

centerra**GOLD**



NEWS RELEASE

CENTERRA GOLD TO ACQUIRE REMAINING 30% INTEREST IN THE ÖKSÜT GOLD PROJECT IN TURKEY, FROM STRATEX INTERNATIONAL

This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 4 under the heading, “Cautionary Note Regarding Forward-looking Information”. (All figures are in United States dollars.)

To view the complete drill results, graphics, and maps/drill sections discussed in this news release, please visit the following link: <http://media3.marketwire.com/docs/CENTTABLEMAP.pdf> or visit the Company’s web site at: www.centerragold.com.

Toronto, Canada, December 12, 2012: Centerra Gold Inc. (TSX: CG) is pleased to announce that it has entered into a binding Share Purchase Agreement with Stratex International Plc. to acquire Stratex’s 30% interest in the Öksüt Gold Project located in the Kayseri region of central Turkey. Upon completion of the transaction, Centerra will own 100% of the Öksüt Gold Project. Consideration for Stratex’s interest in the project consists of a \$20 million cash payment at closing and a 1% Net Smelter Return royalty on the project, subject to a \$20 million cap. The closing of the transaction is conditional on the conversion of six exploration licences to two operation licences, which are currently under application and are expected to be issued before the end of the first quarter of 2013, and other customary conditions.

Centerra and Stratex are parties to a joint venture arrangement, formed in 2009, to explore the Öksüt Gold Project. Centerra earned an initial indirect 50% interest in the project by advancing \$3 million to the joint venture through October 2011 and acquired an additional 20% interest in the project with an additional contribution of \$3 million, which it completed in October of this year. Through November, Centerra has advanced \$6.8 million for exploration work on the Öksüt Gold Project.

Commentary:

Ian Atkinson, President and CEO of Centerra, stated “This transaction consolidates our interest in the Öksüt Gold Project as we expect to transition the project from exploration to development. Our immediate objective is to define the limits of the Ortaçam North deposit and complete enough drilling to calculate a resource estimate by the end of the year as we continue metallurgical and environmental baseline work”.

Highlights:

- The transaction consolidates Centerra’s ownership of the Öksüt Gold Project to 100%.

- Total drilling on the project consists of 91 drill holes which have been completed through November 2012 for a total of 26,034 metres of diamond core drilling. Some of the better results from recent infill and step-out drilling since the beginning of the fourth quarter of 2012 include:
 - ODD74 (step-out): 0.97 g/t Au over 35.8 metres
 - ODD80 (infill): 3.33 g/t Au over 196.3 metres
 - ODD81 (infill): 1.36 g/t Au over 73.4 metres
 - ODD84 (step-out): 1.05 g/t Au over 33.9 metres
 - ODD85 (infill): 1.35 g/t Au over 209.5 metres
 - ODD86 (infill): 2.16 g/t Au over 269.2 metres
 - ODD87 (infill): 2.46 g/t Au over 248.0 metres
 - ODD88 (infill): 1.03 g/t Au over 238.8 metres
- Five diamond drill rigs are currently on site drilling infill and step-out exploration holes on the Ortaçam North deposit.
- Preliminary metallurgical test work consisting of bottle roll tests on core samples of oxidized and partially-oxidized material from the Ortaçam North deposit yielded recoveries from 60% to 87% on material with a crush size of 100% passing 3.35 millimetres.
- Environmental baseline studies have commenced.
- Centerra's initial resource estimate is expected to be released in early 2013.

Öksüt Gold Project

The Öksüt Gold Project is located in Kayseri Province, Turkey, approximately 50 kilometres south of the city of Kayseri (population 1.1 million) and 10 kilometres south of the town of Develi (population 35,000). The area is well serviced with key infrastructure, including sealed road networks, electricity and modern telecommunications services.

The Öksüt Gold Project was discovered by Stratex International in early 2007. Reconnaissance rock chip sampling returned up to 0.113 g/t Au from silica ledges within altered andesitic volcanic rocks at what is now the Ortaçam deposit. In late 2007, Stratex made applications for tenements to cover the property and obtained a total of nine contiguous exploration licences covering 111.6 square kilometres.

In 2008 and 2009, Stratex carried out reconnaissance and detailed geological mapping, rock and chip-channel sampling, soil sampling, geophysical surveys (ground magnetic and induced polarisation), trenching, and diamond drilling at the Ortaçam Prospect for a total of 3,352 metres in 16 holes. This work outlined six prospects within the project area; Ortaçam, Ortaçam North, Kizılağil, Büyükmeşe, Kuçukmeşe and Devetaşi.

Exploration activities in 2010 and 2011 included detailed geological mapping, rock and chip-channel sampling, grid-controlled soil sampling, stream sediment sampling, geophysical surveys (ground magnetic and induced polarisation), remote sensing investigations, metallurgical test work, baseline environmental studies, and diamond drilling at the six previously identified prospects. The Ortaçam North deposit was discovered in July 2011 and has been the focus of the joint venture

drilling, which to date, totals 22,480 metres in 75 holes.

