

centerra**GOLD**



## NEWS RELEASE

### **Centerra Gold First Quarter Results, Net Earnings of \$137 million or \$0.58 per share**

*(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 16 and in our Cautionary Note Regarding Forward-looking Information on page 23. All figures are in United States dollars.)*

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

***[http://media3.marketwire.com/docs/CGfs\\_mda.pdf](http://media3.marketwire.com/docs/CGfs_mda.pdf)***

#### ***Conversion to IFRS***

*As prescribed by the CICA Accounting Standards Board, the Company adopted the requirements of the International Financial Reporting Standards ("IFRS") in its statements of account as of January 1, 2011, including the restatement of its opening balance sheet of January 1, 2010 and its first quarter 2010 comparatives. The restatement of the Company's comparative balances from those previously reported under Canadian GAAP standards to those converted to IFRS standards are fully explained and reconciled in note 20 of the Company's March 31, 2011 condensed consolidated interim financial statements as filed on SEDAR.*

**Toronto, Canada, April 29, 2011:** Centerra Gold Inc. (TSX: CG) today reported net earnings of \$136.6 million or \$0.58 per share on revenues of \$250.2 million compared to earnings of \$123.9 million or \$0.53 per common share based on revenues of \$255.5 million in the same quarter last year.

Consolidated gold production for the first quarter of 2011 totaled 180,716 ounces at a total cash cost of \$370 per ounce produced compared to 211,039 ounces at a total cash cost of \$340 per ounce produced in the corresponding quarter of 2010. Cash provided by operations, net of working capital changes increased to \$142.6 million compared to \$82.4 million in the first quarter of 2010. (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

#### **First Quarter Highlights**

- Consolidated gold production of 181,000 ounces at a total cash cost of \$370 per ounce
- Cash provided by operations of \$143 million
- 2011 guidance remains unchanged

## Commentary

Steve Lang, President and CEO of Centerra Gold said: “I am pleased with our first quarter operational and financial results. We are on track with our 2011 plan and continue to enjoy the benefits of the rising gold price.”

## Financial and Operating Summary

### Highlights

	Three Months Ended March 31		
	2011	2010	% Change
<b>Financial and Operating Summary</b>			
Revenue - \$ millions	250.2	255.5	(2%)
Cost of sales - \$ millions <sup>(1)</sup>	61.8	78.4	(21%)
Net earnings - \$ millions	136.6	123.9	10%
Earnings per common share - \$ basic and diluted	0.58	0.53	9%
Cash provided by operations - \$ millions	142.6	82.4	73%
Capital expenditures - \$ millions	72.1	29.2	147%
Weighted average common shares outstanding - basic (thousands)	235,880	234,857	0%
Weighted average common shares outstanding - diluted (thousands)	236,314	235,587	0%
Average gold spot price - \$/oz	1,386	1,109	25%
Average realized gold price - \$/oz	1,385	1,112	25%
Gold sold – ounces	180,628	229,839	(21%)
Cost of sales - \$/oz sold <sup>(1)</sup>	342	341	0%
Gold produced – ounces	180,716	211,039	(14%)
Total cash cost - \$/oz produced <sup>(2) (3)</sup>	370	340	9%
Total production cost - \$/oz produced <sup>(2) (3)</sup>	468	442	6%

- (1) As a result of the IFRS conversion, cost of sales for 2011 and its comparative year now include depreciation, depletion and amortization related to operations.
- (2) Total cash cost and total production cost are non-GAAP measures and are discussed under “Non-GAAP Measures”.
- (3) As a result of Kumtor’s Restated Investment Agreement signed in 2009, total cash cost and total production cost per ounce measures for both 2011 and 2010 exclude operating and revenue-based taxes.

Revenues for the first quarter of 2011 were \$250.2 million compared to \$255.5 million during the same period one year ago. First quarter 2011 revenue reflects a 25% increase in realized gold price (\$1,385 per ounce in the first quarter of 2011 versus \$1,112 per ounce in the first quarter of 2010) offset by a 21% reduction in ounces sold in the period.

Gold production for the first quarter was 180,716 ounces compared to 211,039 ounces reported in the first quarter of 2010. Gold production was lower at both sites compared to the previous year. At Boroo, gold production was 46% lower in the first quarter of 2011 due to processing lower grade stockpiled material with lower recoveries following the completion of mining operations in 2010.

The heap leach operation at Boroo remained idle during the quarter. At Kumtor, gold production in the first quarter of 2011 exceeded plan as a result of processing higher than anticipated inventory accumulated at the end of the fourth quarter of 2010. At the same time, the gold production was 9% lower than the comparable quarter due to a 5% decrease in tonnes milled combined with a 16% reduction in the average mill head grade.

Centerra's total cash cost per ounce of gold produced was \$370 in the first quarter compared to \$340 in the first quarter of 2010. The year-over-year increase in unit cash costs was primarily due to the lower production at both sites (see "Operations Update"). (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in this news release.)

Cash provided by operations was \$142.6 million for the first quarter of 2011 compared to \$82.4 million for the prior year first quarter. The increase reflects increased earnings and improved changes in working capital in 2011 as compared to the prior year.

