

centerra**GOLD**



NEWS RELEASE

Centerra Gold - Kumtor Mine Reserves Increase 58% to 9.7 Million Ounces of Gold 5 Year Extension of the Life-of-Mine to 2026

All figures are in United States dollars

Toronto, Canada – November 7, 2012: Centerra Gold Inc. (TSX: CG) announces the results of its technical and financial study regarding expanding the Central open pit at the Kumtor mine in the Kyrgyz Republic.

- Increased Proven and Probable reserves by 58% or 3.6 million contained ounces of gold, total open pit reserves of 9.7 million contained ounces of gold,
- Extended mine life by 5 years, life-of-mine plan (LOM) for the KS-13 open pit extends open pit mining to 2023 and milling operations to 2026,
- Optimized LOM open pit plan while maintaining future underground development option,
- Consistent annual gold production averaging 650,000 ounces for the first 10 years,
- Expand mill throughput by 18% in 2016 to 6.7 million tonnes per annum (approximately 18,400 tonnes per day),
- LOM expansion capital of \$169 million and \$557 million of sustaining capital, excluding pre-strip capital,
- Total LOM operating cost, pre-stripping and capital cost of \$728 per ounce¹, excluding revenue-based tax; \$917 per ounce including revenue-based tax at \$1,350 per ounce gold price,
- Net present value (NPV) of \$1.9 billion at a 8% discount rate using a gold price of \$1,350 per ounce; and a NPV of \$3.4 billion using a gold price of \$1,700 per ounce.

(1) Non-GAAP measure, includes all operating costs and capital (expansion, sustaining and pre-stripping capital) costs (see “Non-GAAP Measures”).

An estimated 3.6 million ounces of proven and probable reserves have been added with the new LOM. After accounting for processing of 172,000 ounces of contained gold to September 30, 2012, Kumtor’s proven and probable mineral reserves now total 9.7 million ounces of contained gold. The new LOM plan is expected to provide a more consistent quarterly production profile after 2013 and is based only on open-pit mineral reserves. There continues to be an opportunity for underground mining beneath the new LOM open pit that will require further exploration drilling and completion of detailed technical studies (please see plan maps, longitudinal and cross sections, available at: <http://media3.marketwire.com/docs/KumtorSectionsKS13Maps.pdf>).

Using a gold price of \$1,350 per ounce and a discount rate of 8%, the new Kumtor open-pit LOM has an NPV of approximately \$1.9 billion. The new LOM plan is expected to result in the payment of approximately \$1.5 billion in revenue-based taxes, based on \$1,350 per ounce gold,

along with significant other benefits to the Kyrgyz Republic such as continued local employment, extended procurement of local goods and services and continued support for community sustainable development.

The new Kumtor reserves and LOM incorporate the revised production guidance for the fourth quarter of 2012 as described in the Company's third quarter news release issued on November 7, 2012.

Summary of Kumtor expanded pit analysis

Proven and Probable Reserves	93.1 million tonnes at 3.3 g/t gold, 9.7 million contained ounces
Mine life	14 years
Average milling rate	17,500 tonnes per day increasing to 18,400 tonnes per day in 2016
Metallurgical recovery	80.9%
Average annual gold production first 10 years	650,000 ounces
Total ounces produced	7.9 million ounces
Reserve gold price	\$1,350 per ounce
Expansion capital	\$169 million
Sustaining capital	\$557 million
Pre-stripping capital	\$1.7 billion
NPV (8% discount)	\$1.9 billion

Ian Atkinson, President and CEO of Centerra Gold stated, "We are very excited with the outcome of the technical and financial study of expanding the limits of the ultimate Central open pit at Kumtor. The new KS-13 open pit significantly increases the NPV of the Kumtor project, adds significantly to the open pit reserves and has extended Kumtor's mine life. The study optimized the mine plan to maximize the value at a lower risk profile. The increase in the open pit reserves is entirely within the Central Pit and is a result of the successful exploration drilling of the SB Zone over the last three years, which has doubled the strike length of the SB Zone and extended the SB Zone resource down dip, resulting in an expansion of resources. This expansion of the resources, in conjunction with the decision made in March of this year to unload the ice above the Southeast highwall of the Central Pit, has created the opportunity to expand the Central Pit with the resulting significant increase in reserves, extension of the mine life and increase in the project NPV. The increase in reserves and mine life will provide significant tax revenue to the Kyrgyz Republic of approximately \$1.5 billion based on a gold price of \$1,350, along with significant employment, community development and other benefits over the life of the mine."

