centerra GOLD

NEWS RELEASE

Centerra Gold Reports First Quarter Earnings of $0.52 per share

(This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 13 and in our Cautionary Note Regarding Forward-looking Information on page 15. All figures are in United States dollars.)

Toronto, Canada, April 28, 2010: Centerra Gold Inc. (TSX: CG) today reported net earnings of $122.1 million or $0.52 per share on revenues of $255.5 million compared to a net loss of $20.3 million or $0.09 per common share based on revenues of $98.4 million in the same quarter last year.

Consolidated gold production for the first quarter of 2010 totaled 211,039 ounces at a total cash cost of $340 per ounce produced compared to 103,204 ounces at a total cash cost of $871 per ounce produced in the corresponding quarter of 2009. The significant increase in gold production in the first quarter of 2010 is a result of the mining and processing of higher grade material and achieving higher recoveries at the Kumtor mine. Cash provided by operations, net of working capital changes was $82.4 million compared to $10.8 million in the first quarter of 2009. (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Management's Discussion and Analysis issued in conjunction with this news release.)

The recent civil and political unrest in the Kyrgyz Republic has not caused any interruption in production at the Kumtor mine.

First Quarter Highlights

- Consolidated gold production of 211,039 ounces at a total cash cost of $340 per ounce
- Cash provided by operations of $82.4 million
- Cash and short-term investments increased to $384.2 million; no debt
- Consolidated gold production guidance for 2010 remains unchanged
- Exploration at Gatsuurt identifies new oxide gold mineralization

Commentary

"While we are pleased with the results of the first quarter, I would like to express our condolences to all those who lost family members or who were injured during the events of recent weeks in the Kyrgyz Republic," said Steve Lang, President and CEO of Centerra Gold. "Centerra is committed to work with the government of the Kyrgyz Republic and has offered to provide humanitarian aid and support," he concluded.

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Financial and Operating Summary

Revenues for the first quarter of 2010 were $255.5 million compared to $98.4 million during the same period one year ago. First quarter 2010 revenue reflects a 114% increase in ounces sold and a 22% increase in realized gold price ($1,112 per ounce in the first quarter of 2010 versus $915 per ounce in the first quarter of 2009) in the period. The increase in ounces sold reflects the higher production available for sale in the 2010 quarter and the destocking from the inventory built-up at the end of 2009.

Gold production for the first quarter was 211,039 ounces compared to 103,204 ounces reported in the first quarter of 2009. Gold production at Kumtor was significantly higher for the period which more than offset lower production at Boroo. At Kumtor, production was higher than anticipated due to the processing of higher grade stockpiles established in the fourth quarter of 2009 and extracting more ore than expected from the benches mined in the first quarter of 2010. Production at Boroo was lower in the first quarter 2010 mainly due to the heap leach operation remaining idle during the quarter.

Centerra's total cash cost per ounce of gold produced was $340 in the first quarter compared to $871 in the first quarter of 2009. The year-over-year decrease in unit cash costs was primarily due to the increased production at Kumtor and lower operating costs at both sites (see "Operations Update"). (Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures" in the Management's Discussion and Analysis for the three months ended March 31, 2010, issued in conjunction with this news release.)

Cash provided by operations was $82.4 million for the first quarter of 2010 compared to $10.8 million for the prior year first quarter. The increase reflects increased earnings as a result of higher gold volumes and prices and lower operating costs, partially offset by the negative impact of higher working capital levels in 2010.

Capital expenditures spent and accrued in the first quarter of 2010 amounted to $29.2 million of which $6.8 million was spent on sustaining capital projects. Growth capital totaled $22.4 million which related mainly to the SB Zone underground development at Kumtor ($8.9 million), the purchase of haul trucks at Kumtor ($7.7 million) and spending on development of the Gatsuurt project ($5.5 million).

Exploration expenditures for the first quarter were $5.1 million dollars compared to $5.6 million in the first quarter of 2009 reflecting lower drilling activity at Kumtor.

Centerra's cash and cash equivalents and short-term investments at the end of March 2010 increased to $384.2 million, compared to cash and short-term investments of $322.9 million at December 31, 2009.

Other Corporate Developments

Kyrgyz Republic

In early April 2010, civil unrest in the Kyrgyz Republic resulted in the ousting of President Kurmanbek Bakiyev and the formation of an interim government by opposition groups. Production at the Kumtor mine has not been affected by these events. However, the political situation in the Kyrgyz Republic continues to evolve and there can be no assurances that future political developments will not have an adverse impact on the Company's assets or operations.

On April 13, 2010, Kyrgyzaltyn JSC ("Kyrgyzaltyn"), the Kyrgyz Republic state-owned shareholder of the Company and owner of the Kara-Balta refinery which purchases Kumtor's gold doré, notified the Company that due to the civil unrest in the Kyrgyz Republic and a moratorium on certain transactions imposed by the governmental authorities, Kyrgyzaltyn had been forced to defer the sale of gold to its off-take bank. The restrictions on Kyrgyzaltyn's sale of gold to its off-take bank have been lifted and the Company has now received full payment of the balance outstanding.

Pursuant to a restated shareholders agreement dated as of June 6, 2009 between Kyrgyzaltyn and Centerra, so long as Kyrgyzaltyn and its affiliates continue to hold 10% or more of Centerra's outstanding shares, Centerra has agreed to include in Centerra's proposed slate of directors to be nominated for election at each annual or special meeting at which directors are to be elected, two board nominees designated by Kyrgyzaltyn, at least one of whom must be independent of the Kyrgyz Government, within the meaning of applicable securities laws in Canada. Should Kyrgyzaltyn and its affiliates own less than 10% but more than 5% of Centerra's outstanding shares, Centerra has agreed to include in the slate of directors one nominee of Kyrgyzaltyn who shall not be required to be independent. Kyrgyzaltyn currently owns approximately 33% of Centerra's outstanding shares and accordingly is entitled to two board nominees to be included in Centerra's annual general meeting of shareholders scheduled for May 19, 2010 (the "AGM"). As of the date hereof, the identity of the Kyrgyzaltyn nominees for the upcoming year has not been communicated to Centerra's board of directors. As a result of the recent events in the Kyrgyz Republic, there may be some further delay in Kyrgyzaltyn communicating to Centerra's board the identity of its nominees. Accordingly, the board of directors of Centerra expects to appoint two nominees of Kyrgyzaltyn to the board on or after the date of the AGM once the identities are communicated.

Mongolia

On April 23, 2010, President Elbegdorj issued an order temporarily suspending the issuance and transfer of mineral licenses. The order appears to be aimed at limiting speculation and other abuses and non-compliance by license holders. According to a statement released by the President's office, the order will remain in effect until amendments to minerals laws are implemented to remedy such abuses. Centerra does not expect that its operations or its existing mining and exploration licenses, including the Boroo and Gatsuurt licenses, will be affected by the order.

Mongolian Regulatory Matters

On June 12, 2009, the main operating licenses at the Company's Boroo mine were suspended by the Minerals Resources Authority of Mongolia ("MRAM") following extensive inspections of the Boroo mine operation conducted by the Mongolian General Department of Specialized Inspection ("SSIA"). While the suspension was lifted on July 27, 2009, several issues arising from the inspection continue to be discussed by Centerra and the Mongolian regulatory authorities. On October 23, 2009, Centerra received a very significant claim for compensation from the SSIA in respect of certain mineral reserves, including state alluvial reserves covered by the Boroo mine licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Centerra disputes the claim. While Centerra cannot give assurances, it believes settlement will be concluded through negotiation and will not result in a material impact. In addition, the SSIA inspections raised a concern about the production and sale of gold from the Boroo heap leach facility. The heap leach facility was operated under a temporary permit from June 2008 until the expiry of the temporary permit in April 2009 and Boroo Gold Company Ltd. ("BGC") paid all relevant royalties and taxes with respect to gold produced from the heap leach facility during that period. BGC believes that it had all necessary permits to carry out its heap leach activities and that any regulatory concerns are unfounded. BGC is continuing its effort to obtain a final permit for the operation of its heap leach facility at the Boroo mine. Centerra understands that this matter has been referred to the Mongolian Ministry of Mineral Resources and Energy for review but has received no official notice of any concern.

Under the stability agreement relating to the Boroo mine between the Company and the Government of Mongolia, signed July 6, 1998, as amended (the "Boroo Stability Agreement"), the Company is permitted to offset any value added taxes ("VAT") that it pays against other taxes payable in respect of its Boroo mine operation. In 2009, the Mongolian Ministry of Finance indicated that, despite the Boroo Stability Agreement, Centerra would no longer be permitted to offset its VAT payments. This decision was challenged by Centerra and in November 2009, Centerra was notified by Ministry of Finance officials that VAT payments up to August 31, 2009 could be offset. Despite this, recovery of any VAT payments from September 1, 2009 onwards continues to be subject to negotiations with the Ministry of Finance.

On November 2, 2009, Centerra received a letter from the Mongolian Ministry of Finance re-iterating some of the issues raised by the SSIA and indicating that the Boroo Stability Agreement would be terminated if such issues were not resolved within a period of 120 days from the date of the letter. The Company has held discussions with the Ministry of Finance regarding such concerns and has received no further notice from the Ministry of Finance with respect to the possible termination of the Boroo Stability Agreement. While the Company believes that the issues raised by the Ministry of Finance and the SSIA will be resolved through negotiations without a material impact on the Company, there can be no assurance that this will be the case.

Mongolian Legislation

In July 2009, the Mongolian Parliament enacted legislation that would prohibit mineral prospecting, exploration and mining in water basins and forest areas in the territory of Mongolia and provides for the revocation of licenses affecting such areas (the "Water and Forest Law"). The Company understands that, prior to the revocation of any licenses, the Mongolian government will undertake physical surveys and consult with local officials to determine which, if any, existing licenses will be subject to the new law. The legislation provides a specific exemption for “mineral deposits of strategic importance”, and accordingly, the main Boroo mining licenses will not be subject to the law. The Company’s Gatsuurt licenses and its other exploration license holdings in Mongolia are currently not exempt. In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the Water and Forest Law. The letter requested that the Company submit an estimate of expenses incurred in relation to each license and the compensation that it would expect to receive if such licenses were to be revoked. The Company has provided a detailed estimate to MRAM for all potentially affected licenses. The Company has submitted a draft Investment Agreement for the Gatsuurt Project to the Ministry of Mineral Resources and Energy (“MMRE”). In April 2010, the Company received a letter from the MMRE indicating that the Gatsuurt licenses are within the area designated on a preliminary basis where minerals mining is prohibited under the Water and Forest Law. The letter also stated that the MMRE will communicate with the Company regarding the investment agreement when the MMRE has more clarity on the impact of the law. The Company is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the law having a limited impact on the Company’s Mongolian activities.

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US$850 an ounce, with the repeal to take effect on January 1, 2011. The windfall profit tax will be applicable to the Gatsuurt project (but not the Boroo project).

Other

On February 4, 2010, Centerra Gold (U.S.) Inc. (“Centerra U.S.”), a wholly-owned subsidiary of Centerra, signed a purchase agreement with Rye Patch Gold Corp. and its U.S. subsidiary, Rye Patch Gold US Inc. (collectively “Rye Patch”) for the sale of Centerra U.S.’s interest in the REN project in Nevada, subject to the joint venture project partner, Homestake Mining Company of California (“Homestake”), a subsidiary of Barrick Gold Corporation, waiving its pre-emptive right to acquire Centerra U.S.’s interest. On April 8, 2010, Homestake elected to exercise its pre-emptive right to acquire Centerra Gold U.S. Inc.’s 64% interest in the REN joint venture for $35.2 million. As a result of Homestake’s election to purchase the Centerra U.S. interest, Rye Patch’s agreement with Centerra will terminate. Rye Patch is entitled to receive a break fee of $0.25 million from Centerra U.S. upon completion of Homestake’s acquisition of the Centerra U.S. interest which is expected to close on or before July 7, 2010. On closing, Centerra will transfer the joint venture interest to Homestake. The Company will record a gain on sale for the value of the proceeds received, less any related expenses.

As at March 31, 2010, the net book value of REN’s property is nil (December 31, 2009- Nil) because all exploration activities on this property were expensed as incurred.