Capital expenditures spent and accrued in the first quarter of 2011 amounted to \$72.1 million of which \$6.8 million was spent on sustaining capital projects. Growth capital totaled \$65.3 million which related mainly to the purchase of haul trucks, shovels and drills at Kumtor (\$30.4 million), the capitalization of pre-stripping activities (\$21.1 million) and the underground development at Kumtor (\$10.8 million).

Exploration expenditures for the first quarter were \$7.4 million compared to \$5.1 million in the first quarter of 2010 reflecting increased drilling activity at Kumtor.

Centerra's cash and cash equivalents and short-term investments at the end of March 2011 increased to \$494.8 million, compared to cash and short-term investments of \$413.8 million at December 31, 2010. At March 31, 2011, the Company had no debt outstanding and had an undrawn \$150 million revolving credit facility available to it, subject to the satisfaction of certain conditions precedent that were satisfied on April 15, 2011.

## Operations Update

	Three Months Ended March 31		
	2011	2010	% Change
<b>Kumtor Operating Results</b>			
Gold sold – ounces	166,145	200,767	(17%)
Revenue - \$ millions	229.9	223.3	3%
Average realized gold price – \$/oz	1,384	1,112	24%
Cost of sales - \$ millions <sup>(1)</sup>	48.3	63.9	(24%)
Cost of sales - \$/oz sold <sup>(1)</sup>	291	318	(8%)
Tonnes mined - 000s	36,508	27,538	33%
Tonnes ore mined – 000s	588	1,387	(58%)
Average mining grade - g/t <sup>(2)</sup>	7.14	4.89	46%
Tonnes milled - 000s	1,391	1,466	(5%)
Average mill head grade - g/t <sup>(2)</sup>	4.12	4.90	(16%)
Recovery - %	82.6	76.7	8%
Gold produced – ounces	164,167	180,562	(9%)
Total cash cost - \$/oz produced <sup>(3)(4)</sup>	342	305	12%
Total production cost - \$/oz produced <sup>(3)(4)</sup>	434	391	11%
Capital expenditures - \$ millions	71.9	23.4	207%
<b>Boroo Operating Results</b>			
Gold sold – ounces	14,484	29,072	(50%)
Revenue - \$ millions	20.3	32.2	(37%)
Average realized gold price - \$/oz	1,399	1,106	26%
Cost of sales - \$ millions <sup>(1)</sup>	13.5	14.5	(7%)
Cost of sales - \$/oz sold <sup>(1)</sup>	933	497	88%
Total Tonnes mined - 000s	-	3,094	(100%)
Average mining grade (non heap leach material) - g/t <sup>(2)</sup>	-	1.81	(100%)
Tonnes mined heap leach – 000s	-	778	(100%)
Tonnes ore mined direct mill feed -000s	-	1,137	(100%)
Tonnes ore milled - 000s	596	624	(4%)
Average mill head grade - g/t <sup>(2)</sup>	1.35	1.90	(29%)
Recovery - %	61.3	72.8	(16%)
Gold produced – ounces	16,549	30,477	(46%)
Total cash cost - \$/oz produced <sup>(3)</sup>	645	551	17%
Total production cost - \$/oz produced <sup>(3)</sup>	805	739	9%
Capital expenditures - \$ millions (Boroo)	0.0	0.2	(92%)
Capital expenditures - \$ millions (Gatsuurt)	0.1	5.5	(98%)

- (1) As a result of the IFRS conversion, cost of sales for 2011 and its comparative year now include depreciation, depletion and amortization related to operations.
- (2) g/t means grams of gold per tonne.
- (3) Total cash cost and total production cost are non-GAAP Measures and are discussed under “Non-GAAP Measures”.
- (4) As a result of Kumtor’s Restated Investment Agreement signed in 2009, total cash cost and total production cost per ounce measures for both 2011 and 2010 are shown excluding operating and revenue-based taxes.

## **Kumtor**

At the Kumtor mine in the Kyrgyz Republic, gold production in the first quarter of 2011 exceeded plan due to greater than anticipated gold in-process inventory at the end of the fourth quarter of 2010 which was drawn down in the first quarter of 2011. In addition, the operation processed higher than expected gold grade through the mill with its associated higher than anticipated metallurgical recovery in the quarter.

Gold production was 164,167 ounces in the first quarter of 2011, compared to 180,562 ounces in the same quarter in 2010. Lower mill throughput during the quarter (down 5%) was the result of a four-day shut-down of the mill to change the SAG mill liner. This combined with the mill head grade which averaged 4.12 g/t at a recovery of 82.6% in the first quarter of 2011, compared to 4.90 g/t at a recovery of 76.7% in the same quarter of 2010 resulted in 16,395 fewer ounces of gold production compared to the same period of 2010.

Total cash cost per ounce, a non-GAAP measure of production efficiency, was \$342 in the first quarter of 2011 up from \$305 in the first quarter of 2010. The quarter-over-quarter increase in unit cash costs was due to 9% lower production and 2% higher cash costs. The total cash costs were \$56.1 million in the first quarter of 2011 compared to \$55.0 million in the same period of 2010. This reflects higher operating costs of \$2.3 million, partially offset by higher by-product revenue from silver sales of \$1.1 million. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Exploration expenditures totaled \$4.1 million for the first quarter of 2011, an increase of \$2.3 million from the \$1.8 million reported in the first quarter 2010, as a result of increased drilling activity.