Kumtor's proven and probable reserves have increased to 9.7 million contained ounces of gold with the expanded pit, which converts 1.2 million ounces of SB underground inferred resource into reserves. The expanded open pit captures an additional 2.0 million ounces in reserves which were below the underground cut-off grade of 6.0 g/t. While the expanded pit encompasses a significant part of the existing SB inferred resources, the

option of developing an underground project in the Stockwork Zone and the deeper extensions of the SB Zone has been maintained. Currently, close to 1.9 million contained ounces of inferred high-grade underground resources remain below the expanded KS-13 pit bottom. Exploration continues to test the down dip extension of the SB Zone. The Company will assess the opportunities to develop both the Stockwork and SB Zones underground once mining of the SB Zone is completed in the open pit.

The decision to invest in the development of the underground decline was made in late-2006 to explore and develop the down-dip extension of the high-grade SB Zone. Since that time a number of factors and events including exploration drilling from surface and underground, in particular since 2009, which has expanded the resource significantly, the substantial increase in the gold price and the decision to unload the ice in the high movement area announced in March 2012, created the opportunity for an expanded open pit which has generated a significant increase in the value of the Kumtor project. The new KS-13 open pit design will consume most of the existing underground infrastructure and will therefore require an accounting charge (de-recognition) of between \$175 million and \$190 million, which the Company will recognize in the fourth quarter of 2012.

Total capital required to develop the new LOM at Kumtor is \$726 million of which \$169 million is expansion capital related to the purchase of additional mining equipment, expansion of the tailings management facility and the expansion of the mill. Sustaining capital increased to \$557 million due to the expanded fleet size and increased mine life. The LOM operating and capital cost including pre-stripping capital is \$728 per ounce.

The new Kumtor LOM plan is expected to produce the following cash flow:

Free Cash Flow (undiscounted)

	\$ millions	\$ per ounce
Gross revenue ¹	\$10,682	\$1,356
Operating costs	\$3,325	\$422
Pre-stripping capital	<u>\$1,684</u>	<u>\$214</u>
Operating cost and pre-stripping	\$5,009	\$636
Sustaining capital	\$557	\$71
Expansion capital	<u>\$169</u>	<u>\$21</u>
Total capital	<u>\$726</u>	<u>\$92</u>
Operating cost, pre-stripping and capital	\$5,735	\$728
Net cash before revenue-based tax	\$4,947	\$628
Revenue-based tax	\$1,489	\$189
Free cash Flow²	\$3,458	\$439

1. Assumes \$1,350 per ounce gold price including silver credits

2. Free cash flow is cash flow after all operating costs, capital and taxes (see “Non-GAAP Measures”).

Sensitivities to the gold price and discount rate are as follows:

Sensitivities of Mine Net Present Value to Gold Price and Discount Rate
(millions of dollars)

Gold Price (\$/ounce)	Discount Rate			
	0%	5%	8%	10%
\$1,350	\$3,458	\$2,383	\$1,949	\$1,720
\$1,500	\$4,479	\$3,111	\$2,556	\$2,261
\$1,700	\$5,841	\$4,082	\$3,365	\$2,983
\$2,000	\$7,884	\$5,537	\$4,578	\$4,066

Sensitivities to other Variables¹
(millions of dollars)

Variable	Operating Costs ²	Capital Costs	Gold Grade
+10%	\$1,648	\$1,900	\$2,584
Base Case	\$1,949	\$1,949	\$1,949
-10%	\$2,251	\$1,999	\$1,315

1. Assumes \$1,350 per ounce gold and 8% discount rate.
2. Operating costs including pre-stripping capital.

An updated National Instrument 43-101 technical report for the Kumtor project will be filed on SEDAR at www.sedar.com and the Company's website at www.centerragold.com before December 21, 2012.

Kumtor KS-13 Life-of-Mine Plan

- Overall mining production rates are expected to average 454,000 tonnes of ore and waste per day to a peak level of 537,000 tonnes of ore and waste per day in 2014 before declining in subsequent years.
- Mine plan includes continued management of ice.
- The ultimate pit bottom of the SB Zone section of the pit is expected to be at the 3,500 metre elevation, compared to the prior mine plan of 3,618 metre elevation. The ultimate pit bottom in the Stockwork Zone will remain at the 3,722 metre elevation level.
- Mining costs of \$1.55 per tonne, which includes pre-stripping capital and the cost of managing the ice.
- The expansion of the open pit and the increased mine life will require additional mining equipment (25 trucks and 1 shovel), a mill expansion and increased tailings capacity at a cost of \$169 million. Sustaining capital of \$557 million reflects the increase in the size of the mining fleet and the extended mine life.

- An expansion of the mill throughput is planned to average 18,400 tonnes per day (6.7 million tonnes per year) beginning in 2016. Approximately \$35 million of capital is required to add additional grinding and additional flotation capacity to achieve this throughput.

The new Kumtor LOM plan is based only on open pit reserves and has no provision for production from the underground resources.