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Operations Update

Kumtor

At the Kumtor mine, gold production was 180,562 ounces in the first quarter of 2010 representing a 187% increase from the same quarter in 2009. The significant increase in production in the first quarter of 2010 is the result of the continuation of mining the higher grade SB Zone in the Central Pit, processing of the high-grade stockpile established at the end of 2009 (430,000 tonnes at 4.3 g/t gold) and achieving higher recoveries. During the quarter, ore tonnage increased 164% year-over-year due to more ore being exposed in the SB Zone in the fourth quarter of 2009 and first quarter of 2010 compared to the first quarter of 2009. The mill head grade averaged 4.90 g/t with a recovery of 76.7% in the first quarter of 2010, compared to 1.92 g/t with a recovery of 70.8% in the same quarter of 2009. Due to 2009 delays in mine sequencing, some of the ore originally scheduled to be mined and stockpiled by the end of 2009 was actually mined in the first quarter of 2010 and fed directly to the mill.

During the quarter, the planned removal of ice and waste from the southeast section of the high wall in the SB Zone continued. The rate of movement of waste and ice from this area slowed during the first quarter of 2010 as a result of the offloading, as well as cold weather causing the material to freeze. The mine operations department increased its focus on mining ice and the removal of waste in the central pit using dedicated unload zones and wider benches at the top of the central pit.

Total cash cost per ounce, a non-GAAP measure of production efficiency, decreased to $305 in the first quarter of 2010 from $1,035 in the first quarter of 2009. The year-over-year decrease in unit cash costs was due to the substantially higher gold production and lower operating costs in 2010. Mining costs decreased 24% to $30.0 million in the first quarter of 2010 due to due to lower expenditures on maintenance materials and supplies, reduced costs for dewatering supplies and decreased costs for diesel fuel. Other favorable variances include decreased spending on blasting supplies, explosives and drill bits. While milling costs in 2010 increased 8% to $13.5 million due to increased consumption and costs for sodium cyanide and carbon, increased costs for electricity partially offset by price savings on grinding media. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”.

Exploration expenditures totaled $1.8 million for the first quarter of 2010, a decrease from the $3.3 million reported in the first quarter 2009. This is primarily a result of the decrease in the amount of drilling completed in the first quarter.

Capital expenditures in the first quarter of 2010 totalled $23.4 million compared to $21.8 million in the prior year. This consisted of $6.5 million of sustaining capital, predominantly spent on the heavy duty equipment overhaul program ($4.2 million), expansion of the waste dump ($0.8 million) and replacement of four dozers ($0.7 million). Growth capital investment totalled $16.9 million spent mainly on the purchase of CAT 789 haul trucks ($7.7 million), underground development of decline #1, SB Zone underground ($3.8 million), underground development of decline #2, Stockwork Zone ($3.9 million) and the purchase of capital equipment for decline #2 ($1.2 million).

The SB Zone underground decline (Decline #1) has advanced a total of 680 metres. During the quarter poor ground conditions were encountered slowing the decline advancement. The poor ground was primarily associated with faulting and additional work was carried out to implement the necessary ground support. The decline advancement is now back on its planned schedule. Exploration drilling is expected to commence in the second quarter and delineation drilling of the SB Zone is planned for the third and fourth quarters of 2010.

The Stockwork Zone underground decline (Decline #2) has advanced a total of 222 metres of which 195 metres were accomplished in 2010. Decline #2 will facilitate the access to the Stockwork Zone and the SB Zone for further exploration and delineation drilling of the two resources (SB Zone and Stockwork Zone) in 2010.

Boroo/Gatsuurt

At the Boroo mine, gold production was 30,477 ounces in the first quarter of 2010 compared to 40,183 ounces in the first quarter of 2009. The lower gold production is the result of lower mill head grades, 1.90 g/t in first quarter 2010 versus 2.34 g/t in the first quarter 2009 and the heap leach operation remaining idle during the first quarter 2010, pending issuance of the final operating permit by the Mongolian Government. In the comparative 2009 quarter, heap leach production was 9,292 poured ounces of gold. Recoveries improved in the quarter to 72.8% compared to 65.7% last year due to the mill feed which consisted of less refractory ore.

Heap leach operations at Boroo remain under care and maintenance. 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 $551 in the first quarter of 2010 from $479 in the first quarter of 2009. The impact of lower production in 2010 increased cash cost by approximately $152 per ounce. This was partially offset by lower operating cash costs of $79 per ounce. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

During the first quarter of 2010, exploration expenditures in Mongolia increased to $1.2 million from $0.3 million in the same period of 2009. Capital expenditures in the first quarter of 2010 were unchanged at $0.2 million compared to the same quarter of 2009.

At the Gatsuurt project, $5.5 million of growth capital was spent in the quarter primarily related to the construction of the road to access the Gatsuurt project and connect it with the Boroo mill facilities. To date approximately 65% of the 55 kilometre road has been constructed. The road is projected to be completed by June 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://media3.marketwire.com/docs/centerradata428.pdf ***or visit the Company's web site at:*** www.centerragold.com.

Kyrgyz Republic

During the first quarter of 2010, exploration drilling programs continued in the Kumtor Central Pit. Regional exploration drilling continued on the Kumtor concession area at the Northeast and Muzdusuu.

Kumtor Pit

In the first quarter of 2010, one drill hole was completed and three holes were in progress at quarter-end. Drill hole D1389 drilled on Section -10 was designed to test the Kumtor structure at the 3,000 metre elevation 500 metres vertically below the current pit design. The drill hole intersected low-grade mineralization, 2.2 g/t Au over 7.0 metres at the 3,000 metre elevation with weak alteration over a 300 metre interval from the 3,200 metre elevation to the bottom of the hole. The hole was stopped at a depth of 1,292 metres due to technical difficulties and did not test the entire Kumtor structural zone.

The results are encouraging. The targeted Kumtor structural zone was intersected in the expected position, 800 metres down dip and 500 metres along strike of the nearest drill holes. This indicates that the Kumtor structure continues to depth with untested potential both down dip and along strike of known mineralized zones.

Drilling in the second quarter will test the SB Zone at the 3,300 metre elevation and holes are also planned to test for down dip extensions of the Stockwork Zone. Drilling on the Southwest Extension of the SB Zone is also planned if mining activity permits.

Decline Exploration

No underground exploration drilling was undertaken in the first quarter. Drilling in decline #1 is expected to resume in the second quarter of 2010. Drilling in the second decline is expected for the third quarter as decline #2 should be advanced sufficiently.

Regional Exploration

Regional exploration drilling continued in the first quarter of 2010 at Northeast, Muzdusuu. No drilling was conducted at the Southwest or Sarytor areas due to high avalanche risk after heavy snowfalls in February and March.

Northeast Area

During the first quarter of 2010 one hole was completed at the Northeast prospect to follow up on the high grade mineralization intersected in drilling completed in the fourth quarter of 2009. Drill hole DN1400A intersected mineralization grading 4.0 g/t Au over 10.8 metres, including 10.9 g/t Au over 3.5 metres, and 2.3g/t Au over 9.2 metres and 5.1 g/t Au over 19.8 metres, including 15.6 g/t Au over 3.0 metres. The continuity of the high grade mineralization is considered to be encouraging and additional drilling will be carried out in the second quarter to define the strike and dip extent of the mineralization.

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

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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 and are available at the Company's web site at: www.centerragold.com.

Mongolia

During the first quarter of 2010, exploration work in Mongolia included drilling programs at the Gatsuurt project and the Ulaan Bulag prospect.

Gatsuurt Project

During the fourth quarter of 2009 a drill program was carried out to test a target immediately to the east of the planned Central Zone pit. The drilling was at approximately 60 metre centers and returned promising results. In the first quarter of 2010 a 30 by 30 metre infill drill program was completed and the results continue to be encouraging.

The mineralization appears to be associated with relatively steep west dipping structures and flat granite bodies. The eastern border is controlled by relatively steep west-dipping fault, and the mineralization bottom is controlled by the relatively flat lying granite – sediment contact.

The Gatsuurt data base is being reviewed to determine if there are other targets on the South slope of the Gatsuurt Central zone similar to the new zone that has been identified that would warrant testing.

A complete listing of the drill results and supporting maps for the Gatsuurt drilling 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.

Ulaan Bulag Prospect

A resource delineation program was started in late December 2009, after the mining license was issued by the Mongolian Mineral Authorities. During the first quarter of 2010, a 30 by 30 metre spaced drill program targeted the Nuga Zone, where earlier RC drilling has identified a low-grade oxidized resource.

Drilling results continue to be encouraging and additional drilling is being planned to follow up on these results.

United States (Nevada)

REN Joint Venture

On April 8, 2010 Barrick/Homestake elected to exercise their pre-emptive right to acquire Centerra Gold U.S. Inc.'s 64% interest in the REN joint venture for a cash payment of $35.2 million (see "Other Corporate Developments - Other").

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/centerradata428.pdf ***or visit the Company's web site at: www.centerragold.com.

Outlook for 2010

2010 Production

Centerra's 2010 consolidated gold production is forecast to be in the 640,000 to 700,000 ounce range, which is unchanged from the prior guidance disclosed in the Company's news release of February 23, 2010.

Gold production for the full year 2010 at the Kumtor mine in the Kyrgyz Republic is forecast to be between 530,000 to 570,000 ounces, which is higher than the prior guidance of 520,000 to 560,000 ounces based on incremental ounces mined in the first quarter. This excludes any production from the nearby Sarytor deposit, which will be mined in 2012 and 2013.

It is expected that the higher than anticipated production realized at Kumtor in the first quarter, which resulted from the processing of higher grade stockpiles established in the fourth quarter of 2009 and extracting more ore than expected from the benches mined in the first quarter, may be partially offset by lower production in the second and third quarters of 2010. Centerra still expects to produce approximately 43% of its annual production in the fourth quarter. The second and third quarters of 2010 will have lower production due primarily to the sequence of mining in the Kumtor pit as well as the anticipated change of the ball mill ring gear and a scheduled replacement of the SAG mill liner at the end of the second quarter at the Kumtor mill.

At Boroo/Gatsuurt, gold production is forecast to be 110,000 to 130,000 ounces, which is slightly lower than prior guidance of February 23, 2010 of 120,000 to 140,000 ounces due the delays in obtaining the final heap leach operating permit. The forecast assumes that:

- the Company has received the final operating permit for the Boroo heap leach facility by July 2010 allowing it to restart the heap leach within days of receiving the permit. Approximately 28,000 ounces of gold production is planned from the heap leach in 2010 and,

- all permitting and commissioning requirements for Gatsuurt are in place by mid-2010 in order to allow for the commencement of processing of Gatsuurt oxide ore in the second half of 2010 (expected production of approximately 50,000 ounces of gold from the Gatsuurt project).

Failing the receipt of the required approvals for Gatsuurt in a timely manner, an alternative plan can be initiated that will allow the Boroo operation to achieve the production within the forecasted range of ounces produced.

These production estimates are based on certain assumptions. See "Material Assumptions" below.

2010 Total Cash Cost per Ounce

Total cash cost in 2010 is expected to be between $460 and $505 per ounce produced, which is unchanged from the prior guidance of February 23, 2010. Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Total cash cost for 2010 for Kumtor is expected to be in the range of $430 to $460 per ounce produced, which is unchanged from the prior guidance.

Boroo/Gatsuurt total cash cost for 2010 reflects the Gatsuurt start-up and is expected to be $590 to $690 per ounce produced, which is unchanged from the prior guidance.

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

	2010 Production Forecast (ounces of gold)	**2010 Total Cash Cost[(1)]** ($ per ounce produced)
Kumtor	530,000 – 570,000	430 – 460
Boroo	110,000 – 130,000	590 – 690
Consolidated	640,000 – 700,000	460 – 505

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

These cost estimates are based on certain assumptions. See "Material Assumptions" below.

2010 Exploration Expenditures

Exploration expenditures of $30 million are planned for 2010, and the exploration plan is unchanged from the prior guidance. The 2010 program will continue the aggressive exploration work at the Kumtor mine with $12.6 million of planned expenditures to test for additional open pit and underground resources. In Mongolia, $2.7 million is allocated for target definition work and drill programs on our large land holdings. In addition, drilling and generative programs will be continued in Russia ($2.7 million), Turkey ($3.2 million) and Nevada ($2.5 million) with drilling programs continuing on the four joint ventures and two projects generated in 2008 and on the four new joint ventures acquired in 2009.

Generative programs will continue in Central Asia, Russia, China, Turkey and the U.S. to increase the pipeline of projects that are being developed to meet the longer term growth targets of Centerra.

2010 Capital Expenditures

The capital expenditures for 2010 are estimated to be $245.2 million, including $49.1 million of sustaining capital and $196.1 million of growth capital. This represents a decrease of $19.2 million from prior guidance primarily due to the timing of expenditures in growth capital at Gatsuurt.

