

centerra**GOLD**



## NEWS RELEASE

# Centerra Gold Reports 2011 Results; Fourth Quarter Net Earnings \$79 million or \$0.34 per share, 2011 Net Earnings \$371 million or \$1.57 per share

*(This news release contains forward-looking information that is subject to assumptions and risk factors set out on page 18 and in our Cautionary Note Regarding Forward-looking Information on page 26. Prior period comparative numbers have been adjusted to reflect current IFRS reporting standards. All figures are in United States dollars.)*

**To view the 2011 Management's Discussion and Analysis and the Audited Financial Statements and Notes for the year-ended December 31, 2011, please visit the following link:**

<http://media3.marketwire.com/docs/CG2011MDAFS.pdf>

**Toronto, Canada, February 23, 2012:** Centerra Gold Inc. (TSX: CG) today reported fourth quarter 2011 net earnings of \$79.4 million or \$0.34 per common share based on revenues of \$248.0 million, compared to net earnings of \$150.8 million or \$0.64 per common share on revenues of \$322.3 million in the same quarter of 2010 due to lower gold sales in the period. Fourth quarter of 2010 results reflect the back-ended production profile at Kumtor, which accounted for 40% of Kumtor's annual gold production and 37% of its gold sales for the year.

Centerra's consolidated gold production for the fourth quarter of 2011 totalled 151,562 ounces at a total cash cost of \$603 per ounce produced compared to 249,866 ounces at a total cash cost of \$308 per ounce produced in the corresponding quarter of 2010. During the fourth quarter 2011, production was lower at both Boroo and Kumtor as planned, when compared to the fourth quarter of 2010. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

Cash provided by operations in the fourth quarter of 2011, net of working capital changes and other operating items was \$60.3 million compared to \$129.5 million in the fourth quarter of 2010. The decrease reflects lower earnings due to lower gold sales as a result of the lower production in the quarter.

### 2011 Fourth Quarter Highlights

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- Achieved milestone of \$1 Billion revenue in 2011.
- Replaced reserves mined at Kumtor.
- Proven and probable gold reserves total 8.1 million ounces of contained gold.
- Initial resources reported for ATO in Mongolia and the Kara Beldyr joint venture in Russia.
- Earned a 50% interest in the Öksüt joint venture project in Turkey, which has returned significant intercepts of oxidized gold mineralization.

- Centerra became a supporting company of the Extractive Industries Transparency Initiative (“EITI”) which promotes good governance and responsible mining. Both Kumtor and Boroo have played an active role in promoting the EITI in the Kyrgyz Republic and Mongolia.

In 2011, the Company recorded net earnings of \$370.9 million or \$1.57 per common share on revenues of \$1,020.3 million reflecting a 27% increase in the realized gold price in the year, partially offset by lower gold ounces sold, other settlement payments and the contribution to community development projects. Net earnings for 2010 were \$322.3 million or \$1.37 per share on revenues of \$849.8 million. The 2010 comparative year included a gain of \$34.9 million on the sale of the REN exploration property in Nevada, USA.

Consolidated 2011 gold production was 642,380 ounces at a total cash cost of \$502 per ounce produced, compared with consolidated gold production of 678,941 ounces at a total cash cost of \$440 per ounce produced for the prior year. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures” in this news release.)

During 2011, cash provided by operations was \$434.9 million or \$1.84 per share up from \$281.0 million or \$1.19 per share in 2010, reflecting the higher net earnings, primarily as a result of the higher average gold price realized.

### **Commentary**

Stephen Lang, President and CEO of Centerra Gold commented, “2011 was a very good year for the Company. We achieved our gold production guidance for the year, replaced reserves and with the strong gold prices the operations generated cash flow of \$435 million or \$1.84 per share for the year and achieved for the first time revenue of over \$1 billion. During the year, we continued to expand our exploration efforts which are paying off with new exploration discoveries such as ATO in eastern Mongolia, to delivering new resources on some of our joint venture properties such as Kara Beldyr in Russia. Centerra ended the year with a balance sheet that includes \$568 million in cash and short-term investments and no debt outstanding.”

“For 2012, consolidated gold production is expected to be in the 635,000 to 685,000 ounce range and total cash costs are expected in the \$465 to \$500 per ounce range. The production profile at Kumtor differs from last year in that it will be significantly weighted to the fourth quarter, when we expect to recover 43% of the gold production.”

## **Year-end Gold Reserves and Resources**

### **Reserves**

As reported in the Company’s news release of February 9, 2012, Centerra’s proven and probable reserves as of December 31, 2011, increased 694,000 contained ounces (before accounting for 2011 production) to 8.1 million ounces of contained gold, compared to 8.2 million ounces as of December 31, 2010. This represents an increase of 9% before accounting for 793,000 contained ounces processed at Kumtor and Boroo during 2011. All 2011 year-end reserves were estimated using a gold price of \$1,200 per ounce compared to \$1,000 per ounce at December 31, 2010.

### **Resources**

As of December 31, 2011, Centerra’s measured and indicated resources increased by 36% or 1.8 million ounces over the December 31, 2010 figures to total 6.7 million ounces of contained gold, compared to 4.9 million contained ounces as of December 31, 2010. The increase from the 2010 year-end measured and

indicated resources is attributable to a 329,000 contained ounce increase in resources at Kumtor together with the initial resource estimate for the ATO project in Mongolia which has a measured and indicated resource of 824,000 ounces of contained gold together with significant silver, lead and zinc and a resource estimate on a 100% basis for the Gord Zone on the Kara Beldyr joint venture project in Russia which has an indicated resource of 289,000 ounces of contained gold.

The Company's inferred resources also increased by 570,000 contained ounces of gold year-over-year. The majority of the inferred resources are at Kumtor, in the high-grade underground SB Zone which totals 1.8 million contained ounces of gold with an average grade of 13.6 g/t and in the high-grade underground Stockwork Zone which totals 629,000 contained ounces of gold with an average grade of 12.0 g/t.

## Financial and Operating Summary

### Highlights

Financial and Operating Summary	Three Months Ended December 31			Year Ended December 31		
	2011	2010	% Change	2011	2010	% Change
Revenue - \$ millions	248.0	322.2	(23%)	1,020.3	849.8	20%
Cost of sales - \$ millions <sup>(1)</sup>	104.1	89.6	16%	382.3	342.2	12%
Earnings before other income - \$ millions <sup>(2)</sup>	79.4	150.8	(47%)	370.9	287.4	29%
Earnings per common share before other income - \$ basic and diluted	0.34	0.64	(47%)	1.57	1.22	29%
Other income - \$ millions	-	-	-	-	34.9	(100%)
Net earnings - \$ millions	79.4	150.8	(47%)	370.9	322.3	15%
Earnings per common share - \$ basic and diluted	0.34	0.64	(47%)	1.57	1.37	15%
Cash provided by operations - \$ millions	60.3	129.5	(53%)	434.9	281.0	55%
Capital expenditures - \$ millions	30.0	55.4	(46%)	187.9	212.0	(11%)
Weighted average common shares outstanding - basic (thousands) <sup>(3)</sup>	236,323	235,790	0%	236,088	235,488	0%
Weighted average common shares outstanding - diluted (thousands) <sup>(3)</sup>	236,621	236,266	0%	236,354	235,862	0%
Average gold spot price - \$/oz	1,688	1,367	23%	1,572	1,225	28%
Average realized gold price - \$/oz	1,690	1,376	23%	1,569	1,236	27%
Gold sold - ounces	146,704	234,148	(37%)	650,258	687,706	(5%)
Cost of sales - \$/oz sold	709	383	85%	588	498	18%
Gold produced - ounces	151,562	249,866	(39%)	642,380	678,941	(5%)
Total cash cost <sup>(4)(5)</sup> - \$/oz produced	603	308	96%	502	440	14%
Total production cost <sup>(4)(5)</sup> - \$/oz produced	820	401	104%	687	555	24%

(1) Cost of sales excludes regional office administration.

(2) Net earnings before other income is a non-GAAP measure.

(3) As of December 31, 2011, the Company had 236,339,041 common shares issued and outstanding.

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

(5) As a result of Kumtor's Restated Investment Agreement signed in 2009, total cash cost and total production cost per ounce measures exclude operating and revenue-based taxes.

Revenue in the fourth quarter of 2011 was \$248.0 million compared to \$322.2 million during the same period the previous year. Fourth quarter 2011 revenue reflects a 37% decrease in ounces sold (146,704 ounces in the fourth quarter 2011 versus 234,148 ounces in the fourth quarter of 2010). Lower ounces sold in the fourth quarter of 2011 were partially offset by a higher realized gold price (\$1,690 per ounce in the fourth quarter of 2011 versus \$1,376 per ounce in the fourth quarter of 2010).