Mine and Mill Production Forecast ^{(1) (2) (3)}
(Thousands of tonnes of ore and waste and ounces of gold)

		2012 Jan 1 to Sept 30 Actuals	2012 Oct 1 to Dec 31 Forecast	2013	2014	2015	2016	2017	2018	2019
Mining Central Pit										
Ore	Tonnes	491	5,230	7,785	3,338	8,686	8,725	6,398	8,192	10,824
Grade	Au (g/t)	2.1	3.1	3.9	5.2	3.0	3.3	3.7	2.4	2.9
Contained Au	Ounces	33	525	976	559	827	928	765	624	993
Waste	Tonnes	108,934	32,190	180,457	192,861	184,734	174,202	176,083	136,815	171,575
Strip Ratio		222	6.2	23.2	57.8	21.3	20.0	27.5	16.7	15.9
Mining Sarytor and SW Pits										
Ore	Tonnes	-	-	-	-	-	-	-	2,374	-
Grade	Au (g/t)	-	-	-	-	-	-	-	3.5	-
Contained Au	Ounce	-	-	-	-	-	-	-	270	-
Waste	Tonnes	-	-	-	-	-	-	-	34,950	-
Strip Ratio		-	-	-	-	-	-	-	14.7	-
Stockpile Closing Inventory										
Ore	Tonnes	233	3,828	5,722	3,139	5,934	7,934	7,607	11,448	15,547
Grade	Au (g/t)	1.7	2.1	2.8	2.8	1.7	1.7	1.7	1.3	1.4
Contained Au	Ounces	13	261	512	280	318	445	408	489	682
Milling										
Tonnes Processed	Tonnes	3,209	1,635	5,891	5,921	5,891	6,725	6,725	6,725	6,725
Feed Grade	Au (g/t)	1.7	5.3	3.8	4.2	4.2	3.7	3.7	3.8	3.7
Contained Au	Ounces	172	277	726	791	789	801	802	813	800
Plant Recovery	%	72.6	82.3	82.7	83.5	83.8	82.4	82.6	81.8	83.0
Recovered Gold	Au (oz)	125	228	600	660	661	660	663	665	664
		2020	2021	2022	2023	2024	2025	2026	Total^{(1) (3)}	
Mining Central Pit										
Ore	Tonnes	4,265	5,681	9,457	-	-	-	-	-	78,581
Grade	Au (g/t)	5.0	3.7	3.3	-	-	-	-	-	3.4
Contained Au	Ounces	682	683	1,009	-	-	-	-	-	8,572
Waste	Tonnes	142,066	122,068	35,348	-	-	-	-	-	1,548,397
Strip Ratio		33.3	21.5	3.7	-	-	-	-	-	19.7
Mining Sarytor and SW Pits										
Ore	Tonnes	104	5,212	-	6,577	-	-	-	-	14,267
Grade	Au (g/t)	1.6	2.4	-	2.3	-	-	-	-	2.5
Contained Au	Ounces	5	394	-	476	-	-	-	-	1,145
Waste	Tonnes	36,495	49,037	64,007	53,533	-	-	-	-	238,092
Strip Ratio		350.9	9.4	-	8.1	-	-	-	-	16.7
Stockpile Closing Inventory										
Ore	Tonnes	13,191	17,359	20,091	19,943	13,218	6,493	-	-	-
Grade	Au (g/t)	1.4	1.5	1.7	1.4	1.0	0.9	-	-	-
Contained Au	Ounces	576	853	1,066	869	426	189	-	-	-
Milling										
Tonnes Processed	Tonnes	6,725	6,725	6,725	6,725	6,725	6,725	6,493	-	93,081
Feed Grade	Au (g/t)	3.7	3.7	3.7	3.1	2.1	1.1	0.9	-	3.3
Contained Au	Ounces	793	800	797	672	443	237	189	-	9,730
Plant Recovery	%	83.0	82.9	83.4	78.3	70.1	61.0	56.9	-	80.9
Recovered Gold	Au (oz)	658	663	664	526	311	145	107	-	7,875

(1) Totals are for forecasted production from October 1, 2012 to life-of-mine. 2012 actuals from January 1st, 2012 to September 30th, 2012 have not been included in totals.

(2) A conversion factor of 31.10348 grams per ounce of gold is used in the reserve and resource estimates.

(3) Numbers may not add up due to rounding.

Kumtor Projected Operating and Capital Costs, From October 1, 2012 – 2026
(Thousands of dollars, tonnes of ore and waste and ounces of gold,
except per tonne and per ounce amounts)

