs increased by approximately \$3.1 million in the first quarter of 2009 compared to 2008 due primarily to the increased cost of consumables and reagents and due to costs incurred with the new heap leaching activities which was not in production in the first quarter of 2008.

The ultimate impact of these operating cost changes on the reported results for cost of sales is dependent on the relative levels of capital and operating activities and the build up or drawdown of inventories during the periods presented.

Cost of sales per ounce sold increased to \$644 compared to \$433 for the same period in 2008. This reflects the impact of higher operating costs and lower production.

The Company's total cash cost per ounce produced was \$871, up from \$610 in the first quarter of 2008. This increase is primarily due to the reduced production levels and increased operating costs, described above. See "Mine Operations – Kumtor" and "Mine Operations – Boroo".

Depreciation, Depletion and Amortization

Consolidated depreciation, depletion and amortization for the first quarter of 2009 increased to \$21.8 million from \$10.4 million in the same quarter of 2008, mainly due to depreciation of costs associated with the new truck overhaul program on Kumtor's expanded fleet, the amortization of pre-stripping costs and the depreciation of the heap leach facility at Boroo (neither were applicable in the comparative period in 2008). On a per unit basis, depreciation, depletion and amortization for the first quarter of 2009 was \$202 per ounce sold compared to \$84 per ounce sold in the same quarter of 2008, primarily reflecting the reduced sales volumes in 2009, the addition of capital equipment at Kumtor, and the impact from the depreciation of pre-stripping costs and the heap leach capitalized costs at Boroo.

Accretion and Reclamation Expense

Accretion and reclamation expense in the first quarter of 2009 was \$0.6 million, an increase of \$0.2 million or 38% as compared to the first quarter of 2008. The increase in 2009 reflects depreciation of the increased reclamation asset which was recorded at the end of 2008, mainly at Boroo.

Exploration

Exploration costs in the first quarter of 2009 increased to \$5.6 million from \$4.9 million in the same quarter of 2008 reflecting an increase in exploration spending at Kumtor and on new joint venture projects.

Capital Expenditures

Capital expenditures spent and accrued of \$22.3 million in the first quarter of 2009 included \$17.1 million of sustaining capital and \$5.2 million invested in growth capital primarily related to the SB Zone underground development at Kumtor (\$5.1 million).

Corporate Administration

Corporate administration costs for the first quarter 2009 were \$5.0 million compared to \$6.5 million in the same quarter of 2008. The decrease is primarily due to reduced stock-based compensation costs.

Income Tax Expense

The first quarter 2009 income tax provision of \$11.2 million compares to \$8.7 million reported in the first quarter of 2008. The income tax provision for the first quarter 2009 includes:

Income Tax on reported earnings	\$ 1.7
Income Tax on foreign currency movement	
o Mongolian tugrik	\$ 11.0
o Kyrgyz som	\$ (1.5)
o Subtotal	\$ 9.5
Total income tax provision for the quarter	\$ 11.2

An income tax provision of \$1.7 million for the first quarter of 2009, based on earnings in the current quarter, is lower than that for the comparable period of 2008. The current quarter's provision includes income tax expense of \$3.1 million for Boroo, and is net of a \$1.4 million tax recovery for Kumtor. This results from lower taxable earnings for Boroo compared to the earlier period, and a tax loss for Kumtor in 2009, whereas it had a taxable profit in the comparable quarter in 2008.

The weakening of the Mongolian tugrik compared to the U.S. dollar resulted in an unrealized taxable gain from the revaluation of Boroo's local currency denominated financial statements. The related tax liability of \$11.0 million would only become payable upon realization of the gain. Boroo files its tax returns in local currency.

The income tax recovery related to the weakening of the Kyrgyz som, amounting to \$(1.5) million, results from the fact that Kumtor incurred tax losses in prior periods for in U.S. dollars, and applied them to reduce a som income tax liability, following the weakening of the som.

The corporate income tax rate for Kumtor is 10%, as provided in the existing Investment Agreement with the Kyrgyz government. The Investment Agreement also provides that Kumtor pay an amount to the Issyk-Kul Social Fund. As long as the existing Investment Agreement continues to be in effect, Kumtor continues to record, and pay, taxes based on the terms of that agreement.

The corporate income tax rate for Boroo for 2009 and subsequent years is 25% for income in excess of 3 billion tugriks (about \$2.0 million at the exchange rate at the balance sheet date), and 10% for income up to that amount.

The Company recorded a nil income tax provision for the North American segment in the quarter (and in the first quarter in 2008) as each entity in the segment incurred a loss for tax purposes, and none were tax effected.

Loss Before Unusual Items

Loss before unusual items for the first quarter of 2009 was \$20.3 million, or \$0.09 per share, compared to earnings of \$23.7 million or \$0.11 per share for the same period in 2008, reflecting reduced gold production and sales volumes, increased operating expenses and an increased tax charge as a result of currency devaluations in Mongolia.

Unusual Items

In connection with the now expired agreements entered into by the Company and Cameco Corporation (“Cameco”), the majority shareholder of the Company, on August 30, 2007, the Company was to issue 10 million new treasury shares to Cameco. Based on the movement in Centerra’s share price during the first quarter 2008, a charge of \$4.5 million was recorded as unusual items in the comparative period. On June 2, 2008 the agreements were not ratified and therefore expired.

On April 24, 2009, the Company announced that an agreement (the “Agreement on New Terms”) had been reached between Centerra, Cameco and the Kyrgyz Republic (the “Government”) that provides for the Government’s full commitment to and support for Centerra’s continuing long-term development of the Kumtor project. The Agreement on New Terms provides that the parties will execute restated project agreements to incorporate the provisions of the Agreement on New Terms including providing the settlement of all outstanding claims as well as agree to replace the current tax regime applicable to the Kumtor project. Centerra has agreed to issue to the Government 18,232,615 common shares from its treasury. Cameco has agreed to transfer to the Government up to 25,300,000 common shares of Centerra, which are to be released to the Government upon the satisfaction of certain conditions. Completion of the Agreement on New Terms transactions is subject to the satisfaction of several conditions, including Parliamentary approval and the execution of definitive documentation.

Based on the terms contained in the Agreement on New Terms and based on Centerra's share price at March 31, 2009, the Company believes that its current contingent common shares issuable provision of \$89 million is appropriate. The ultimate impact on the Company's financial statements, of the share issuance will only be known on issuance of the common shares, which will occur on completion of the Agreement of New Terms transactions.

Net Loss After Unusual Items

Net loss after unusual items for the first quarter of 2009 was \$20.3 million, or \$0.09 per share, compared to earnings of \$19.3 million, or \$0.09 per share, for the same quarter of 2008, reflecting the unusual items discussed above.

Liquidity and Capital Resources

Cash provided from operations was \$10.8 million for the first quarter of 2009 compared to \$28.0 million for the same quarter of 2008, primarily reflecting lower earnings, partially offset by reduced working capital levels.

Cash used in investing activities in the first quarter of 2009 totalled \$5.9 million, compared to \$17.4 million in the same quarter of 2008. The first quarter 2009 amount of \$5.9 million includes \$23.7 million spent on capital projects (\$17.4 million in the first quarter of 2008), partially offset by a reduction in short-term investments of \$17.8 million. Centerra spent and accrued \$17.1 million on sustaining capital projects and \$5.2 million on growth projects. Expenditures on growth projects were mainly for Kumtor's SB Zone underground development while sustaining capital was \$16.6 million at Kumtor. At Boroo, sustaining capital was \$0.3 million.

As at March 31, 2009, the Company had entered into contracts to purchase capital equipment and operational supplies totalling \$30.1 million (Kumtor \$29.9 million, Boroo \$0.2 million). These contracts are expected to be settled over the next twelve months.

Cash and cash equivalents and short-term investments were \$154.5 million at the end of the first quarter of 2009, compared to cash and cash equivalents and short-term investments of \$167.4 million at December 31, 2008. The Company believes it has sufficient cash to carry out its operational business plan for 2009. For information on forward-looking information see "Caution Regarding Forward-Looking Information".

Asset Retirement Obligations

The total future asset retirement obligations were estimated by management based on the Company's ownership interest in all mines and facilities, estimated costs to reclaim the mine sites and facilities and the estimated timing of the costs to be incurred in future periods.

The Company has estimated the net present value of the total asset retirement obligations to be \$31.2 million as at March 31, 2009 (December 31, 2008 - \$32.8 million). These payments are expected to commence over the 2009 to 2016 period. The Company used average credit-adjusted risk-free rates of 6.99% at Kumtor and 8% at Boroo to calculate the present value of the asset retirement obligations.

During the first quarter 2009, the closure study at Boroo, which was updated by an independent consultant, was adjusted to reflect reduced discounted reclamation costs by \$2.0 million. Boroo's discounted asset retirement obligation at March 31, 2009 now totals \$14.6 million following this revision.

Share capital and share options

As of April 29, 2009, Centerra had 216,318,188 shares issued and outstanding. In addition, at the same date, the Company had 2,664,967 share options outstanding under its share option and share appreciation rights plan with exercise prices between Cdn\$4.68 and Cdn\$14.29 per share, and with expiry dates between 2012 and 2017.

Beginning with the granted share option series of February 2009, the volatility used for valuation purposes reflects Centerra's stock volatility as sufficient trading history for the stock has been reached. Previously, share options were valued using the volatility from the TSX Global Gold Canada Index for the similar option term. The average exercise term has also been reduced from six years to five years recognizing the recent exercise trading history of the Company's options.

Gold hedges

The Company had no gold hedges in place in the first quarter of 2009 and no deferred charges were recognized.

Market Update

A significant factor in determining profitability and cash flow from the Company's operations is the price of gold. The spot market gold price based on the London PM fix was approximately \$916 per ounce on March 31, 2009. For the first quarter of 2009, the gold price averaged \$908 per ounce compared to \$927 per ounce for the same period in 2008.

The Company receives its revenues through the sale of gold in U.S. dollars. The Company has operations in the Kyrgyz Republic and Mongolia, and its corporate head office is in Toronto, Canada. During the first quarter of 2009, approximately \$65 million in non-U.S. dollar operating and capital costs were incurred by Centerra. The percentage of Centerra's non-U.S. dollar costs, by currency was, on average, as follows: 48% in Kyrgyz soms, 19% in Euro, 17% in Mongolian tugriks, 14% in Canadian dollars, and 2% in other currencies. In the first quarter of 2009, the currencies of the Kyrgyz Republic, the European Union, Mongolia, and Canada declined against the U.S. dollar by approximately 6.3%, 6.9%, 23.7% and 3.7%, respectively, from their value at December 31, 2008. The net impact of these movements in the first three months of 2009 was to reduce operating and capital costs by \$3.8 million.