Capital expenditures in the first quarter of 2011 totalled \$71.9 million compared to \$23.4 million in the prior year. Current year expenditures consisted of \$6.7 million of sustaining capital, predominantly spent on the heavy duty equipment overhaul program (\$5.6 million). Growth capital investment totalled \$65.2 million spent mainly on the purchase of CAT 789 haul trucks (\$24.0 million), pre-stripping capitalization (\$21.1 million), underground development of Decline #1 and Decline #2 (\$10.8 million) and the purchase of Liebherr shovels (\$5.9 million).

The SB Zone underground decline (Decline #1) has now advanced a total of 1,280 metres, advancing 200 metres in the quarter. Geotechnical drilling continued in the first quarter of 2011. Exploration drilling is planned to resume later this year and delineation drilling of the SB Zone is planned for 2012.

The Stockwork Zone underground decline (Decline #2) has advanced a total of 928 metres (including the second heading, the Stockwork Decline), advancing 194 metres in the quarter. Decline #2 will facilitate the access to the Stockwork Zone and the SB Zone from the north for further exploration and delineation drilling. The Stockwork Decline, established for the exploration and delineation drilling program for the Stockwork Zone, has advanced a total of 270 metres toward the north (95 metres in the first quarter). Exploration drilling continued in the first quarter of 2011

and delineation drilling of the Stockwork Zone resource will start in the second quarter and continue through 2011.

### **Boroo/Gatsuurt**

At the Boroo mine in Mongolia, gold production was 16,549 ounces in the first quarter of 2011 compared to 30,477 ounces in the first quarter of 2010 due to processing lower grade stockpiled material with lower recoveries following the completion of mining operations in 2010. The lower gold production is the result of lower mill head grades and recoveries, 1.35 g/t at 61.3% recovery in the first quarter 2011 versus 1.90 g/t at 72.8% recovery in the first quarter 2010. The heap leach operation remained idle during the first quarter 2011, pending issuance of the final operating permit by the Mongolian Government. The Company continues to work with the Mongolian authorities to obtain the final heap leach operating permit.

Total cash costs per ounce produced, a non-GAAP measure of production efficiency, increased to \$645 in the first quarter of 2011 from \$551 in the first quarter of 2010 due to the lower gold production which was partially offset by lower operating costs. Operating costs decreased in the quarter by \$5.3 million primarily due to a \$5.2 million reduction in mining costs as mining operations ceased at the end of November 2010. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

During the first quarter of 2011, exploration expenditures in Mongolia were \$0.9 million down from \$1.2 million in the same period of 2010. Capital expenditures for Boroo and Gatsuurt in the first quarter of 2011 were \$0.1 million compared to \$5.7 million for the same quarter of 2010.

### **Exploration Update**

To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link: <http://file.marketwire.com/release/2011DrillingResults.pdf> or visit the Company’s web site at: [www.centerragold.com](http://www.centerragold.com).

### **Kyrgyz Republic**

During the first quarter of 2011, exploration drilling programs continued in the Kumtor Central Pit and the Northeast and Southwest deposits. Regional exploration drilling continued on the Kumtor concession area at the Petrov and Muzdusuu prospects.

### **Kumtor Pit**

In the first quarter of 2011, fourteen drill holes were completed and four holes were in progress at quarter-end. Eleven holes were completed to test both the extent and grade of the northeast extension of the SB Zone towards the Saddle Zone with all holes returning significant results.

Five drill holes were drilled on section 38 and all holes returned significant intercepts, from 50 metres above the KS11 design pit bottom to 100 metres below the design pit bottom. Some of the better results being: Hole D1504A which intersected 2.4 g/t Au over 11.9 metres, 8.6 g/t Au over

38.6 metres, including 18.3 g/t Au over 6.3 metres and 28.8 g/t Au over 3.1 metres and 7.1 g/t Au over 4.9 metres. Hole D1509 intersected 14.0 g/t Au over 23.3 metres, including 30.3 g/t Au over 3.8 metres. Hole D1513 intersected 5.9 g/t Au over 30.0 metres, including 14.3 g/t Au over 6.8 metres and 2.6 g/t Au over 24.6 metres, including 7.0 g/t Au over 5.7 metres. Hole D1520 intersected 4.2 g/t Au over 17.9 metres and 12.1 g/t Au over 93.7 metres, (including 29.2 g/t Au over 5.0 metres, 24.1 g/t Au over 6.0 metres, 27.4 g/t Au over 6.5 metres, 29.5 g/t Au over 5.0 metres) and 10.3 g/t Au over 7.3 metres. Hole D1526 intersected 9.2 g/t Au over 10 metres including 23.4 g/t Au over 3.0 metres.

Hole D1498 on section 42 intersected 5.2 g/t Au over 13.2 metres 4.8 g/t Au over 6.9 metres and 2.9 g/t Au over 13.5 metres, 50 metres below the KS11 design pit bottom. Hole D1491 on section 46 intersected 3.6 g/t Au over 17.4 metres, 2.1 g/t Au over 12.1 metres, 9.4 g/t Au over 12.1 metres and 8.6 g/t Au over 4.6 metres, 50 to 75 metres below the KS11 design pit bottom.