		2012	2013	2014	2015	2016	2017	2018	2019
		Oct 1 to Dec 31							
PRODUCTION									
Mining Operating	Tonnes	18,082	39,134	34,812	115,031	122,843	17,981	125,936	82,899
Mining Capital Pre-strip	Tonnes	19,338	149,108	161,388	78,389	60,084	164,500	56,394	99,500
Mining Total	Tonnes	37,420	188,242	196,199	193,420	182,927	182,481	182,330	182,399
Milling	Tonnes	1,635	5,891	5,921	5,891	6,725	6,725	6,725	6,725
Gold Production	Ounces	228	600	660	661	660	663	665	664
DIRECT OPERATING COSTS									
Mining Operating	(\$)	\$30,570	\$61,349	\$53,788	\$176,007	\$192,231	\$28,307	\$192,645	\$124,915
Milling	(\$)	\$17,560	\$70,317	\$71,159	\$70,996	\$77,198	\$77,198	\$77,198	\$77,198
Administration	(\$)	\$17,544	\$77,720	\$75,924	\$76,060	\$76,387	\$76,210	\$75,936	\$75,722
Refining and Other	(\$)	\$3,429	\$5,862	\$6,307	\$6,311	\$6,266	\$6,285	\$6,299	\$6,293
Total Direct Operating	(\$)	\$69,102	\$215,248	\$207,178	\$329,374	\$352,082	\$187,999	\$352,077	\$284,127
Direct Cash Cost per	(\$/oz)	\$303	\$359	\$314	\$498	\$533	\$284	\$530	\$428
OTHER PRODUCTION COSTS									
Mining Capital Pre-Strip	(\$)	\$36,747	\$213,311	\$248,435	\$119,755	\$93,898	\$256,926	\$86,165	\$149,911
Revenue Based taxes	(\$)	\$43,082	\$113,461	\$124,807	\$124,897	\$124,798	\$125,273	\$125,624	\$125,478
Total Other Production	(\$)	\$79,829	\$326,773	\$373,242	\$244,652	\$218,696	\$382,199	\$211,789	\$275,390
Total Direct And Other Cash Costs Per Ounce	(\$/oz)	\$653	\$903	\$879	\$869	\$864	\$860	\$848	\$843
CAPITAL COSTS									
Open Pit Sustaining	(\$)	\$55,025	\$48,787	\$50,177	\$40,989	\$60,265	\$67,479	\$42,442	\$47,386
Open Pit Growth Capital	(\$)	\$0	\$26,199	\$94,022	\$42,800	\$3,100	\$3,000	\$0	\$0
Total Capital	(\$)	\$55,025	\$74,986	\$144,199	\$83,789	\$63,365	\$70,479	\$42,442	\$47,386
UNIT COSTS									
Mining Operating Costs	\$/t mined	\$1.69	\$1.57	\$1.55	\$1.53	\$1.56	\$1.57	\$1.53	\$1.51
Mining Capital Pre-strip	\$/t mined	\$1.90	\$1.43	\$1.54	\$1.53	\$1.56	\$1.56	\$1.53	\$1.51
Milling	\$/t milled	\$10.74	\$11.94	\$12.02	\$12.05	\$11.48	\$11.48	\$11.48	\$11.48
Administration	\$/t milled	\$10.73	\$13.19	\$12.82	\$12.91	\$11.36	\$11.33	\$11.29	\$11.267
PRODUCTION									
		2020	2021	2022	2023	2024	2025	2026	Total
PRODUCTION									
Mining Operating	Tonnes	6,572	153,197	44,805	21,945	-	-	-	783,235
Mining Capital	Tonnes	176,358	28,801	64,077	38,165	-	-	-	1,096,102
Mining Total	Tonnes	182,930	181,998	108,881	60,110	-	-	-	1,879,337
Milling	Tonnes	6,725	6,725	6,725	6,725	6,725	6,725	6,493	93,081
Gold Production	Ounces	658	663	664	526	311	145	107	7,875
DIRECT OPERATING COSTS									
Mining Operating	(\$)	\$10,383	\$248,821	\$83,078	\$29,655				\$1,231,748
Milling	(\$)	\$77,198	\$77,198	\$77,198	\$79,854	\$81,507	\$81,507	\$80,124	\$1,093,409
Administration	(\$)	\$74,316	\$74,316	\$73,175	\$64,424	\$27,895	\$27,294	\$27,294	\$920,216
Refining and	(\$)	\$6,249	\$6,286	\$6,296	\$5,314	\$3,714	\$2,485	\$2,166	\$79,563
Total Direct Operating	(\$)	\$168,147	\$406,622	\$239,746	\$179,247	\$113,117	\$111,286	\$109,584	\$3,324,936
Direct Cash Cost per	(\$/oz)	\$256	\$613	\$361	\$341	\$364	\$769	\$1,020	\$422
OTHER PRODUCTION COSTS									
Mining Capital Pre-Strip	(\$)	\$279,039	\$29,796	\$118,813	\$51,572	\$0	\$0	\$0	\$1,684,369
Revenue Based taxes	(\$)	\$124,359	\$125,303	\$125,559	\$99,482	\$58,695	\$27,345	\$20,304	\$1,488,468
Total Other Production	(\$)	\$403,398	\$155,099	\$244,373	\$151,054	\$58,695	\$27,345	\$20,304	\$3,172,837
Total Direct And Other Cash Costs Per Ounce	(\$/oz)	\$869	\$847	\$729	\$628	\$553	\$958	\$1,209	\$825
CAPITAL COSTS									
Open Pit Sustaining	(\$)	\$42,538	\$40,000	\$30,000	\$14,218	\$8,957	\$4,500	\$3,803	\$556,566
Open Pit Growth Capital	(\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$169,121
Total Capital	(\$)	\$42,538	\$40,000	\$30,000	\$14,218	\$8,957	\$4,500	\$3,803	\$725,687
UNIT COSTS									
Mining Operating Costs	\$/t mined	\$1.58	\$1.62	\$1.85	\$1.35	-	-	-	\$1.57
Mining Capital Pre-strip	\$/t mined	\$1.58	\$1.03	\$1.85	\$1.35	-	-	-	\$1.54
Milling	\$/t milled	\$11.48	\$11.48	\$11.48	\$11.87	\$12.12	\$12.12	\$12.34	\$11.75
Administration	\$/t milled	\$11.05	\$11.05	\$10.88	\$9.58	\$4.15	\$4.06	\$4.20	\$9.89