Mine Operations

Centerra owns 100% of the Kumtor and Boroo mines and therefore all operating and financial results are on a 100% basis.

	Three Months Ended March 31		
	2009	2008	% Change
Kumtor Operating Results			
Gold sold – ounces	62,196	67,116	(7%)
Revenue - \$ millions	57.3	61.5	(7%)
Average realized gold price – \$/oz	921	916	1%
Cost of sales - \$ millions ⁽¹⁾	48.6	36.8	32%
Cost of sales - \$/oz sold	782	549	42%
Tonnes mined - 000s	28,640	28,952	(1%)
Tonnes ore mined – 000s	525	1,169	(55%)
Tonnes milled - 000s	1,366	1,109	23%
Average mill head grade - g/t ⁽²⁾	1.92	2.42	(21%)
Recovery - %	70.8	74.9	(5%)
Gold produced – ounces	63,021	74,730	(16%)
Total cash cost ⁽³⁾ - \$/oz	1,121	766	46%
Total production cost ⁽³⁾ - \$/oz	1,364	889	53%
Capital expenditures - \$ millions	21.8	7.6	187%
Boroo Operating Results			
Gold sold – ounces	45,425	56,859	(20%)
Revenue - \$ millions	41.2	51.2	(20%)
Average realized gold price - \$/oz	906	900	1%
Cost of sales - \$ millions ⁽¹⁾	20.6	16.8	23%
Cost of sales - \$/oz sold	454	296	53%
Total tonnes mined - 000s	4,987	5,296	(6%)
Tonnes mined heap leach – 000s	1,212	832	46%
Tonnes ore mined direct mill feed -000's	621	727	(15%)
Tonnes ore milled - 000s	621	608	2%
Average mill head grade - g/t ⁽²⁾	2.34	2.74	(15%)
Recovery - %	65.7	85.5	(23%)
Gold produced – ounces	40,183	45,665	(12%)
Total cash cost ⁽³⁾ - \$/oz	479	354	35%
Total production cost ⁽³⁾ - \$/oz	696	445	56%
Capital expenditures - \$ millions	0.2	7.9	(97%)

(1) Cost of sales for 2008 and its comparative years exclude regional office administration.

(2) g/t means grams gold per tonne.

(3) Total cash cost and total production cost are non-GAAP Measures and are discussed under “Non-GAAP Measures”.

Kumtor

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since 1997 and has produced about 6.8 million ounces of gold. During the first quarter 2009, Kumtor experienced 1 lost-time accident and 3 Class I environmental incidents.

Revenue and Gold Production

Revenue for the first quarter of 2009 decreased to \$57.3 million from \$61.5 million in the first quarter of 2008 primarily as a result of lower than budget production and sales volumes (62,196 ounces sold in the first quarter of 2009 compared to 67,116 ounces sold in the same period of 2008). Kumtor produced 63,021 ounces of gold in the first quarter of 2009 compared to 74,730 ounces of gold in the first quarter of 2008. The decrease results primarily from lower ore production, lower ore grades and lower recovery. Mine ore production for the quarter was 55% lower than the previous year primarily as a result of activities related to the accelerated mining of ice and the removal of waste in the vicinity of the central pit. The reduced ore production from the pit resulted in lower grade stockpile material being fed to the mill. The mill head grade averaged 1.92 g/t with a recovery of 70.8% in the first quarter of 2009, compared to 2.42 g/t with a recovery of 74.9% in the same quarter of 2008.

The realized gold price in the first quarter of 2009 was \$921 per ounce compared to \$916 per ounce in the same period in 2008.

Cost of Sales

Cost of sales at Kumtor in the first quarter of 2009 was \$48.6 million compared to \$36.8 million in the same quarter of 2008. This is primarily due to lower ore production leading to higher inventory costs as well as increases in operating and depreciation costs. Included in cost of sales was an additional \$2 million of operating costs related to an adjustment to inventory to reflect the net realizable value.

Operating cash costs at Kumtor increased \$13.4 million for the first quarter 2009 compared to the same quarter of 2008.

Mining costs year-to-date March 31, 2009 were \$39.6 million, \$9.3 million or 30% higher than 2008. This is mainly a result of additional costs from purchases associated with the till depressurization and dewatering programs commencing in late 2008 (\$3.4 million). Other variances include increased blasting costs (\$1.8 million), a reduction in the allocation of equipment to capital projects (\$1.2 million), increased labour costs (\$1.2 million), increased spending on lubricants (\$0.8 million), and increased spending on maintenance materials and supplies (\$0.4 million). This was partially offset by reduced spending on diesel fuel as a result of lower prices (\$0.5 million) during the period.

Milling costs year-to-date March 31, 2009 were \$12.4 million, \$2.8 million or 28% higher than 2008. This arose primarily because of increased prices and higher consumption due to the higher throughput for all reagents and consumables (\$1.8 million). Other unfavourable variances include

increased electricity costs (\$0.3 million), increased maintenance costs (\$0.4 million) and higher labour costs (\$0.3 million).

Site Administration costs year-to-date March 31, 2009 were \$10.6 million, \$0.6 million or 5% higher than 2008 primarily due to increased insurance costs (\$0.4 million), increased fuel costs and food supplies.

Revenue-based taxes and other costs in the first quarter 2009 decreased by \$0.3 million over the same period in 2008.

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sales per ounce sold year-to-date March 2009 increased to \$782 compared to \$549 for the first quarter of 2008. This reflects the lower ore production from the pit leading to higher per unit inventory costs and lower ounces sold for the period.

Total cash cost per ounce produced was \$1,121 compared to \$766 per ounce in 2008. The increase results primarily from the lower production in 2009 and higher mining and milling costs as described above.

Kumtor Regional Administration

Bishkek administration costs for the first quarter 2009 were \$3.5 million, \$1.1 million or 48% higher than 2008. The unfavourable variance resulted primarily from increased spending on labour (\$0.7 million) and higher rent costs (\$0.1 million).

Depreciation and Amortization

Depreciation and amortization costs for year-to-date March 31, 2009 increased by \$7.4 million over the same period of 2008 due primarily to a depreciation adjustment from the componentization of the heavy duty mobile equipment. In addition, depreciation increased due to a higher amount of equipment additions to capital in the second half of 2008 and the beginning of 2009. This was partially offset by a decrease in mine ore ounces resulting in a reduction in units of production depreciation for mining assets.

Exploration

Exploration expenditures totaled \$3.3 million for the first quarter of 2009, a slight increase from the \$3.2 million reported in the first quarter 2008. This is primarily a result of increased drilling activity in the first quarter.

Capital Expenditures

Capital expenditures in the first quarter of 2009 totalled \$21.8 million compared to \$7.6 million in the prior year. This consisted of \$16.7 million of sustaining capital, predominantly spent on the heavy duty equipment overhaul program (\$9.5 million). Other sustaining capital expenditures included the purchase of a new 9350 Liebherr shovel (\$4.2 million) and the continued purchase of

equipment for the pit and till dewatering projects (\$1.4 million). Growth capital investment totaled \$5.1 million spent mainly on the SB zone underground development including expenditures for construction of the decline and construction of the overhead power line.

The SB Zone exploration access drift has completed 420 metres of development. Poor ground conditions were encountered initially but improved rock and geology conditions have been reached. Geotechnical probe holes have been initiated to review the geology and structures ahead of the development. The planned turn of the development to align with the SB Zone structure is anticipated to occur in the second quarter. This turn will allow for exploration drilling and resource definition drilling to be completed from an optimal distance from the SB Zone.

An amount of \$11.3 million has been allocated for long lead items required for the further planned Phase II development that will allow further access to the SB Zone and other underground exploration targets.

Boroo

Located in Mongolia, this open pit mine was the first hard rock gold mine in Mongolia and to date it has produced over 1.2 million ounces. During the first quarter of 2009, there was no lost-time accident, three first aid injuries, and no reportable environmental spills.

Revenue and Gold Production

Revenue in the first quarter 2009 decreased to \$41.2 million from \$51.2 million in the same period of 2008. This was due to lower ounces sold (45,425 ounces compared to 56,859 ounces) mainly as a result of reduced production and the timing of shipments, partially offset by slightly higher average realized gold price per ounce of \$906 in the first quarter 2009 compared to \$900 in 2008.

The gold production year-to-date March 31, 2009 was 40,183 ounces compared to 45,665 in the same period 2008. The decreased production was mainly due to lower ore grades (2.34 g/t in 2009 compared to 2.74 g/t in 2008) and lower recoveries (65.7% in 2009 compared to 85.5% in 2008). The recovery of gold at Boroo has been negatively affected by the changing metallurgical nature of ore in pit 3 which is more refractory than the oxide ores mined in the prior year.

Overall, the lower recovery and lower ore grade resulted in a reduction of mill poured ounces of 14,774 ounces which was partially offset by 9,292 ounces from heap leach production (heap leach production commenced in June 2008) and 1,064 ounces from slightly higher throughput in the first quarter 2009 compared to 2008.

Cost of Sales

Cost of sales in the first quarter of 2009 was \$20.6 million compared to \$16.8 million in the same period of 2008.

Operating cash costs at Boroo increased \$3.1 million in the first quarter 2009 compared to the first quarter 2008. Mining costs remained virtually unchanged at \$5.7 million in the first quarter year over year. Milling costs were \$5.3 million, an increase of \$1.2 million or 30% higher than 2008.

This is mainly due to an increase in the price and consumption of consumables (\$0.9 million) and reagents (\$0.2 million).

Heap leaching, which commenced production in June 2008, accumulated \$2.3 million of costs in the first quarter 2009 for crushing and processing activities and for overheads.

Site administration costs for the first quarter of 2009 were \$1.9 million, a decrease of \$0.2 million or 11% over the same period in 2008. The decrease was mainly related to lower labour costs resulting from the currency devaluation in the first quarter of 2009.

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sales per ounce sold year-to-date March 31, 2009 increased to \$454 compared to \$296 for the first quarter of 2008. This reflects the lower ore production, higher operating costs, leading to higher per unit inventory costs and lower ounces sold for the period.

Total cash cost per ounce produced was \$479 compared to \$354 per ounce in 2008. The increase results primarily from the lower production in 2009 and higher milling and leaching costs as described above.

Boroo Regional Administration

Regional administration costs at Boroo for the first quarter 2009 were \$1.5 million, a decrease of \$0.2 million or 10% compared to the prior year.

Depreciation and Amortization

Depreciation and amortization costs were \$7.7 million in the first quarter 2009, an increase of \$3.9 million over the same quarter in 2008. Additional capitalization in 2008 for pit 3 pre-stripping and for the heap leach facility are the primary reasons for the increased depreciation charge in the first quarter of 2009. The increase in the reclamation provision and reclamation asset at the end of 2008 also slightly increased the depreciation in the first quarter of 2009. These additional costs will be amortized over the remaining mine production.