Holes D1507 and D1517 on section 54 both intersected lower grade material, including 2.4 g/t Au over 16.6 metres, 4.8 g/t Au over 6.9 metres and 2.5 g/t Au over 12.0 metres respectively, 50 to 100 metres below the KS11 design pit bottom. The lower grades indicate that the intersections are on the northeastern margin of the SB Zone.

Holes D1496, D1512 and D1525 on section 62 all intersected low grade mineralization, including 2.2 g/t Au over 51.2 metres including 9 g/t Au over 3.0 metres in D1496 and 2.2 g/t Au over 16.1 metres D1525.

Holes D1488A, D1496 and D1506 on sections 34, 62 and 38 respectively, were drilled as wide spaced holes to test for depth extensions of the SB Zone. Hole D1488A intersected 185 metres of low to moderate grade mineralization including 7.8 g/t Au over 4.8 metres and 8.4 g/t Au over 6.7 metres. D1496 intersected low-grade mineralization over 167 metres including 9.0 g/t Au over 3.4 metres. D1506 intersected moderate to high-grade mineralization over 163 metres including 15.8 g/t Au over 15.0 metres. All three holes confirm the continuation of the SB Zone mineralization 300 metres down dip of the KS11 design pit bottom.

Further drilling to test the strike and depth extensions of the SB Zone will continue in the second quarter.

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

### **Decline Exploration**

Four underground exploration holes were completed during the first quarter, and one hole was in progress at quarter-end.

Two holes were completed on section 114 in Decline 2 Stockwork Decline to test for extensions of the Stockwork Zone immediately below the KS11 design pit. Hole UD1492 intersected low-grade mineralization over 58 metres including 2.7 g/t Au over 4.1 metres and 2.1 g/t Au over 8.7 metres. UD1495 intersected 2.4 g/t Au over 3.1 metres.

Hole UD1503 drilled on section 118 intersected low-grade mineralization over 70 metres, including 1.3 g/t Au over 12.0 metres. Hole UD1519 drilled on section 122 intersected 3.2 g/t Au over 24 metres, indicating an increase in the grade and width of mineralization on the margin of the known Stockwork high-grade mineralization on section 126.

Exploration drilling will start from Decline 1 to test below Davidoff glacier and also from Decline 2 to test the Saddle Zone in the second quarter as drill access becomes available.

Reserve delineation drilling of the Stockwork Zone will commence in the second quarter.

True widths for the mineralized zones are typically from 40% to 95% of the stated intercept.

### **Regional Exploration**

Regional exploration drilling continued in the first quarter of 2011 with up to five drills completing fourteen holes in the Northeast area, two holes in the Muzdusuu area, two holes in the Southwest area and one hole in the Petrov area.

#### **Northeast Area**

Fourteen drill holes were completed during the quarter and a further two holes are in progress at the end of the quarter.

All drilling was designed as 40 metre to 80 metre spaced infill holes to test the mineralized structure within 100 to 200 metres of surface over the known 800 metre strike length of mineralization at the Northeast Prospect.

Some of the better intervals and grades of mineralization intersected in the first quarter include: hole DN1489 4.5 g/t Au over 3.5 metres, DN1501 1.9 g/t Au over 8.3 metres, DN1514 2.6 g/t Au over 10.4 metres and DN1521 3.2 g/t Au over 11.0 metres and 3.0 g/t Au over 5.9 metres.

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

A complete listing of the drill results and supporting maps for the Kumtor pit and Northeast area 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).

### **Mongolia**

During the first quarter of 2011, exploration work in Eastern Mongolia included field exploration and drilling programs at the Uul Bayan and Western Tuvshinshire properties and the ATO project.



## **Russia**

### **Kara Beldyr Joint Venture**

#### **Gord Zone**

During the first quarter of 2011, 20 diamond drill holes were completed at the Gord Zone on the Kara Beldyr project. Drilling on a 50 by 50 metre grid continued at the Gord Zone to evaluate resource potential of the prospect.

The following are the most significant intersections, based on available assay results from KB-054 to KB-060:

- KB-054 - 7.2 g/t Au over 16 metres
- KB-055 - 8.6 g/t Au over 3.0 metres
- KB-056 – 4.8 g/t Au over 3.0 metres
- KB-057 - 23.7 g/t Au over 5.5 metres
- KB-059 – 4.9 g/t Au over 4.0 metres, 1.9 g/t Au over 17.0 metres, 13.8 g/t Au over 3.0 metres
- KB-060 – 3.6 g/t Au over 5.0 metres, 2.8 g/t Au over 10 metres

Drilling in the Gord Zone will continue in the second quarter.

A complete listing of the drill results and supporting maps for the Kara Beldyr project 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).

To view the graphics, maps/drill sections and complete drill results discussed in this news release, please visit the following link: <http://file.marketwire.com/release/2011DrillingResults.pdf> or visit the Company's web site at: [www.centerragold.com](http://www.centerragold.com).

#### **Other Corporate Developments**

The following is a summary of current matters affecting the Company and its subsidiaries in the Kyrgyz Republic and Mongolia. No material changes have occurred on these matters since the Company's annual disclosure documents published on February 24, 2011.