Kumtor Underground

- With the revised LOM plan, most of the underground development of Decline 1 and 2 is expected to be encompassed by the expanded open pit. Accordingly, all underground development activities have been terminated. As a result, the Company will record a charge of approximately \$190 million representing the amounts previously capitalized on underground infrastructure and equipment. This charge will be recorded in the fourth quarter of 2012.
- Further work on the development of the underground inferred resources will be dependent on further exploration drilling and detailed studies. Any underground development would likely only start once mining of the SB Zone in the open pit is completed in 2018.

Kumtor Reserves and Resources

Reserves

At the Kumtor mine an estimated 3.6 million contained ounces of proven and probable reserves have been added to reserves representing an increase of 58% (before accounting for production in 2012). After accounting for processing of 172,000 ounces of contained gold to September 30, 2012, Kumtor's proven and probable mineral reserves now total 9.7 million ounces of contained gold as at September 30, 2012, compared to 6.3 million ounces as at December 31, 2011. Based on these estimates, the open pit mine-life at Kumtor will be extended by 5 years to 2026.

The increase in the open pit reserves is entirely within the Central Pit. The successful exploration drilling of the SB Zone over the last three years has doubled the strike length of the SB Zone and extended the SB Zone resource down dip, resulting in an expansion of the resources. The resource expansion, in conjunction with the decision made in March of this year to unload the ice above the Southeast highwall of the Central Pit, has created the opportunity to expand the Central Pit with the resulting significant increase in reserves and the extension of the mine life.

The expansion of the open pit converted 2.0 million ounces of contained gold of measured and indicated open pit resources, 1.2 million contained ounces of gold of the high-grade inferred SB Zone underground resource and 92,000 ounces of contained gold of the inferred underground Stockwork Zone resource into the new open pit proven and probable reserves. In addition, successful exploration drilling in 2012 added a further 355,000 ounces of contained gold to reserves.

The Kumtor KS-13 LOM plan has been revised and extended a further five years to 2026. Kumtor's life-of-mine plan is based only on open pit reserves and no provision has been made for production from open pit or underground resources.

A gold price of \$1,350 per ounce was used for reserve estimates at September 30, 2012, compared to \$1,200 per ounce at December 31, 2011. The increase in gold price has been offset by the increase in costs and has had minimal impact on reserves.

Resources

As of September 30, 2012, Kumtor's measured and indicated resources total 2.7 million ounces of contained gold, compared to 4.8 million contained ounces as of December 31, 2011. The decrease of 2.1 million ounces is largely attributable to the significant conversion of resources to reserves as a result of the expanded open pit at Kumtor. The expansion of the open pit converted 2.0 million ounces of contained gold of measured and indicated open pit resources to reserves. Exploration drilling in 2012 added 408,000 ounces of contained gold to measured and indicated resources and 21,000 ounces of contained gold of the inferred open pit resources were upgraded to measured and indicated resources. These increases in the measured and indicated open pit resources were offset by a reduction of 678,000 ounces of contained gold because of the smaller resource limiting shell used for resource estimation.

In addition, as a result of detailed delineation drilling completed in the underground Stockwork Zone in the first nine months of 2012, 121,000 ounces of contained gold were upgraded to high-grade underground Stockwork Zone indicated resources.

Kumtor's inferred resources decreased by 482,000 contained ounces of gold from 2011 year-end, to total 2.6 million contained ounces of gold at September 30, 2012, which includes 1.8 million contained ounces of high-grade underground inferred resources in the SB and Stockwork Zones. The inferred resources in the high-grade underground SB Zone decreased by 0.6 million contained ounces to 1.2 million contained ounces of gold with an average grade of 11.2 g/t. This reduction is the result of the expansion of the Central Pit, which captured 1.2 million ounces of contained gold that were previously classified as part of the high-grade underground SB Zone inferred resources. These inferred resources are now within the new open pit design and therefore, are included in the Kumtor Central Pit as probable reserves. This reduction in inferred resources has been partially offset by the positive exploration results, which has extended the SB Zone to the southwest and northeast adding 572,000 contained ounces of gold to the high-grade underground SB Zone inferred resource, which remains open at depth.

