



NEWS RELEASE

Centerra Gold Reports 2011 Gold Production of 642,380 ounces and Provides 2012 Guidance

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 5 and in our Cautionary Note Regarding Forward-looking Information on page 6. All figures are in United States dollars.

Toronto, Canada, January 17, 2012: Centerra Gold Inc. (TSX: CG) announced today that its 2011 consolidated gold production totalled 642,380 ounces, which includes 583,156 ounces of gold from the Kumtor mine and 59,224 ounces of gold from the Boroo mine.

During the fourth quarter of 2011, consolidated gold production was 151,562 ounces, including 138,696 ounces of gold produced by the Kumtor mine, located in the Kyrgyz Republic and 12,866 ounces of gold produced by the Boroo mine, located in Mongolia.

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

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

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

Steve Lang, President and CEO of Centerra stated, "As expected we achieved our 2011 gold production forecast as both operations had strong fourth quarter operating performance allowing us to build our balance sheet, which we will use to grow the Company. Significant capital investment is planned at Kumtor for 2012 in order to renew our mining fleet to enable us to maintain production levels and manage the pit walls in the Central Pit. Our 2012 gold production guidance does not include any production from the heap leach facility at Boroo or the adjacent Gatsuurt project. The continued delays in receiving the final permits and approvals including the regulatory commissioning of the Gatsuurt project, pending the discussion of the Water and Forest Law amendment in the Mongolia Parliament, makes it difficult to predict the timing of the start of

production. We continue to expand our exploration and business development efforts as we look for additional operating platforms in an effort to increase our future gold production and help us achieve our goal of producing 1.5 million ounces of gold annually.”

“I am also very pleased to announce that Mr. Patrick James has resumed his role as Chair of the Board of Directors of Centerra. In early December 2011, Pat took a short leave of absence for family medical reasons, but has now since rejoined the board,” he concluded.

2012 Outlook

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

Kumtor’s collective bargaining agreement expires at the end of 2012. A work stoppage at any time during the year could have a significant impact on Kumtor achieving its forecasted production. Additionally, achieving the 2012 production is dependent on the delivery of new mining equipment on schedule and successfully maintaining the mining rates of the waste and ice in the southeast portion of the pit to gain access to the higher grade ore.

At the Boroo mine, gold production is forecast to be approximately 60,000 ounces and assumes mining of Pit 6 at Boroo starting in January 2012. The 2012 forecast also assumes no production from the heap leach facility or the Gatsuurt project due to uncertainties with permitting. The Boroo mill is expected to process mostly higher grade heap leach ore stockpiles for the first eight months of 2012, followed by processing the higher grade ore from Pit 6 from September 2012 to January 2013. During September to December 2012, the Boroo mill is expected to process a mixture of higher grade Pit 6 ore with an average grade of approximately 2.1 g/t and stockpiled heap leach material with grades between 0.67 – 0.76 g/t.

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

2012 Exploration Expenditures

Exploration expenditures of \$45 million are planned for 2012, a 13% increase from \$40 million planned expenditures in 2011. The 2012 program will continue the aggressive exploration work at the Kumtor mine together with an increase in the exploration in the Kumtor district, planned expenditures are expected to be about \$15 million. In Mongolia, \$8 million is allocated for exploration programs and work will continue along the Onon trend in eastern Mongolia and to follow up on the positive results on the Altan Tsagaan Ovoo (“ATO”) project.

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

2012 Capital Expenditures

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

Capital expenditures include:

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

Kumtor

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

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

Mongolia (Boroo & Gatsuurt)

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

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

2012 Corporate Administration and Community Investment

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

Total community investments for 2012 are forecast at \$26 million, in accordance with Centerra's Community Investment policy. This investment includes \$5 million for donations and sustainable development projects in the various communities Centerra operates in and \$21 million for strategic community investment projects. Note that these costs are not included in cash cost per ounce.

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

Regulatory Matters

In January 2012, Centerra's wholly owned subsidiary, Boroo Gold LLC, which owns the Boroo project, resolved the previously disclosed very significant claim for compensation that it received from the Mongolian General Department of Specialized Inspection ("SSIA") in October 2009 following the June 2009 inspection at the Boroo project. The claim related to certain mineral reserves, including state alluvial reserves, covered by the Boroo project licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Pursuant to the resolution, Boroo Gold LLC will pay approximately \$2.5 million. While this claim has been resolved, other regulatory issues remain outstanding in Mongolia, including the issuance of a final heap leach permit.

Major Assumptions

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

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

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

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

Other important assumptions include the following:

- Any recurrence of political and civil unrest in the Kyrgyz Republic will not impact operations, including movement of people, supplies and gold shipments to and from the Kumtor mine,
- grades and recoveries at Kumtor will remain consistent with the life-of-mine plan to achieve the forecast gold production,
- the dewatering program at Kumtor continues to produce the expected results and the water management system works as planned,
- the remedial plan to deal with the Kumtor waste and ice movement continues to be successful, see "Kumtor Mine – Geotechnical Issues Affecting the Kumtor Open Pit" in the Company's annual information form 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,
- domestic inflation rates remain stable,
- no further suspension of Boroo's operating licenses, and
- all necessary permits, licences and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be

adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, and results of operations or cash flows. See the sections entitled "Risk Factors" in the Company's most recently filed annual information form, available on SEDAR at www.sedar.com and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

Qualified Person

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

The Kumtor deposit is described in 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 technical report has been filed on SEDAR at www.sedar.com. The technical report describes the exploration history, geology and style of gold mineralization at the Kumtor deposit. Sample preparation, analytical techniques, laboratories used and quality assurance-quality control protocols used during the drilling programs at the Kumtor site are described in the technical report.

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

Cautionary Note Regarding Forward-looking Information

This news release and the documents referred to herein contain statements which are not statements of current or historical facts and are "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Wherever possible, words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "forecast", "projections", "estimate", "may", "will", "schedule", "potential", "strategy" and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things, the discussion under the heading "2012 Outlook", including the forecasted gold production and cash costs, exploration expenditures and exploration plans, capital expenditures, community investments and corporate administration, Centerra's expectations regarding the impact of the Water and Forest Law on the Company's Mongolian operations, business and political environment and business prospects including the timing and development of new deposits (including the ATO deposit) and the success of exploration activities.

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 "Major Assumptions". 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, including further investigations by the SSIA and other 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, Kyrgyzaltyn JSC; 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.

Furthermore, market price fluctuations in gold, as well as increased capital or production costs or reduced recovery rates may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. Economic and technological factors which may change over time always influence the evaluation of reserves or resources. Centerra has not adjusted mineral resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any mineral resource estimate will ultimately be reclassified as proven and probable reserves.

Centerra’s mineral reserve and mineral resource figures are estimates and Centerra can provide no assurances that the indicated levels of gold will be produced or that Centerra will receive the gold price assumed in determining its mineral reserves. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While Centerra believes that these mineral reserve and mineral resource estimates are well established and the best estimates of Centerra’s management, by their nature mineral reserve and mineral resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences which may ultimately prove unreliable. If Centerra’s reserve or reserve estimates for its properties are inaccurate or are reduced in the future, this could have an adverse impact on Centerra’s future cash flows, earnings, results or operations and financial condition.

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of January 17, 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 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, Ontario, Canada.

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

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