The Company produced 151,562 ounces in the fourth quarter of 2011, 39% less than the same period in 2010 due to lower grades and recoveries at both Boroo and Kumtor. The Boroo production in the fourth quarter of 2011 was 8,567 ounces lower compared to the same period of 2010 due to lower grades and lower recovery of the stockpiled ore processed by the mill. The Kumtor production in the fourth quarter of 2011 was 89,737 ounces lower compared to the same period of 2010 when the production profile was back ended in the fourth quarter and the mill processed higher grade material (averaging 7.1 g/t). The majority of the mill feed processed by Kumtor in the fourth quarter of 2011 had an average mill head grade of 3.8 g/t and lower recovery (77.6% vs. 84.1%) than the comparative quarter in 2010, which reflects the higher mill head grade processed.

Total cash cost per ounce produced was \$603 in the fourth quarter of 2011 compared to \$308 per ounce in the same period of 2010 after allocation of costs to capitalized pre-stripping. The higher unit costs were a result of the 39% decrease in gold production combined with 19% higher cash operating costs. Gold production in the fourth quarter of 2011 was significantly down by 98,304 ounces or 39%, reflecting lower grades processed primarily from stockpiles at Kumtor compared to the high-grade material from cut-back 12B mined and processed in the fourth quarter of 2010, lower grade material processed at Boroo in the fourth quarter of 2011, and lower recoveries at both sites. Total cash operating costs of \$91.4 million in the fourth quarter of 2011 were \$14.4 million or 19% higher than the \$77.7 million in the same period in 2010 reflecting a larger equipment fleet which increased throughput to move significantly higher levels of rock waste and ice at Kumtor. The higher costs are due to increased mining activity at Kumtor which includes higher diesel consumption and costs (\$6.3 million including a \$1.9 million effect due to the price increasing from US\$0.68 to US\$0.76 cents), higher national labour cost due to the increased workforce and social fund payments as discussed in “Other Corporate Developments” (\$3.4 million), and higher costs for explosives (\$1.8 million) of which \$1.4 million is a result of a higher purchase price and higher maintenance, tire and lubricant costs due to the expanded fleet (\$1.5 million), lower allocation of service equipment (\$0.7 million) and other increases of \$1.0 million. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measure – Total Cash Cost.”)

Cash provided by operations was \$60.3 million for the fourth quarter of 2011 compared to \$129.5 million for the fourth quarter of the prior year. The decrease reflects primarily lower earnings from lower production in the fourth quarter of 2011.

Exploration expenditures for the fourth quarter were \$11.7 million dollars compared to \$11.2 million in the fourth quarter of 2010 reflecting higher spending at the Kumtor property, the ATO project in Mongolia and at the Kara Beldyr joint venture project in Russia. For a detailed update on fourth quarter exploration activities please refer to the Company’s news release of February 9, 2012.

Capital expenditures in the fourth quarter of 2011 totalled \$30.0 million of which \$9.0 million was spent and accrued on sustaining capital projects and \$21.0 million invested in growth capital. The major growth components are related to the underground development project at Kumtor (\$11.1 million) and the capitalized pre-stripping for cut-back 14A (\$8.3 million) at Kumtor. In addition, the Company spent \$0.3 million at Boroo and the Gatsuurt in the fourth quarter of 2011 on raising the main cell of the tailings dam to process

Boroo ores. Capital expenditures in the same quarter of 2010 were \$55.4 million, which included \$9.4 million spent and accrued on sustaining capital projects and \$46.0 million invested in growth capital.

### **Full Year 2011**

For the full year 2011, revenue increased by \$170.6 million, or 20%, to \$1,020.3 million compared to \$849.8 million in the same period of 2010 primarily due to a 27% increase in the realized gold price partially offset by fewer ounces sold. The average realized gold price for 2011 was \$1,569 per ounce compared to \$1,236 per ounce in the same period of 2010 reflecting higher spot prices for gold throughout the year. Gold sold in 2011 totalled 650,258 ounces (599,494 ounces from Kumtor and 50,764 ounces from Boroo), compared to 687,706 ounces sold in 2010 (568,390 ounces from Kumtor and 119,316 ounces from Boroo).

Gold production was within the Company's guidance at 642,380 ounces in 2011 compared to the 678,941 ounces reported in 2010. The 5% decrease in gold production in 2011 was due to lower production at Boroo. Production at Boroo was 47% lower in 2011 as a result of lower head grades and recoveries processed through the mill. At Boroo, the ore was more refractory than expected during 2011 and the grades and recoveries continued to decline throughout the year. Mining activities at Boroo ceased December 1, 2010 but have resumed in January 2012.

The heap leach operation at Boroo remained idle during 2011 pending issuance of the final operating permit by the government authorities.

Total cash cost per ounce produced for 2011 increased to \$502 compared to \$440 per ounce in 2010. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".) The increase in 2011 reflects the impact of lower production levels due to lower grades and recoveries and higher operating costs at Kumtor as discussed in the "Results of Operating Segments" for Kumtor and Boroo.

Exploration expenditures in 2011 were \$39.6 million compared to \$31.3 million in 2010 reflecting higher spending in Mongolia and an increase in exploration activities elsewhere.

Other operating expenses in 2011 were \$15.5 million compared to \$8.0 million in the prior year. The 2011 expense includes \$12.6 million for donations and sustainable development contributions made in both the Kyrgyz Republic and Mongolia (\$8.7 million in 2010), the settlement in the amount of \$2.6 million relating to a claim with government authorities in Mongolia regarding alluvial reserves on the Boroo project licenses (see "Other Corporate Developments – Mongolia"), the net income of \$0.1 million (\$0.7 million in 2010) related to the production of alluvial reserves at the Boroo property and various other community-based sustainability projects supported by both operations. The results also include corporate sustainability spending by Kumtor totalling \$10.0 million in 2011 for the construction and repair of 27 schools throughout the Kyrgyz Republic, while in 2010 Boroo funded the construction of a maternity hospital in Ulaanbaatar in the amount of \$6.4 million.

Net earnings for 2011 were \$370.9 million or \$1.57 per share compared to \$322.3 million or \$1.37 per share in 2010. The increase reflects a 27% increase in the realized gold price in the year, partially offset by lower gold ounces sold, the settlement of \$14.1 million with the Kyrgyz Social Fund, the settlement with the Mongolian government of \$2.6 million for the alluvial claim and the contribution of \$10 million to the Kyrgyz government for the construction and repair of 27 schools in the country (see "Other Corporate Developments"). The 2010 comparative year included a gain of \$34.9 million on the sale of the REN exploration property in Nevada, USA, partially offset by the contribution of \$6.4 million by Boroo to the construction of a maternity hospital in Ulaanbaatar.

Cash flow provided from operations for 2011 was \$434.9 million compared to \$281.0 million in 2010, primarily as a result of higher earnings and lower working capital levels at the end of the year.

For the year 2011, capital expenditures totalled \$187.9 million of which \$34.6 million was spent and accrued on sustaining capital projects and \$153.3 million invested in growth capital. The major growth capital components are related to spending at Kumtor mainly on fleet expansion and pre-stripping of waste (\$148.5 million), the SB and Stockwork Zone underground development at Kumtor (\$43.9 million), and raising the tailings dam at Boroo (\$4.5 million). For the full year 2010, capital expenditures (spent and accrued) totaled \$212.0 million, which included \$44.0 million of sustaining capital and \$168.0 million of growth capital.

As at December 31, 2011, the Company had no outstanding debt and has an undrawn \$150 million revolving credit facility with the European Bank for Reconstruction and Development (“EBRD”) to support future growth initiatives. Net cash and short-term investments increased to \$568.2 million from \$413.0 million at December 31, 2010.