Exploration

Exploration expenditures in Mongolia remained virtually unchanged year over year at \$0.3 million.

Capital Expenditures

Capital expenditures in the first quarter of 2009 were \$0.2 million compared to \$7.9 million in the same quarter of 2008. The reduction is mainly due to more significant expenditures in the first quarter of 2008 for pre-stripping costs in pit 3 amounting to \$2.9 million, heap leach capital expenditures amounting to \$3.1 million, and tailings dam repair costs of \$0.5 million.

Other Financial Information – Related Party Transactions

Cameco Corporation

Centerra is 52.7% owned by Cameco Corporation (“Cameco”).

Kyrgyzaltyn and the Government of the Kyrgyz Republic

Revenues from the Kumtor mine are subject to a management fee of \$1.50 per ounce based on sales volumes, payable to State-owned Kyrgyzaltyn JSC (“Kyrgyzaltyn”) which holds approximately 15.7% of the outstanding common shares of Centerra.

The table below summarizes the management fees and concession payments paid by Kumtor Gold Company (“KGC”), a subsidiary of the Company, to Kyrgyzaltyn or the Government of the Kyrgyz Republic, and the amounts paid by Kyrgyzaltyn to KGC according to the terms of the Gold and Silver Sales Agreement between Kumtor Operating Company (“KOC”, a subsidiary of the Company), Kyrgyzaltyn and the Kyrgyz Republic.

(\$ thousands)	Three months ended March 31	
	2009	2008
Management fees paid by KGC to Kyrgyzaltyn	93	101
Concession payments paid by KGC to Kyrgyz Republic	249	268
Total	342	369
Gross gold and silver sales from KGC to Kyrgyzaltyn	57,608	61,834
Deduct: refinery and financing charges	(338)	(325)
Net sales revenue received by KGC from Kyrgyzaltyn	57,270	61,509

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Gold and Silver Sales Agreement entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these arrangements, Kyrgyzaltyn is required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market on the same day on which KOC provides notice that a consignment is available for purchase. Pursuant to an amendment to the Gold and Silver Sales Agreement, effective from December 22, 2005, as amended from time to time since then, Kyrgyzaltyn is permitted, until June 30, 2009, to defer payments for gold for up to 12 calendar days.

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. As at March 31, 2009, \$11.2 million was outstanding under these arrangements (December 31, 2008 - \$24.1 million).

Quarterly Results – Last Eight Quarters

Over the last eight quarters, Centerra’s results reflect the positive impact of rising gold prices, increased gold production at Kumtor in 2007 and 2008, offset by rising cash costs and reduced production at Kumtor for Q1 2009 due to the unplanned mining of ice and the removal of waste in the vicinity of the central pit. The results for the first and second quarters of 2008 and the third and

fourth quarters of 2007 reflect the impact from unusual items of \$4.5 million, and \$42.2 million of gains in the respective 2008 quarters and \$95.2 million and \$36.4 million of charges in the respective 2007 quarters.

<i>\$ millions, except per share data</i>	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	98	241	139	143	113	89	98	104
Earnings (loss) before unusual items	(20)	43	17	14	24	10	5	19
Net earnings (loss)	(20)	43	17	56	19	(27)	(90)	19
Earnings (loss) per share before unusual items (basic and diluted)	(0.09)	0.20	0.08	0.06	0.11	0.03	0.02	0.09
Earnings (loss) per share (basic and diluted)	(0.09)	0.20	0.08	0.26	0.09	(0.12)	(0.42)	0.09

Other Corporate Developments

Kyrgyz Republic

On April 24, 2009, the Company announced that the Company had reached an agreement (the “Agreement on New Terms”) with the Government of the Kyrgyz Republic (the “Government”) and Cameco Corporation (“Cameco”) that resolves all of the existing disputes between the Company and the Government with respect to the Kumtor Project. The Agreement on New Terms provides for the Government’s full commitment to and support for the Company’s continuing long-term development of the Kumtor Project and the Government has agreed not to take any action that deprives the Company or its affiliates of any of their rights in respect of the Kumtor Project. The Agreement on New Terms and draft implementing legislation has been submitted by the Government to the Parliament, which will consider them on April 30, 2009.

On June 2, 2008, the Company reported that the previously announced framework agreements entered into between the Company, Cameco and the Government on August 30, 2007 had not been ratified by the Parliament of the Kyrgyz Republic within the time frame agreed by the parties and had therefore expired. Shortly thereafter, a Vice-Speaker of the Parliament of the Kyrgyz Republic, K.S. Isabekov filed two lawsuits in 2008 against the Government of the Kyrgyz Republic seeking to invalidate the licenses and agreements pursuant to which the Kumtor mine is operated. Subsequently, the parties resumed their discussions and negotiations and the current Agreement on New Terms reflects the outcome of those negotiations.

The Agreement on New Terms provides that the parties will execute restated project agreements to incorporate the provisions of the Agreement including providing for the settlement of all outstanding claims between them including those currently the subject of international arbitration as well as for the expansion of the Company’s existing concession area to include the area of its exploration and development license. The Government will also support further and additional exploration activity by the Company in the Kyrgyz Republic by inviting it to consider opportunities to acquire additional exploration and mining licenses.

The Company and the Government have agreed to replace the current tax regime applicable to the Kumtor project with a simplified, new tax rate effective January 1, 2008. Under the new tax regime, gross revenue will be taxed at a rate of 14%, which includes a 1% monthly contribution to the Issyk-Kul Oblast Development Fund. The new tax regime replaces income tax (10% of taxable income), mineral resource tax (5% of revenue), emergency fund tax (1.5% of revenue), road tax (0.8% of

revenue), withholding taxes (10-30% depending on the nature of the payment), the Issyk-Kul Social Fund tax (2-4% of taxable income), all custom duties and certain other taxes.

The Company will pay to the Government approximately \$22.4 million representing: (i) an \$11.0 million difference in taxes payable from January 1, 2008 to December 31, 2008 representing the difference between the taxes paid under the existing tax regime and the taxes that would be payable under the new tax regime, (ii) \$1.75 million in full satisfaction of all liabilities or claims of any governmental authority against the Company or any of its affiliates in respect of any matter arising before the closing of the transactions contemplated by the Agreement on New Terms and (iii) an advance on taxes of approximately \$9.65 million related to 2009.

The Company has agreed to issue to the Government 18,232,615 common shares from its treasury and Cameco has agreed to transfer to the Government up to 25,300,000 common shares of the Company, which are to be released to the Government upon the satisfaction of certain conditions, including, among other things, if Cameco's interest in the Company falls below 10,800,000 common shares of the Company. Until that time Cameco retains voting control over approximately 52.7% of the issued and outstanding shares of Centerra. No restrictions have been placed on the Company's ability to issue common shares in the future. On the closing of the transactions contemplated by the Agreement on New Terms, the Company's Board of Directors will be expanded to include an additional independent Director nominated by the Kyrgyz Government.

The Agreement on New Terms provides for an annual payment of 4% of gross revenue against which all capital and exploration expenditures in the Kyrgyz Republic are fully credited. Expenditures not required for credit in the year are carried forward for credit in future years.

The Agreement on New Terms will constitute a legally binding agreement and closing will occur on the satisfaction (or waiver) of certain conditions precedent, including the following: (i) the approvals of the boards of directors of the Company and Cameco and of the Government of the steps required to be taken at closing including definitive documentation; (ii) the execution of restated project agreements; (iii) Parliamentary approval of the Agreement on New Terms and the required legislation to implement the terms of the Agreement on New Terms; (iv) all claims and proceedings before the Kyrgyz courts in respect of the Kumtor project shall have been permanently terminated and all orders or rulings made in such proceedings adverse to the Kumtor project shall have been permanently vacated; and (v) obtaining any necessary regulatory and other approvals, including TSX approval.

After closing of the transactions and upon the satisfaction of all conditions to the transfer of shares by Cameco, the Kyrgyz Government could own up to 33.0% of the Company, Cameco 37.8% and the balance, 29.2%, would be held by the remaining shareholders.

Mongolia

Centerra has resumed negotiations with the government working group with respect to an investment agreement for the Gatsuurt Project. Although there is a binding collective agreement in place, the labour union at Boroo has made a number of monetary demands and has threatened a work interruption if demands are not met. The Company believes these demands are unreasonable, however, in the event of work stoppage there is the possibility of interruptions in production.

For information on forward-looking information see “Caution Regarding Forward-Looking Information”.

Critical Accounting Estimates

Centerra prepares its consolidated financial statements in accordance with Canadian GAAP. In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses for each year presented and in the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and various other factors believed to be reasonable under the circumstances. In reference to the Company’s significant accounting policies as described in note 3 to the December 31, 2008 Consolidated Financial Statements management believes the following critical accounting policies reflect its more significant estimates and judgments used in the preparation of the consolidated financial statements.

Inventories of broken ore, heap leach ore, in-circuit gold and gold doré are valued at the lower of average production cost and net realizable value, while consumable supplies and spares are valued at the lower of weighted-average cost and replacement cost. Determination of realizable value or replacement costs requires estimates to be made for costs to complete and sell inventory. Management periodically makes estimates regarding whether an allowance is necessary for slow moving or obsolete consumable supplies and spares inventories.

Depreciation and depletion of property, plant and equipment directly involved in mining and milling operations is primarily calculated using the “unit of production” method. This method allocates the cost of an asset to each period based on current period production as a portion of total lifetime production or a portion of estimated recoverable ore reserves. Estimates of lifetime production and amounts of recoverable reserves are subject to judgment and could change significantly over time. If actual reserves prove to be significantly different than the estimates, there would be a material impact on the amounts of depreciation and depletion charged to earnings.

Mobile equipment and other administrative-type assets are depreciated according to the straight-line method, based on an estimate of their useful lives.

Significant decommissioning and reclamation activities are often not undertaken until substantial completion of the useful lives of productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs or recoverable reserves would result in a material change in the amount charged to earnings.

If it is determined that carrying values of property, plant and equipment cannot be recovered, then the asset is written down to fair value. Similarly, Centerra tests goodwill at least annually for impairment to ensure that the fair value remains greater than or equal to book value. Any excess of book value over fair value is charged to income in the period in which the impairment is determined. Recoverability and fair value assessments are dependent upon assumptions and judgments regarding

future prices, costs of production, sustaining capital requirements and economically recoverable ore reserves and resources. A material change in assumptions may significantly impact the potential impairment of these assets.