#### **Kyrgyz Republic**

At the Kumtor project, the Company's Kyrgyz Republic operating subsidiary pays Kyrgyz Republic Social Fund ("Social Fund") contributions in respect of the base wages of its national employees. In late 2010, the Social Fund notified the Company of its position that the Company should pay contributions to the Social Fund not only in respect of base wages but also in respect of the premium compensation that the Company is required to pay employees for work at high-altitude. A potential adjustment to the Social Fund contribution for the 2010 year as a result of this matter could require an additional payment ranging from zero to \$7.4 million. The position of the Social Fund is

inconsistent with its past practices and with prior audits of the Company's Kyrgyz Republic operating subsidiary, completed as recently as 2009. The Company continues to vigorously dispute the Social Fund's position. At this time, the liability is unlikely and as a result, no amounts have been accrued in the Company's financial statements in respect of this matter.

## **Mongolia**

In Mongolia, the Company continued to work with the Minerals Resource Authority of Mongolia ("MRAM") and the Mongolian General Department of Specialized Inspection ("SSIA") with respect to several outstanding issues arising from the inspections at the Boroo mine carried out by the SSIA in mid-2009. During the quarter, the Company also worked with the SSIA in relation to the very significant claim for compensation that the Company received from the SSIA in October 2009 regarding state alluvial reserves covered by the Boroo mine licenses. While Centerra cannot give assurances, it believes that settlement of the outstanding matters and the alluvial claim (which the Company disputes) will be concluded through negotiations and will not result in a material impact.

In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuert mining licenses, could be revoked under the water basin and forestry law which was enacted by the Mongolian Parliament in July 2009 (the "Water and Forest Law"). Under the Water and Forest Law, mineral prospecting, exploration and mining in water basins and forestry areas in Mongolia would be prohibited, and the affected licenses would be revoked. The legislation provides a specific exemption for "mineral deposits of strategic importance", which would exempt the Boroo mining licenses from the application of the legislation. Centerra's Gatsuert 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 deposit. The March 2010 letter requested that the Company provide a preliminary estimate of expenses incurred in relation to each license that could be revoked and the compensation that the Company would expect to receive if such licenses were to be revoked. The Company submitted a detailed estimate to MRAM in March 2010.

In April 2010, the Company received a letter from the Ministry of Mineral Resources and Energy ("MMRE") indicating that the Gatsuert 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 with the Company further on negotiations with respect to an investment agreement for the Gatsuert project once the MMRE received additional clarity on the impact of the Water and Forest Law on the Gatsuert project.

In November 2010, Mongolia's 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 Company has four licenses (subsequently clarified to be only three licenses) on the list of alluvial gold mining licenses that may be revoked. None of these licenses are material to the Company. In particular, Centerra's principal Gatsuert 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 slated to be revoked. The Company has not yet received any further update from the Mongolian regulatory authorities on this matter.

In late 2010, the Mongolian Government announced that it was 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, 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 Gatsuert 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 Government estimates that the total compensation due to mining companies for the revocation of their licenses will amount to approximately US\$4 billion, which is about equal to Mongolia’s annual gross domestic product for 2009.

The Water and Forest Law has attracted opposition from Mongolia’s alluvial miners, the Mongolian National Mining Association and other groups. The Company also understands that a group of parliamentarians has proposed amendments to the Water and Forest Law to reduce its impact on environmentally-sound mining operations. The amendments are expected to be discussed in the spring 2011 session of the Mongolian Parliament.

While the Company has continued to receive permits and approvals in connection with the road construction to Gatsuert and for construction of surface facilities at the project, in November 2010, the Company received a letter from the MMRE indicating that operations at the Gatsuert 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 Gatsuert will be delayed as a result of the Water and Forest Law.

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 Gatsuert 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. A revocation of the Company's mineral licenses, including the Gatsuurt mineral license, could have an adverse impact on Centerra's future cash flows, earnings, results of operations and financial condition. See "Risk Factors" in the Company's most recently filed AIF.

### **New Graduated Royalty Fee**

In November 2010, the Mongolian Parliament enacted a graduated royalty tax that applies to all mining projects as of January 1, 2011, including the Gatsuurt project when commissioned and the Ulaan Bulag Prospect. This graduated royalty replaces the previous flat 5% royalty fee on gold. Pursuant to the graduated royalty fee, the royalty rate is tied to the price of gold such that there is a 1% increase in the royalty fee for every \$100 increase in the price of gold per ounce above a certain price. In the case of gold, there is a basic 5% royalty fee that applies while gold is less than \$900 per ounce. At \$900 per ounce the royalty fee increases to 6%, at \$1,000 per ounce the royalty is 7%, at \$1,100 the royalty is 8%, and at \$1,200 the royalty is 9%. The highest royalty fee rate is reached at 10% at \$1,300 per ounce and above. For example an ounce of gold sold at \$1,000 per ounce would be subject to a royalty of 7% or \$70.

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 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 and/or an investment agreement. This would include the Company's Boroo mine which is currently operating pursuant to a stability agreement entered with the Mongolian government. To date, the Company has not received any further word regarding this resolution and whether the Government will act on it. In any event, 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. However, the Company cannot provide any guarantees that Boroo will not be made subject to the graduated royalty fee. If the graduated royalty fee does apply, 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 operation, it will apply to gold produced from the Gatsuurt mine, when developed.