## Operations Update

### Summary of Key Operating Results

	Three Months Ended December 31			Year Ended December 31		
	2011	2010	% Change	2011	2010	% Change
<b>Kumtor Operating Results</b>						
Revenue - \$ millions	239.7	288.9	(17%)	941.1	704.3	34%
Gold sold – ounces	141,897	209,929	(32%)	599,494	568,390	5%
Average realized gold price – \$/oz	1,689	1,376	23%	1,570	1,239	27%
Cost of sales - \$ millions <sup>(1)</sup>	96.9	72.1	34%	332.6	272.4	22%
Cost of sales - \$/oz sold	683	343	99%	555	479	16%
Tonnes mined - 000s	37,124	29,561	26%	150,605	116,466	29%
Tonnes ore mined – 000s	1,095	2,812	(61%)	6,020	5,765	4%
Tonnes milled - 000s	1,450	1,303	11%	5,815	5,594	4%
Average mill head grade - g/t <sup>(2)</sup>	3.80	7.06	(46%)	3.79	4.02	(6%)
Recovery - %	77.6	84.1	(8%)	80.8	79.5	2%
Gold produced – ounces	138,696	228,433	(39%)	583,156	567,802	3%
Total cash cost <sup>(3)(4)</sup> - \$/oz produced	580	261	122%	482	409	18%
Total production cost <sup>(3)(4)</sup> - \$/oz produced	808	349	132%	673	513	31%
Capital expenditures - \$ millions	28.5	53.3	(47%)	180.7	186.5	(3%)
<b>Boroo Operating Results</b>						
Revenue - \$ millions	8.3	33.3	(75%)	79.3	145.5	(46%)
Gold sold – ounces	4,807	24,219	(80%)	50,764	119,316	(57%)
Average realized gold price - \$/oz	1,719	1,374	25%	1,562	1,219	28%
Cost of sales - \$ millions <sup>(1)</sup>	7.2	17.5	(59%)	49.7	69.8	(29%)
Cost of sales - \$/oz sold	1,504	724	108%	979	585	67%
Total tonnes mined - 000s	0	2,717	(100%)	0	11,358	(100%)
Tonnes mined heap leach – 000s	0	196	(100%)	0	1,694	(100%)
Tonnes ore mined direct mill feed -000's	0	325	(100%)	0	2,399	(100%)
Tonnes ore milled - 000s	629	633	(1%)	2,340	2,466	(5%)
Average mill head grade - g/t <sup>(2)</sup>	1.09	1.53	(29%)	1.11	1.86	(40%)
Recovery - %	66.5	69.0	(4%)	68.9	71.8	(4%)
Gold produced – ounces	12,866	21,433	(40%)	59,224	111,139	(47%)
Total cash cost <sup>(3)</sup> - \$/oz produced	849	810	5%	694	601	15%
Total production cost <sup>(3)</sup> - \$/oz produced	951	959	(1%)	828	770	8%
Capital expenditures (Boroo) - \$ millions	1.1	1.0	9%	6.3	7.9	(20%)
Capital expenditures (Gatsuurt) - \$ millions	0.0	0.9	(97%)	0.3	17.2	(98%)

(1) Cost of sales for 2010 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”.

(4) Kumtor’s total cash cost and total production cost per ounce measures exclude operating and revenue-based taxes.

## **Kumtor**

At the Kumtor mine, gold production was 138,696 ounces in the fourth quarter of 2011, compared to 228,433 ounce in the same quarter in 2010 when the production profile was back-ended for the year. The lower production in 2011 was the result of lower grades processed, primarily from stockpiles, compared to the high-grade material in the fourth quarter of 2010 with the associated lower recoveries and a production profile in 2011 which had consistent quarterly production. The mill head grade in the fourth quarter of 2011 averaged 3.8 g/t with a recovery of 77.6% compared to 7.06 g/t with a recovery of 84.1% in the same quarter of 2010.

Total cash cost per ounce produced, a non-GAAP measure of production efficiency, was \$580 in the fourth quarter compared to \$261 a year earlier. The quarter-over-quarter increase in total cash cost was primarily due to lower gold production and higher operating costs. Operating costs (before allocation to capitalized pre-stripping) increased by \$17.9 million or 28% primarily due to higher mining costs (up \$14.7 million), higher milling costs (\$1.3 million) and higher site administration costs (\$1.9 million). The higher mining costs of \$14.7 million or 39% compared to the same quarter in 2010 reflects the higher mining rate achieved during the fourth quarter of 2011 where 26% more tonnes of waste and ore were moved with Kumtor's expanded mining fleet. The higher costs are due to the increased mining activity which includes diesel (\$6.3 million including a \$1.9 million effect due to the price increasing from US\$0.68 to US\$0.76 cents), national labour cost due to increased workforce and social fund payments as discussed in "Other Corporate Developments" (\$3.4 million), and higher costs for explosives (\$1.8 million) of which \$1.4 million is a result of a higher purchase price and higher maintenance, tire and lubricant costs due to the expanded fleet (\$1.5 million), lower allocation of service equipment (\$0.7 million) and other increases of \$1.0 million. The milling and site administration costs increased due to higher national labour, reagents and diesel costs.

Exploration expenditures totaled \$2.7 million for the fourth quarter of 2011, compare to \$3.7 million in the fourth quarter 2010.

During the fourth quarter of 2011, capital expenditures were \$28.4 million, which included \$7.8 million of sustaining capital spent mainly on the heavy equipment overhaul program (\$4.6 million), shear key, buttress and tailings dam construction (\$0.9 million) and other projects (\$2.3 million). Growth capital investment totalled \$20.7 million mainly on pre-strip capitalization (\$8.3 million), the underground development (\$11.2 million) and other equipment and projects (\$1.2 million).

The underground development at Kumtor continued in the fourth quarter of 2011 with a total advance of 470 metres. Year-to-date total development advance was 1,864 metres, which includes 903 metres advance in Decline #1 and 961 metres in Decline #2. The Stockwork Drive reached its design limit in October 2011 and delineation drilling of the Stockwork Zone is ongoing. The underground development project at Kumtor is on track to achieve the connection of Decline #1 with Decline #2 in the third quarter of 2012. Decline #1 has approximately 125 metres of development advance remaining and Decline #2 has approximately 660 metres of development advance remaining to join the two declines. An additional 708 metres of development advance is required in order to access the SB Zone. First ore from the SB Zone is expected in the second quarter of 2013.

## **Boroo & Gatsuurt**

At the Boroo mine in the fourth quarter of 2011, gold production was 12,866 ounces 40% lower than the same period in 2010. The lower gold production was primarily due to lower grade material processed which had an average mill head grade of 1.09 g/t and lower recovery of 66.5%, compared to the average mill head grade of 1.53 g/t and a recovery of 69.0% in the fourth quarter of 2010.

Total cash costs per ounce produced, a non-GAAP measure of production efficiency, increased to \$849 in the fourth quarter of 2011 from \$810 in the fourth quarter of 2010. The quarter-over-quarter increase in unit cash cost per ounce produced was due to 40% lower gold production in the fourth quarter of 2011 compared to the prior year period.

Operating costs at Boroo were down \$5.9 million quarter-over-quarter primarily due to reduced costs for mining (\$4.6 million), heap leaching (\$0.4 million) and royalties (\$1.3 million), partially offset by an increase in milling costs (\$0.4 million). The mining costs were lower as Boroo ceased mining activities at the end of November 2010. Heap leaching costs were \$0.4 million lower as no crushing and stacking activities occurred starting in the fourth quarter of 2010, and the recirculation of solution was stopped in the fourth quarter of 2011. Royalties decreased in 2011 due to the 57% fewer ounces sold in the 2011 fourth quarter.

During the fourth quarter of 2011 exploration expenditures in Mongolia increased to \$4.2 million from \$3.4 million in the same period in 2010. The majority of the exploration work in the fourth quarter 2011 was conducted at the ATO property in eastern Mongolia.

During the fourth quarter of 2011, capital expenditures at Boroo were \$1.2 million, \$0.9 million of sustaining capital and \$0.3 million of growth capital on raising the main cell of the tailings dam to process Boroo ores.

Minimal capital spending is planned on the Gatsuurt project going forward while waiting for the final approvals and regulatory commissioning to commence mining.

## **Other Corporate Developments**

### **Kyrgyz Republic**

As previously disclosed, Kumtor Operating Company (“KOC”), the Company’s Kyrgyz Republic operating subsidiary was in a dispute with the Kyrgyz Republic Social Fund (the “Social Fund”) regarding whether Social Fund contributions were required to be paid with respect to a high-altitude premium payable to KOC employees. This dispute began in 2010 and eventually led to KOC filing a claim in September 2011 to invalidate an assessment issued by the Social Fund requiring KOC to pay approximately \$6.7 million in contributions owing for the 2010 operating year. The matter was resolved in the third quarter of 2011 when KOC and the Social Fund reached an agreement whereby Kumtor would voluntarily pay to the Social Fund \$14.1 million, covering the 2010 operating year (\$6.7 million) and the first nine months of 2011 (\$7.4 million), without any penalties, fines and financial sanctions and agreed to apply the Social Fund contribution to the high altitude premium in the future. Going forward, KOC will pay the employer’s portion of the Social Fund contribution for the high altitude premium and the employees will be responsible for the employee portions of such deduction.

On October 30, 2011, the Kyrgyz Republic held presidential elections which were won by the former Prime Minister Almazbek Atambayev of the Social Democratic Party of Kyrgyzstan, in the first round.

On December 5, 2011, the Company announced that it was experiencing an interruption in the transfer of diesel fuel and other supplies from the Kumtor marshalling yard to the mine site due to an illegal roadblock. The marshalling yard is located in the town of Balykchy in the Issyk-Kul Region of the Kyrgyz Republic and is approximately 270 kilometres from the Kumtor mine. The road block was voluntarily lifted on December 6, 2011 and the transfer of diesel fuel and other supplies resumed. The interruption did not affect the Company’s 2011 production and cost guidance, nor were the mine or milling operations affected.

Kumtor's collective bargaining agreement expires at the end of 2012. A related work stoppage during 2012 could have a significant impact on Kumtor achieving its forecasted production (see "Risk Factors").

On February 6, 2012 unionized employees at Kumtor began an illegal strike following a dispute regarding social fund deductions. Production at the Kumtor operation was suspended. On February 16, 2012 an agreement was reached with the Kumtor Trade Union and unionized employees returned to work. The cost of the settlement for 2012 will be approximately \$4 million. The impact of the strike on production is being evaluated.