Capital expenditures include:

Projects	**2010 Growth Capital** (millions of dollars)	**2010 Sustaining Capital** (millions of dollars)
Kumtor mine	$153.6	$43.8
Boroo mine	$0.5	$4.9
Gatsuurt project	$42.0	0
Other	0	$0.4
Consolidated Total	**$196.1**	**$49.1**

Kumtor Capital
At Kumtor, the largest growth capital expenditure will be for the North Wall Expansion project, estimated at $92.6 million primarily for purchases of mining and auxiliary support equipment to renew and expand the mining fleet. The equipment has been ordered and is expected to be delivered in the fourth quarter of 2010 and the first quarter of 2011. To increase haulage capacity to manage the ice/waste movement in the high movement area, Kumtor has started the process of acquiring seven new CAT 789 haul trucks for a total cost of $18.2 million. It is expected that the trucks will be delivered in the second and third quarters of 2010. The underground growth capital for developing the SB Zone and Stockwork Zone, as well as for delineation drilling and capital purchases, is estimated to be $41.1 million in 2010.

Boroo & Gatsuurt Capital
At Boroo, 2010 sustaining capital expenditures are expected to be $4.9 million, primarily for the purchase of new ball and SAG mill gears ($2.1 million) and mobile equipment component change-outs ($1.9 million). These expenditures are based on operational needs and also assume the receipt of the required approvals for Gatsuurt in a timely manner from the Mongolian regulatory authorities.

At Gatsuurt, expected 2010 growth capital spending is forecasted at $42.0 million down from $73.8 million in the prior guidance. The decrease in capital spending is due to a decision to delay the engineering and construction of the Boroo bio-oxidation facility for processing Gatsuurt and other sulphide ores. This decision was made due to issues involving Gatsuurt's commissioning with the Mongolian Government and the drilling results at Gatsuurt which has identified additional oxide mineralization which may extend the oxide operating life at Gatsuurt, delaying the need for the bio-oxidation plant. As a result of this decision, the capital spending in 2010 for the engineering and construction of the Boroo bio-oxidation facility has been scaled down to $5.0 million from $40 million reported in the previous guidance.

Other growth capital spending at Gatsuurt includes completion of the Gatsuurt site infrastructure including the haul road between Gatsuurt and Boroo ($8.5 million), purchase of haul trucks to be used for hauling of ore from the Gatsuurt site to the Boroo mill ($5.8 million), pre-stripping of the Gatsuurt orebody ($9.2 million), expansion of the existing Boroo tailings facility to contain Gatsuurt oxide and sulphide tailings ($4.8 million).

The Company has implemented a phased approach to the development of the Gatsuurt orebody consisting of an oxide project component and a sulphide project component. It is anticipated that the Gatsuurt oxide ores will begin to be processed through the Boroo facility in the third quarter of 2010. The balance of the capital for the development of the deeper sulphide ores at Gatsuurt may only be invested if the Company is successful in obtaining an acceptable investment agreement for Gatsuurt with the Government of Mongolia.

Administration
Annual corporate and administration expenses have been revised to amount to approximately $41 million in 2010, which is $7 million higher than the prior guidance in the fourth quarter 2009 mainly due to higher anticipated stock-based compensation resulting from the increased Centerra share price.

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Production, cost and capital forecasts for 2010 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 under the heading "Material Assumptions" and "Cautionary Note Regarding Forward-looking Information".

Sensitivities

Centerra's revenues, earnings and cash flows for the remaining nine months of 2010 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**	4.5	23.4	18.0	18.9
Diesel Fuel [(1)]	**10%**	4.1	-	4.1	4.1
Kyrgyz som	**1 som**	1.2	-	1.2	1.2
Mongolian tugrik	**25 tugrik**	0.2	-	0.2	0.2
Canadian dollar	**10 cents**	2.5	-	2.5	2.5

(1) 10% change in diesel fuel price equals $9/oz.

Material Assumptions

Material assumptions or factors used to forecast production and costs include the following:

- a gold price of $1,050 per ounce,
- exchange rates:
  - $1USD:$1.04 CAD
  - $1USD:44 Kyrgyz Som
  - $1USD:1,390 Mongolian Tugrik
  - $1USD:0.71 Euro
- diesel fuel price assumption:
  - $0.74/litre at Kumtor
  - $0.85/litre at Boroo

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 $81 per barrel.

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Other important assumptions on which the Company's production, cost and capital guidance is based include the following:

- Political and civil unrest in the Kyrgyz Republic does not impact operations, including movement of supplies, gold shipments and people to 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 and depressurization programs at Kumtor continue to produce the expected results and the water management system works as planned,
- the remedial plan to deal with the Kumtor waste and ice movement is successful, see "Kumtor Mine - Remedial Plan to Manage the High Movement Area" in the Company's December 7, 2009 news release,
- the equipment to execute the Company's remedial plan to manage the high movement area at Kumtor is available for purchase and is delivered on time,
- 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 "Mongolian Regulatory Matters",
- Boroo ore does not become more refractory in nature than anticipated, affecting mill recoveries,
- no further suspension of Boroo's operating licenses,
- Boroo receives the final operating permit for the heap leach facility by July 2010,
- permitting and commissioning requirements for mining activities at Gatsuurt are in place by mid-2010 in order to allow for the commencement of processing of Gatsuurt oxide ore in the timeframe planned,
- the commitment of capital for developing the Gatsuurt sulphides is dependent on signing an acceptable investment agreement with the Government of Mongolia,
- the development of Gatsuurt will be exempt from the new forest and water basin legislation in Mongolia, see "Mongolian Legislation", and
- all necessary permits, licences and approvals are received in a timely manner.

Production and cost forecasts and capital estimates are forward-looking information and are based on key assumptions and subject to material risk factors. If any event arising from these risks occurs, the Company’s business, prospects, financial condition, results of operations or cash flows could be adversely affected. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, and results of operations or cash flows. See the sections entitled “Recent Developments” and “Risk Factors” in the Company’s most recently filed annual information form, available on SEDAR at www.sedar.com and see also the discussion below under the heading “Cautionary Note Regarding Forward-looking Information”.

Qualified Person

The 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 Vice-President, 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 December 16, 2009 prepared in accordance with NI 43-101. The AIF and technical report have 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 Gatsuurt deposit is described in the Company’s most recently filed Annual Information Form (the “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. 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 future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and

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political environment and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Although the forward-looking information in this news release reflects Centerra's current beliefs as of the date of this news release based on information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied will be consistent with such forward-looking information. Forward looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks relating to the recent political and civil unrest in the Kyrgyz Republic, risks related to the creep of ice and waste movement into the Kumtor open-pit, the resolution of issues at the Boroo mine raised by the Mongolian SSIA concerning alluvial reserves and matters relating to the suspension of the Boroo licenses in June 2009, the potential impact of Mongolian legislation prohibiting mineral activity in water basins and forest areas on the Gatsuurt project, the threatened termination of the stability agreement with the Mongolian Government in relation to the Boroo mine, the receipt of a final permit to operate the heap leach operation at the Boroo mine, fluctuations in gold prices, replacement of mineral reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, political civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour, material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailings facility, the ability to renew and obtain licenses, permits and other rights, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel and the receipt of all permitting and commissioning requirements for the Gatsuurt mine by mid-2010. In addition, material assumptions used to forecast production and costs include those described above under the heading "Material Assumptions". There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's most recently filed AIF and Annual Management's Discussion and Analysis available on SEDAR at www.sedar.com.

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

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

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward-looking information. Forward-looking information is as of April 28, 2010. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

About Centerra

Centerra is a gold mining company focused on operating, developing, exploring and acquiring gold properties primarily in Asia, the former Soviet Union and other emerging markets worldwide. Centerra is a leading North American-based gold producer and is the largest Western-based gold producer in Central Asia. Centerra's shares trade on the Toronto Stock Exchange (TSX) under the symbol CG. The Company is headquartered in Toronto, Canada.

Conference Call

Centerra invites you to join its 2010 first quarter conference call on Thursday, April 29, 2010 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) 668-4115 or International participants dial (416) 359-1270. Alternatively, an audio feed web cast will be available on www.centerragold.com. A recording of the call will be available on www.centerragold.com shortly after the call and via telephone until midnight on Thursday, May 6, 2010 by calling (416) 626-4100 or (800) 558-5253 and using passcode 21464281.

For more information:

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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.

MDA and Financial Statements and Notes follow

Centerra Gold Inc.

Management's Discussion and Analysis ("MD&A")

For the period ended March 31, 2010

The following discussion has been prepared as of April 28, 2010, and is intended to provide a review of the financial position and results of operations of Centerra Gold Inc. ("Centerra" or the "Company") for the three month period ended March 31, 2010 in comparison with those as at March 31, 2009. This discussion should be read in conjunction with the unaudited interim consolidated financial statements and the notes of the Company for the three month period ended March 31, 2010. This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the three years ended December 31, 2009, the related MD&A included in the 2009 Annual Report, and the 2009 Annual Information Form. The financial statements of Centerra are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise specified, all dollar amounts are in United States dollars. The Company's 2009 Annual Report and 2009 Annual Information Form are available at www.centerragold.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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Consolidated Financial Results

Centerra's consolidated financial results for the three month period ended March 31, 2010 reflect 100% interests in the Kumtor and Boroo mines, and the Gatsuurt project.

Highlights

	Three Months Ended March 31		
Financial and Operating Summary	**2010**	**2009**	**% Change**
Revenue - $ millions	**255.5**	98.4	160%
Cost of sales - $ millions (1)	**57.3**	69.3	(17%)
Net earnings (loss) - $ millions	**122.1**	(20.3)	702%
Earnings (loss) per common share - $ basic and diluted	**0.52**	(0.09)	678%
Cash provided by operations - $ millions	**82.4**	10.8	660%
Capital expenditures - $ millions	**29.2**	22.3	31%
Weighted average common shares outstanding - basic (thousands)	**234,857**	216,318	9%
Weighted average common shares outstanding - diluted (thousands)	**235,660**	216,318	9%
Average gold spot price - $/oz	**1,109**	908	22%
Average realized gold price - $/oz	**1,112**	915	22%
Gold sold – ounces	**229,839**	107,621	114%
Cost of sales - $/oz sold	**249**	644	(61%)
Gold produced – ounces	**211,039**	103,204	104%
Total cash cost - $/oz produced(2) (3)	**340**	871	(61%)
Total production cost - $/oz produced(2) (3)	**442**	1,103	(60%)

(1) Cost of sales for 2010 and its comparative year excludes regional office administration.

(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, total cash cost and total production cost per ounce measures for both 2010 and 2009 exclude operating and revenue-based taxes.

Three Month Period Ended March 31, 2010 compared with the Three Month Period Ended March 31, 2009

Revenue and Gold Production

Revenue in the first quarter of 2010 increased to $255.5 million from $98.4 million in the same quarter last year reflecting higher ounces sold and higher realized gold prices. Gold sold for the period totalled 229,839 ounces compared to 107,621 ounces in the first quarter of 2009. The increase in ounces sold reflects the higher production from Kumtor available for sale in the 2010 quarter and the destocking from the inventory built-up at the end of 2009, also from Kumtor. Gold production for the quarter was 211,039 ounces compared to 103,204 ounces reported in the first quarter of 2009. Kumtor recorded a significant increase in production in the first quarter 2010 compared to the same period last year. This results from continued mining and processing of the high grade ores from the SB Zone, processing of the higher grade stockpile and in-circuit inventory established at the end of 2009 (approximately 55,000 ounces at 8.2 g/t compared to 24,000 ounces at 4.5 g/t processed in the first quarter 2009 from December 2008 inventory) and achieving higher recoveries. Ore tonnage increased significantly year over year due to more ore being exposed in the SB Zone in the fourth quarter of 2009 and first quarter of 2010. Production at Boroo was lower in the first quarter 2010 mainly due to the heap leach operation remaining idled during the quarter (heap leach was in full operation in the first quarter 2009). See “Mine Operations – Kumtor” and “Mine Operations – Boroo”.

Centerra realized an average gold price of $1,112 per ounce for the first quarter of 2010, an increase from the $915 per ounce realized in the same quarter in 2009. Centerra’s gold production is not hedged and gold is sold at the prevailing spot price. The average realized gold price in the quarter reflects the continued strength of the spot gold price, which averaged $1,109 per ounce for the first quarter of 2010 ($908 per ounce for the same period in 2009).