In addition, the high-grade underground Stockwork Zone inferred resource increased by 76,000 ounces of contained gold to 705,000 ounces of contained gold with an average grade of 11.0 g/t. Underground drilling in the Stockwork Zone added 168,000 contained ounces of gold to the inferred resources which was partially offset by the conversion of 121,000 contained ounces of gold to high-grade Stockwork Zone indicated resources with an average grade of 10.7 g/t. Of the 165,000 ounces of contained gold in the Central Pit inferred resources, 113,000 ounces lie within the expanded pit shell and may be converted to reserves with additional drilling.

Kumtor KS-13 Mineral Reserve and Resource Summary
(as of September 30, 2012)

Mineral Reserves ^{(1) (3) (8) (9)} (tonnes and ounces in thousands)									
Open Pit ⁽³⁾	Proven			Probable			Total Proven and Probable		
	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)
Ore Stockpiles ⁽¹⁾	233	1.8	13	-	-	-	233	1.8	13
Central Pit ^{(1) (5)}	-	-	-	78,581	3.4	8,572	78,581	3.4	8,572
Sarytor Pit ^{(1) (5)}	-	-	-	9,057	2.6	742	9,057	2.6	742
Southwest Pit ^{(1) (5)}	-	-	-	5,210	2.4	403	5,210	2.4	403
Total	233	1.8	13	92,848	3.3	9,717	93,081	3.3	9,730
Measured and Indicated Mineral Resources ^{(2) (3) (8) (9)} (tonnes and ounces in thousands)									
Deposit ⁽³⁾	Measured			Indicated			Total Measured and Indicated		
	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)	Tonnes	Grade (g/t)	Contained Gold (oz)
Central Deposit ^{(4) (5)}	21,709	2.3	1,600	7,599	2.5	604	29,308	2.3	2,204
Sarytor Deposit ^{(4) (5)}	-	-	-	1,498	2.3	108	1,498	2.3	108
Southwest Deposit ^{(4) (5)}	-	-	-	3,329	2.0	217	3,329	2.0	217
Stockwork Underground ⁽⁶⁾	-	-	-	351	10.7	121	351	10.7	121
Total	21,709	2.3	1,600	12,777	2.6	1,050	34,486	2.4	2,650
Inferred Mineral Resources ^{(2) (3) (7) (8) (9)} (tonnes and ounces in thousands)									
Deposit ⁽³⁾	Tonnes	Grade (g/t)	Contained Gold (oz)						
Central Deposit ^{(4) (5)}	1,917	2.7	165						
Sarytor Deposit ^{(4) (5)}	1,144	2.4	89						
Southwest Deposit ^{(4) (5)}	2,568	2.6	214						
Northeast Deposit ^{(4) (5)}	4,068	2.1	278						
Stockwork Underground ^{(6) (7)}	2,002	11.0	705						
SB Underground ^{(6) (7)}	3,193	11.2	1,150						
Total	14,892	5.4	2,601						

- (1) Mineral Reserves have been estimated based on a gold price of \$US 1,350 per ounce.
- (2) Mineral resources are in addition to mineral reserves. Mineral resources do not have demonstrated economic viability.
- (3) Centerra's equity interest in the Kumtor project is 100%.
- (4) Open pit resources occur outside the current ultimate pits which have been designed using a gold price of \$US1,350 per ounce.
- (5) The open pit reserves and resources at Kumtor are estimated based on a cut-off grade of 0.85 gram of gold per tonne for the Central Pit and 1.0 grams of gold per tonne for the Southwest, Sarytor and Northeast deposits.
- (6) Underground resources occur below the Central pit and are estimated based on a cut-off grade of 6.0 grams of gold per tonne.
- (7) Inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined economically. It cannot be assumed that all or part of the inferred resources will ever be upgraded to a higher category.
- (8) A conversion factor of 31.10348 grams per ounce of gold is used in the reserve and resource estimates.
- (9) Numbers may not add up due to rounding.

The estimation parameters (modeling), resource classification, and cut off grades used for the KS-13 model are substantially the same as those used in previous models and are described in the Kumtor Technical Report dated March 22, 2011.