The Company uses the asset and liability method of accounting for future income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities, calculated using the currently enacted or substantively enacted tax rates anticipated to apply in the period that the temporary differences are expected to reverse. Future income tax inflows and outflows are subject to estimation in terms of both timing and amount of future taxable earnings. Should these estimates change the carrying value of income tax assets or liabilities may change.

Grants under our stock-based compensation plans are accounted for in accordance with the fair-value-based method of accounting. For stock-based compensation plans that will settle through the issuance of equity such as stock options, the fair value of stock options is estimated on the date of grant using the Black-Scholes option pricing model, while for the cash-settled stock-based compensation, fair value is determined based on the market value of the Company's common shares at the reporting date. In addition, option valuation models require the input of somewhat subjective assumptions including expected share price volatility.

On April 24, 2009, the Company announced that an agreement (the "Agreement on New Terms") had been reached between Centerra, Cameco and the Kyrgyz Republic (the "Government") that provides for the Government's full commitment to and support for Centerra's continuing long-term development of the Kumtor project. The Agreement on New Terms provides that the parties will execute restated agreements to incorporate the provisions of the Agreement on New Terms providing the settlement of all outstanding claims as well as agree to replace the current tax regime applicable to the Kumtor project. Centerra has agreed to issue to the Government 18,232,615 common shares from its treasury. Cameco has agreed to transfer to the Government up to 25,300,000 common shares of Centerra, which are to be released to the Government upon the satisfaction of certain conditions. Completion of the Agreement on New Terms transactions is subject to the satisfaction of several conditions, including Parliamentary approval and the execution of definitive documentation.

Based on the terms contained in the Agreement on New Terms and based on Centerra's share price at March 31, 2009, the Company believes that its current contingent common shares issuable provision of \$89 million is appropriate. The ultimate impact on the Company's financial statements, of the share issuance will only be known on issuance of the common shares, which will occur on completion of the Agreement on New Terms transactions.

Changes in Accounting Policies

Centerra's unaudited interim consolidated financial statements for the three months ended March 31, 2009 were prepared following accounting policies consistent with Centerra's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2008, except for the following changes in accounting policies.

Effective January 1, 2009, the Company adopted the new recommendations of Canadian Institute of Chartered Accountants (“CICA”) Handbook section 3064, Goodwill and Intangible assets. This standard establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer certain costs and revenues incurred prior to commercial production at new mine operations. The adoption of this standard did not have an impact on the Company’s consolidated financial statements.

Effective January 1, 2009, the company adopted the new recommendations of CICA issued EIC 173, Credit risk and the fair value of financial assets and liabilities. This abstract requires companies to take both counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. The adoption of this standard did not have an impact on the Company’s consolidated financial statements.

On March 27, 2009, the Emerging Issues Committee of the CICA approved abstract EIC-174, *Mining Exploration Costs*, which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the three months ended March 31, 2009 and there was no significant impact on its financial statements as a result of applying this abstract.

New Pronouncements

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling interests*.

Section 1582 replaces section 1581 and establishes standards for the accounting of a business combination. It provides the Canadian equivalent to IFRS 3 - *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - *Consolidated and Separate Financial Statements* and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate that the adoption of these standards will impact its financial results.

Status of Centerra's Transition to International Financial Reporting Standards ("IFRS")

As disclosed in the December 31, 2008 Annual Report MD&A, the Company's IFRS project has completed its preliminary study phase and has now progressed to the evaluation and development phases.

Evaluation and development work on the IFRS project continued during the first quarter of 2009. The Company provided formalized training for senior management this quarter, while training for the Board of Directors is scheduled for the second quarter of 2009. The Company performed an evaluation and assessment of the IFRS 1 transition standard with the purpose of selecting the optional exemptions allowed to the Company under IFRS 1. IFRS 1 requires that first-time adopters select accounting policies that comply with each IFRS effective at the end of its first IFRS reporting period (March 31, 2011 for the Company), and apply those policies to all periods presented in its first IFRS financial statements. IFRS 1 also provides relief on transition in certain areas by providing optional exemptions to full retrospective application. Results from this preliminary assessment regarding optional exemptions to be elected have been presented to the Audit Committee for review and approval.

The Company has begun an in-depth review of its accounting policies and the impact from adopting IFRS, as well as the associated impact of the IFRS transition on business activities. In addition, for all accounting policy changes identified, the Company will assess control design and effectiveness implications. The Company's target is to complete the evaluation and development phases by the end of the third quarter of 2009.

The Company continues to monitor standards development as issued by the International Accounting Standards Board and the Accounting Standards Board (Canada) as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of the Company's adoption of IFRS.

The project team is working through a detailed IFRS transition plan and certain project activities and milestones could change. The Company has begun to highlight certain key activities to provide insights into the IFRS project. IFRS disclosure in the MD&A will be updated throughout the project.

Given the progress of the project and outcomes identified, the Company could modify choices made between the time of communicating these key milestones and the changeover date. Further, changes in regulation or economic conditions at the date of the changeover or throughout the project could result in changes to the transition plan being different from those communicated.

Outlook for 2009

Production

For the full year of 2009, Centerra expects consolidated gold production of 720,000 to 770,000 ounces, which is unchanged from prior guidance.

Gold production for the full year 2009 at the Kumtor mine is forecasted to be 560,000 to 600,000 ounces, which is unchanged from prior guidance. The forecasted production excludes the nearby Sarytor deposit.

The quarterly production profile at Kumtor will be similar to 2008 however the third quarter of 2009 is expected to be somewhat stronger than the same period last year. The production in the second quarter will be negatively affected by the mining activities related to sustaining the cutback of the ice creep into the pit from the Davidov glacier. Overall, Kumtor's 2009 guidance on gold production is not expected to be affected by the accelerated mining of ice and waste material. The Company expects that due to an unplanned maintenance shutdown of the SAG mill in the first quarter, the planned 2-week shutdown of the Kumtor mill to replace the ball mill ring gear and the SAG mill liner, originally scheduled for the third quarter of 2009 will be delayed to 2010. The third quarter production is forecast to exceed the production in the same quarter of last year by approximately 30,000 ounces due to the availability of high grade material for processing. The Company expects the highest production in the fourth quarter of 2009, when the high-grade ore in the SB Zone is being mined.

At Boroo, gold production is forecast to be 160,000 to 170,000 ounces, which is unchanged from the prior guidance. The quarterly production for the balance of 2009 is expected to follow a similar profile as for 2008.

Cash cost per ounce

The 2009 initial outlook for cash costs per ounce for both operations and consolidated of \$485 to \$525 has been reduced reflecting a lower cost of fuel and grinding media and an expected beneficial effect of a strengthening U.S. dollar against local currencies in the Kyrgyz Republic and in Mongolia on the costs of locally purchased supplies, services and power.

Total cash cost for 2009 is expected to be in the range of \$465 to \$505 per ounce for both Kumtor and Boroo operations and on a consolidated basis, a \$20 per ounce reduction for both operations compared to prior guidance. Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Centerra expects that the higher cost profile in the first quarter of 2009 will be offset by higher production in the subsequent quarters.

Assuming satisfaction of all conditions to closing the Agreement on New Terms transactions, including Parliamentary approval current taxes will be replaced with a revenue-based tax. Total cash costs would exclude the revenue-based tax. In such case, the outlook for total cash costs per ounce would be reduced by \$75 for Kumtor and \$58 for Centerra on a consolidated basis.

Centerra's production and unit costs are forecast as follows:

	2009 Production Forecast (ounces of gold)	2009 Total Cash Cost⁽¹⁾ (\$ per ounce)
Kumtor	560,000 – 600,000	465 - 505
Boroo	160,000 – 170,000	465 - 505
Consolidated	720,000 – 770,000	465 - 505

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

Major Assumptions and Sensitivities

The following material assumptions have been updated from the prior disclosed guidance in light of current market conditions. In particular, material assumptions or factors used to forecast production and costs include the following:

- a gold price of \$900 per ounce,
- exchange rates:
 - \$1USD:\$1.26 CAD
 - \$1USD:41 Kyrgyz Som
 - \$1USD:1,500 Mongolian Tugrik
 - \$1USD:0.80 Euro
- diesel price assumption:
 - \$0.55/litre at Kumtor
 - \$0.85/litre at Boroo

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 done when the price of oil was about \$52 per barrel.

Centerra's revenues, earnings and cash flows for 2009 are sensitive to changes in certain variables and the Company has estimated their impact on revenues, net earnings and cash from operations.

Sensitivities	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flow	Earnings before income tax
Gold Price	\$25/oz	1.0	13.0	11.6	12.0
Diesel Fuel	10%	\$6/oz	-	3.7	3.7
Kyrgyz som	1 som	1.4	-	1.4	1.4
Mongolian tugrik	25 tugrik	0.3	-	0.3	0.3
Canadian dollar	10 cents	1.6	-	1.6	1.6

Other important assumptions that are implicit in Company's production, cost and capital guidance are as follows:

- grades and recoveries at Kumtor increase as expected through the fourth quarter to achieve the forecast gold production,
- no delays in or interruption of scheduled production from our mines, including due to natural phenomena, labour disputes or other development and operation risks,
- the dewatering and depressurization programs at Kumtor continue to produce the expected results and the water management system works as planned,
- the Boroo ore does not become more refractory in nature affecting mill recoveries,
- prices for fuel oil, reagents and other consumables will remain consistent with Company estimates,
- no material reduction in gold price which could impact timing and amount of capital expenditures,
- no labour disruption at the Boroo mine site while discussions continue with the trade union and
- all necessary permits, licences and approvals are received in a timely manner.

Production and cost forecasts for 2009 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 under the heading "Caution Regarding Forward-Looking Information".

Kumtor Mill Shutdown

In March 2008, an unplanned shutdown of the ball mill at Kumtor was required to repair the ring gear which had failed. The repair was completed in late March and the ball mill returned to full operation. The successful repair of the ring gear was only a temporary repair and will require a full replacement; this was planned for the third quarter of 2009. This replacement has been postponed until early 2010 under the expectation that the temporary repair will last until then.

Similarly, the maintenance and changeout of the Kumtor SAG mill liner which was scheduled for the third quarter of 2009 has been postponed until early 2010. However should the current liner and/or the ring gear not last until the end of the year, an unplanned shutdown would be required which would have an adverse affect on the production, costs and earnings of the Company.

Further Creep of Waste and Ice Material at Kumtor

During the first quarter of 2009, significant movement of waste and ice from the South East Ice Wall into the Kumtor open pit required the mining of ice and waste which significantly reduced the production of ore. Management implemented a plan to neutralize and further stabilize this advanced creep, which by the end of the quarter was being significantly mitigated. While work is planned over the balance of the 2009 year to sustain the cutback of the ice creep into the pit there is no guarantee that these efforts will avert further negative impact on the Company's expected production, costs and earnings.