Cost of Sales

Cost of sales in the first quarter of 2010 was $57.3 million, compared to $69.3 million in the same quarter of 2009 resulting from year over year reductions at both Kumtor and Boroo. This reflects the elimination of production taxes at Kumtor resulting from the Restated Investment Agreement which introduced in its place a revenue-based tax (effective April 30, 2009): the production taxes included in costs of sales for the first quarter 2009 were approximately $5 million. In addition, operating costs were reduced at both sites, partially offset by lower production rates at Boroo. In addition, Kumtor benefited from the significant tonnes and higher grades of ore mined in the fourth quarter of 2009. This resulted in the build-up of lower cost inventories which were processed and sold in the first quarter of this year.

Cost of sales per ounce sold decreased to $249 compared to $644 for the same period in 2009 mainly as a result of significantly higher sales volumes and lower operating costs in the first quarter 2010.

Operating cash costs for the first quarter of 2010 compared to 2009 are lower at both sites due to the reduced expenditures on maintenance, dewatering supplies and diesel at Kumtor as well as lower costs at Boroo resulting from the cessation of heap leach activities.

The Company’s total cash cost per ounce produced was $340, down from $871 in the first quarter of 2009. This decrease is primarily due to increased production at Kumtor and lower operating costs at both sites. This was partially offset by fewer ounces produced at Boroo. Total cash cost per ounce produced is a non-GAAP measure and is discussed under “Non-GAAP Measures”. See “Mine Operations – Kumtor” and “Mine Operations – Boroo”.

Depreciation, Depletion and Amortization

Consolidated depreciation, depletion and amortization for the first quarter of 2010 remained virtually unchanged at $21.3 million compared to $21.8 million in the first quarter of the prior year. Higher depreciation resulting from the increased production in the first quarter of 2010 was offset by the impact of the additional reserves announced at the end of the 2009 year, especially at Kumtor, which lessened the charge in the first quarter 2010 from the assets depreciated on a unit of production basis. Depreciation, depletion and amortization for the first quarter of 2010 was $93 per ounce sold

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compared to $202 per ounce sold in the same quarter of 2009, reflecting the higher sales volume in 2010, the impact in the first quarter 2010 from the new reserve announcement and the increased depreciation in 2009 from 2008 pre-stripping of pit 3 at Boroo.

Accretion and Reclamation Expense

Accretion and reclamation expense of $0.6 million remained unchanged in the first quarter of 2010 and 2009.

Exploration

Exploration costs in the first quarter of 2010 decreased to $5.1 million from $5.6 million in the same quarter of 2009 mainly reflecting lower drilling activity at Kumtor.

Capital Expenditures

Capital expenditures spent and accrued of $29.2 million in the first quarter of 2010 included $6.8 million of sustaining capital and $22.4 million invested in growth capital related mainly for the SB Zone underground development at Kumtor ($8.9 million), the purchase of haul trucks at Kumtor ($7.7 million) and spending on development of the Gatsuurt project ($5.5 million).

Corporate Administration

Corporate administration costs for the first quarter of 2010 were $11.0 million compared to $5.0 million in the same quarter of 2009. The increase is primarily due to the impact of a 23% increase in the share price in the first quarter 2010 on share-based compensation. The share price remained unchanged in the same period of 2009.

Revenue-based Tax - Kumtor

The Restated Investment Agreement became effective for accounting purposes on April 30, 2009. Under the agreement, taxes on revenue are charged at a rate of 13% of gross revenue, with an additional contribution of 1% of gross revenue to the Issyk-Kul Oblast Development Fund. Revenue-based tax totalled $31.3 million for the first quarter of 2010.

Income Tax Expense

The Company recorded an income tax expense of $0.8 million during the three month period ended March 31, 2010 ($11.2 million in the three month period ended March 31, 2009).

Kumtor

Effective April 30, 2009 Kumtor became subject to a new tax regime pursuant to which income taxes and other taxes were replaced by taxes computed by reference to Kumtor's revenue. As a result of the Restated Investment Agreement, income taxes were not applicable to Kumtor in the first quarter of 2010 (income tax recovery of $2.9 million was recorded in the first quarter of 2009).

Boroo
The corporate income tax rate for Boroo for 2009 and subsequent years is 25% of taxable income in excess of 3 billion Tugriks (about $2.1 million at the exchange rate at the balance sheet date), and 10% for income up to that amount.

The income tax provision for Boroo in the first quarter of 2010 of $0.8 million compares to an income tax provision of $14.1 million in the first quarter of 2009. This reduction primarily reflects the income tax impact of the strengthening of the Mongolian Tugrik (MNT) in the first quarter of 2010 against the United States Dollar (USD). This resulted in an unrealized taxable loss on USD monetary assets for Mongolian income tax purposes for which a benefit was recorded. The MNT weakened in the first quarter of 2009 resulting in an unrealized taxable gain on USD monetary assets for Mongolian income tax purposes.

Net Earnings

Net earnings for the first quarter of 2010 were $122.1 million, or $0.52 per share, compared to a loss of $20.3 million or $0.09 per share for the same period in 2009, reflecting higher sales volumes at Kumtor, higher realized gold prices and lower operating costs partially offset by reduced gold production at Boroo.

Cash Flow

Cash provided by operations was $82.4 million for the first quarter of 2010 compared to $10.8 million for the same quarter of 2009, primarily reflecting increased earnings as a result of higher gold volumes and prices and lower operating costs, partially offset by the negative impact of higher working capital levels in 2010.

Cash used in investing activities in the first quarter of 2010 was $58.3 million reflecting primarily the purchase of $37.3 million of short-term investments and capital additions of $21.0 million. Capital additions include $6.8 million spent on sustaining capital projects and $14.2 million invested in growth projects. Expenditures in growth projects were mainly for Kumtor's underground development and road construction to the Gatsuurt project, while sustaining capital was $6.5 million at Kumtor and $0.3 million at Boroo and corporate.

As at March 31, 2010, the Company has entered into contracts to purchase capital equipment and operational supplies totalling $171.8 million (Kumtor $168.5 million, Gatsuurt $3.3 million). These contracts are expected to be settled over the next twelve months.

Cash and cash equivalents and short-term investments were $384.2 million at the end of the first quarter of 2010, compared to cash and cash equivalents and short-term investments of $322.9 million at December 31, 2009. The Company believes it has sufficient cash to carry out its capital and operational business plan for 2010.

Credit and Liquidity

As at March 31, 2010, the Company has no outstanding loans. A $10 million revolving credit facility arranged in 2007 is available for future use until its expiry May 30, 2010.

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A significant factor in determining profitability and cash flow from the Company's operations is the price of gold. The spot market gold price based on the London PM fix was approximately $1,116 per ounce on March 31, 2010. For the first quarter of 2010, the gold price averaged $1,109 per ounce compared to $908 per ounce for the same period in 2009.

The Company receives its revenues through the sale of gold in U.S. dollars. The Company has operations in the Kyrgyz Republic and Mongolia, and its corporate head office is in Toronto, Canada. During the three-month period ending March 31, 2010, approximately $74.4 million of operating and capital costs were incurred by Centerra in currencies other than U.S. dollars out of a total of $174 million costs incurred. For the three-month period, the percentage of Centerra's non-U.S. dollar costs, by currency was, on average, as follows: 34% in Mongolian Tugriks, 30% in Kyrgyz soms, 18% in Canadian dollars, 15% in Euro, and 3% in other currencies. On average, from the December 31, 2009 currency rate, the Tugrik appreciated by 0.5% over the U.S. Dollar, the Kyrgyz Som depreciated against the U.S. Dollar by approximately 1.0%, the Canadian Dollar appreciated by 1.2% and the Euro depreciated by 3.5% against the U.S. Dollar. The estimated impact of these movements over the three-month period to March 31, 2010 has been to reduce costs by approximately $0.4 million, after accounting for the Som, Tugrik and Canadian Dollars held at the beginning of the year.

Asset Retirement Obligations

The total future asset retirement obligations were estimated by management based on the Company's ownership interest in all mines and facilities, estimated costs to reclaim the mine sites and facilities, and the estimated timing of the costs to be incurred in future periods.

The Company has estimated the net present value of the total asset retirement obligations to be $30.2 million as at March 31, 2010 (December 31, 2009 - $29.7 million). These payments are expected to be made over the 2010 to 2017 period. The Company used weighted average credit risk-adjusted rates of 6.99% at Kumtor and 8% at Boroo to calculate the present value of the asset retirement obligations.

Share capital and share options

As of April 29, 2010, Centerra had 234,857,228 shares issued and outstanding. In addition, at the same date, the Company had 1,816,155 share options outstanding under its share option plan with exercise prices between Cdn$4.68 and Cdn$14.29 per share, and with expiry dates between 2013 and 2017.

During the quarter, in lieu of the normal issuance of stock options, the Board of Directors issued special performance share units. These units were designed to deliver the same value to the holder as regular stock options.

Gold hedges

The Company had no gold hedges in place in the first quarter of 2010 and no deferred charges were recognized.

Mine Operations

Centerra owns 100% of the Kumtor and Boroo mines and therefore all operating and financial results are on a 100% basis.

	Three Months Ended March 31		
Kumtor Operating Results	**2010**	**2009**	**% Change**
Revenue - $ millions	**223.3**	57.3	290%
Gold sold – ounces	**200,767**	62,196	223%
Average realized gold price – $/oz	**1,112**	921	21%
Cost of sales - $ millions	**47.1**	48.6	(3%)
Cost of sales - $/oz sold	**235**	782	(70%)
Tonnes mined - 000s	**27,538**	28,640	(4%)
Tonnes ore mined – 000s	**1,387**	525	164%
Tonnes milled - 000s	**1,466**	1,366	7%
Average mill head grade - g/t (1)	**4.90**	1.92	155%
Recovery - %	**76.7**	70.8	8%
Gold produced – ounces	**180,562**	63,021	187%
Total cash cost - $/oz produced (2) (3)	**305**	1,121	(73%)
Total production cost - $/oz produced (2) (3)	**391**	1,364	(71%)
Capital expenditures - $ millions	**23.4**	21.8	7%
Boroo Operating Results			
Revenue - $ millions	**32.2**	41.2	(22%)
Gold sold – ounces	**29,072**	45,425	(36%)
Average realized gold price - $/oz	**1,106**	906	22%
Cost of sales - $ millions	**10.1**	20.6	(51%)
Cost of sales - $/oz sold	**348**	454	(23%)
Total Tonnes mined - 000s	**3,094**	3,528	(12%)
Tonnes mined heap leach – 000s	**778**	1,212	(36%)
Tonnes ore mined direct mill feed -000's	**1,137**	621	83%
Tonnes ore milled - 000s	**624**	621	0%
Average mill head grade - g/t (1)	**1.90**	2.34	(19%)
Recovery - %	**72.8**	65.7	11%
Gold produced – ounces	**30,477**	40,183	(24%)
Total cash cost - $/oz produced (2)	**551**	479	15%
Total production cost - $/oz produced (2)	**745**	696	7%
Capital expenditures - $ millions (Boroo)	**0.17**	0.24	(29%)
Capital expenditures - $ millions (Gatsuurt)	**5.49**	0.17	3189%

(1) g/t means grams of gold per tonne.
(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, total cash cost and total production cost per ounce measures for both 2010 and 2009 are shown excluding operating and revenue-based taxes.

Kumtor

The Kumtor open pit mine, located in the Kyrgyz Republic, is the largest gold mine in Central Asia operated by a Western-based producer. It has been operating since 1997 and has produced about 7.4 million ounces of gold. During the first quarter 2010, Kumtor experienced one lost-time accident, five level I and one level II environmental incidents (non reportable).

The planned unloading of ice and waste from the southeast section of the high wall in the SB zone continued during the quarter. The rate of movement of waste and ice from this area slowed during the first quarter of 2010 as a result of the offloading, as well as the effect of cold weather, causing the material to freeze and the movement to slow. The mine operations department increased its focus on mining ice and the removal of waste in the central pit using dedicated unload zones and wider benches at the top of the central pit.

Due to 2009 delays in sequencing, some of the ore originally scheduled to be mined and stockpiled by the end of 2009 was actually mined in the first quarter of 2010 and fed directly to the mill.

Production from Kumtor in the first quarter of 2010 was higher than anticipated due to the processing of higher grade stockpiles established in the fourth quarter of 2009 and the extraction of more ore than expected from the benches mined in the first quarter of 2010.