Reconciliation of Mineral Reserves and Mineral Resources at Kumtor
(in thousands of ounces of contained gold) ⁽⁹⁾
(as of September 30, 2012)

	December 31 2011 ⁽¹⁾	Jan to Sept 30 th 2012 Throughput ⁽³⁾	Sept 30 th 2012 Addition/Deletion	Sept 30 th 2012
Proven and Probable Mineral Reserves ^{(4) (5) (6)}				
Ore Stockpiles	153	139	(1)	13
Central Pit	4,980	33	3,625	8,572
Sarytor Pit	742	-	-	742
Southwest Pit	403	-	-	403
Total Proven and Probable Reserves	6,278	172	3,624	9,730
Measured and Indicated Mineral Resources ^{(2) (5)}				
Central Deposit (Open pit) ⁽⁷⁾	4,474	-	(2,270)	2,204
Sarytor Deposit ⁽⁷⁾	108	-	-	108
Southwest Deposit ⁽⁷⁾	217	-	-	217
Stockwork Underground ⁽⁸⁾		-	121	121
Total Measured & Indicated Resources	4,799	-	(2,149)	2,650
Inferred Mineral Resources ^{(2) (5) (10)}				
Central Deposit (Open pit) ⁽⁷⁾	113	-	52	165
Sarytor Deposit ⁽⁷⁾	89	-	-	89
Southwest Deposit ⁽⁷⁾	214	-	-	214
Northeast Deposit ⁽⁷⁾	278	-	-	278
Stockwork Underground ⁽⁸⁾	629	-	76	705
SB Underground ⁽⁸⁾	1,760	-	(610)	1,150
Total Inferred Resources	3,083	-	(482)	2,601

- (1) Reserves and resources as reported in Centerra's Annual Information Form filed in March 2012.
- (2) Mineral resources are in addition to mineral reserves. Mineral resources do not have demonstrated economic viability
- (3) Corresponds to contained gold ounces fed to the Kumtor Mill from January 1, 2012 to September 30th, 2012.
- (4) Contained gold ounces corrected for Stockpile adjustments announced on August 1st, 2012.
- (5) Changes in reserves or resources, as applicable, are attributed to information provided by drilling and subsequent reclassification of reserves or resources, an increase in the gold price, changes in pit designs, reconciliation between the mill and the resource model, and changes to operating costs.
- (6) Kumtor reserves include the Central, Southwest and Sarytor Pits.
- (7) Kumtor open pit resources include the Central, Southwest Sarytor and Northeast Deposits. Centerra reports reserves and resources separately. The amount of reported resources does not include those amounts identified as reserves.
- (8) Underground resources occur below the Central pit and are estimated based on a cut-off grade of 6.0 grams of gold per tonne.
- (9) Numbers may not add up due to rounding.
- (10) Inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined economically. It cannot be assumed that all or part of the inferred resources will ever be upgraded to a higher category.

Material Assumptions & Risks

Material assumptions or factors that have been used in estimating reserves and resources and in the revised Kumtor life-of-mine plan include the following:

- a gold price of \$1,350 per ounce,
- exchange rates:
 - \$1USD:\$1.00 CAD
 - \$1USD:47 Kyrgyz som
- diesel fuel price assumption:
 - \$0.80/litre

The assumed diesel price of \$0.80/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 and only loosely correlates with world oil prices.

Other important assumptions (and corresponding risks) that are implicit in the Company's reserve and resource estimates and the revised Kumtor life-of-mine plan are as follows:

- 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,
- the activities of the Parliamentary Committee and State Commission, referred to under the heading "Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission" in Centerra's management's discussion and analysis for the quarter ended September 30, 2012 filed on November 7, 2012 (the "Q3 2012 MD&A") do not have an impact on operations or financial results. No assurances can be given by the Company in this regard,
- the Government of the Kyrgyz Republic taking no action in connection with the matters referred to under the heading "Other Corporate Developments – Kyrgyz Republic - Kyrgyz Republic Parliamentary Commission Report and State Commission" in the Q3 2012 MD&A that has an impact on operations or financial results. No assurances can be given by the Company in this regard,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,
- the Company is able to manage the risks associated with the increased height of the pit walls,
- the design of the new and expanded waste dumps adequately address the risks associated with size and stability,
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the Company is able to satisfactorily manage the ice movement and to unload the ice and waste in the southeast portion of the pit in order to achieve the expected mining rates over the mine life,

- no labour related disruptions occur at Kumtor, where the collective agreement is scheduled to expire on December 31, 2012,
- no unplanned delays in or interruption of scheduled production at the Kumtor mine, including due to civil unrest, natural phenomena, regulatory or political disputes, equipment breakdown or other developmental and operational risks,
- all necessary permits, licenses and approvals are received in a timely manner; and
- the revised life-of-mine plan for Kumtor does not make allowance for inflation, changes in exchange rates and movements in gold prices.

Centerra has assessed the cost (premium) and benefits (including the amount of coverage) of continuing its political risk insurance in relation to the Kumtor project and has concluded that continued coverage is no longer justified. As a result, Centerra has decided not to pursue the renewal of such insurance. Centerra's prior coverage expired on November 5, 2012. Therefore, any losses Centerra may suffer with respect to its foreign investments, including in the Kyrgyz Republic, would not be covered and such losses could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition.

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 (the "2011 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".

