



NEWS RELEASE

Centerra Gold Reports 2010 Gold Production of 678,941 ounces

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 4 and in our Cautionary Note Regarding Forward-looking Information on page 5. All figures are in United States dollars.

Toronto, Canada, January 6, 2011: Centerra Gold Inc. (TSX: CG) today announced that its 2010 consolidated gold production totalled 678,941 ounces, which includes 249,866 ounces of gold produced in the fourth quarter of 2010.

2010 Quarterly Gold Production

Gold Production <i>Ounces of gold</i>	First Quarter 2010	Second Quarter 2010	Third Quarter 2010	Fourth Quarter 2010	Full-Year 2010
Kumtor mine	180,562	90,050	68,757	228,433	567,802
Boroo mine	30,477	31,678	27,551	21,433	111,139
Total	211,039	121,728	96,308	249,866	678,941

Steve Lang, President and CEO of Centerra stated, “As expected we had another strong fourth quarter, despite a 10-day shutdown at Kumtor, enabling the Company to achieve its 2010 production guidance. For our 2011 gold production guidance we have not included any production from the heap leach facility at Boroo and our Gatsuurt development project. Continued delays in receiving the final permits and approvals including the regulatory commissioning of the Gatsuurt project, pending the resolution of the Water and Forest Law in Mongolia, makes it difficult to predict the timing of the start of production. We continue to expand our exploration and business development efforts as we look for additional operating platforms in an effort to increase our future gold production and help us achieve our goal of producing 1.5 million ounces of gold annually.”

2011 Outlook

Centerra's gold production and unit costs for 2011 are forecast as follows:

	2011 Production Forecast (ounces of gold)	2011 Total Cash Cost ⁽¹⁾ (\$ per ounce produced)
Kumtor	550,000 – 600,000	430 – 460
Boroo	approx. 50,000	approx. 865
Consolidated	600,000 – 650,000	460 – 495

(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 exclude amortization, reclamation costs, financing costs, capital development and exploration.

Centerra's 2011 consolidated gold production is forecast to be in the 600,000 to 650,000 ounce range. The Kumtor mine is expected to produce between 550,000 to 600,000 ounces in 2011. The production profile at Kumtor differs significantly from recent years in that it will have consistent quarterly production throughout the year.

At the Boroo mine, gold production is forecast to be approximately 50,000 ounces and assumes no mining activities at Boroo in 2011. The 2011 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 the remaining direct mill feed stockpiled ore at Boroo until the end of May 2011 with an average grade of approximately 1.44 g/t. For the balance of the year, the Boroo mill is expected to process stockpiled material with grades between 0.76 – 0.81 g/t.

Receipt of the final heap leach operating permit would add approximately 4,000 ounces of gold a month. At Gatsuurt, the project is ready to begin production of the oxide ore on receipt of the final approvals and regulatory commissioning.

2011 Exploration Expenditures

Exploration expenditures of \$34 million are planned for 2011, an increase from \$30 million in 2010. The 2011 program will continue the aggressive exploration work at the Kumtor mine together with an increase in the exploration in the Kumtor district with target definition and drilling programs on the properties acquired in 2010 and planned expenditures of about \$13 million. In Mongolia \$5 million is allocated for target definition and drill programs on the Gatsuurt project and on our land holdings along the Yeroogol trend and in eastern Mongolia.

In 2011, drilling programs will continue on the Kara Beldyr project in Russia to determine the resource potential of the property. Drilling programs will also continue in Turkey and Nevada. In addition, generative programs will continue in Russia, China, Turkey and the U.S. to increase the pipeline of projects that the Company is developing to meet the longer term growth targets of Centerra.

2011 Capital Expenditures

The capital expenditures for 2011 are estimated to be \$213 million, including \$38 million of sustaining capital and \$175 million of growth capital.

Capital expenditures include:

Projects	2011 Growth Capital (millions of dollars)	2011 Sustaining Capital (millions of dollars)
Kumtor mine	\$170	\$36
Mongolia	\$5	\$1
Corporate	-	\$1
Consolidated Total	\$175	\$38

Kumtor

At Kumtor, during 2011 total capital expenditures are forecast to be \$206 million including \$36 million of sustaining capital. The largest sustaining capital spending will be on the major overhaul maintenance of the heavy duty mine equipment (\$19 million), expenditures for the shear key, buttress and tailings dam construction works (\$5 million) and for equipment replacement and other items (\$12 million).