## **Mongolia**

In the fourth quarter of 2011, Centerra's wholly owned subsidiary, Boroo Gold LLC, which owns the Boroo project, resolved the previously disclosed very significant claim for compensation that it received from the Mongolian General Department of Specialized Inspection ("SSIA") in October 2009 following the June 2009 inspection at the Boroo project. The claim related to certain mineral reserves, including state alluvial reserves, covered by the Boroo project licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Pursuant to the resolution, Boroo Gold LLC accrued approximately \$2.6 million in the 2011 year-end results and subsequently paid the amount in January 2012. While this claim has been resolved, other regulatory issues remain outstanding in Mongolia, including the issuance of a final heap leach permit. The Company continues to have discussions with regulatory officials regarding the issuance of the permit. See "Risk Factors".

As previously disclosed, the Mongolian Parliament enacted the *Law to Prohibit Mineral Exploration And Mining Operations At River Headwaters, Protected Zones Of Water Reservoirs And Forested Areas* (the "Water and Forest Law") in 2009. Under the Water and Forest Law, mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia are prohibited, and the affected licenses are subject to revocation. The legislation provides a specific exemption for "mineral deposits of strategic importance", which exempts the Boroo hard rock deposit from the application of the legislation. Centerra's Gatsuurt licenses and its other exploration license holdings in Mongolia however, are currently not exempt. Under the Minerals Law of Mongolia, Parliament on its own initiative or, on the recommendation of the Government, may designate a mineral deposit as strategic. Such designation could result in Mongolia receiving up to a 34% interest in the Gatsuurt deposit.

In 2010, the Company received correspondence from the Minerals Resource Authority of Mongolia ("MRAM") stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the Water and Forest Law. In 2010, the Company was also informed by the Ministry of Mineral Resources and Energy ("MMRE") that since the Gatsuurt licenses were within the area designated, on a preliminary basis, as land where mineral mining is prohibited under the Water and Forest Law, and that the MMRE would communicate further with the Company on negotiations with respect to an investment agreement for the Gatsuurt project once the MMRE received additional clarity on the impact of the Water and Forest Law on the Gatsuurt project. In November 2010, the Company also received a letter from the MMRE indicating that operations at the Gatsuurt project cannot be commenced while the implementation of the Water and Forest Law is being resolved. Accordingly, it is anticipated that further approvals and regulatory commissioning of Gatsuurt will be delayed as a result of the Water and Forest Law.

In November 2010, the Mongolian cabinet announced its intention to initiate the revocation of 1,782 mineral licenses under the Water and Forest Law on a staged basis, beginning with the revocation of 254 alluvial gold mining licenses, the list of which was finalized by the Mongolian Parliament in 2011. The Company has

three licenses on the list of alluvial gold mining license that may be revoked. None of these licenses are material to the Company. In particular, the Company's principal Gatsuurt hardrock mining licenses are not on the list of alluvial licenses to be revoked. In accordance with the Water and Forest Law, the Company submitted in February 2011 a formal request for compensation for the three licenses to be revoked, which requests were updated again in January 2012 as a result of the finalization of the list.

The Mongolian Government announced in 2010 that it is considering taking the following actions as the next stages of its implementation of the Water and Forest Law:

- preparing and submitting to the cabinet a proposal to designate as "strategic" those deposits, the development of which would contribute to regional social and economic development and, at the same time, require significant amounts of compensation;
- revoking all licenses for non-gold mining operations which utilize surface water;
- revoking all 460 gold exploration licenses and providing compensation;
- revoking all 931 non-gold exploration licenses and providing compensation;
- revoking and providing compensation to all remaining affected mining licenses.

Of the Company's 55 mineral licenses, 36 licenses (including the Gatsuurt hard rock licenses) are included in the 1,782 licenses referred to in the cabinet announcement as subject to staged revocation.

The Company understands that Mongolia's cabinet expects that the Water and Forest Law will take until approximately November 2012 to fully implement. According to statements by officials, the Mongolian Government estimates that the total compensation due to mining companies for the revocation of their licenses will amount to approximately US\$4 billion, representing a very substantial part of Mongolia's annual gross domestic product for 2010.

The Water and Forest Law has attracted opposition from Mongolia's alluvial miners, the Mongolian National Mining Association and other groups. A group of parliamentarians proposed amendments to the Water and Forest Law in 2011 to reduce its impact on environmentally-sound mining operations. The Company understands that as drafted, such amendments would allow the Gatsuurt project to proceed. Such amendments were discussed by a Mongolian parliamentary committee in 2011 which then referred it to Parliament for further discussion. The Parliament did not discuss the amendment during the 2011 but such amendments may be tabled for discussion in 2012.

Centerra is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the Water and Forest Law having a limited impact on the Company's Mongolian activities. There can be no assurance, however, that this will be the case. Unless the Water and Forest Law is repealed or amended such that the law no longer applies to the project or Gatsuurt is designated as a "mineral deposit of strategic importance" that is exempt from the Water and Forest Law, mineral reserves at Gatsuurt may have to be reclassified as mineral resources or eliminated entirely and the Company may be required to write-off the associated investment in Gatsuurt and Boroo. As at December 31, 2011, the Company had net assets recorded amounting to approximately \$36 million related to the investment in Gatsuurt and approximately \$25 million remaining capitalized for the Boroo mill facility and other surface structures which are expected to be utilized for the processing of ore from Gatsuurt. Although the Company expects to exploit the Gatsuurt deposit, should this not be the case, the Company would be required to write-

off these amounts. A revocation of the Company's mineral licenses, including the Gatsuurt mineral license, or the reclassification of mineral reserves or the write-off of assets could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

The heap leach operation at Boroo remained idle during the fourth quarter of 2011 awaiting issuance of the final operating permit from the Mongolian Government. Unless the Company is successful in obtaining the final heap leach operating permit, it will be required to write-off the associated investment which totals \$15.9 million at December 31, 2011.

In November 2010, the Mongolian Parliament passed amendments to its Minerals Law that modified the existing royalty structure on mineral projects. Pursuant to the amended royalty structure, the royalty rate is no longer a fixed percentage but is graduated and dependent upon the commodity price in US dollars. In the case of gold, there is a basic 5% royalty fee that applies while gold is less than \$900 per ounce. For any increase of \$100 to the price of gold, there is a corresponding 1% increase to the royalty fee. Accordingly, at \$900 per ounce, the royalty fee increases to 6% which continues until the gold price reaches \$1,000 per ounce at which point, the royalty increases to 7%, at \$1,100 per ounce, the royalty increases to 8%, and at \$1,200 per ounce, the royalty increases to 9%. The highest royalty fee rate is reached at 10% when gold is \$1,300 per ounce and above. The graduated royalty became effective as of January 1, 2011 for all mining projects in Mongolia. On January 19, 2011, the Standing Committee of the State Great Hural of Mongolia issued a resolution to the Mongolian Government which, among other things, resolved to direct the Government to enter into negotiations to have the graduated royalty structure apply to business entities that have already entered into a stability agreement and/or an investment agreement. This would include the Company's Boroo project which is currently operating pursuant to a stability agreement entered with the Mongolian Government. The Company is of the opinion that the Boroo stability agreement provides, among other things, legislative stabilization for its Boroo operations and accordingly the graduated royalty fee is not applicable to Boroo's remaining operations. As of the date of this news release, the Company is not aware of any response or activity by the Mongolian Government on this State Great Hural of Mongolia resolution. Despite this, the Company cannot provide any assurances that Boroo will not be made subject to the graduated royalty fee. If the graduated royalty fee does apply to Boroo, it may have an adverse impact on Centerra's future cash flows, earnings, results of operations or financial condition. Regardless of whether the graduated royalty fee applies to the Boroo operations, it will apply to gold produced from the Gatsuurt project, when developed.

The Boroo stability agreement expires in July 2013, after which time Boroo's operations will be subject to prevailing tax and royalty fees.

## **Corporate Matters**

In April 2011, Centerra declared a special dividend of C\$0.30 per share and an annual dividend of C\$0.10 per share, payable on May 18, 2011 to shareholders of record on May 12, 2011. This was the Company's first special dividend.