Exploration and Business Development

Exploration expenditures are expected to total \$25 million and the business development program is forecast at \$4.1 million for 2009 to support merger and acquisition initiatives of the Company for the year.

The 2009 exploration program will continue the aggressive exploration at the Kumtor mine, target generation programs at the Boroo mine and around the Gatsuurt project and on our extensive land holdings in Mongolia. Target generation programs will continue in Asia, Russia and China. Centerra will continue to fund and earn an interest in joint venture properties and projects in Russia, Turkey and the United States. The Company forecasts \$25 million of spending on its program for the year. The forecast includes \$11 million for exploration at Kumtor.

Activities are planned as follows:

Kumtor

- Additional drilling programs in the main Kumtor pit to test down dip extensions of the deposit.

Boroo

- Programs will focus on generating and testing targets for additional mineralization around the operating facilities.

Mongolia

- Exploration programs will continue to evaluate Centerra's significant land position, with a focus on identifying drill targets around the Gatsuurt deposit and along the Yeroogol Trend.

Russia

- Centerra entered into an option/joint venture agreement with Central Asia Gold AB covering the Kara Beldyr project in the Tyva Republic, Russia in the third quarter of 2008. Centerra has the right to earn a 50% interest in the property by spending a total of \$2.5 million over three years after which Centerra has a one-time option to earn an additional 20% interest in the property by spending an additional \$4 million over a further four-year period. Target definition work will continue in 2009 and drilling of targets identified is planned in the second quarter of 2009.

Turkey

- Centerra entered into a Joint Venture Agreement with KEFI Minerals covering the Artvin project in northeast Turkey in its fourth quarter of 2008. Centerra has the right to earn a 50% interest in the property by spending a total of \$3 million over three years after which Centerra has a one-time option to earn an additional 20% interest in the property by spending an additional \$3 million over a further two-year period. Thereafter, Centerra and KEFI shall further fund the exploration and development of the Artvin Property proportionate to their respective interests. The drilling program commenced in 2008 will continue in 2009.
- Centerra entered into a Joint Venture Agreement with Eurasian Minerals (EMX) covering the Akarca, Samli and Elmalı projects in northwest Turkey in the fourth quarter of 2008. Centerra has the right to earn a 50% interest in the properties by spending a total of \$5.0 million over four years, in addition to a cash payment of \$1.0 million at the end of the fourth year after which Centerra has a one-time option to earn an additional 20% interest in the properties by spending an additional \$5.0 million over a further two-year period. Thereafter, Centerra and EMX shall further fund the exploration and development of the properties proportionate to their respective interests. Target definition work and drilling to test targets identified will be carried out in 2009.

United States, Nevada

Tonopah Divide

- Centerra has the right to earn a 60% interest in the Tonopah Divide project by spending \$2.7 million over five years. Centerra can earn an additional 15% interest by spending a further \$5.0 million over four years. Surface mapping and sampling programs will continue on the property and additional drilling is planned for 2009.

REN

- Barrick Gold holds a 37% joint-venture interest in the REN property. Barrick Gold has elected not to participate in further exploration on the REN property in 2009. The Company is considering its options for the property which include selling or joint venturing its interest in the REN project.

Capital Expenditures

The capital requirement in 2009 is estimated to be \$100 million (unchanged from prior guidance), including \$49 million of sustaining capital. Growth capital is forecast at \$51 million, which includes \$36 million for Kumtor (the largest expenditures would be \$17 million for the development of the SB Zone underground decline and \$12 million for purchase of mobile equipment and other long-lead time items for the phase II of SB Zone underground development), \$1 million for Boroo and \$14 million for Gatsuurt including \$10 million for road construction and the balance for site and infrastructure development. The 55 kilometre road to the Gatsuurt mine site has been designed and has been submitted for permitting to the appropriate government agencies. The 14-month construction period is expected to start in the second quarter of 2009.

Administration

Annual corporate and administration expenses without unusual items are expected to amount to approximately \$30 million in 2009.

Corporate Income Tax

The corporate income tax rate for Kumtor under the existing investment agreement is 10% of taxable income, plus an amount for the Issyk-Kul Social Fund tax, however, the Company's board of directors has approved the terms of an agreement with the government of the Kyrgyz Republic which, if enacted, would establish a new tax regime applicable to 2009 and subsequent years. Under the new tax regime, gross revenue will be taxed at a rate of 14%, which includes a 1% monthly contribution to the Issyk-Kul Oblast Development Fund and would be reflected in operating cost rather than as an income tax. Should the new tax regime come into effect, credit would be received for material tax amounts paid in the year under the existing tax regime, and, adjustments would be made for income tax assets and liabilities.

The corporate income tax rate for Boroo Gold Company, for 2009 and subsequent years, is 25% for taxable income over 3 billion tugrik (approximately \$2.0 million at the quarter end foreign exchange rate) with a tax rate of 10% for taxable income up to that amount.

For further discussion of the factors that could cause actual results to differ materially, please refer to "Risk Factors" in Centerra's 2008 Annual Management's Discussion and Analysis and to Centerra's 2008 Annual Information Form including the section titled "Risk Factors", available on SEDAR at www.sedar.com. For information on forward-looking information see "Caution 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 for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce is calculated by dividing total cash costs by gold ounces produced for the relevant period. Total production cost per ounce includes total cash cost plus depreciation, depletion and amortization divided by gold ounces produced for the relevant period. Total cash cost and total production cost per ounce are non-GAAP measures.

Total cash costs include mine operating costs such as mining, processing, administration, royalties and production taxes, but exclude amortization, reclamation costs, financing costs, capital development and exploration. Certain amounts of stock-based compensation have been excluded as well. Total production costs includes total cash cost plus depreciation, depletion and amortization. Total cash cost per ounce and total production cost per ounce 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 and total production cost per ounce may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

Net earnings before unusual items is a non-GAAP measure. It has been included because certain investors use this information to assess how the Company would perform when items not considered to be usual in nature are excluded. This may enable investors to better understand year-over-year changes in income.

Total Cash Cost per Ounce and Total Production Cost per ounce can be reconciled as follows:

Centerra Gold Inc.

TOTAL CASH COST & TOTAL PRODUCTION COST

RECONCILIATION (unaudited)

(\$ millions, unless otherwise specified)

Centerra:

	Three months ended March 31,	
	2009	2008
Cost of sales, as reported	\$ 69.2	\$ 53.6
Adjust for:		
Refining fees & by-product credits	-	(0.3)
Regional Office administration	5.0	4.1
Non-operating costs	(1.9)	0.6
Inventory movement	17.5	15.4
Total cash cost - 100%	<u>\$ 89.8</u>	<u>\$ 73.4</u>
Depreciation, Depletion, Amortization and Accretion	22.1	
Inventory movement - non-cash	1.9	
Total production cost - 100%	<u>\$ 113.8</u>	<u>\$ 73.4</u>
Ounces poured - 100% (000)	126.1	112.1
Total cash cost per ounce	\$ 871	\$ 610
Total production cost per ounce	\$ 1,104	\$ 720

Kumtor:

Cost of sales, as reported	\$ 48.6	\$ 36.7
Adjust for:		
Refining fees & by-product credits	-	(0.3)
Regional Office administration	3.5	2.4
Non-operating costs	(1.9)	0.5
Inventory movement - cash	20.4	18.0
Total cash cost - 100%	<u>\$ 70.6</u>	<u>\$ 57.3</u>
Depreciation, Depletion, Amortization and Accretion	\$ 14.1	\$ 6.6
Inventory movement - non-cash	\$ 1.2	\$ 2.5
Total production cost - 100%	<u>\$ 85.9</u>	<u>\$ 66.4</u>
Ounces poured - 100% (000)	63.0	74.7
Total cash cost per ounce	\$ 1,121	\$ 766
Total production cost per ounce	\$ 1,364	\$ 889

Boroo:

Cost of sales, as reported	\$ 20.6	\$ 16.9
Adjust for:		
Refining fees & by-product credits	-	-
Regional Office administration	1.5	1.7
Non-operating costs		0.1
Inventory movement	(2.9)	(2.6)
Total cash cost - 100%	<u>\$ 19.2</u>	<u>\$ 16.1</u>
Depreciation, Depletion, Amortization and Accretion	8.0	4.1
Inventory movement - non-cash	0.7	0.1
Total production cost - 100%	<u>\$ 27.9</u>	<u>\$ 20.3</u>
Ounces poured - 100% (000)	40.2	45.7
Total cash cost per ounce	\$ 479	\$ 354
Total production cost per ounce	\$ 696	\$ 445

Qualified Person

The scientific and technical information in this document was prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and was 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.

Caution Regarding Forward-Looking Information

This Management’s Discussion and Analysis and the documents incorporated by reference herein, contain statements which are not current statements or historical facts and are “forward-looking information” within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, contained or incorporated by reference in this Management’s Discussion and Analysis constitute forward-looking information. Wherever possible, words such as “plans”, “expects” or “does not expect”, “budget”, “forecasts”, “projections”, “anticipate” or “does not anticipate”, “believe”, “intent”, “potential”, “strategy”, “schedule”, “estimates” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things Centerra’s expectations regarding, future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and political environment and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Although the forward-looking information in this Management’s Discussion and Analysis reflects Centerra’s current beliefs on the date of this Management’s Discussion and Analysis based upon information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied, will be consistent with such forward-looking information. By its very nature, forward-looking information necessarily involves significant known and unknown risks, assumptions, uncertainties and contingencies that may cause Centerra’s actual results, assumptions, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking information. These risks and uncertainties include, among other things, Parliamentary approval of the Agreement on New Terms, which is described above under the heading “Other Corporate Developments – Kyrgyz Republic”, gold prices, replacement of reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour, material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailing dam, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel. 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 2008 Annual Information Form and Annual Management's Discussion and Analysis available on SEDAR at www.sedar.com.

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 information and statements contained in this Management's Discussion and Analysis. 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 April 29, 2009. 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.