The Öksüt Gold Project is contained within an oxidized, high-sulphidation epithermal system. The property lies within the central, eroded portion of an andesitic stratovolcano of Miocene age, which is overlain by Pliocene-aged, flow-banded, andesitic lava flows. The host rocks are andesitic lava flows, pyroclastic rocks and sub-volcanic domes. At the Ortaçam North deposit, the gold mineralization is hosted within a large diatreme breccia body with several phases of phreatic brecciation. Alteration types include vuggy to locally massive quartz, sugary-textured quartz-alunite, quartz-kaolinite and argillically altered rocks. Higher gold grades are mainly associated with massive silica and quartz-alunite alteration, phreatic breccia and fault zones. Gold values tend to decrease outwards from a core of massive/brecciated silica to quartz-alunite alteration to quartz-kaolinite alteration.

Drilling to date at Ortaçam North has outlined a zone of oxide gold mineralization over an area up to 600 metres in length, 300 metres in width, and is approximately 200 metres thick. The mineralized zone remains open to the east and south and at depth. Oxidation extends to approximately 420 metres below surface with gold mineralization extending to approximately 250 metres below surface. Beneath the oxidized zone, gold-bearing sulphide mineralization, comprising chalcocite, covellite and pyrite, has been intersected in a number of the deeper drill holes.

Preliminary metallurgical test work, comprising bottle roll tests on core samples of oxidized and partially oxidized material from the Ortaçam North deposit, has returned encouraging results. Gold recoveries at the coarsest crush size of 100% passing 3.35 millimetres ranged from approximately 87% for oxidized material to approximately 60% for partially oxidized material. These results indicate the ore is potentially amenable to cyanide heap leaching. Further metallurgical test work, consisting of column heap-leach testing, is currently underway

A second deposit, Ortaçam, is located approximately 500 metres southeast of the Ortaçam North deposit. The gold mineralization at Ortaçam is structurally-controlled and occurs within discrete silica ledges with quartz-alunite halos. Thirty-six drill holes currently define the extent of the Ortaçam deposit, which measures approximately 250 by 200 metres in plan. The depth of oxidation at the Ortaçam deposit is variable but generally less than 100 metres.

Currently, five diamond drill rigs are on-site with four rigs carrying out 50 metre spaced infill drilling at the Ortaçam North deposit and one rig carrying out 100 metre spaced step-out drilling at Ortaçam North. The majority of the diamond drill holes are PQ and HQ diameter and are oriented to the southwest with a declination of -50 to -60 degrees. Hole depths generally average around 300 metres with some deeper holes being drilled to 500 to 600 metres.

Procedures for sampling of drill core for analysis conform to industry best practices with chain-of-custody being observed for all samples. Core samples are sawed in half using electric-powered diamond core saws at the project's core cutting and storage facilities in Develi. Drill core samples are collected at nominal one to two metre intervals using half of the cut drill core. The remaining half core is stored for future reference. Samples are analysed for gold by 50 gram fire assay with AAS finish and for a multi-element suite by a multi-acid digest with ICP-OES finish. Quality

control is monitored by the insertion of blind certified standard reference materials, duplicates and blanks into each sample batch. Holes ODD1 to ODD69 were analyzed by ALS Chemex at its analytical laboratory in Rosia Montana, Romania. Subsequent holes have been analysed by SGS at its laboratory in Ankara, Turkey. The quality system for both companies complies with the requirements for the International Standards ISO 9001:2000.

Centerra has provided quarterly updates of drilling results from the Öksüt Gold Project since February of this year (see www.centerragold.com for previously released results). A complete listing of drill results and supporting maps/sections for the Öksüt Gold Project have been filed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and are available at the Company's web site at: 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://media3.marketwire.com/docs/CENTTABLEMAP.pdf>.

Qualified Person

The new drilling results for the Öksüt Gold Project 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 prepared, reviewed, verified and compiled by Centerra's geological and mining staff under the supervision of David Groves, Certified Professional Geologist, Centerra's Vice President, Global Exploration, who is the qualified person for the purpose of NI 43-101.

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 the satisfaction of the conditions to closing of the transaction, exploration objectives on the Öksüt Gold Project, including the calculation of an updated resource estimate by early 2013, business prospects (including the timing and development of new deposits and the success of exploration activities), and opportunities, including 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.

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 and base metal prices; political risks in the jurisdictions where the Company operates; the success of the Company's future exploration and development activities, including financial and political risks inherent in carrying out exploration 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 enforce its legal rights; 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; litigation; the impact of global financial conditions; the impact of currency fluctuations; and risks associated with having a significant shareholder. 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 Annual Information Form available on SEDAR at www.sedar.com.

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 December 12, 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 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.

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

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