In March 2011, Centerra was served by a Turkish company, Sistem Muhenkislik Insaat Sanayi Ticaret SA ("Sistem"), with a notice of enforcement to seize any shares and dividends in Centerra held in the name of the Kyrgyz Republic, followed by a notice of garnishment in April 2011 for any debts owed by Centerra to the Kyrgyz Republic (the "Republic"). These notices were served by Sistem through the Sheriff in Toronto as part of the enforcement proceedings brought by Sistem in the Ontario Superior Court to collect approximately US\$11 million with additional interest, owed to Sistem by the Republic in accordance with a judgment of the Ontario Superior Court enforcing an international arbitration award against the Republic. In these Ontario proceedings, Sistem alleges that the shares in Centerra owned by Kyrgyzaltyn JSC, and any dividends paid in respect of those shares, are in fact legally and beneficially owned by the Republic and are therefore subject to

execution to pay the judgment. Based on legal advice received, Centerra disputes those allegations and maintains that Kyrgyzaltyn JSC alone is the legal and beneficial owner of the shares and any dividends in respect of those shares, based on the applicable legal principles and the binding agreements with Kyrgyzaltyn JSC. As a result and notwithstanding such notices of enforcement and garnishment, Centerra paid its May 18, 2011 dividend (as discussed above) in the total amount of approximately C\$31 million to Kyrgyzaltyn JSC. Sistem is continuing with its claim regarding the Centerra shares owned by Kyrgyzaltyn JSC. If this claim is successful in the Ontario court proceedings, Sistem may have a right to execute its judgment against those shares and may assert a claim against Centerra in respect of the payment of the dividends to Kyrgyzaltyn JSC. However, Centerra believes it has a strong defence to that claim based on the facts and the law. At a motion in September 2011, Kyrgyzaltyn JSC was formally added as a party to the proceeding.

Kyrgyzaltyn has brought a motion to be heard by the Ontario Superior Court (to be heard in April 2012) to set aside the Ontario judgment enforcing the arbitration award on the basis that the court did not have jurisdiction to entertain the application or in the alternative that there is a foreign court which is a more convenient forum to hear and decide the issues of legal and beneficial ownership of the shares as between Kyrgyzaltyn and the Kyrgyz Republic.

Subsequent to 2011 year-end, Centerra decided to close its exploration office in Reno, Nevada and to refocus its exploration efforts outside of the Great Basin in Nevada, USA to those areas in which it is having more success, such as in Mongolia, Turkey, Russia and Kyrgyzstan.

For information on forward-looking information, see “Caution Regarding Forward-Looking Information”. For information regarding risk factors relevant to Centerra and its operations, please see “Risk Factors” in the most recently filed MD&A and in the Company’s most recently filed Annual Information Form.

## **2012 Outlook**

Centerra’s 2012 consolidated gold production is forecast to be between 635,000 and 685,000 ounces. The Kumtor mine is expected to produce between 575,000 and 625,000 ounces in 2012. Kumtor’s 2012 planned mining sequence results in a production profile with a large portion of the gold production occurring in the fourth quarter. The high-grade material from the SB Zone is only available for mining at the end of the third quarter of 2012 when it is exposed by cut-back 14A. On a quarterly basis, Kumtor’s 2012 gold production is forecast to have 12% of gold production being recovered in the first quarter, 20% in the second quarter, 25% in the third quarter and 43% in the fourth quarter. Gold production in the first quarter of 2012 will also be impacted by four days of scheduled mill maintenance of the ball and SAG mills. The Company is also evaluating the impact of the 10 day strike which occurred in February 2012.

Kumtor’s collective bargaining agreement expires at the end of 2012. A related work stoppage during the year could have a significant impact on Kumtor achieving its forecasted production (see “Risk Factors”).

A work stoppage in the fourth quarter would have a larger negative impact on Kumtor achieving its forecasted production for the year. The Company’s production forecast is contingent on its ability to strip enough material from cut-back 14A during the year to expose the high-grade SB Zone by the end of the third quarter.] Additionally, achieving the 2012 production is dependent on the timely delivery of new mining equipment and successfully maintaining the mining rates of the waste and ice in the southeast portion of the pit to gain access to the higher grade ore.

At the Boroo mine, gold production is forecast to be approximately 60,000 ounces and assumes mining of Pit 6. The 2012 forecast also assumes no production from the heap leach facility or the Gatsuurt project due to uncertainties with permitting. The Boroo mill is expected to process mostly higher grade heap leach ore

stockpiles for the first eight months of 2012, followed by processing the higher grade ore from Pit 6 from September 2012 to January 2013. During September to December 2012, the Boroo mill is expected to process a mixture of higher grade Pit 6 ore with an average grade of approximately 2.1 g/t and stockpiled heap leach material with grades between 0.67 – 0.76 g/t.

Receipt of the final heap leach operating permit would add approximately 2,000 ounces of gold a month. At Gatsurt, the project is ready to begin mining the oxide ore on receipt of the final approvals and regulatory commissioning.

Centerra's 2012 gold production and unit costs are forecast as follows:

	<b>2012 Production Forecast</b> (ounces of gold)	<b>2012 Total Cash Cost<sup>(1)</sup></b> (\$ per ounce produced)
Kumtor	575,000 – 625,000	430 - 465
Boroo	approx. 60,000	810
Consolidated	635,000 – 685,000	465 - 500

(1) Total cash cost is a non-GAAP measure and includes mine operating costs such as mining, processing, regional office administration, royalties and production taxes (except at Kumtor where revenue-based taxes are excluded), but excludes amortization, reclamation costs, financing costs, capital development, community investments and exploration.

## 2012 Exploration Expenditures

Exploration expenditures of \$45 million are planned for 2012, a 13% increase from the \$39.6 million spent in 2011. The 2012 program will continue the aggressive exploration work at the Kumtor mine together with an increase in the exploration in the Kumtor district; planned expenditures are expected to be about \$15 million. In Mongolia, \$8 million is allocated for exploration programs and work will continue along the Onon trend in eastern Mongolia and to follow up on the positive results on the Altan Tsagaan Ovoo (“ATO”) project.

In 2012, drilling programs will continue on the Kara Beldyr and Dvoynoy projects in Russia and expenditures for the two projects are expected to be approximately \$6 million. Drilling programs will also continue in Turkey on the Company's joint venture projects with expenditures expected to be approximately \$6 million. Drilling of the Laogouxi project in China is expected to commence in the second quarter. In addition, generative programs will continue in Central Asia, Russia, China, and Turkey to increase the pipeline of projects that the Company is developing to meet the longer term growth targets of Centerra.

Subsequent to 2011 year-end, Centerra decided to close its exploration office in Reno, Nevada and to refocus its exploration efforts outside of the Great Basin in Nevada, USA to those areas in which it is having more success, such as in Mongolia, Turkey, Russia and Kyrgyzstan.

## 2012 Capital Expenditures

The capital expenditures for 2012 are estimated to be \$389 million, including \$49 million of sustaining capital and \$340 million of growth capital.

Capital expenditures include:

<b>Projects</b>	<b>2012 Growth Capital</b> (millions of dollars)	<b>2012 Sustaining Capital</b> (millions of dollars)
Kumtor mine	\$328	\$45
Mongolia	\$12	\$3
Corporate	-	\$1
Consolidated Total	\$340	\$49

## **Kumtor**

At Kumtor, 2012 total capital expenditures are forecast to be \$373 million including \$45 million of sustaining capital. The largest sustaining capital spending will be the major overhaul maintenance of the heavy duty mine equipment (\$21 million), expenditures for dewatering and infrastructure (\$8 million), effluent treatment plant relocation (\$5 million), tailings dam construction works (\$4 million) and for equipment replacement and other items (\$7 million).

Growth capital investment at Kumtor for 2012 is forecast at \$328 million, which includes pre-strip costs related to the development of the open pit (\$128 million), purchase of new mining equipment including 25 CAT 789 haul trucks, 4 drills and 4 Hitachi 3600 shovels (\$126 million), and other items (\$11 million). Growth capital for 2012 has increased compared to the most recent Kumtor technical report as purchases of mine expansion equipment planned for 2013 (\$61 million) have been brought forward to 2012. This was done to ensure that all of the new CAT 789 haul trucks were of the same model “C” series, given that CAT is discontinuing the C series in late 2012. Additionally, the added capacity will help to ensure the required mine production rate is maintained. Also included in 2012 growth capital investment is \$63 million for the underground project to continue to develop the SB and Stockwork Zones, as well as for delineation drilling and capital purchases in 2012.

The underground development project at Kumtor is on track to achieve breakthrough of Decline 1 with Decline 2 in the third quarter of 2012 and is expected to intersect first ore in the SB Zone in the second quarter of 2013.

## **Mongolia (Boroo & Gatsuurt)**

At Boroo, sustaining capital expenditures in 2012 are expected to be about \$3 million primarily for component change-outs and mill maintenance. Growth capital is forecast at \$12 million, which includes capitalized pre-stripping costs of Pit 6 at Boroo (\$11 million).

No capital for the development of the deeper sulphide ores at Gatsuurt has been forecast and will only be invested following successful regulatory commissioning of the Gatsuurt project. The engineering and construction of the bio-oxidation facility to be located at the Boroo mill, which is needed to treat Gatsuurt sulphide ores, will be restarted only after the approval to begin mining at Gatsuurt has been received from the Government of Mongolia.

## **2012 Depreciation, Depletion and Amortization**

Depreciation, depletion and amortization (“DD&A”) expenses included in costs of sales expense for 2012 are forecast to be approximately \$133 million. Changes in DD&A are a result of increases or decreases to certain of the Company’s capital assets. Refer to the Company’s 2011 Audited Financial Statements note 9 for further details on the related capital assets.