Centerra Gold Inc.
Consolidated Financial Statements
For the Quarter Ended March 31, 2009
(Unaudited)
(Expressed in United States Dollars)

Centerra Gold Inc.
Consolidated Balance Sheets
(Expressed In Thousands of United States Dollars)

	March 31, 2009	December 31, 2008
	(Unaudited)	(audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 154,485	\$ 149,583
Short-term investments	-	17,781
Amounts receivable	15,329	30,247
Income taxes recoverable	-	3,323
Inventories (note 3)	176,676	170,157
Prepaid expenses	13,483	18,012
	<u>359,973</u>	<u>389,103</u>
Property, plant and equipment	391,308	394,933
Goodwill	129,705	129,705
Long-term receivables and other	7,425	5,917
Long-term inventories (note 3)	20,393	18,009
Future income tax asset	4,132	3,160
	<u>552,963</u>	<u>551,724</u>
Total assets	\$ 912,936	\$ 940,827
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 27,367	\$ 35,611
Taxes payable	9,516	14,493
Current portion of future income liability	7,915	-
Current portion of provision for reclamation (note 4)	3,795	3,458
	<u>48,593</u>	<u>53,562</u>
Provision for reclamation (note 4)	27,448	29,322
Future income tax liability	-	1,121
	<u>27,448</u>	<u>30,443</u>
Contingent common shares issuable (note 5)	89,084	89,084
Shareholders' equity (note 6)		
Share capital	523,107	523,107
Contributed surplus	33,263	32,904
Retained earnings	191,441	211,727
	<u>747,811</u>	<u>767,738</u>
Total liabilities and shareholders' equity	\$ 912,936	\$ 940,827

Commitments and contingencies (note 8)

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended	
	March 31,	March 31,
	2009	2008
Revenue from Gold Sales	\$ 98,429	\$ 112,676
Expenses		
Cost of sales ⁽¹⁾	69,258	53,664
Regional office administration	5,075	4,104
Depreciation, depletion and amortization	21,787	10,416
Accretion and reclamation expense (note 4)	575	417
Exploration and business development	5,693	4,934
Other (income) and expenses	164	205
Corporate administration	5,002	6,484
	<u>107,554</u>	<u>80,224</u>
Earnings (loss) before unusual items and income taxes	(9,125)	32,452
Contingent common shares issuable (note 5)	-	4,468
Earnings (loss) before income taxes	(9,125)	27,984
Income tax expense (note 7)	11,161	8,712
Net earnings (loss) and comprehensive income (loss)	\$ (20,286)	\$ 19,272
Basic and diluted earnings (loss) per common share (note 6)	\$ (0.09)	\$ 0.09
⁽¹⁾ Excludes depreciation, depletion and amortization expenses of	21,227	10,182

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended	
	March 31,	March 31,
	2009	2008
Operating activities		
Net earnings (loss)	\$ (20,286)	\$ 19,272
Items not involving cash:		
Depreciation, depletion and amortization	21,787	10,416
Accretion and reclamation expense	575	417
Loss on disposal of plant and equipment	320	343
Stock based compensation expense	359	187
Contingent common shares issuable (note 5)	-	4,468
Future income tax expense (recovery)	5,821	2,964
Long-term inventory	(2,384)	(548)
Other operating items	(1,661)	(832)
	<u>4,531</u>	<u>36,687</u>
Decrease (increase) in working capital	6,308	(8,685)
Cash provided by operations	<u>10,839</u>	<u>28,002</u>
Investing activities		
Additions to property, plant and equipment	(23,720)	(17,385)
Short-term investments	17,781	-
Proceeds from sales of property, plant and equipment	2	-
Cash used in investing	<u>(5,937)</u>	<u>(17,385)</u>
Increase in cash and cash equivalents during the period	4,902	10,617
Cash and cash equivalents at beginning of the period	149,583	105,482
Cash and cash equivalents at end of the period	<u>\$ 154,485</u>	<u>\$ 116,099</u>
Supplemental disclosure with respect to cash flows		
Cash and cash equivalents consist of :		
Cash	\$ 35,841	\$ 42,345
Cash equivalents	118,644	73,754
	<u>\$ 154,485</u>	<u>\$ 116,099</u>

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Shareholders' Equity
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Number of Common Shares	Amount	Contingent Common Shares Issuable	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2007	216,318,188	\$ 523,107	\$ 126,794	\$ 30,767	\$ 60,350	\$ 741,018
Contingent common shares issuable revalued (note 5)	-	-	4,468	-	-	4,468
Stock-based compensation expense	-	-	-	187	-	187
Inventory adjustments, on adoption of accounting standard, net of tax (note 3)	-	-	-	-	16,612	16,612
Net earnings for the period	-	-	-	-	19,272	19,272
Balance at March 31, 2008	216,318,188	\$ 523,107	\$ 131,262	\$ 30,954	\$ 96,234	\$ 781,557
Contingent common shares issuable revalued (note 5)	-	-	(42,178)	-	-	(42,178)
Contingent common shares issuable reclassified (note 5)	-	-	(89,084)	-	-	(89,084)
Stock-based compensation expense	-	-	-	1,126	-	1,126
Net earnings for the period	-	-	-	-	55,994	55,994
Balance at June 30, 2008	216,318,188	\$ 523,107	\$ -	\$ 32,080	\$ 152,228	\$ 707,415
Stock-based compensation expense	-	-	-	279	-	279
Net earnings for the period	-	-	-	-	16,886	16,886
Balance at September 30, 2008	216,318,188	\$ 523,107	\$ -	\$ 32,359	\$ 169,114	\$ 724,580
Stock-based compensation expense	-	-	-	545	-	545
Net earnings for the period	-	-	-	-	42,613	42,613
Balance at December 31, 2008	216,318,188	\$ 523,107	\$ -	\$ 32,904	\$ 211,727	\$ 767,737
Stock-based compensation expense	-	-	-	359	-	359
Net loss for the period	-	-	-	-	(20,286)	(20,286)
Balance at March 31, 2009	216,318,188	\$ 523,107	\$ -	\$ 33,263	\$ 191,441	\$ 747,810

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

1. Basis of Presentation

These unaudited interim consolidated financial statements of Centerra Gold Inc. (“Centerra” or the “Company”) have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") for interim financial statements. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required to be included in the annual consolidated financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and notes thereto for the year ended December 31, 2008.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The operating cash flow and profitability of the Company are affected by various factors, including the amount of gold produced and sold, the market price of gold, operating costs, interest rates, environmental costs and the level of exploration activity and other discretionary costs and activities. The Company is also exposed to fluctuations in currency exchange rates, interest rates, political risk and varying levels of taxation. The Company seeks to manage the risks associated with its business; however, many of the factors affecting these risks are beyond the Company’s control.

As at March 31, 2009, Centerra held 100% interest in the following significant investments; the Kumtor mine, the Boroo mine, and the Gatsuurt property.

2. Significant Accounting Policies:

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2008, except for the following changes in accounting policies:

2. Significant Accounting Policies (continued):

Adoption of New Accounting Standards and Developments

a. Goodwill and Intangible assets

Effective January 1, 2009, the Company adopted the new recommendations of CICA Handbook section 3064, *Goodwill and Intangible assets*. This standard establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, *Revenues and Expenses* during the pre-operating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer certain costs and revenues incurred prior to commercial production at new mine operations. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

b. Credit Risk

Effective January 1, 2009, the Company adopted the new recommendations of CICA issued EIC 173, *Credit risk and the fair value of financial assets and liabilities*. This abstract requires companies to take both counterparty credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

c. Assessing Going Concern

Effective January 1, 2009 the Company adopted CICA Handbook Section 1400, *General Standards of Financial Statement Presentation*, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

d. Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved abstract EIC-174, *-Mining Exploration Costs*, which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the three months ended March 31, 2009 and there was no significant impact on its financial statements as a result of applying this abstract.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

2. Significant Accounting Policies (continued):

e. New Pronouncements

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling interests*.

Section 1582 replaces section 1581 and establishes standards for the accounting of a business combination. It provides the Canadian equivalent to IFRS 3 - *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Section 1602 establishes standards for accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - *Consolidated and Separate Financial Statements* and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate that the adoption of these standards will impact its financial results.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

3. Inventories

(Thousands of US\$)	March 31, 2009	December 31, 2008
Stockpiles (a)	\$ 64,058	\$ 49,698
Gold in-circuit	9,401	6,394
Heap leach in circuit	4,255	5,913
Gold doré	17,159	15,239
	94,873	77,244
Supplies	102,196	110,922
	197,069	188,166
Less: Long-term inventory (heap leach)	(20,393)	(18,009)
Total inventories-current portion	\$ 176,676	\$ 170,157

(a) Upon adoption of Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3031, *Inventories* at January 1, 2008, \$10.4 million of previously written off heap leach inventory and \$10.0 million of mineralized material now reclassified as low grade ore inventory following the lowering of the cut-off grade (\$16.6 million, net of tax in total) was recorded as inventory with a corresponding recognition in retained earnings.

4. Asset Retirement Obligations

The total future asset retirement obligations were estimated by management based on, estimated costs to reclaim mine sites and facilities and estimated timing of the costs to be incurred in future periods.

The Company has estimated the total undiscounted future decommissioning and reclamation costs to be \$43.1 million as at March 31, 2008 (December 31, 2008 - \$46.4 million). These payments are expected to occur over the 2009 to 2016 period. The Company used average credit adjusted risk free rates of 6.99% at Kumtor and 8% at Boroo to calculate the present value of the asset retirement obligations.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

4. Asset Retirement Obligations (continued):

The following table reconciles the Company's discounted liability for asset retirement obligations:

(Thousands of US\$)	Three Months Ended	
	Mar 31/09	Mar 31/08
Balance, beginning of period	\$32,780	\$20,868
Liabilities settled	(138)	-
Revisions in cost	(1,974)	571
Accretion expense	575	417
Balance, end of period	31,243	21,856
Less: current portion	(3,795)	-
	\$27,448	\$21,856

During the first quarter ended March 31, 2009, the Company revised its previous closure cost update performed in December 2008 at the Boroo mine site. As a result a decrease to the present value of the closure cost estimate of \$2.0 million at Boroo was recorded during the first quarter of 2009 (increase of \$0.6 million first quarter 2008).

5. Contingent common shares issuable

(Thousands of US\$)	March 31, 2009		December 31, 2008	
	Liability	Equity	Liability	Equity
Contingent common shares issuable	\$ 89,084	\$ -	\$ -	\$ 126,794
Change in value during the period	-	-	-	(37,710)
Reclassification	-	-	89,084	(89,084)
Provision, end of the period	\$ 89,084	\$ -	\$ 89,084	\$ -

On August 30, 2007, the Company entered into an agreement with the Government of the Kyrgyz Republic, pursuant to which the parties agreed on revised terms with respect to the Kumtor Project. The now expired agreement would have been subject to satisfaction of certain conditions, including approvals by the Kyrgyz Parliament and Centerra's board of directors and the completion and signing of definitive agreements, all on or before June 1, 2008.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

5. Contingent common shares issuable (continued)

The expired agreement provided that Kumtor would be subject to tax on proceeds from sold products (gross revenue) rather than on income, at the rate of 11% in 2008, 12% in 2009 and 13% thereafter. The agreement contemplated that Cameco Corporation (“Cameco”) would transfer 32.3 million shares of the Company to the Kyrgyz Government, 17.3 million of which would be held in escrow to be released within 4 years subject to certain conditions. The Company entered into an agreement with Cameco pursuant to which the Company was to issue 10 million treasury shares to Cameco on completion and signing of the definitive agreements.