See "Risk Factors" in the Company's most recently filed AIF, 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".

### **Outlook for 2011**

Centerra's 2011 consolidated gold production is forecast to be 600,000 to 650,000 ounces. Total cash cost in 2011 is expected to be \$460 to \$495 per ounce produced. Both production and cash cost guidance are unchanged from the prior guidance disclosed in the Company's news release of

February 24, 2011. Total cash cost is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

The Kumtor mine is expected to produce 550,000 to 600,000 ounces in 2011. Kumtor’s total cash cost for 2011 is expected to be \$430 to \$460 per ounce produced. Both production and cash cost guidance are unchanged from the prior guidance. It is expected that the higher than anticipated production realized in the first quarter will not continue in future quarters this year. The increased production resulted from processing the higher than anticipated inventory that had accumulated at the end of the fourth quarter of 2010 along with the higher grades and the associated increased recovery of gold processed. The Kumtor mill is expected to have a scheduled replacement of the SAG mill feed end liners and the discharge trunnion liners at the beginning of the third quarter, which will require the shut down of the mill for approximately 3 days.

At the Boroo mine, gold production is forecast to be 50,000 ounces and assumes no mining activities at Boroo in 2011. Boroo total cash cost is expected to be \$865 per ounce produced in 2011. Both production and cash cost guidance are unchanged from the prior guidance. The 2011 forecast also assumes no production from the Gatsurt project due to uncertainties with permitting final approvals and regulatory commissioning. The Boroo mill is expected to process the bulk of 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 mostly stockpiled material with grades between 0.76 – 0.87 g/t. At the current reserve gold price assumption of \$1,000 per ounce, the Boroo operation could potentially continue to feed the mill for at least a further two years utilizing existing low-grade stockpiles.

Receipt of the final heap leach operating permit would add approximately 3,500 to 4,000 ounces of gold a month. At Gatsurt, the project is ready to begin production of the oxide ore on receipt of the final approvals and regulatory commissioning. See also “Other Corporate Developments – Mongolia” and other material assumptions set out above.

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

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

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

### **2011 Exploration Expenditures**

Exploration expenditures of \$34 million are planned for 2011, which is unchanged from the prior guidance. 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. Planned exploration expenditures in the Kyrgyz

Republic are approximately \$13 million. In Mongolia \$5 million is allocated for target definition and drill programs on the Company's 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. The Kara Beldyr project is a joint venture in which Centerra currently holds an indirect 50% interest in. 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, which is unchanged from the prior guidance.

Capital expenditures include:

<b>Projects</b>	<b>2011 Growth Capital (\$ millions)</b>	<b>2011 Sustaining Capital (\$ millions)</b>
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 which includes \$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 to be \$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, of which \$40 million has been allocated to advance the two underground declines to continue to develop the SB Zone and Stockwork Zone, as well as, \$5 million for delineation drilling and \$6 million for capital purchases and other costs 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.

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 a 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 \$45 million, which is \$1 million higher than the prior guidance in the fourth quarter 2010 mainly due to the strengthening of the Canadian dollar against the U.S. dollar.

### 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 on April 30, 2009.

The corporate income tax rate for Centerra's Mongolian subsidiary, Boroo Gold Company is 25% for taxable income over 3 billion Mongolian tugriks (approximately \$2.4 million at the 2010 year-end foreign exchange rate) with a tax rate of 10% for taxable income up to that amount.

Production, cost and capital forecasts for 2011 are forward-looking information and are based on key assumptions and subject to material risk factors that could cause actual results to differ materially and which are discussed herein under the headings "Material Assumptions", and "Caution Regarding Forward-Looking Information" in this news release and under the heading "Risk Factors" in the Company's most recently filed AIF.

### Sensitivities

Centerra's revenues, earnings and cash flows for the remaining three quarters of 2011 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	3.1	23.2	20.1	19.6
Diesel Fuel <sup>(1)</sup>	10%	6.2	-	6.2	6.2
Kyrgyz som	1 som	1.7	-	1.7	1.7
Mongolian tugrik	25 tugrik	0.4	-	0.4	0.4
Canadian dollar	10 cents	3.2	-	3.2	3.2

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

## Material Assumptions

Material assumptions or factors used to forecast production and costs for the remaining three quarters of 2011 include the following:

- a gold price of \$1,350 per ounce,
- exchange rates:
  - \$1USD:\$0.99 CAD
  - \$1USD:48.50 Kyrgyz Som
  - \$1USD:1,210 Mongolian Tugrik
  - \$1USD:0.74 Euro
- diesel fuel price assumption:
  - \$0.80/litre at Kumtor
  - \$1.05/litre at Boroo

The assumed average diesel price of \$0.80/litre at Kumtor does not include a customs export duty imposed by the Russian authorities on the diesel fuel exported to the Kyrgyz Republic in 2010. 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 amounted to approximately \$0.18/litre or \$212.77 per tonne of diesel fuel. While there were public statements that the export duty had been revoked retroactive to January 1, 2011, Kumtor had to pay the customs export duty on some of its purchases of diesel fuel from Russia during the first quarter of 2011. However, towards the end of the quarter, the cost of purchases of diesel fuel did not include the export duty. Based on that, Kumtor's forecast for cash costs has been adjusted to exclude the export duty. Nevertheless, any potential savings from the removal of the customs duty (discussed above) are expected to be fully offset by the increased cost of the diesel fuel as a result of the increase in the price of oil. Should the Russian authorities re-introduce the customs export duty, discussed above, on the diesel fuel exported to the Kyrgyz Republic, the cash costs at Kumtor would be expected to increase by approximately \$13 million, on forecasted diesel purchases until the end of 2011.