<i>(In millions)</i>	<b>2012 DD&amp;A Forecast</b>	<b>2011 DD&amp;A Actual</b>	<b>2010 DD&amp;A Actual</b>
<b>Kumtor</b>			
Mine equipment	\$ 80	\$ 69	\$ 36
Less DD&A capitalized to pre-stripping costs <sup>(1)</sup>	(34)	(14)	(4)
Pre-stripping costs amortized	54	32	-
Mine development and other mining assets	8	5	7
Mill assets	9	8	9
Administration assets and other	10	10	10
Inventory movement (non-cash)	(14)	(22)	1
<b>Subtotal for Kumtor</b>	<b>\$ 113</b>	<b>\$ 88</b>	<b>\$ 59</b>
<b>Boroo</b>			
Mine equipment	\$ 4	\$ 2	\$ 3
Less DD&A capitalized to pre-stripping costs	(2)	-	-
Pre-stripping costs amortized	12	-	4
Mine development and other mining assets	1	1	1
Mill assets	1	1	2
Administration assets and other	2	3	9
Inventory movement (non-cash)	2	3	(2)
<b>Subtotal for Boroo</b>	<b>\$ 20</b>	<b>\$ 10</b>	<b>\$ 16</b>
<b>Consolidated Total</b>	<b>\$ 133</b>	<b>\$ 98</b>	<b>\$ 76</b>

(1) Use of the Company's mining fleet for pre-stripping activities results in a portion of the depreciation related to the mine fleet to be allocated to capitalized pre-strip costs.

### **Kumtor**

At Kumtor, the forecast for 2012 DD&A expensed as part of costs of sales is \$113 million. The increase over the three years reflects a significant expansion of the mining fleet in order to achieve higher throughput levels of materials moved and the increasing stripping of waste required by the deposit. This is the largest component of depreciation expense in 2012 totalling \$80 million. The mine equipment assets are depreciated on a straight-line basis over their estimated useful lives. The depreciation expense related to mine equipment engaged in a stripping campaign is capitalized as pre-stripping costs.

During 2012 Kumtor will be mining the remaining ore from cut-back 12B and continuing stripping campaigns on cut-backs 14A and 14B. The costs to remove waste within the various cut-backs include mining operating costs such as labour, diesel and maintenance costs, as well as the depreciation expense for the mine equipment used in the stripping campaign. Labour and consumables costs (such as diesel costs) have been steadily increasing over the last several years due to both increases in price and demand with the

expanding operation at Kumtor. These costs are capitalized as pre-stripping costs and amortized over the ounces contained in the ore body exposed by the stripping campaign.

Based on the sequencing of production at Kumtor for 2012, ore from cut-backs 12B and 14A will be mined resulting in the amortization through cost of sales of \$54 million in capitalized pre-stripping costs. As Kumtor mines the ore from cut-back 12B, it will amortize the remaining unamortized capitalized pre-stripping costs of \$13 million related to that cut-back. The forecast assumes that the stripping campaign for cut-back 14A is completed by the fourth quarter of 2012 providing access to the ore in the fourth quarter. The ore in cut-back 14A will be partially mined in the fourth quarter and the amortization expense for 2012 for the capitalized pre-stripping costs related to cut-back 14A is forecast at \$41 million. The stripping campaign for cut-back 14B was started in December 2011 and is expected to continue throughout 2012 with the goal of reaching ore in 2013. Therefore, no amortization expense is expected to be recorded on cut-back 14B in 2012.

### **Boroo**

At Boroo, the forecast for 2012 DD&A expensed as part of costs of sales is \$20 million, compared to \$10 million in 2011 and \$17 million in 2010. The increase in 2012 reflects the resumption of mining in Pit 6. The largest component of depreciation expense is related to amortization of capitalized pre-stripping costs related to Pit 6.

In January 2012, Boroo re-commenced mining activities in Pit 6 requiring the stripping of waste before ore is exposed. The costs of removing waste for this stripping campaign before the ore is mined will be capitalized as pre-stripping costs and amortized over the ounces contained in the Pit 6 ore. The forecast assumes that the stripping campaign for Pit 6 is completed early in the third quarter of 2012 and the processing of Pit 6 ore through the mill completed in January 2013. The amortization expense for 2012 for the capitalized pre-stripping costs related to Pit 6 production is forecast at \$12 million.

### **2012 Corporate Administration and Sustainable Community Investment**

Corporate and administration expenses for 2012 are forecast at approximately \$41 million.

Total sustainable community investments for 2012 are forecast at \$26 million, in accordance with Centerra's Community Investment policy. Note that these costs are not included in total cash cost per ounce produced. (Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

Centerra has a history of investing in various community sustainable development and strategic investment projects in the countries and communities where it operates. For example in 2010, Boroo invested \$6.4 million towards the construction of a new maternity hospital in Ulaanbaatar and in 2011 Kumtor contributed \$10 million for the construction and repair of 27 schools throughout the Kyrgyz Republic. The Company intends to include sustainable community investment expenditures as part of its regular guidance.

### **Taxes**

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

The corporate income tax rate for Centerra's Mongolian subsidiary, BGC is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$2.2 million at the 2011 year-end foreign exchange rate) with a tax rate of 10% for taxable income up to that amount.

## Regulatory Matters

In January 2012, Centerra's wholly owned subsidiary, BGC, which owns the Boroo project, resolved the previously disclosed very significant claim for compensation that it received from the Mongolian General Department of Specialized Inspection ("SSIA") in October 2009 following the June 2009 inspection at the Boroo project. The claim related to certain mineral reserves, including state alluvial reserves, covered by the Boroo project licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Pursuant to the resolution, Boroo Gold LLC has accrued approximately \$2.6 million in its 2011 year-end statements. While this claim has been resolved, other regulatory issues remain outstanding in Mongolia, including the issuance of a final heap leach permit.

## Sensitivities

Centerra's revenues, earnings and cash flows for 2012 are sensitive to changes in certain variables and the Company has estimated their impact on revenues, net earnings and cash from operations.

	Change	Impact on (\$ millions)			
		Costs	Revenues	Cash flow	Earnings before income tax
Gold Price	\$50/oz	5.1	33.5	28.4	28.4
Diesel Fuel <sup>(1)</sup>	10%	7.1	-	7.1	7.1
Kyrgyz som	1 som	2.6	-	2.6	2.6
Mongolian tugrik	25 tugrik	1.2	-	1.2	1.2
Canadian dollar	10 cents	3.8	-	3.8	3.8

<sup>(1)</sup> a 10% change in diesel fuel price equals \$11/oz produced

## Major Assumptions

The following material assumptions have been used to forecast production, costs and future capital expenditures;

- a gold price of \$1,700 per ounce,
- exchange rates:
  - o \$1USD:\$1.01 CAD
  - o \$1USD:46.00 Kyrgyz Som
  - o \$1USD:1,235 Mongolian Tugrik
  - o \$1USD:0.74 Euro
- diesel fuel price assumption:
  - o \$0.71/litre at Kumtor
  - o \$1.13/litre at Boroo

The assumed diesel price of \$0.71/litre at Kumtor assumes that no Russian export duty will be paid on the fuel exports from Russia to the Kyrgyz Republic.

Diesel fuel is sourced from separate Russian suppliers for both sites and only loosely correlates with world oil prices. Political and supply pressures and policies may cause the average price of fuel from Russia to be higher. The diesel fuel price assumptions were made when the price of oil was approximately \$99 per barrel.

Other important assumptions include the following:

- Any recurrence of political and civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the remedial plan to deal with the Kumtor waste and ice movement continues to be successful, see "Kumtor Mine – Geotechnical Issues Affecting the Kumtor Open Pit" in the Company's most recently filed annual information form,
- no unplanned delays in or interruption of scheduled production from our mines, including due to civil unrest, natural phenomena, labour, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- any labour dispute that occurs at Kumtor does not impact the Company's mine plan regarding the stripping of cut-back 14A and subsequent access to the SB Zone in the third quarter,
- inflation rates in the countries where Centerra operates remain stable,
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licences and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, and results of operations or cash flows. See the sections entitled "Risk Factors" in the Company's most recently filed annual information form, available on SEDAR at [www.sedar.com](http://www.sedar.com) and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

### **Non-GAAP Measures**

This news release presents information about total cash cost of production of an ounce of gold and total production cost per ounce for the operating properties of Centerra. Except as otherwise noted, total cash cost per ounce produced is calculated by dividing total cash costs by gold ounces produced for the relevant period. Total production cost per ounce produced includes total cash cost plus depreciation, depletion and amortization divided by gold ounces produced for the relevant period. Total cash cost and total production cost per ounce produced are non-GAAP measures.