On June 2, 2008 the Company reported that the Agreement was not ratified by the Kyrgyz Parliament within the timeframe agreed by the parties and therefore expired. As such, the Company reclassified the amount recorded as contingent common shares issuable from equity to long-term liabilities.

On April 24, 2009, the Company announced that an agreement (the “Agreement on New Terms”) had been reached between Centerra, Cameco and the Kyrgyz Republic (the “Government”) that provides for the Government’s full commitment to and support for Centerra’s continuing long-term development of the Kumtor project. The Agreement on New Terms provides that the parties will execute restated project agreements to incorporate the provisions of the Agreement on New Terms including providing the settlement of all outstanding claims as well as agree to replace the current tax regime applicable to the Kumtor project. Centerra has agreed to issue to the Government 18,232,615 common shares from its treasury. Cameco has agreed to transfer to the Government up to 25,300,000 common shares of Centerra, which are to be released to the Government upon the satisfaction of certain conditions. Completion of the Agreement on New Terms transactions is subject to the satisfaction of several conditions including Parliamentary approval and the execution of definitive documentation.

Based on the terms contained in the Agreement on New Terms and based on Centerra’s share price at the end of the first quarter, the Company believes that its current contingent common shares issuable provision of \$89 million is appropriate. The ultimate impact on the Company’s financial statements of the share issuance will only be known on issuance of the common shares, which will occur on completion of the Agreement on New Terms transactions.

Centerra Gold Inc.
Notes to the Consolidated Financial Statements
(Unaudited)
(Expressed in thousands of United States Dollars)

6. Shareholders' Equity

a. Share Capital

Centerra is authorised to issue an unlimited number of common shares, class A non-voting shares and preference shares with no par value.

b. Earnings (Loss) Per Share

The basic net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year.

The diluted net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as stock options and contingent common shares issuable(classified as equity). The diluted net earnings (loss) per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period the proceeds from the exercise of options, and the amount of compensation expense measured but not yet recognized in income, are assumed to be used to purchase common shares of the Company at the average market price during the period; and the incremental number of common shares [the difference between the number of shares assumed issued and the number of shares assumed purchased] is included in the denominator of the diluted earnings per share computation.

Stock options to purchase common shares are not included in the computation of diluted net earnings (loss) per share in years when net losses are recorded given that they are anti-dilutive.

	Three Months Ended	
	Mar 31/09	Mar 31/08
Basic weighted average number of common shares outstanding (thousands)	216,318	216,318
Effect of stock options (thousands)	-	244
Effect of contingent common shares issuable (thousands)	-	10,000
Diluted weighted average number of common shares outstanding (thousands)	216,318	226,562

As at March 31, 2009 the average strike price of all the granted stock options is above the average market price of the common shares of the Company.

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6. Shareholders' Equity (continued)

c. Stock-Based Compensation

The impact of Stock-Based Compensation is summarized as follows:

(Millions of US\$ except as indicated)	Number outstanding Mar 31/09	Expense		Liability	
		Three months ended		Mar 31/09	Dec 31/08
		Mar 31/09	Mar 31/08		
(i) Centerra stock options	2,664,967	\$ 0.3	\$ 0.4	\$ -	\$ -
(ii) Centerra -PSU ⁽¹⁾	1,159,322	0.2	0.8	0.2	-
(iii) Centerra annual-PSU ⁽²⁾	428,824	0.5	0.5	0.4	0.3
(iv) Deferred share units	296,646	-	0.1	1.1	1.1
(v) Cameco stock options	54,000	-	(0.4)	0.5	0.6
		\$ 1.0	\$ 1.4	\$ 2.2	\$ 2.0

¹⁾ Centerra performance share units.

²⁾ Centerra Annual performance share units

Movements in the number of options and units' year-to-date are summarized as follows:

	Number outstanding Dec 31/08	Issued	Exercised	Forfeited	Number outstanding Mar 31/09	Number Vested Mar 31/09
(i) Centerra stock options	1,848,165	816,802	-	-	2,664,967	1,028,434
(ii) Centerra -PSU	718,877	609,727	(163,033)	(6,249)	1,159,322	-
(iii) Centerra annual- PSU	116,183	443,144	(103,728)	(26,775)	428,824	105,737
(iv) Deferred share units	298,077	23,782	(25,213)	-	296,646	296,646
(v) Cameco stock options	55,200	-	(1,200)	-	54,000	54,000

On February 17, 2009, Centerra granted 816,802 stock options at a strike price of Cdn \$4.81 per share. The fair value of the stock options was determined using the Black-Scholes valuation model, assuming 5-year term, 83.47% volatility and a risk-free rate of return of 1.74%. The resulting value per option granted was Cdn \$3.61. The estimated fair value of the options is expensed over their three years vesting period.

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6. Shareholders' Equity (continued)

c. Stock-Based Compensation (continued)

Starting with the granted series of February 2009, the volatility used for valuation purposes reflects Centerra's stock volatility as sufficient trading history has been reached. Previously, stock options were valued using the volatility of the S&P/TSX Global Gold Canada Index for the similar term. The average exercise term has also been reduced from 6 years to 5 years recognizing the recent exercise trading history and the reduced vesting period of the option series issued since 2006.

7. Income Tax Expense

The first quarter 2009 income tax provision of \$11.2 million (\$8.7 million in first quarter of 2008) includes the following:

Income tax on earnings reported		\$ 1.7
Income tax on currency movements with respect to:		
Mongolian tugrik	\$ 11.0	
Kyrgyz som	<u>\$ (1.5)</u>	
Subtotal		<u>\$ 9.5</u>
Income tax provision – first quarter 2009		<u>\$11.2</u>

The first quarter 2009 tax on earnings of \$1.7 million includes income tax expense of \$3.1 million on Boroo earnings, net of a \$1.4 million tax recovery on the Kumtor loss.

An income tax charge was recorded in the first quarter 2009 due to the weakening of the Mongolian tugrik, which resulted from the fact that Boroo files its income tax returns based on financial results determined in tugriks, but was holding U.S. dollar denominated monetary assets while the tugrik weakened.

In addition, an income tax recovery was recorded in the current quarter related to the weakening of the Kyrgyz som, amounting to \$1.5 million, resulting from the translation of Kumtor's previously recognized U.S. dollar tax losses which were applied to reduce a som income tax liability, following the weakening of the som.

The corporate income tax rate for Kumtor is 10%, as provided in the existing Investment Agreement with the Kyrgyz government. The Investment Agreement also provides that Kumtor pay an amount to the Issyk-Kul Social Fund. As long as the existing Investment Agreement continues in effect, Kumtor continues to record, and pay, taxes based on the terms of that agreement.

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7. Income Tax Expense (continued)

The corporate income tax rate for Boroo for 2009 and subsequent years is 25% for income in excess of 3 billion tugriks (about \$2.0 million at the exchange rate at the balance sheet date), and 10% for income up to that amount. The Company recorded a nil income tax provision for the North American segment in the quarter (and in the first quarter in 2008) as each entity in the segment incurred a loss for tax purposes, and none were tax effected.

8. Commitments and Contingencies

Commitments

As at March 31, 2008, the Company had entered into contracts to purchase capital equipment and operational supplies totalling \$31.2 million (Kumtor \$31.0 million, Boroo \$0.2 million): these are expected to be settled over the next twelve months.

Contingencies

Kyrgyz Republic

On April 24, 2009, the Company announced that the Company had reached an agreement (the “Agreement on New Terms”) with the Government of the Kyrgyz Republic (the “Government”) and Cameco that resolves all of the existing disputes between the Company and the Government with respect to the Kumtor Project. The Agreement on New Terms provides for the Government’s full commitment to and support for the Company’s continuing long-term development of the Kumtor Project and the Government has agreed not to take any action that deprives the Company or its affiliates of any of their rights in respect of the Kumtor Project. The Agreement on New Terms and draft implementing legislation has been submitted by the Government to the Parliament, which will consider them on April 30.

On June 2, 2008, the Company reported that the previously announced framework agreements entered into between the Company, Cameco and the Government on August 30, 2007 had not been ratified by the Parliament of the Kyrgyz Republic within the time frame agreed by the parties and had therefore expired. Shortly thereafter, a Vice-Speaker of the Parliament of the Kyrgyz Republic, K.S. Isabekov filed two lawsuits in 2008 against the Government of the Kyrgyz Republic seeking to invalidate the licenses and agreements pursuant to which the Kumtor mine is operated. Subsequently, the parties resumed their discussions and negotiations and the current Agreement on New Terms reflects the outcome of those negotiations.

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8. Commitments and Contingencies (continued)

Kyrgyz Republic (continued)

The Agreement on New Terms provides that the parties will execute related project agreements to incorporate the provisions of the new agreement including providing for the settlement of all outstanding claims between them including those currently the subject of international arbitration as well as for the expansion of the Company's existing concession area to include the area of its exploration and development license. The Government will also support further and additional exploration activity by the Company and its affiliates in the Kyrgyz Republic by inviting it to consider opportunities to acquire additional exploration and mining licenses.

The Company and the Government have agreed to replace the current tax regime applicable to the Kumtor project with a simplified, new tax rate effective January 1, 2008. Under the new tax regime, gross revenue will be taxed at a rate of 14%, which includes a 1% monthly contribution to the Issyk-Kul Oblast Development Fund. The new tax regime replaces income tax (10% of taxable income), mineral resource tax (5% of revenue), emergency fund tax (1.5% of revenue), road tax (0.8% of revenue), withholding taxes (10-30% depending on the nature of the payment), the Issyk-Kul Social Fund tax (2-4% of taxable income), all custom duties and certain other taxes.

The Company will make an annual payment of 4% of gross revenue against which all capital and exploration expenditures in the Kyrgyz Republic are fully credited. Expenditures not required for credit in the year are carried forward for credit in future years.

The Company will pay to the Government approximately \$22.4 million representing: (i) an \$11.0 million difference in taxes payable from January 1, 2008 to December 31, 2008 representing the difference between the taxes paid under the existing tax regime and the taxes that would be payable under the new tax regime, (ii) \$1.75 million in full satisfaction of all liabilities or claims of any governmental authority against the Company or any of its affiliates in respect of any matter arising before the closing of the transactions contemplated by the Agreement on New Terms and (iii) an advance on taxes of approximately \$9.65 million related to 2009.