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 \$115 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 AIF for the year ended December 31, 2010),
- 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",
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licenses 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 AIF, 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 of gold 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 production taxes (except at Kumtor where revenue-based taxes and production 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 & TOTAL PRODUCTION COST  
RECONCILIATION (unaudited)**  
(\$ millions, unless otherwise specified)

Three months ended  
March 31,

**Centerra:**

	2011	2010
Cost of sales, as reported	\$ 61.8	\$ 78.3
Less: Non-cash component	14.8	21.3
Cost of sales - Cash component	<u>\$ 47.0</u>	<u>\$ 57.0</u>
Adjust for: Refining fees & by-product credits	(0.9)	0.2
Regional Office administration	4.8	4.9
Non-operating costs	-	0.1
Inventory movement	16.0	9.5
Total cash cost - 100%	<u>\$ 66.9</u>	<u>\$ 71.7</u>
Depreciation, Depletion, Amortization and Accretion	14.8	21.3
Inventory movement - non-cash	2.9	-
Total production cost - 100%	<u>\$ 84.6</u>	<u>\$ 93.0</u>
Ounces poured - 100% (000)	180.7	211.1
Total cash cost per ounce	\$ 370	\$ 340
Total production cost per ounce	\$ 468	\$ 441

**Kumtor:**

Cost of sales, as reported	\$ 48.3	\$ 63.9
Less: Non-cash component	11.7	16.9
Cost of sales - Cash component	<u>\$ 36.6</u>	<u>\$ 47.0</u>
Adjust for: Refining fees & by-product credits	(0.9)	0.2
Regional Office administration	3.3	3.3
Non-operating costs	-	-
Inventory movement	17.2	4.4
Total cash cost - 100%	<u>\$ 56.2</u>	<u>\$ 54.9</u>
Depreciation, Depletion, Amortization and Accretion	11.7	16.9
Inventory movement - non-cash	3.4	(1.3)
Total production cost - 100%	<u>\$ 71.3</u>	<u>\$ 70.5</u>
Ounces poured - 100% (000)	164.2	180.6
Total cash cost per ounce	\$ 342	\$ 305
Total production cost per ounce	\$ 434	\$ 391

**Boroo:**

Cost of sales (cash), as reported	\$ 13.5	\$ 14.4
Less: Non-cash component	3.1	4.4
Cost of sales - Cash component	<u>\$ 10.4</u>	<u>\$ 10.0</u>
Adjust for: Refining fees & by-product credits	-	-
Regional Office administration	1.5	1.6
Non-operating costs	-	0.1
Inventory movement	(1.2)	5.1
Total cash cost - 100%	<u>\$ 10.7</u>	<u>\$ 16.8</u>
Depreciation, Depletion, Amortization and Accretion	3.1	4.4
Inventory movement - non-cash	(0.5)	1.3
Total production cost - 100%	<u>\$ 13.3</u>	<u>\$ 22.5</u>
Ounces poured - 100% (000)	16.5	30.5
Total cash cost per ounce	\$ 645	\$ 551
Total production cost per ounce	\$ 805	\$ 739

**Centerra Gold Inc.**  
**Condensed Consolidated Statement of Financial Position**  
(Unaudited)

	<b>March 31</b>	December 31	January 1
	<b>2011</b>	2010	2010
<b>(Expressed in Thousands of United States Dollars)</b>			
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 342,692	\$ 330,737	\$ 176,904
Short-term investments	151,244	82,278	145,971
Restricted cash	835	795	-
Amounts receivable	61,574	100,562	44,281
Inventories	209,703	181,633	151,822
Prepaid expenses	11,020	22,221	11,718
	<u>777,068</u>	<u>718,226</u>	<u>530,696</u>
Property, plant and equipment	567,447	519,019	382,250
Goodwill	129,705	129,705	129,705
Long-term receivables and other	17,858	17,299	6,554
Long-term inventories	12,694	12,877	23,120
Deferred income tax asset	3,301	3,367	62
	<u>731,005</u>	<u>682,267</u>	<u>541,691</u>
<b>Total assets</b>	<b>\$ 1,508,073</b>	<b>\$ 1,400,493</b>	<b>\$ 1,072,387</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 58,887	\$ 70,909	\$ 49,098
Taxes payable	10,239	27,354	35,066
Current portion of provision	10,830	9,553	7,399
	<u>79,956</u>	<u>107,816</u>	<u>91,563</u>
Provision	29,202	30,880	26,546
Deferred income tax liability	-	-	8,700
	<u>29,202</u>	<u>30,880</u>	<u>35,246</u>
<b>Shareholders' equity</b>			
Share capital	655,447	655,178	646,081
Contributed surplus	34,053	33,827	35,376
Retained earnings	709,415	572,792	264,121
	<u>1,398,915</u>	<u>1,261,797</u>	<u>945,578</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,508,073</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  
March 31      March 31  
2011            2010