Total cash costs include mine operating costs such as mining, processing, administration, royalties and operating taxes (except at Kumtor where revenue-based taxes are excluded), 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 produced and total production cost per ounce produced have been included because certain investors use this information to assess performance and also to determine the ability of Centerra to generate cash flow for use in investing and other activities. The inclusion of total cash cost per ounce produced and total production cost per ounce produced may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

**Total Cash Cost per Ounce Produced and Total Production Cost per Ounce Produced can be reconciled as:**

(unaudited) (\$ millions, unless otherwise specified)	Year ended		Fourth Quarter	
	December 31,		(unaudited)	
	2011	2010	2011	2010
<b><i>Centerra:</i></b>				
Cost of sales, as reported	\$ 382.3	\$ 342.2	\$ 104.1	\$ 89.6
Less: Non-cash component	98.4	75.6	30.3	19.7
Cost of sales, cash component	\$ 283.9	\$ 266.6	\$ 73.8	\$ 70.0
Adjust for: Refining fees & by-product credits	(3.3)	(0.1)	(0.3)	(0.3)
Regional office administration	21.3	21.1	5.9	6.7
Mining Standby Costs	0.2	1.3	-	1.3
Non-operating costs	(14.2)	(0.1)	-	0.7
Inventory movement	34.4	10.1	11.9	(1.4)
Total cash cost - 100%	\$ 322.3	\$ 298.8	\$ 91.3	\$ 76.9
Depreciation, depletion, amortization and accretion	99.3	76.3	30.5	19.8
Inventory movement - non-cash	19.5	1.6	2.5	3.5
Total production cost - 100%	\$ 441.1	\$ 376.7	\$ 124.3	\$ 100.2
Ounces poured - 100% (000)	642.4	678.9	151.6	249.8
Total cash cost per ounce produced	\$ 502	\$ 440	\$ 603	\$ 308
Total production cost per ounce produced	\$ 687	\$ 555	\$ 820	\$ 401
<b><i>Kumtor:</i></b>				
Cost of sales, as reported	\$ 332.6	\$ 272.4	\$ 96.9	\$ 72.1
Less: Non-cash component	88.3	59.4	29.1	17.7
Cost of sales, cash component	\$ 244.3	\$ 213.0	\$ 67.7	\$ 54.4
Adjust for: Refining fees & by-product credits	(3.3)	(0.2)	(0.3)	(0.3)
Regional office administration	15.4	14.3	4.1	4.7
Mining Standby Costs	-	1.3	-	1.3
Non-operating costs	(14.2)	-	-	0.7
Inventory movement	39.1	3.6	8.9	(1.2)
Total cash cost - 100%	\$ 281.3	\$ 232.0	\$ 80.4	\$ 59.6
Depreciation, depletion, amortization and accretion	88.9	59.6	29.2	17.7
Inventory movement - non-cash	22.0	(0.5)	2.5	2.4
Total production cost - 100%	\$ 392.1	\$ 291.1	\$ 112.1	\$ 79.7
Ounces poured - 100% (000)	583.2	567.8	138.7	228.4
Total cash cost per ounce produced	\$ 482	\$ 409	\$ 580	\$ 261
Total production cost per ounce produced	\$ 673	\$ 513	\$ 808	\$ 349
<b><i>Boroo:</i></b>				
Cost of sales, as reported	\$ 49.7	\$ 69.8	\$ 7.2	\$ 17.5
Less: Non-cash component	10.1	16.2	1.1	2.0
Cost of sales, cash component	\$ 39.6	\$ 53.6	\$ 6.1	\$ 15.5
Adjust for: Refining fees & by-product credits	(0.1)	0.1	-	-
Regional office administration	6.0	6.7	1.8	2.0
Mining Standby Costs	0.2	-	-	-
Non-operating costs	-	(0.1)	-	-
Inventory movement	(4.7)	6.5	3.0	(0.2)
Total cash cost - 100%	\$ 41.1	\$ 66.8	\$ 10.9	\$ 17.3
Depreciation, depletion, amortization and accretion	10.4	16.7	1.3	2.1
Inventory movement - non-cash	(2.5)	2.1	-	1.1
Total production cost - 100%	\$ 49.0	\$ 85.6	\$ 12.2	\$ 20.5
Ounces poured - 100% (000)	59.2	111.1	12.9	21.4
Total cash cost per ounce produced	\$ 694	\$ 601	\$ 849	\$ 810
Total production cost per ounce produced	\$ 828	\$ 770	\$ 951	\$ 959

**Centerra Gold Inc.**  
**Consolidated Statement of Financial Position**

	December 31 2011	December 31 2010	January 1 2010
<b>(Expressed in Thousands of United States Dollars)</b>			
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 195,539	\$ 330,737	\$ 176,904
Short-term investments	372,667	82,278	145,971
Restricted cash	179	795	-
Amounts receivable	56,749	100,562	44,281
Inventories	279,944	181,633	151,822
Prepaid expenses	26,836	22,221	11,718
	<u>931,914</u>	<u>718,226</u>	<u>530,696</u>
Property, plant and equipment	590,151	519,019	382,250
Goodwill	129,705	129,705	129,705
Long-term receivables and other	24,674	17,299	6,554
Long-term inventories	12,174	12,877	23,120
Deferred income tax asset	-	3,367	62
	<u>756,704</u>	<u>682,267</u>	<u>541,691</u>
<b>Total assets</b>	<b>\$ 1,688,618</b>	<b>\$ 1,400,493</b>	<b>\$ 1,072,387</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 76,385	\$ 70,909	\$ 49,098
Revenue-based tax	15,178	25,489	29,355
Taxes payable	1,074	1,865	5,711
Current portion of provisions	1,848	9,553	7,399
	<u>94,485</u>	<u>107,816</u>	<u>91,563</u>
Provisions	53,777	30,880	26,546
Deferred income tax liability	1,897	-	8,700
	<u>55,674</u>	<u>30,880</u>	<u>35,246</u>
<b>Shareholders' equity</b>			
Share capital	660,117	655,178	646,081
Contributed surplus	33,994	33,827	35,376
Retained earnings	844,348	572,792	264,121
	<u>1,538,459</u>	<u>1,261,797</u>	<u>945,578</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,688,618</b>	<b>\$ 1,400,493</b>	<b>\$ 1,072,387</b>

Centerra Gold Inc.

Condensed Consolidated Statements of Earnings and Comprehensive Income

(Unaudited)

	Three months ended		Twelve months ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>(Expressed in Thousands of United States Dollars, except per share amounts)</b>				
<b>Revenue from Gold Sales</b>	\$ 247,962	\$ 322,225	\$ 1,020,344	\$ 849,753
Cost of sales	104,083	89,611	382,295	342,190
Mine standby costs	-	1,280	213	1,280
Regional office administration	5,929	6,709	21,322	21,074
<b>Earnings from mine operations</b>	<b>137,950</b>	<b>224,625</b>	<b>616,514</b>	<b>485,209</b>
Revenue based taxes	33,558	40,452	131,750	98,597
Other operating expenses	3,894	6,327	15,471	7,987
Exploration and business development	11,069	11,745	42,894	32,446
Corporate administration	10,279	18,654	44,902	52,270
<b>Earnings from operations</b>	<b>79,150</b>	<b>147,447</b>	<b>381,497</b>	<b>293,909</b>
Other (income) and expenses	(1,677)	210	(1,056)	590
Finance costs	521	440	3,545	1,467
Gain on sale of mineral property	-	-	-	(34,866)
<b>Earnings before income taxes</b>	<b>80,306</b>	<b>146,797</b>	<b>379,008</b>	<b>326,718</b>
Income tax expense (recovery)	894	(3,962)	8,130	4,427
<b>Net earnings and comprehensive income</b>	<b>\$ 79,412</b>	<b>\$ 150,759</b>	<b>\$ 370,878</b>	<b>\$ 322,291</b>
<b>Basic and diluted earnings per common share</b>	<b>\$ 0.34</b>	<b>\$ 0.65</b>	<b>\$ 1.57</b>	<b>\$ 1.37</b>