Revenue and Gold Production

Revenue in the first quarter of 2010 increased to $223.3 million from $57.3 million in the first quarter of 2009 primarily as a result of the higher realized gold price and higher sales volumes (200,767 ounces in the first quarter of 2010 compared to 62,196 ounces in the same period of 2009). Kumtor produced 180,562 ounces of gold in the first quarter of 2010 compared to 63,021 ounces of gold in the first quarter of 2009. The increase results primarily from higher ore grades, increased volumes of high grade ores from the pit and stockpiles, an increased recovery and increased tonnage through the mill. The ore grade averaged 4.90 g/t with a recovery of 76.7% in the first quarter of 2010, compared to 1.92 g/t with a recovery of 70.8% in the same quarter of 2009.

The average realized gold price in the first quarter of 2010 was $1,112 per ounce compared to $921 per ounce in the same period in 2009.

Cost of Sales

Cost of sales at Kumtor in the first quarter of 2010 was $47.1 million compared to $48.6 million for the same quarter of 2009. The decrease year over year results primarily from the elimination of production taxes as a result of the new agreement signed with the Kyrgyz Government in June 2009 and lower mining and site administration costs partially offset by increased milling costs.

Operating cash costs at Kumtor decreased by $10.0 million for the first quarter 2010 compared to the same quarter of 2009, after the removal, for comparative purposes, of production taxes in the first quarter of 2009. This variance can be explained as follows:

Mining costs for first quarter 2010 were $30.0 million, $9.6 million or 24% lower than the same quarter in 2009. This was due primarily to lower expenditures on maintenance materials and supplies

($3.1 million) mainly for CAT shovels, drills, tractor dozers, and 785 haul trucks. Similarly, reduced costs for dewatering supplies ($2.6 million), diesel fuel ($1.0 million mainly due to favorable price variances) and lower labour costs ($0.7 million) helped lower the operating costs. Other favorable variances include decreased spending on supplies for blasting ($1.1 million) and lower lubrication costs for equipment ($0.6 million).

Milling costs for the first quarter 2010 were $13.5 million, $1.0 million or 8% higher than the same quarter in 2009. This was primarily due to increased costs for electricity ($0.6 million), sodium cyanide and carbon ($1.1 million) due to unfavorable price and consumption variances. This was partially offset by price savings on grinding media ($0.6 million) and lower cyclone costs ($0.3 million).

Site administration costs for the first quarter 2010 were $7.8 million, $1.9 million or 19% lower than the same quarter in 2009, primarily as a result of a reallocation of camp catering costs ($1.4 million) starting in 2010 and lower wages and premiums ($0.5 million).

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sales per ounce sold for the first three months of 2010 decreased to $235 compared to $782 for the same period in 2009. The major reason for the decrease is due to the increased sales volumes in 2010.

Total cash cost per ounce produced in the first quarter 2010 was $305 compared to $1,035 per ounce for the same period in 2009 due to lower operating costs in 2010 and substantially higher production. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Kumtor Regional Administration

Regional administration costs for Kumtor in the first quarter of 2010 were $3.3 million, which is virtually unchanged from the $3.5 million spent in the first quarter of 2009.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization increased by $3.0 million to $16.8 million over the same period of 2009. The increase mainly reflects the higher volumes of gold sold in the first quarter of 2010, partially offset by the impact on assets depreciated on units of production from the increase in the reserves at Kumtor announced at the end of 2009.

Exploration

Exploration costs for the first quarter of 2010 were $1.8 million, $1.5 million or 44% lower than the same period in 2009 mainly due to reduced drilling activity, which had the effect of reducing spending on labour and associated costs ($0.6 million), as well as reduced consumption of consumables ($0.6 million) and fuel ($0.4 million) for the 2010 period.

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Capital Expenditures

Amounts spent and accrued on capital in the first quarter of 2010 were $23.4 million compared to $21.8 million in the same quarter of 2009. In 2010, this consisted of $6.5 million of sustaining capital, predominantly for the heavy duty equipment overhaul program ($4.2 million), expansion of the waste dump ($0.8 million) and the replacement of 4 dozers ($0.7 million). The growth capital investment totalled $16.9 million spent mainly on the purchase of CAT 789 haul trucks ($7.7 million), decline 1 SB Zone underground development ($3.8 million), decline 2 Stockwork Zone underground development ($3.9 million) and the purchase of capital equipment for decline 2 ($1.2 million).

The SB Zone underground decline (Decline #1) has advanced a total of 680 metres. During the quarter poor ground conditions were encountered slowing the decline advancement. The poor ground was primarily associated with faulting and additional work was carried out to implement the necessary ground support. The decline advancement is now back on its planned schedule. Exploration drilling is expected to resume in the second quarter and delineation drilling of the SB Zone is planned for the third and fourth quarters of 2010.

The Stockwork Zone underground decline (Decline #2) has advanced a total of 222 metres of which 195 metres were accomplished in 2010. Decline #2 will facilitate the access to the Stockwork Zone and the SB Zone for further drilling of the resources and exploration of the mineralized structures.

Boroo and Gatsuurt

The Boroo open pit mine, located in Mongolia, was the first hard rock gold mine in Mongolia. To date it has produced approximately 1.4 million ounces of gold since beginning of operation in 2004. During the first quarter of 2010, there was one lost-time accident, six level I and three level II environmental incidents (non-reportable).

During the quarter work continued on the road to the Gatsuurt deposit. To date approximately 65% of the 55 km road has been constructed. The road is projected to be completed by June, 2010.

Revenue and Gold Production

Revenue in the first quarter of 2010 decreased to $32.2 million from $41.2 million in the first quarter of 2009 primarily as a result of 40% lower ounces sold (29,072 in the first quarter of 2010, compared to 53,636 ounces sold in the same period of 2009), partially offset by increased gold prices. Boroo produced 30,477 ounces of gold in the first quarter of 2010 compared to 40,183 ounces of gold in the first quarter of 2009. The milling operation experienced lower ore grades which were partially offset by increased recovery. The heap leach operation remained idle during the first quarter 2010, pending issuance of the final permitting by the Mongolian government authorities. In the comparative 2009 quarter, heap leach production was 9,292 poured ounces. The ore grade averaged 1.90 g/t with a recovery of 72.8% in the first quarter of 2010, compared to 2.34 g/t with a recovery of 65.7% in the same quarter of 2009. Recovery was improved by the feed ratio that contained a less refractory ore in 2010 compared to 2009.

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The average realized gold price per ounce in the first quarter of 2010 was $1,106 compared to $906 in the same period in 2009.

Heap leach operations at Boroo remain under care and maintenance. The Company continues to work with the Mongolian authorities to obtain the final heap leach operating permit. See "Other Corporate Developments- Mongolia".

Cost of Sales

Cost of sales decreased in the first quarter of 2010 to $10.1 million compared to $20.6 million in same period of 2009. The decrease results primarily from lower ounces sold in the first quarter of 2010 (24,564 ounces) which reduced cost of sales by approximately $11.0 million. In addition operating costs were lower primarily as a result of heap leach operations being under care and maintenance in the first quarter of 2010 compared to full operation in the same period of 2009.

Operating cash costs at Boroo decreased by $2.5 million compared to the same period in 2009. This variance can be summarized as follows:

Mining costs remained constant at $5.7 million for the first quarter year-over-year.

Milling costs for the first quarter 2010 were $5.1 million, $0.2 million or 4% lower than the same quarter in 2009 primarily due to lower consumable costs.

Costs for heap leaching activities were $1.6 million or 69% lower than the same period in 2009. As a result of the expiry of the temporary operating permit for the heap leach operation in April 2009, no further cyanide has been added to the heap leach pad since that date.

Site administration costs remained constant at $1.9 million for the first quarter in both years.

The ultimate impact of these cost changes on the reported results for cost of sales is dependant on the relative levels of capital and operating activities and the buildup or drawdown of inventories during the periods presented. On a unit cost basis, cost of sales per ounce sold decreased to $348 in the first quarter of 2010 compared to $454 in the same quarter in 2009, mainly reflecting the lower costs.

Total cash cost per ounce produced in the first quarter 2010 was $551 compared to $479 per ounce for the same period in 2009. The impact of lower gold production increased unit cash costs by approximately $152 per ounce. This was partially offset by lower operating cash costs of $79 per ounce. Total cash cost per ounce produced is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Boroo Regional Administration

Regional administration costs at Boroo were unchanged for the first quarter 2010 compared to the same quarter in 2009 at $1.6 million.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization in the first quarter 2010 totaled $4.4 million, a decrease of $3.3 million or 43% lower than the same period in 2009. The reduction results mainly from the lower sales and production volumes in the first quarter 2010, the increased depreciation in 2009 from the pre-stripping activity in pit 3 in 2008, as well as the impact of the new reserves announced at the end of 2009.

Exploration

Exploration expenditures in Mongolia increased to $1.2 million in the first quarter of 2010 from $0.3 million in the same period of 2009. This is primarily due to additional drilling activities performed on the Gatsuurt and Ulaan Bulag exploration licenses.

Capital Expenditures

Capital expenditures spent and accrued at Boroo in the first quarter of 2010 decreased to $0.17 million compared to $0.24 million in the same period of 2009. At Gatsuurt, $5.5 million was spent and accrued in the first quarter 2010 on road building and mine development, compared to $0.2 million spent in the prior year same quarter.

Other Financial Information – Related Party Transactions

Kyrgyzaltyn JSC and the Government of the Kyrgyz Republic

Effective June 11, 2009, revenues from the Kumtor mine are subject to a management fee of $1.00 per ounce (inclusive of taxes) based on sales volumes (previously $1.50 per ounce), payable to Kyrgyzaltyn JSC ("Kyrgyzaltyn"), which holds approximately 33% of the outstanding common shares of Centerra.

The table below summarizes the management fees and concession payments paid and accrued by Kumtor Gold Company ("KGC"), a subsidiary of the Company, to Kyrgyzaltyn or the Government of the Kyrgyz Republic, and the amounts paid and accrued by Kyrgyzaltyn to KGC according to the terms of the Gold and Silver Sales Agreement between Kumtor Operating Company ("KOC", a subsidiary of the Company), Kyrgyzaltyn and the Kyrgyz Republic.

($ thousands)	**Three months ended March 31**	
	2010	**2009**
Management fees paid by KGC to Kyrgyzaltyn	**201**	93
Concession payments paid by KGC to Kyrgyz Republic	**-**	249
Total	**201**	342
Gross gold and silver sales from KGC to Kyrgyzaltyn	**224,212**	57,608
Deduct: refinery and financing charges	**(881)**	(338)
Net sales revenue received by KGC from Kyrgyzaltyn	**223,331**	57,270

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Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to the Restated Gold and Silver Sales Agreement entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under this agreement Kyrgyzaltyn is required to pay for gold within 12 calendar days after delivery at a price that is fixed based on the London PM fixed price of gold on the London Bullion Market. The obligations of Kyrgyzaltyn are partially secured by a pledge of a portion of the Centerra shares owned by Kyrgyzaltyn, the value of which fluctuates with the market price.

As at March 31, 2010, the Company had a receivable of $58.7 million from Kyrgyzaltyn (December 31, 2009 - $37.9 million). Subsequent to March 31, 2010, the balance receivable from Kyrgyzaltyn of $58.7 million was paid in full.

Quarterly Results – Last Eight Quarters

Over the last eight quarters, Centerra's results reflect the positive impact of rising gold prices, increased gold production at Kumtor, offset by rising cash costs. In 2009, production at Kumtor was impacted by the unplanned mining of ice and the removal of waste in the vicinity of the central pit. Unusual items of $49.3 million were recorded in the second quarter of 2009 as a result of the ratification of the revised taxation arrangements with the Kyrgyz Republic. The results for the second quarter of 2008 reflect the impact from unusual items of $42.2 million of gains as the impact on the ultimate shares to be issued to the Kyrgyz Government was adjusted to the market price of Centerra shares.

$ millions, except per share data	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	255	324	159	104	98	241	139	143
Earnings (loss) before unusual items	122	140	20	(30)	(20)	43	17	14
Net earnings (loss)	122	140	20	(80)	(20)	43	17	56
Earnings (loss) per share before unusual items (basic and diluted)	0.52	0.60	0.09	(0.14)	(0.09)	0.20	0.08	0.06
Earnings (loss) per share (basic and diluted)	0.52	0.60	0.09	(0.36)	(0.09)	0.20	0.08	0.26

Other Corporate Developments

Kyrgyz Republic

In early April 2010, civil unrest in the Kyrgyz Republic resulted in the ousting of President Kurmanbek Bakiyev and the formation of an interim government by opposition groups. Production at the Kumtor mine has not been affected by these events. However, the political situation in the Kyrgyz Republic continues to evolve and there can be no assurances that future political developments will not have an adverse impact on the Company's assets or operations.