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

<b>Revenue from Gold Sales</b>	<b>\$ 250,179</b>	<b>\$ 255,486</b>
Cost of sales	61,794	78,366
Regional office administration	4,813	4,944
<b>Earnings from mine operations</b>	<b>183,572</b>	<b>172,176</b>
Revenue based taxes	32,188	31,266
Exploration and business development	7,557	5,521
Corporate administration	7,768	11,138
<b>Earnings from operations</b>	<b>136,059</b>	<b>124,251</b>
Other (income) and expenses	(1,048)	436
Finance costs	390	326
<b>Earnings before income taxes</b>	<b>136,717</b>	<b>123,489</b>
Income tax expense (recovery)	94	(373)
<b>Net earnings and comprehensive income</b>	<b>\$ 136,623</b>	<b>\$ 123,862</b>
<b>Basic and diluted earnings per common share</b>	<b>\$ 0.58</b>	<b>\$ 0.53</b>

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

**Three months ended**  
**March 31      March 31**  
**2011            2010**

(Expressed in Thousands of United States Dollars)

**Operating activities**

Net earnings	\$ 136,623	\$ 123,862
Items not requiring (providing) cash:		
Depreciation, depletion and amortization	14,956	21,377
Finance costs	390	326
Loss on disposal of plant and equipment	109	143
Stock - based compensation expense	324	361
Change in long-term inventory	183	(1,549)
Long-term other assets	(559)	(1,006)
Income tax expense	94	(373)
Other operating items	(29)	326
	<u>152,091</u>	<u>143,467</u>
Change in operating working capital	(8,437)	(56,213)
Income tax paid	(1,092)	(4,882)
<b>Cash provided by operations</b>	<u><b>142,562</b></u>	<u><b>82,372</b></u>

**Investing activities**

Additions to property, plant and equipment	(61,685)	(21,036)
Purchase of short-term investments	(68,966)	(37,323)
Proceeds from disposition of fixed assets	-	42
<b>Cash used in investing</b>	<u><b>(130,651)</b></u>	<u><b>(58,317)</b></u>

**Financing activities**

Payment of transaction costs related to borrowing	(127)	(17)
Proceeds from common shares issued for cash	171	-
<b>Cash provided by (used in) financing</b>	<u><b>44</b></u>	<u><b>(17)</b></u>

Increase in cash during the period	11,955	24,038
Cash and cash equivalents at beginning of the period	330,737	176,904
<b>Cash and cash equivalents at end of the Period</b>	<u><b>\$ 342,692</b></u>	<u><b>\$ 200,942</b></u>

*Cash and cash equivalents consist of:*

Cash	\$ 45,074	\$ 62,770
Cash equivalents	297,618	138,172
	<u><b>\$ 342,692</b></u>	<u><b>\$ 200,942</b></u>

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>	235,857,228	\$ 646,081	\$ 35,376	\$ 264,121	\$ 945,578
Stock-based compensation expense	-	-	361	-	361
Net earnings for the period	-	-	-	123,862	123,862
<b>Balance at March 31, 2010</b>	235,857,228	\$ 646,081	\$ 35,737	\$ 387,983	\$ 1,069,801
<b>Balance at January 1, 2011</b>	235,869,397	\$ 655,178	\$ 33,827	\$ 572,792	\$ 1,261,797
Stock-based compensation expense	-	-	324	-	324
Shares issued on exercised of stock options	34,498	269	(98)	-	171
Net earnings for the period	-	-	-	136,623	136,623
<b>Balance at March 31, 2011</b>	235,903,895	\$ 655,447	\$ 34,053	\$ 709,415	\$ 1,398,915

## **Qualified Person**

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

The Kumtor deposit is described in Centerra's most recently filed Annual Information Form (the "AIF") and a technical report dated March 22, 2011 prepared in accordance with NI 43-101. The AIF and technical report have 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 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 AIF and technical report have 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.

## **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 processing the remaining refractory in-situ ore at Boroo through a bio-oxidation facility, the impact of the Water and Forest Law on the Company's Mongolian operations, and the timing of the discussion of the Water and Forest Law amendment in the Mongolian Parliament, the application of the Graduated Royalty Fee on its Boroo operations, 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 and the discussion under the heading "Outlook for 2011", including the forecasted gold production and cash costs, exploration expenditures and exploration plans.

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.

Material assumptions used to forecast production and costs include those described under the heading "Outlook for 2011". Other 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 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 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; in the Kyrgyz Republic 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 negotiate an investment agreement for the Gatsuurt development property to complete the development of the mine 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.

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 resource 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 April 29, 2011. 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.

## **Conference Call**

Centerra invites you to join its 2011 first quarter conference call on Monday, May 2, 2011 at 11:00 am Eastern Time. The call is open to all investors and the media. To join the call, please dial toll-free in North America (800) 920-9723 or International participants dial 1(212)231-2907. 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 Monday May 9, 2011 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21518109.

## **For more information:**

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

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

**To view the Management's Discussion and Analysis and the Financial Statements and Notes for the three months-ended March 31, 2011, please visit the following link:**  
[http://media3.marketwire.com/docs/CGfs\\_mda.pdf](http://media3.marketwire.com/docs/CGfs_mda.pdf)

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