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

	Three months ended		Twelve months ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>(Expressed in Thousands of United States Dollars)</b>				
<b>Operating activities</b>				
Net earnings	\$ 79,412	\$ 150,759	\$ 370,878	\$ 322,291
Items not requiring (providing) cash:				
Depreciation, depletion and amortization	30,366	19,793	98,840	76,087
Finance costs	521	440	3,545	1,467
Loss on disposal of plant and equipment	383	598	1,305	1,964
Gain on disposal of REN property	-	-	-	(34,866)
Stock - based compensation expense	483	282	1,759	1,107
Change in long-term inventory	-	17,431	703	10,243
Provision	(12,481)	-	-	-
Income tax expense	894	(3,962)	8,130	4,427
Other operating items	(251)	(595)	(2,430)	(1,622)
	<b>99,328</b>	184,746	<b>482,730</b>	381,098
Change in operating working capital	(40,560)	(51,931)	(44,150)	(79,778)
Income tax (paid) recovery	1,546	(3,346)	(3,657)	(20,279)
<b>Cash provided by operations</b>	<b>60,313</b>	129,469	<b>434,923</b>	281,041
<b>Investing activities</b>				
Net movement in restricted cash	(19)	795	(616)	795
Additions to property, plant and equipment	(29,833)	(59,123)	(175,155)	(208,224)
Net (purchase) redemption of short-term investments	(106,971)	(30,023)	(290,389)	63,693
Long-term other assets	77	6,388	(7,375)	(10,745)
Proceeds from disposition of REN property	-	-	-	34,866
Proceeds from disposition of fixed assets	11	-	19	44
<b>Cash used in investing</b>	<b>(136,734)</b>	(81,963)	<b>(473,516)</b>	(119,571)
<b>Financing activities</b>				
Dividends paid	-	-	(99,322)	(13,620)
payment of transaction costs related to borrowing	(57)	(356)	(630)	(458)
Proceeds from common shares issued for cash	321	1,184	3,347	6,441
<b>Cash provided by (used in) financing</b>	<b>264</b>	828	<b>(96,605)</b>	(7,637)
(Decrease) Increase in cash and cash equivalents during the period	(76,157)	48,334	(135,198)	153,833
Cash and cash equivalents at beginning of the period	271,696	282,403	330,737	176,904
<b>Cash and cash equivalents at end of the Period</b>	<b>\$ 195,539</b>	\$ 330,737	<b>\$ 195,539</b>	\$ 330,737
<b>Cash and cash equivalents consist of:</b>				
Cash	\$ 75,193	\$ 81,314	\$ 75,193	\$ 81,314
Cash equivalents	120,346	249,423	120,346	249,423
	<b>\$ 195,539</b>	\$ 330,737	<b>\$ 195,539</b>	\$ 330,737

Centerra Gold Inc.  
Condensed Consolidated Statements of Shareholders' Equity  
(Unaudited)

(Expressed in Thousands of United States Dollars, except share information)

	Number of Common Shares	Amount	Contributed Surplus	Retained Earnings	Total
<b>Balance at January 1, 2010</b>	234,857,228	\$ 646,081	\$ 35,376	\$ 264,121	\$ 945,578
Stock-based compensation expense	-	-	1,107	-	1,107
Shares issued on exercised of stock options	1,012,169	9,097	(2,656)	-	6,441
Dividend declared	-	-	-	(13,620)	(13,620)
Net earnings for the period	-	-	-	322,291	322,291
<b>Balance at December 31, 2010</b>	235,869,397	\$ 655,178	\$ 33,827	\$ 572,792	\$ 1,261,797
Stock-based compensation expense	-	-	1,759	-	1,759
Shares issued on exercised of stock options	469,644	4,939	(1,592)	-	3,347
Dividend declared	-	-	-	(99,322)	(99,322)
Net earnings for the period	-	-	-	370,878	370,878
<b>Balance at December 31, 2011</b>	236,339,041	\$ 660,117	\$ 33,994	\$ 844,349	\$ 1,538,460

*To view the 2011 Management's Discussion and Analysis and the Audited Financial Statements and Notes for the year-ended December 31, 2011, please visit the following link: <http://media3.marketwire.com/docs/CG2011MDAFS.pdf>*

The 2011 Audited Financial Statements and Notes and Management's Discussion and Analysis for the year-ended December 31, 2011 have been filed on the System for Electronic Document Analysis and Retrieval ('SEDAR') at [www.sedar.com](http://www.sedar.com) and are available at the Company's web site at: [www.centerragold.com](http://www.centerragold.com)

## **Qualified Person & QA/QC**

The reserves and resources estimates and 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 Senior Vice-President, Global Exploration, who is the qualified person for the purpose of NI 43-101. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the exploration drilling programs are done consistent with industry standards and independent certified assay labs are used with the exception of the Kumtor project as described in its technical report.

The Kumtor deposit is described in Centerra’s most recently filed AIF and a technical report dated March 22, 2011 prepared in accordance with NI 43-101. The technical report has been filed on SEDAR at [www.sedar.com](http://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.

The Boroo deposit is described in Centerra’s most recently filed AIF and a technical report dated December 17, 2009 prepared in accordance with NI 43-101, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Boroo deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Boroo site are the same as, or similar to, those described in the technical report.

The Gatsuurt deposit is described in the Company’s most recently filed AIF and in a technical report dated May 9, 2006 prepared in accordance with NI 43-101. The technical report has been filed on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report describes the exploration history, geology and style of gold mineralization at the Gatsuurt deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Gatsuurt project are the same as, or similar to, those described in the technical report or AIF.

## **Cautionary Note Regarding Forward-looking Information**

Information contained in this news release which is not statements of historical facts, and the documents incorporated by reference herein, may be “forward looking information” for the purposes of Canadian securities laws. Such forward looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things, the statements made under the heading, “2012 Outlook”, including the Company’s expectations regarding future growth, results of operations, future production and sales, operating capital expenditures, and performance; expected trends in the gold market, including with respect to costs of gold production; capital and operational expenses for 2012 and the ability to fund them from cash flow or to access public markets (and its ability to do so successfully); exploration plans for 2012 and the success thereof; mining plans at each of the Company’s operations; the receipt of permitting and regulatory approvals at the Company’s Gatsuurt development property; the impact of the Water and Forest Law on the Company’s Mongolian activities; the

application of the new graduated royalty fee regime under the 2006 Mongolian Minerals Law to the Company's Mongolian properties; permitting of the Company's heap leach activities at the Boroo mine; anticipated delays and approvals and regulatory commissioning of the Company's Gatsuurt development property as a result of the Water and Forest Law; the continued success with the management of ice and water movement at Kumtor; the Company's business and political environment and business prospects; and the timing and development of new deposits.

Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Material assumptions used to forecast production and costs include those described under the heading "2012 Outlook". Factors that could cause actual results or events to differ materially from current expectations include, among other things: the sensitivity of the Company's business to the volatility of gold prices; the political risks associated with the Company's principal operations in the Kyrgyz Republic and Mongolia; the impact of changes in, or more oppressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates; the effect of the 2006 Mongolian Minerals Law; the effect of the November 2010 amendments to the 2006 Mongolian Minerals Law on the royalty payments payable in connection with the Company's Mongolian operations; the effect of the Water and Forest Law on the Company's operations in Mongolia; the impact of continued scrutiny from Mongolian regulatory authorities; the impact of changes to, or the increased enforcement of, environmental laws and regulations relating to the Company's operations; the Company's ability to replace its reserves; ground movements at the Kumtor Mine; waste and ice movement at the Kumtor Mine; litigation; the accuracy of the Company's reserves and resources estimate; the accuracy of the Company's production and cost estimates; the success of the Company's future exploration and development activities; competition for mineral acquisition opportunities; the adequacy of the Company's insurance; environmental, health and safety risks; defects in title in connection with the Company's properties; the impact of restrictive covenants in the Company's revolving credit facility; the Company's ability to successfully renew any collective agreements and to avoid any labour disturbances; the Company's ability to successfully negotiate an investment agreement for the Gatsuurt development property and the Company's ability to obtain all necessary permits and commissions needed to commence mining activity at the Gatsuurt development property; seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic and Mongolia; long lead times required for equipment and supplies given the remote location of the Company's properties; illegal mining on the Company's Mongolian properties; the Company's ability to enforce its legal rights; the Company's ability to accurately predict decommissioning and reclamation costs; the Company's ability to obtain future financing; the impact of current global financial conditions; the impact of currency fluctuations; the effect of recent market conditions on the Company's short-term investments; the Company's ability to attract and retain qualified personnel; the Company's ability to make payments including payments of principal and interest on the Company's debt facilities; risks associated with the conduct of joint ventures; risks associated with the Company's largest shareholder, the Kyrgyz government; and possible director conflicts of interest. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's most recently filed AIF available on SEDAR at [www.sedar.com](http://www.sedar.com).

Furthermore, market price fluctuations in gold, as well as increased capital or production costs or reduced recovery rates may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. Economic and technological factors which may change over time always influence the evaluation of reserves or resources.

Centerra has not adjusted mineral resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any mineral resource estimate will ultimately be reclassified as proven and probable reserves.

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

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

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

There can be no assurances that forward looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward looking information is as of February 23, 2012. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward looking information, except as required by applicable law.

## **About Centerra**

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

Additional information on Centerra is available on the Company's website at [www.centerragold.com](http://www.centerragold.com) and at SEDAR at [www.sedar.com](http://www.sedar.com).

### **Conference Call**

Centerra invites you to join its 2011 fourth quarter, year-end conference call on Friday, February 24, 2012 at 10:30AM Eastern Time. The call is open to all investors and the media. To join the call, please dial Toll-Free in North America (800) 895-5087 or International callers dial +1 (212) 231-2903. Alternatively, an audio feed web cast will be available on [www.centerragold.com](http://www.centerragold.com). A recording of the call will be available on [www.centerragold.com](http://www.centerragold.com) shortly after the call, and via telephone until midnight on Friday, March 2, 2012 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21574348.

### **For more information:**

John W. Pearson  
Vice President, Investor Relations  
(416) 204-1241  
[john.pearson@centerragold.com](mailto:john.pearson@centerragold.com)

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