On April 13, 2010, Kyrgyzaltyn, the Kyrgyz Republic state-owned shareholder of the Company and owner of the Kara-Balta refinery which purchases Kumtor's gold doré, notified the Company that due to the civil unrest in the Kyrgyz Republic and a moratorium on certain transactions imposed by the governmental authorities Kyrgyzaltyn had been forced to defer the sale of gold to its off-take bank. The restrictions on Kyrgyzaltyn's sale of gold to its off-take bank have been lifted and the Company has now received full payment of the balance outstanding.

Pursuant to a restated shareholders agreement dated as of June 6, 2009 between Kyrgyzaltyn and Centerra, so long as Kyrgyzaltyn and its affiliates continue to hold 10% or more of Centerra's outstanding shares, Centerra has agreed to include in Centerra's proposed slate of directors to be nominated for election at each annual or special meeting at which directors are to be elected, two board nominees designated by Kyrgyzaltyn, at least one of whom must be independent of the Kyrgyz Government, within the meaning of applicable securities laws in Canada. Should Kyrgyzaltyn and its affiliates own less than 10% but more than 5% of Centerra's outstanding shares, Centerra has agreed to include in the slate of directors one nominee of Kyrgyzaltyn who shall not be required to be independent. Kyrgyzaltyn currently owns approximately 33% of Centerra's outstanding shares and accordingly is entitled to two board nominees to be included in Centerra's annual general meeting of shareholders scheduled for May 19, 2010 (the "AGM"). As of the date hereof, the identity of the Kyrgyzaltyn nominees for the upcoming year has not been communicated to Centerra's board of directors. As a result of the recent events in the Kyrgyz Republic, there may be some further delay in Kyrgyzaltyn communicating to Centerra's board the identity of its nominees. Accordingly, the board of directors of Centerra expects to appoint two nominees of Kyrgyzaltyn to the board on or after the date of the AGM once the identities are communicated.

Mongolia

On April 23, 2010, President Elbegdorj issued an order temporarily suspending the issuance and transfer of mineral licenses. The order appears to be aimed at limiting speculation and other abuses and non-compliance by license holders. According to a statement released by the President's office, the order will remain in effect until amendments to minerals laws are implemented to remedy such abuses. Centerra does not expect that its operations or its existing mining and exploration licenses, including the Boroo and Gatsuurt licenses, will be affected by the order.

Mongolian Regulatory Matters

On June 12, 2009, the main operating licenses at the Company's Boroo mine were suspended by the Minerals Resources Authority of Mongolia ("MRAM") following extensive inspections of the Boroo mine operation conducted by the Mongolian General Department of Specialized Inspection ("SSIA"). While the suspension was lifted on July 27, 2009, several issues arising from the inspections continue to be discussed by Centerra and the Mongolian regulatory authorities. On October 23, 2009, Centerra received a very significant claim for compensation from the SSIA in respect of certain mineral reserves, including state alluvial reserves covered by the Boroo mine licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Centerra disputes the claim. While Centerra cannot give assurances, it believes settlement will be concluded through negotiation and will not result in a material impact. In addition, the SSIA inspections raised a concern about the production and sale of gold from the Boroo heap leach facility. The heap leach facility was operated under a temporary permit from June 2008 until the expiry of the temporary permit in April 2009 and Boroo Gold Company Ltd ("BGC") paid all relevant royalties and taxes with respect to gold produced from the heap leach facility during that period. BGC believes that it had all necessary permits to carry out its

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heap leach activities and that any regulatory concerns are unfounded. BGC is continuing its effort to obtain a final permit for the operation of its heap leach facility at the Boroo mine. Centerra understands that this matter has been referred to the Mongolian Ministry of Mineral Resources and Energy for review but has received no official notice of any concern.

Under the stability agreement relating to the Boroo mine between the Company and the Government of Mongolia, signed July 6, 1998, as amended (the “Boroo Stability Agreement”), the Company is permitted to offset any value added taxes (“VAT”) that it pays against other taxes payable in respect of its Boroo mine operation. In 2009, the Mongolian Ministry of Finance indicated that, despite the Boroo Stability Agreement, Centerra would no longer be permitted to offset its VAT payments. This decision was challenged by Centerra and in November 2009, Centerra was notified by Ministry of Finance officials that VAT payments up to August 31, 2009 could be offset. Despite this, recovery of any VAT payments from September 1, 2009 onwards continues to be subject to negotiations with the Ministry of Finance.

On November 2, 2009, Centerra received a letter from the Mongolian Ministry of Finance re-iterating some of the issues raised by the SSIA and indicating that the Boroo Stability Agreement would be terminated if such issues were not resolved within a period of 120 days from the date of the letter. The Company has held discussions with the Ministry of Finance regarding such concerns and has received no further notice from the Ministry of Finance with respect to the possible termination of the Boroo Stability Agreement. While the Company believes that the issues raised by the Ministry of Finance and the SSIA will be resolved through negotiations without a material impact on the Company, there can be no assurance that this will be the case.

Mongolian Legislation

In July 2009, the Mongolian Parliament enacted legislation that would prohibit mineral prospecting, exploration and mining in water basins and forest areas in the territory of Mongolia and provides for the revocation of licenses affecting such areas (the “Water and Forest Law”). The Company understands that, prior to the revocation of any licenses, the Mongolian Government will undertake physical surveys and consult with local officials to determine which, if any, existing licenses will be subject to the new law. The legislation provides a specific exemption for “mineral deposits of strategic importance”, and accordingly, the main Boroo mining licenses will not be subject to the law. The Company’s Gatsuurt licenses and its other exploration license holdings in Mongolia are currently not so exempt. In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the Water and Forest Law. The letter requested that the Company submit an estimate of expenses incurred in relation to each license and the compensation that it would expect to receive if such licenses were to be revoked. The Company has provided a detailed estimate to MRAM for all potentially affected licenses. The Company has submitted a draft Investment Agreement for the Gatsuurt Project to the Ministry of Mineral Resources and Energy (“MMRE”). In April, 2010, the Company received a letter from the MMRE indicating that the Gatsuurt licenses are within the area designated on a preliminary basis where minerals mining is prohibited under the Water and Forest Law. The letter also stated that the MMRE will communicate with the Company regarding the investment agreement when the MMRE has more clarity on the impact of the law. The Company is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the law having a limited impact on the Company's Mongolian activities.

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US$850 an ounce, with the repeal to take effect on January 1, 2011. The windfall profit tax will be applicable to the Gatsuurt project (but not the Boroo project).

Other

On February 4, 2010, Centerra Gold (U.S.) Inc. ("Centerra U.S."), a wholly-owned subsidiary of Centerra, signed a purchase agreement with Rye Patch Gold Corp. and its U.S. subsidiary, Rye Patch Gold US Inc. (collectively "Rye Patch") for the sale of Centerra U.S.'s interest in the REN project in Nevada, subject to the joint venture project partner, Homestake Mining Company of California ("Homestake"), a subsidiary of Barrick Gold Corporation, waiving its pre-emptive right to acquire Centerra U.S.'s interest. On April 8, 2010 Homestake elected to exercise its pre-emptive right to acquire Centerra U.S.'s 64% interest in the REN joint venture for $35.2 million. As a result of Homestake's election to purchase the Centerra U.S. interest, Rye Patch's agreement with Centerra U.S. will terminate. Rye Patch is entitled to receive a break fee of $0.25 million from Centerra U.S. upon completion of Homestake's acquisition of the Centerra U.S. interest which is expected to close on or before July 7, 2010. On closing, Centerra U.S. will transfer the joint venture interest to Homestake. The Company will record a gain on sale for the value of the proceeds received, less any related expenses.

As at March 31, 2010 the net book value of REN's property is nil (December 31, 2009- Nil) since all exploration activities on this property were expensed as incurred.

Critical Accounting Estimates

Centerra prepares its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses for each year presented and in the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and various other factors believed to be reasonable under the circumstances. In reference to the Company's significant accounting policies as described in note 3 to the December 31, 2009 Consolidated Financial Statements management believes the following critical accounting policies reflect its more significant estimates and judgments used in the preparation of the consolidated financial statements.

Inventories of broken ore, heap leach ore, in-circuit gold and gold doré are valued at the lower of average production cost and net realizable value, while consumable supplies and spares are valued at the lower of weighted-average cost and replacement cost. Determination of realizable value or replacement costs requires estimates to be made for costs to complete and sell inventory. Management periodically makes estimates regarding whether an allowance is necessary for slow moving or obsolete consumable supplies and spares inventories.

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Depreciation and depletion of property, plant and equipment directly involved in mining and milling operations is primarily calculated using the "unit of production" method. This method allocates the cost of an asset to each period based on current period production as a portion of total lifetime production or a portion of estimated recoverable ore reserves. Estimates of lifetime production and amounts of recoverable reserves are subject to judgment and could change significantly over time. If actual reserves prove to be significantly different than the estimates, there would be a material impact on the amounts of depreciation and depletion charged to earnings.

Mobile equipment and other administrative-type assets are depreciated according to the straight-line method, based on an estimate of their useful lives.

Significant decommissioning and reclamation activities are often not undertaken until substantial completion of the useful lives of productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs or recoverable reserves would result in a material change in the amount charged to earnings.

If it is determined that carrying values of property, plant and equipment cannot be recovered, then the asset is written down to fair value. Similarly, Centerra tests goodwill at least annually for impairment to ensure that the fair value remains greater than or equal to book value. Any excess of book value over fair value is charged to income in the period in which the impairment is determined. Recoverability and fair value assessments are dependent upon assumptions and judgments regarding future prices, costs of production, sustaining capital requirements and economically recoverable ore reserves and resources. A material change in assumptions may significantly impact the potential impairment of these assets.

The Company uses the asset and liability method of accounting for future income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities, calculated using the currently enacted or substantively enacted tax rates anticipated to apply in the period that the temporary differences are expected to reverse. Future income tax inflows and outflows are subject to estimation in terms of both timing and amount of future taxable earnings. Should these estimates change, the carrying value of income tax assets or liabilities may change.

Grants under our stock-based compensation plans are accounted for in accordance with the fair-value-based method of accounting. For stock-based compensation plans that will settle through the issuance of equity such as stock options, the fair value of stock options is estimated on the date of grant using the Black-Scholes option pricing model, while for the cash-settled stock-based compensation, fair value is determined based on the market value of the Company's common shares at the reporting date. In addition, option valuation models require the input of certain assumptions including expected share price volatility.

Changes in Accounting Policies

There were no new accounting policies issues in and effective for the first quarter 2010.

New Pronouncements
The Canadian Institute of Chartered Accountants issued three accounting standards in January 2009 which take effect January 1, 2011: Section 1582, Business Combinations, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling interests.*

Section 1582 replaces section 1581 and establishes standards for the accounting of a business combination. It provides the Canadian equivalent to the International Financial Reporting Standards ("IFRS") 3 - *Business Combinations.* The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace section 1600, *Consolidated Financial Statements.* Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS lAS 27 - C*onsolidated and Separate Financial Statements* and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate that the adoption of these standards will impact its financial results.

Status of Centerra's Transition to International Financial Reporting Standards ("IFRS")

As discussed in the Company's 2009 annual MD&A, the IFRS project is now in its final phase, the implementation phase. During the first quarter 2010, the Company initiated work to quantify its opening balance sheet as of January 1, 2010 under IFRS, applying the IFRS1 elections/exemptions and accounting policies it selected during the development work performed in 2009. Work on the IFRS opening balance sheet is continuing and will be reviewed with the Company's Audit Committee of the Board and with its auditors, with the intent to release the quantified impact from the opening balance sheet in the Company's third quarter MD&A.

The release of the quantified impact in the second quarter will be dependent on and subject to any further standards development and additional guidance as issued by the International Accounting Standards Board ("IASB") and the Canadian Accounting Standards Boards ("ASB") as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the extent, timing, nature or disclosure of the Company's adoption of IFRS.

Further, changes in regulation or economic conditions at the date of the changeover or throughout the project could result in changes in elections or selections and to the transition plan being different from those communicated.