Growth capital investment at Kumtor for 2011 is forecast at \$170 million primarily for the purchase of seven CAT 789 haul trucks (\$21 million), purchase of remaining equipment for the North Wall expansion project (\$28 million), pre-strip costs related to the development of the open pit (\$63 million) and a waste dump expansion project (\$3 million). Also, \$52 million is included in growth capital investment for the underground growth capital, to continue to develop the SB Zone and Stockwork Zone, as well as, for delineation drilling and capital purchases in 2011.

Boroo & Gatsuurt (Mongolia)

At Boroo, 2011 sustaining capital expenditures are expected to be \$1 million and growth capital is forecast at \$5 million primarily for the tailings dam construction to expand the capacity of the Boroo tailings facility to allow treatment of waste from processing of the oxide and sulphide ore from the Gatsuurt project.

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 oxide 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.

Corporate Administration

Corporate and administration expenses for 2011 are forecast at \$44 million.

Major Assumptions

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

- a gold price of \$1,300 per ounce,
- exchange rates:
 - \$1USD:\$1.03 CAD
 - \$1USD:48.50 Kyrgyz Som
 - \$1USD:1,250 Mongolian Tugrik
 - \$1USD:0.74 Euro
- diesel fuel price assumption:
 - \$0.78/litre at Kumtor
 - \$0.94/litre at Boroo

The assumed diesel price of \$0.78/litre at Kumtor includes a customs export duty imposed by the Russian authorities on the diesel fuel exported to the Kyrgyz Republic. Russia imposed a customs duty of approximately \$194 per tonne on gasoline and diesel fuel exports to the Kyrgyz Republic that went into effect on April 1, 2010. The customs export duty for 2011 is assumed to be at approximately \$0.18/litre or \$212.77 per tonne of diesel fuel; however, there has been public statements made by Kyrgyz authorities that it could be revoked retroactive to January 1, 2011. Should the Russian authorities revoke the customs export duty, Kumtor's cash costs are expected to decrease by approximately \$17 million.

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 made when the price of oil was approximately \$84 per barrel.

Other important assumptions include the following:

- no recurrence of political and civil unrest in the Kyrgyz Republic and it does 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 is successful, see "Kumtor Mine - Remedial Plan to Manage the High Movement Area" in the Company's December 7, 2009 news release,
- 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,
- certain issues at Boroo raised by the General Department of Specialized Inspection ("SSIA") concerning state alluvial reserves, the production and sale of gold from the Boroo heap leach facility and other matters will be resolved through negotiation without material adverse

impact on the Company, see "Other Corporate Developments, Mongolia, Mongolian Regulatory Matters" in the Company's MDA for the period ended September 30, 2010,

- 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 "Recent Developments" and "Risk Factors" in the Company's most recently filed annual information form, available on SEDAR at www.sedar.com and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

Qualified Person

The production information 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.

The Kumtor deposit is described in a technical report dated December 16, 2009 prepared in accordance with NI 43-101. The technical report has 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.

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

Cautionary Note Regarding Forward-looking Information

This news release and the documents referred to herein contain statements which are not statements of current or historical facts and are "forward-looking information" within the meaning of applicable 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. Wherever possible, words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget",

“forecast”, “projections”, “estimate”, “may”, “will”, “schedule”, “potential”, “strategy” 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 as of the date of this news release based on 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. 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.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks relating to the recent political and civil unrest in the Kyrgyz Republic, risks related to the creep of ice and waste movement into the Kumtor open-pit, the resolution of issues at the Boroo mine raised by the Mongolian SSIA concerning alluvial reserves and matters relating to the suspension of the Boroo licenses in June 2009, the potential impact of Mongolian legislation prohibiting mineral activity in water basins and forest areas on the Gatsuurt project, the threatened termination of the stability agreement with the Mongolian Government in relation to the Boroo mine, the receipt of a final permit to operate the heap leach operation at the Boroo mine, fluctuations in gold prices, replacement of mineral reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, political 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, the ability to renew and obtain licenses, permits and other rights, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel and the receipt of all permitting and commissioning requirements for the Gatsuurt mine. In addition, material assumptions used to forecast production and costs include those described above under the heading “Major Assumptions”. 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 and Annual Management’s Discussion and Analysis available on SEDAR at 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.

Centerra's mineral reserve and mineral resource figures 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 mineral 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 mineral reserve and mineral resource estimates are well established and the best estimates of Centerra's management, by their nature mineral reserve and mineral resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences which may ultimately prove unreliable. If Centerra's reserve or reserve estimates for its properties are inaccurate or are reduced in the future, this could have an adverse impact on Centerra's future cash flows, earnings, results or 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 January 6, 2010. 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 operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. Centerra is a leading North American-based gold producer and 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 headquartered in Toronto, Canada.

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

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