The Company has agreed to issue to the Government 18,232,615 common shares from its treasury. Cameco has agreed to transfer to the Government up to 25,300,000 common shares of the Company, which are to be released to the Government upon the satisfaction of certain conditions, including, among other things, if Cameco's interest in the Company falls below 10,800,000 common shares of the Company. Until that time Cameco retains voting control over approximately 52.7% of the issued and outstanding shares of Centerra. No restrictions have been placed on the Company's ability to issue common shares in the future. On the closing of the transactions contemplated by the Agreement on New Terms, the Company's Board of Directors will be expanded to include an additional independent director nominated by the Kyrgyz Government.

8. Commitments and Contingencies (continued)

Kyrgyz Republic (continued)

The Agreement on New Terms will constitute a legally binding agreement and closing will occur on the satisfaction (or waiver) of certain conditions precedent, including the following: (i) the approvals of the boards of directors of the Company and Cameco and of the Government of the steps required to be taken at closing including definitive documentation; (ii) the execution of restated project agreements; (iii) Parliamentary approval of the Agreement on New Terms and the required legislation to implement the terms of the Agreement on New Terms; (iv) all claims and proceedings before the Kyrgyz courts in respect of the Kumtor project shall have been permanently terminated and all orders or rulings made in such proceedings adverse to the Kumtor project shall have been permanently vacated; and (v) obtaining any necessary regulatory and other approvals, including TSX approval. After closing of the transactions and upon the satisfaction of all conditions to the transfer of shares by Cameco, the Kyrgyz Government could own up to 33% of the Company, Cameco 37.8% and the balance, 29.2%, would be held by the remaining shareholders.

Mongolia

Centerra has resumed negotiations with the government working group with respect to an investment agreement for the Gatsuert Project.

Although there is a binding collective agreement in place, the labour union at Boroo has made a number of monetary demands and has threatened a work interruption if demands are not met. The Company believes these demands are unreasonable, however, in the event of work stoppage there is the possibility of interruptions in production.

9. Related Party Transactions

Kyrgyzaltyn and the Government of the Kyrgyz Republic

Revenues from the Kumtor gold mine are subject to a management fee of \$1.50 per ounce based on sales volumes, payable to Kyrgyzaltyn, a shareholder of the Company and a state-owned entity of the Kyrgyz Republic.

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9. Related Party Transactions (continued)

The table below summarizes 100% of the management fees and concession payments paid by Kumtor Gold Company to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid by Kyrgyzaltyn to Kumtor according to the terms of a Gold and Silver Sales Agreement between Kumtor Operating Company (“KOC”), Kyrgyzaltyn and the Government of the Kyrgyz Republic.

(Thousands of US\$)	Three Months Ended	
	Mar 31/09	Mar 31/08
Management fees to Kyrgyzaltyn	\$ 93	\$ 101
Concession payments to the Kyrgyz Republic	249	268
	\$ 342	\$ 369
Gross gold and silver sales to Kyrgyzaltyn	\$ 57,608	\$ 61,834
Deduct: refinery and financing charges	(338)	(325)
Net sales revenue received from Kyrgyzaltyn	\$ 57,270	\$ 61,509

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Gold and Silver Sale Agreement entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these arrangements, Kyrgyzaltyn is required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market on the same day on which KOC provides notice that a consignment is available for purchase. Pursuant to an amendment to the Gold and Silver Sale Agreement, effective from December 22, 2005, as amended from time to time since then, Kyrgyzaltyn is permitted, until June 30, 2009, to defer payments for gold for up to 12 calendar days.

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. As at March 31, 2009, \$11.2 million was outstanding under these arrangements (December 31, 2008 - \$24.1 million).

10. Fair Value of Financial Instruments

The Company has various financial instruments comprising of cash and cash equivalents, short-term investments, receivables, a Reclamation trust fund, accounts payable and accrued liabilities and short-term debt.

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10. Fair Value of Financial Instruments (continued)

The carrying values of these financial instruments are as follows:

	March 31, 2009		December 31, 2008	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
(Thousands of US\$)				
Financial assets				
Cash and cash equivalents	\$ 154,485	\$ 154,485	\$ 149,583	\$ 149,583
Short-term investments	-	-	17,781	17,781
Amounts receivable	15,329	15,329	30,247	30,247
Reclamation trust fund	6,463	6,463	4,915	4,915
	\$ 176,277	\$ 176,277	\$ 202,526	\$ 202,526

	March 31, 2009		December 31, 2008	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
(Thousands of US\$)				
Financial Liabilities				
Accounts payable and accrued liabilities and taxes	\$ 27,367	\$ 27,367	\$ 35,612	\$ 35,612
Contingent common shares issuable	89,084	89,084	89,084	89,084
	\$ 116,451	\$ 116,451	\$ 124,696	\$ 124,696

11. Financial Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

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11. Financial Risk Exposure and Risk Management (continued)

These are discussed in detail in the notes to the December 31, 2008 Annual Financial Statements. The following updates this annual disclosure and for events in the first quarter of 2009 as relevant:

i) Counterparty Risk

Counterparty risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Counterparty risk can be assessed both in terms of credit risk and liquidity risk. For cash and equivalents and accounts receivable, credit risk represents the carrying amount on the balance sheets. Furthermore, the Company takes measures that are intended to ensure its gold dore customers, suppliers and banking services providers can fulfill their contractual obligations. However, due to the current global economic situation the risk of default by these parties has increased. Default by one or more of the Company's gold purchaser, bankers or suppliers could materially impact the Company liquidity, financial condition and results of operations. These risks are further explained in the following risks exposure and risk management (note 11 (ii) to (iii)).

ii) Currency Risk

As required, the Company either makes purchases at the prevailing spot price to fund corporate activities or enters into short-term forward contracts to purchase Canadian dollars. During the three months ended March 31, 2009, \$3.4 million of such forward contracts were executed (\$1.5 million - three months ended March 31, 2008). Contracts to purchase of \$2.1 million were outstanding at March 31, 2009 (Nil – December 31, 2008).

The exposure of the Company's financial assets and liabilities to currency risk as at March 31, 2009 are as follows:

(Thousands of US\$)	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	Australian Dollar	European Euro
<u>Financial Assets</u>					
Cash and cash equivalents	\$ 483	\$ 613	\$ 1,830	\$ -	\$ 77
Amounts receivables	191	2,952	-	-	-
	\$ 674	\$ 3,565	\$ 1,830	\$ -	\$ 77
<u>Financial Liabilities</u>					
Accounts payable and accrued liabilities	\$ 7,358	\$ 2,664	\$ 3,095	\$ 114	\$ 5,216

11. Financial Risk Exposure and Risk Management (continued)

ii) Currency Risk (continued)

A strengthening of the US Dollar by 5% against the Canadian Dollar, the Kyrgyz Som and the Mongolian Tugrik at March 31, 2009, with all other variables held constant would have lead to additional before tax net income of \$0.6 million as a result of a change in value of the financial assets and liabilities denominated in those currencies.

iii) Interest Rate Risk

Fluctuations in market interest rates during the first quarter 2009 have not had a significant impact on the Company's results of operations due to the short-term to maturity of the investments held.

iv) Concentration of Credit Risk

Kyrgyzaltyn, a state-owned refinery in the Kyrgyz Republic, is Kumtor's sole customer and is a shareholder of Centerra. To partially mitigate exposure to potential credit risk related to Kumtor sales, the Company has an agreement in place whereby Kyrgyzaltyn has pledged 2,850,000 of Centerra shares as security against an individual gold shipment, in the event of default on payment.

Based on movements in Centerra's share price, and the value of individual gold shipments, over the course of the three months ended March 31, 2009 the maximum exposure during the quarter, reflecting the shortfall in the value of the security as compared to the value of a given shipment, was approximately \$15.6 million.

The Company manages credit risk, in respect of short-term investments, by maintaining bank accounts with highly-rated US and Canadian banks and investing only in highly-rated Canadian and US Governments bills and bonds, term deposits or banker's acceptances with highly-rated financial institutions, and government agency instruments and corporate bond issues that can be promptly liquidated.

At the balance sheet date, approximately 4% of the Company's liquid assets were held with local Kyrgyz and Mongolian banks and 15% with HSBC Bank. The remainder of cash and cash equivalents, and short-term investments were held in government securities, term deposits, banker's acceptances and highly-rated corporate bond issues.

12. Comparative Information

Certain prior year balances have been reclassified to conform to the current presentation. The classifications had no effect on the net earnings (loss) and retained earnings as previously reported.

13. Segmented Information

Centerra has three reportable segments. The Kyrgyz Republic segment involves the operations of the Kumtor Gold Project and local exploration and development activities, and the Mongolian segment involves the operations of the Boroo Gold Project, development of the Gatsuurt Project and local exploration activities. The North American segment involves the head office located in Toronto, loans to each of the mine operations, as well as exploration activities on North American projects.

Geographic Segmentation of Revenue

All production from the Kumtor Gold Project was sold to the Kyrgyzaltyn refinery in the Kyrgyz Republic while production from the Boroo Gold Project was sold to a refinery that is located in Ontario, Canada.

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13. Segmented Information (continued)

Three months ended March 31, 2009

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 57.3	\$ 41.1	\$ -	\$ 98.4
Expenses				
Cost of sales	48.6	20.7	-	69.3
Regional office administration	3.5	1.5	-	5.0
Depreciation, depletion and amortization	13.8	7.7	0.3	21.8
Accretion and reclamation expense	0.3	0.3	-	0.6
Exploration and business development	3.4	0.3	2.0	5.7
Interest and other	(0.4)	0.1	0.4	0.1
Corporate administration	0.6	0.4	4.0	5.0
Earnings (loss) before income taxes	(12.5)	10.1	(6.7)	(9.1)
Income tax expense				11.2
Net loss				\$ (20.3)
Capital expenditures for the quarter	\$ 21.8	\$ 0.4	\$ 0.1	\$ 22.3

Three months ended March 31, 2008

(\$ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	\$ 61.5	\$ 51.2	\$ -	\$ 112.7
Expenses				
Cost of sales	36.7	16.9	-	53.6
Regional office administration	2.4	1.7	-	4.1
Depreciation, depletion and amortization	6.4	3.8	0.2	10.4
Accretion	0.2	0.2	-	0.4
Exploration and business development	3.3	0.4	1.2	4.9
Interest and other	2.1	(0.8)	(1.1)	0.2
Corporate administration	0.6	0.6	5.3	6.5
Earnings (loss) before unusual items and income taxes	9.8	28.3	(5.6)	32.5
Contingent common shares issuable				4.5
Earnings before income taxes				28.0
Income tax expense				8.7
Net earnings				\$ 19.3
Capital expenditures for the quarter	\$ 7.6	\$ 8.0	\$ 0.2	\$ 15.8

To view the maps/graphics discussed in this news release, please visit the following link:
<http://media3.marketwire.com/docs/429cg.pdf>