The Company is continuing its efforts to modify its system of records to accommodate the seamless preparation of IFRS statements and expects to have such changes completed by the end of the second quarter.

The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the information.

Centerra is monitoring the impact of the IFRS conversion on various functional activities of the Company. Training of the IFRS requirements with all management levels concerned including Directors and other related parties are continuing. IFRS training program requirements for other stakeholders of the Company are being assessed.

Outlook for 2010

Production

Centerra's 2010 consolidated gold production is forecast to be in the 640,000 to 700,000 ounce range, which is unchanged from the prior guidance disclosed in the Company's news release of February 23, 2010.

Gold production for the full year 2010 at the Kumtor mine in the Kyrgyz Republic is forecast to be between 530,000 to 570,000 ounces, which is higher than the prior guidance of 520,000 to 560,000 ounces based on incremental ounces mined in the first quarter. This excludes any production from the nearby Sarytor deposit, which will be mined in 2012 and 2013.

It is expected that the higher than anticipated production realized at Kumtor in the first quarter, which resulted from the processing of higher grade stockpiles established in the fourth quarter of 2009 and extracting more ore than expected from the benches mined in the first quarter, may be partially offset by lower production in the second and third quarters of 2010. Centerra still expects to produce approximately 43% of its annual production in the fourth quarter. The second and third quarters of 2010 will have lower production due primarily to the sequence of mining in the Kumtor pit as well as the anticipated change of the ball mill ring gear and a scheduled replacement of the SAG mill liner at the end of the second quarter at the Kumtor mill.

At Boroo/Gatsuurt, gold production is forecast to be 110,000 to 130,000 ounces, which is slightly lower than prior guidance of February 23, 2010 due the delays in obtaining the final heap leach operating permit. The forecast assumes that:

- the Company has received the final operating permit for the Boroo heap leach facility by July 2010 allowing it to restart the heap leach process within days of receiving the permit. Approximately 28,000 ounces of gold production is planned from heap leaching in 2010 and,

- all permitting and commissioning requirements for Gatsuurt are in place by mid-2010 in order to allow for the commencement of processing of Gatsuurt oxide ore in the second half of 2010 (expected production of approximately 50,000 ounces of gold from the Gatsuurt project).

Failing the receipt of the required approvals for Gatsuurt in a timely manner, an alternative plan can be initiated that will allow the Boroo operation to achieve the production within the forecasted range of ounces produced.

These production estimates are based on certain assumptions. See “Material Assumptions” below.

Cash cost per ounce

Total cash cost in 2010 is expected to be between $460 and $505 per ounce produced, which is unchanged from the prior guidance of February 23, 2010. Total cash cost is a non-GAAP measure and is discussed under "Non-GAAP Measures".

Total cash cost for 2010 for Kumtor is expected to be in the range of $430 to $460 per ounce produced, which is unchanged from the prior guidance.

Boroo/Gatsuurt total cash cost for 2010 reflects the Gatsuurt start-up and is expected to be $590 to $690 per ounce produced, which is unchanged from the prior guidance.

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

	2010 Production Forecast (ounces of gold)	**2010 Total Cash Cost(1)** ($ per ounce produced)
Kumtor	530,000 – 570,000	430 – 460
Boroo / Gatsuurt	110,000 – 130,000	590 – 690
Consolidated	640,000 – 700,000	460 – 505

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

These cost estimates are based on certain assumptions. See “Material Assumptions” below.

Exploration

Exploration expenditures of $30 million are forecast for 2010, and the exploration plan is unchanged from the prior guidance. The 2010 program will continue the aggressive exploration work at the Kumtor mine with $12.6 million of planned expenditures to test for additional open pit and underground resources. In Mongolia, $2.7 million is allocated for target definition work and drill programs on our large land holdings. In addition, drilling and generative programs will be continued in Russia ($2.7 million), Turkey ($3.2 million) and Nevada ($2.5 million) with drilling programs continuing on the four joint ventures and two projects generated in 2008 and on the four new joint ventures acquired in 2009.

Generative programs will continue in Central Asia, Russia, China, Turkey and the U.S. to increase the pipeline of projects that are being developed to meet the longer term growth targets of Centerra.

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Capital Expenditures

The capital expenditures for 2010 are estimated to be $245.2 million, including $49.1 million of sustaining capital and $196.1 million of growth capital. This represents a decrease of $31.3 million from prior guidance primarily due to the timing of expenditures in growth capital at Gatsuurt.

Growth capital includes:

Projects (millions of dollars)	**2010 Growth Capital Forecast**	**2010 Sustaining Capital Forecast**
Kumtor	$153.6	$43.8
Boroo	$0.5	$4.9
Gatsuurt	$42.0	0
Other	0	0.4
Consolidated Total	$196.1	$49.1

Kumtor Capital

At Kumtor, the largest growth capital expenditure will be for the North Wall Expansion project, estimated at $92.6 million primarily for purchases of mining and auxiliary support equipment to renew and expand the mining fleet. The equipment has been ordered and is expected to be delivered in the fourth quarter of 2010 and the first quarter of 2011. To increase haulage capacity to manage the ice/waste movement in the high movement area, Kumtor has started the process of acquiring seven new CAT 789 haul trucks for a total cost of $18.2 million. It is expected that the trucks will be delivered in the second and third quarters of 2010. The underground growth capital for developing the SB Zone and Stockwork Zone, as well as for delineation drilling and capital purchases, is estimated to be $41.1 million in 2010.

Boroo & Gatsuurt Capital

At Boroo, 2010 sustaining capital expenditures are expected to be $4.9 million, primarily for the purchase of new ball and SAG mill gears ($2.1 million) and mobile equipment component change-outs ($1.9 million). These expenditures are based on operational needs and also assume the receipt of the required approvals for Gatsuurt in a timely manner from the Mongolian regulatory authorities.

At Gatsuurt, expected 2010 growth capital spending is forecasted at $42.0 million down from $73.8 million in the prior guidance. The decrease in capital spending is due to a decision to delay the engineering and construction of the Boroo bio-oxidation facility for processing Gatsuurt and other sulphide ores. This decision was made due to issues involving Gatsuurt's commissioning with the Mongolian Government and the drilling results at Gatsuurt which has identified additional oxide mineralization which may extend the oxide operating life at Gatsuurt, delaying the need for the bio-oxidation plant. As a result of this decision, the capital spending in 2010 for the engineering and construction of the Boroo bio-oxidation facility has been scaled down to $5.0 million from $40 million reported in the previous guidance.

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Other growth capital spending at Gatsuurt includes completion of the Gatsuurt site infrastructure including the haul road between Gatsuurt and Boroo ($8.5 million), purchase of haul trucks to be used for hauling of ore from the Gatsuurt site to the Boroo mill ($5.8 million), pre-stripping of the Gatsuurt orebody ($9.2 million), expansion of the existing Boroo tailings facility to contain Gatsuurt oxide and sulphide tailings ($4.8 million).

The Company has implemented a phased approach to the development of the Gatsuurt orebody consisting of an oxide project component and a sulphide project component. It is anticipated that the Gatsuurt oxide ores will begin to be processed through the Boroo facility in the third quarter of 2010. The balance of the capital for the development of the deeper sulphide ores at Gatsuurt may only be invested if the Company is successful in obtaining an acceptable investment agreement for Gatsuurt with the Government of Mongolia.

Administration

Annual corporate and administration expenses have been revised to amount to approximately $41 million in 2010, which is $7 million higher than the prior guidance in the fourth quarter 2009 mainly due to higher anticipated stock-based compensation resulting from the increased Centerra share price.

Production, cost and capital forecasts for 2010 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 under the heading "Material Assumptions" and "Cautionary Note Regarding Forward-looking Information".

Sensitivities

Centerra's revenues, earnings and cash flows for the remaining nine months of 2010 are sensitive to changes in certain variables, and the Company has estimated their impact on revenues, net earnings and cash from operations.

Sensitivities	**Change**	**Impact on** *($ millions)*			
		Costs	**Revenues**	**Cash flow**	**Earnings before income tax**
Gold Price	**$50/oz**	4.5	23.4	18.0	18.9
Diesel Fuel [1]	**10%**	4.1	-	4.1	4.1
Kyrgyz som	**1 som**	1.2	-	1.2	1.2
Mongolian tugrik	**25 tugriks**	0.2	-	0.2	0.2
Canadian dollar	**10 cents**	2.5	-	2.5	2.5

(1) a 10% change in diesel fuel price equals $9/oz produced

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Material Assumptions

Material assumptions or factors used to forecast production and costs include the following:

- a gold price of $1,050 per ounce,
- exchange rates:
  - $1USD:$1.04CAD
  - $1USD:44 Kyrgyz Som
  - $1USD:1,390 Mongolian Tugrik
  - $1USD:0.71 Euro
- diesel price assumption:
  - $0.74/litre at Kumtor
  - $0.85/litre at Boroo

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 $81 per barrel.

Other important assumptions on which the Company's production, cost and capital guidance is based include the following:

- political and civil unrest in the Kyrgyz Republic does not impact operations, including movement of supplies, gold shipments and people to 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 and depressurization programs at Kumtor continue to produce the expected results and the water management system works as planned,

- the remedial plan to deal with the Kumtor waste and ice movement is successful, see "Kumtor Mine - Remedial Plan to Manage the High Movement Area" in the Company's December 7, 2009 news release,

- the equipment to execute the Company's remedial plan to manage the high movement area at Kumtor is available for purchase and is delivered on time,

- no unplanned delays in or interruption of scheduled production from our mines, including due to natural phenomena, labour or regulatory 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 "Mongolian Regulatory Matters",

- Boroo ore does not become more refractory in nature than anticipated, affecting mill recoveries,

- no further suspension of Boroo's operating licenses,

- Boroo receives the final operating permit for the heap leach facility by July 1, 2010,

- permitting and commissioning requirements for mining activities at Gatsuurt are in place by mid-2010 in order to allow for the commencement of processing of Gatsuurt oxide ore in the timeframe planned,

- the commitment of capital for developing the Gatsuurt sulphides is dependent on signing an acceptable investment agreement with the Government of Mongolia,

- the development of Gatsuurt will be exempt from the new forest and water basin legislation in Mongolia, see "Mongolian Legislation", 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, results of operations or cash flows. See the sections entitled "Recent Developments" and "Risk Factors" in the Company's most recently filed annual information form, available on SEDAR at www.sedar.com and see also the discussion below under the heading "Cautionary Note Regarding Forward-looking Information".

For further discussion of the factors that could cause actual results to differ materially, please refer to “Risk Factors” in Centerra’s 2009 Annual Management’s Discussion and Analysis and to Centerra’s 2009 Annual Information Form including the section titled “Risk Factors”, available on SEDAR at www.sedar.com. For information on forward-looking information see “Caution 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 is calculated by dividing total cash costs by gold ounces produced for the relevant period. Total production cost per ounce 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 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 and total production cost per ounce 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 and total production cost per ounce may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow.

Net earnings before unusual items is a non-GAAP measure. It has been included because certain investors use this information to assess how the Company would perform when items not considered to be usual in nature are excluded. This may enable investors to better understand year-over-year changes in income.

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Centerra Gold Inc.
TOTAL CASH COST & TOTAL PRODUCTION COST RECONCILIATION (unaudited)
($ millions, unless otherwise specified)

	Three months ended March 31, 2010	2009
Centerra:		
Cost of sales, as reported	**$ 57.3**	$ 69.3
Adjust for: Refining fees & by-product credits	**0.2**	-
Regional Office administration	**4.9**	5.0
Mining Standby Costs	**-**	-
Operating taxes excluded (1)	**-**	(5.4)
Non-operating costs	**(0.1)**	(2.0)
Inventory movement	**9.5**	17.5
Total cash cost - 100%	**$ 71.8**	$ 84.4
Depreciation, Depletion, Amortization and Accretion	**21.6**	22.1
Inventory movement - non-cash	**(0.1)**	1.9
Total production cost - 100%	**$ 93.3**	$ 108.4
Ounces poured - 100% (000)	**211.1**	103.2
Total cash cost per ounce	**$ 340**	$ 819
Total production cost per ounce	**$ 442**	$ 1,051
Kumtor:		
Cost of sales, as reported	**$ 47.1**	$ 48.6
Adjust for: Refining fees & by-product credits	**0.2**	-
Regional Office administration	**3.3**	3.5
Mining Standby Costs	**-**	-
Operating taxes excluded (1)	**-**	(5.4)
Non-operating costs	**-**	(1.9)
Inventory movement	**4.4**	20.4
Total cash cost - 100%	**$ 55.0**	$ 65.2
Depreciation, Depletion, Amortization and Accretion	**$ 16.9**	$ 14.1
Inventory movement - non-cash	**$ (1.3)**	$ 1.2
Total production cost - 100%	**$ 70.6**	$ 80.5
Ounces poured - 100% (000)	**180.6**	63.0
Total cash cost per ounce	**$ 305**	$ 1,035
Total production cost per ounce	**$ 391**	$ 1,278
Boroo:		
Cost of sales, as reported	**$ 10.2**	$ 20.7
Adjust for: Refining fees & by-product credits	**-**	-
Regional Office administration	**1.6**	1.5
Mining Standby Costs	**-**	-
Operating taxes excluded (1)	**-**	-
Non-operating costs	**(0.1)**	(0.1)
Inventory movement	**5.1**	(2.9)
Total cash cost - 100%	**$ 16.8**	$ 19.2
Depreciation, Depletion, Amortization and Accretion	**4.7**	8.0
Inventory movement - non-cash	**1.2**	0.7
Total production cost - 100%	**$ 22.7**	$ 27.9
Ounces poured - 100% (000)	**30.5**	40.2
Total cash cost per ounce	**$ 551**	$ 479
Total production cost per ounce	**$ 745**	$ 696

(1) Kumtor's operating taxes under the previous regime are removed in both years since these were replaced with a revenue-based tax combining income and operating taxes from the previous regime.