Non-GAAP Measures

This news release presents information about free cash flow and free cash flow per ounce of gold. Free cash flow and free cash flow per ounce are non-GAAP measures. Free cash flow per ounce of gold is calculated by dividing free cash flow by gold ounces produced. Free cash flow is calculated by subtracting from revenue, operating costs (such as mining, processing, administration and mine exploration), pre-strip capital, capital and revenue-based taxes, but excludes depreciation, depletion and amortization. Free cash flow per ounce produced has been included because certain investors use this information to assess the cash that Centerra is able to generate after laying out the funds required to maintain or expand its asset base. Free cash flow is important because it allows the company to pursue opportunities that enhance shareholder value.

Operating cost, pre-stripping and capital per ounce of gold is calculated by dividing operating cost, pre-stripping and capital by gold ounces produced. Operating cost, pre-

stripping and capital includes operating costs described above, pre-stripping capital and capital, but excludes revenue-based taxes, depreciation, depletion and amortization.

These non-GAAP measures do not have a standardized meaning or a consistent basis of calculation prescribed by Canadian accounting standards. Investors are cautioned that free cash flow, free cash flow per ounce of gold, operating costs per ounce of gold, pre-stripping capital per ounce of gold, and capital per ounce of gold should not be considered in isolation. The Company's method of calculating such measures may differ from the methods used by other entities and, accordingly, such information may not be comparable to similarly titled measures used by other entities.

Qualified Person & QA/QC

The resource and reserve estimates, life-of-mine plan and other scientific and technical information in this news release and on Centerra's website 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 Dan Redmond, Ontario Professional Geoscientist, Centerra's Director, Technical Services – Mining, 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 drilling programs at the Kumtor site are described in Centerra's 2011 Annual Information Form and the technical report dated March 22, 2011. The Kumtor deposit is described in Centerra's 2011 Annual Information Form.

An updated technical report prepared in accordance with NI 43-101 will be filed on SEDAR at www.sedar.com before December 21, 2012. The technical report will describe the exploration history, geology and style of gold mineralization at the Kumtor deposit.

Cautionary Note Regarding Forward-looking Information

Information contained in this news release and the documents referred to herein which are not statements of historical facts, 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", "opportunity", and similar expressions identify forward-looking information.

These forward-looking statements relate to, among other things, the Company's projected production, operating costs and capital expenditures, and unit costs for the revised Kumtor LOM; mineral reserves and resources; mine life; milling rates; metallurgical recovery; net present value; sensitivities; Centerra's statements regarding the potential for

future underground mining beneath the new LOM open pit; financial measures, including free cash flow calculations; tax rates; the expected benefits to the Kyrgyz Republic over the expanded life of mine; the Company's ability to successfully manage the ice and waste movement at Kumtor; the outcome of the review by the State Commission and interagency commissions on Kumtor's compliance with Kyrgyz operational and environmental laws and regulations and community standards, and other matters raised by the Commission Report and resolutions passed by the Parliament and the Government of the Kyrgyz Republic, (including without limitation, the resolution of land-use matters affecting the Kumtor project, the environmental review of the Karasay and Koendy license areas, the assertions made by the Kyrgyz Republic Social Fund regarding historical social fund contributions and the continued effectiveness of the Restated Project Agreements); expected trends in the gold market, including with respect to costs of gold production; and the business and political environment and business prospects and opportunities.

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 estimate mineral reserves and resources and to project future production, operating and capital costs for the LOM are discussed under "Material Assumptions and Risks" in this news release.

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 Kumtor project; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices in the jurisdictions in which the Company operates; ground movements at the Kumtor project; waste and ice movement at the Kumtor project; the success of the Company's future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; equipment breakdown; the adequacy of the Company's insurance to mitigate operational risks; 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 mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required, including specifically the Kumtor collective agreement that expires at the end of 2012; litigation; the imprecision of the Company's mineral reserves and resources estimates and the assumptions they rely on; the accuracy of the Company's production, operating cost and capital expenditure estimates; 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; seismic activity in the vicinity of the Company's operations in the Kyrgyz Republic; long lead times required for equipment and supplies given the remote location of the Company's 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 global financial conditions; the impact of currency fluctuations; the effect of 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 any payments of principal and interest on the Company's debt facilities depends on the cash flow of its subsidiaries; risks associated with the conduct of joint ventures; risks associated with having a significant shareholder; 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 2011 Annual Information Form 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.

Reserve and 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 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 in consideration of these risks and, therefore, Centerra can give no assurances that any of the estimated resources 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 the market price of Centerra's shares, 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 November 7, 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.

Conference Call

Centerra invites you to join its 2012 third quarter conference call on November 8, 2012 at 11:00am Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 624-1279 or International participants dial +1 (303) 223-2683. Alternatively, an audio feed web cast will be available on www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight on November 15, 2012 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21606487.

For more information:

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

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

- end -