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Qualified Person

The scientific and technical information in this document was prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and was reviewed, verified and compiled by Centerra’s geological and mining staff under the supervision of Ian Atkinson, Certified Professional Geologist, Centerra’s Vice-President, Exploration, who is the qualified person for the purpose of NI 43-101.

Caution Regarding Forward-Looking Information

This Management’s Discussion and Analysis and the documents referred to herein contain statements which are not statements of current or historical facts and are “forward looking information” within the meaning of applicable Canadian securities laws. Such forward looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. Wherever possible, words such as “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “forecast”, “projections”, “estimate”, “may”, “will”, “schedule”, “potential”, “strategy” and other similar expressions have been used to identify forward looking information. These forward-looking statements relate to, among other things, Centerra’s expectations regarding future growth, results of operations (including, without limitation, future production and sales, and operating and capital expenditures), performance (both operational and financial), business and political environment and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities.

Although the forward-looking information in this Management’s Discussion and Analysis reflects Centerra’s current beliefs as of the date of this Management’s Discussion and Analysis based on information currently available to management and based upon what management believes to be reasonable assumptions, Centerra cannot be certain that actual results, performance, achievements, prospects and opportunities, either expressed or implied will be consistent with such forward-looking information. Forward looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks relating to the recent political and civil unrest in the Kyrgyz Republic, risks related to the creep of ice and waste movement into the Kumtor open-pit, the resolution of issues at the Boroo mine raised by the Mongolian SSIA concerning alluvial reserves and matters relating to the suspension of the Boroo licenses in June 2009, the potential impact of Mongolian legislation prohibiting mineral activity in water basins and forest areas on the Gatsuurt project, the threatened termination of the stability agreement with the Mongolian Government in relation to the Boroo mine, the receipt of a final permit to operate the heap leach operation at the Boroo mine, fluctuations in gold prices, replacement of mineral reserves, reduction in reserves related to geotechnical risks, ground movements, political risk, nationalization risk, changes in laws and regulations, political civil unrest, labour unrest, legal compliance costs, reserve and resource estimates, production estimates, exploration and development activities, competition, operational risks, environmental, health and safety risks, costs associated with reclamation and decommissioning, defects in title, seismic activity, cost and availability of labour,

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material and supplies, increases in production and capital costs, permitting and construction to raise the tailings dam height and increase the capacity of the existing Kumtor tailings facility, the ability to renew and obtain licenses, permits and other rights, illegal mining, enforcement of legal rights, decommissioning and reclamation cost estimates, future financing and personnel and the receipt of all permitting and commissioning requirements for the Gatsuurt mine by mid-2010. In addition, material assumptions used to forecast production and costs include those described above under the heading "Material Assumptions". There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See "Risk Factors" in the Company's most recently filed AIF and Annual Management's Discussion and Analysis available on SEDAR at www.sedar.com.

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

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

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

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this Management's Discussion and Analysis. 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 28, 2010. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

Centerra Gold Inc.

Consolidated Financial Statements

For the Quarter Ended March 31, 2010

(Unaudited)

(Expressed in United States Dollars)

Centerra Gold Inc.

Consolidated Balance Sheets

(Expressed In Thousands of United States Dollars)

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$ 200,942	$ 176,904
Short-term investments	183,294	145,971
Amounts receivable	65,973	44,281
Current portion of future income tax asset	1,241	1,555
Inventories (note 3)	154,550	151,822
Prepaid expenses	17,800	11,718
	623,800	532,251
Property, plant and equipment	388,691	380,979
Goodwill	129,705	129,705
Long-term receivables and other	7,560	6,554
Long-term inventories (note 3)	24,669	23,120
Future income tax asset	830	1,418
	551,455	541,776
Total assets	$ 1,175,255	$ 1,074,027
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 44,472	$ 49,178
Taxes payable	21,184	35,066
Current portion of provision for reclamation (note 4)	8,221	8,169
Current portion of future income tax liability	4,415	7,662
	78,292	100,075
Provision for reclamation (note 4)	22,001	21,533
Shareholders' equity (note 5)		
Share capital	646,081	646,081
Contributed surplus	34,754	34,298
Retained earnings	394,127	272,040
	1,074,962	952,419
Total liabilities and shareholders' equity	$ 1,175,255	$ 1,074,027

Commitments and contingencies (note 8)

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Earnings and Comprehensive Income
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Revenue from Gold Sales	**$ 255,486**	$ 98,429
Expenses		
Cost of sales [1]	**57,252**	69,258
Regional office administration	**4,944**	5,075
Depreciation, depletion and amortization	**21,331**	21,787
Accretion and reclamation expense (note 4)	**554**	575
Revenue based taxes (note 6(a))	**31,266**	-
Exploration and business development	**5,521**	5,693
Other (income) and expenses	**714**	164
Corporate administration	**11,017**	5,002
	132,599	107,554
Earnings (loss) before income taxes	**122,887**	(9,125)
Income tax expense (note 6 (b))	**800**	11,161
Net earnings (loss) and comprehensive income (loss)	**$ 122,087**	$ (20,286)
Basic and diluted net earnings (loss) per common share (note 5)	**$ 0.52**	$ (0.09)
[1] Excludes depreciation, depletion and amortization expenses	**21,206**	21,227

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Operating activities		
Net earnings (loss)	**$ 122,087**	$ (20,286)
Items not involving cash:		
Depreciation, depletion and amortization	**21,331**	21,787
Accretion and reclamation expense	**554**	575
Loss on disposal of plant and equipment	**143**	320
Stock based compensation expense	**456**	359
Future income tax (recovery) expense	**(2,345)**	5,821
Long-term inventory	**(1,549)**	(2,384)
Other operating items	**(683)**	(1,661)
	139,994	4,531
Decrease (increase) in working capital	**(57,639)**	6,308
Cash provided by operations	**82,355**	10,839
Investing activities		
Additions to property, plant and equipment	**(21,036)**	(23,720)
Short-term investments (purchased) matured	**(37,323)**	17,781
Proceeds from disposition of property,plant and equipment	**42**	2
Cash used in investing	**(58,317)**	(5,937)
Financing activities		
Cash provided by (used in) financing	**-**	-
Increase in cash and cash equivalents during the period	**24,038**	4,902
Cash and cash equivalents at beginning of the period	**176,904**	149,583
Cash and cash equivalents at end of the period	**$ 200,942**	$ 154,485
Supplemental disclosure with respect to cash flows		
Cash and cash equivalents consist of :		
Cash	**$ 62,770**	$ 35,841
Cash equivalents	**138,172**	118,644
	$ 200,942	$ 154,485
Investment in property,plant and equipment		
Capital expenditures during the period	**$ 29,154**	$ 22,306
Reduction (increase) to accruals included in additions to PP&E	**(8,118)**	1,414
Additions to property, plan and equipment	**$ 21,036**	$ 23,720

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

Centerra Gold Inc.
Consolidated Statements of Shareholders' Equity
(Unaudited)
(Expressed In Thousands of United States Dollars)

	Number of Common Shares	Amount	Contingent Common Shares Issuable	Contributed Surplus	Retained Earnings	Total
Balance at December 31, 2008	216,318,188	$ 523,107	$ -	$ 32,904	$ 211,727	767,738
Stock-based compensation expense	-	-	-	359	-	359
Net loss for the period	-	-	-	-	(20,286)	(20,286)
Balance at March 31, 2009	216,318,188	$ 523,107	$ -	$ 33,263	$ 191,441	747,811
Common shares issued for Agreement on New Terms	18,232,615	120,700	-	-	-	120,700
Common shares issued on exercise of stock options	306,425	2,274	-	(330)	-	1,944
Stock-based compensation expense	-	-	-	455	-	455
Net loss for the period	-	-	-	-	(79,586)	(79,586)
Balance at June 30, 2009	**234,857,228**	**$ 646,081**	**$ -**	**$ 33,388**	**$ 111,855**	791,324
Stock-based compensation expense	-	-	-	455	-	455
Net earnings for the period	-	-	-	-	20,230	20,230
Balance at September 30, 2009	**234,857,228**	**$ 646,081**	**$ -**	**$ 33,843**	**$ 132,085**	**$ 812,009**
Stock-based compensation expense	-	-	-	455	-	455
Net earnings for the period	-	-	-	-	139,955	139,955
Balance at December 31, 2009	**234,857,228**	**$ 646,081**	**$ -**	**$ 34,298**	**$ 272,040**	**$ 952,419**
Stock-based compensation expense	-	-	-	456	-	456
Net earnings for the period	-	-	-	-	122,087	122,087
Balance at March 31, 2010	**234,857,228**	**$ 646,081**	**$ -**	**$ 34,754**	**$ 394,127**	**$ 1,074,962**

The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

1. Basis of Presentation

These unaudited interim consolidated financial statements of Centerra Gold Inc. ("Centerra" or the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required to be included in the annual consolidated financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and notes thereto for the year ended December 31, 2009.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The operating cash flow and profitability of the Company are affected by various factors, including the amount of gold produced and sold, the market price of gold, operating costs, interest rates, environmental costs and the level of exploration activity and other discretionary costs and activities. The Company is also exposed to fluctuations in currency exchange rates, interest rates, political risk and varying levels of taxation. The Company seeks to manage the risks associated with its business; however, many of the factors affecting these risks are beyond the Company's control.

As at March 31, 2010 and December 31, 2009, Centerra held a 100% interest in the Kumtor mine, the Boroo mine, and the Gatsuurt property.

2. Significant Accounting Policies:

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2009. There were no new accounting polices adopted during the three months ended March 31, 2010.

2. Significant Accounting Policies (continued):

New Pronouncements

The CICA issued three new accounting standards in January 2009 which take effect January 1, 2011: Section 1582, Business Combinations, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-Controlling interests.*

Section 1582 replaces section 1581 and establishes standards for the accounting of a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, *Business Combinations.* Section 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace section 1600, *Consolidated Financial Statements.* Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Section 1602 establishes standards for accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - C*onsolidated and Separate Financial Statements* and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not anticipate that the adoption of these standards will impact its financial results.

(Expressed in thousands of United States Dollars)

3. Inventories

(Thousands of US$)	**March 31, 2010**	December 31, 2009
Stockpiles	**$ 61,539**	**$ 50,234**
Gold in-circuit	**7,230**	**5,045**
Heap leach in circuit	**4,492**	**4,908**
Gold doré	**5,167**	**8,818**
	78,428	**69,005**
Supplies	**100,791**	**105,937**
	179,219	**174,942**
Less: Long-term inventory (heap leach)	**(24,669)**	**(23,120)**
Total inventories-current portion	**$ 154,550**	**$ 151,822**

4. Asset Retirement Obligations

The following table reconciles the Company's discounted liability for asset retirement obligations: the discount rates used to discount the obligations to their present value are unchanged from the rates disclosed at the end of 2009.

(Thousands of US$)	**Three Months Ended**	
	Mar 31/10	**Mar 31/09**
Balance, beginning of period	**$ 29,702**	$ 32,780
Liabilities settled	**(34)**	(138)
Revisions in cost	**-**	(1,974)
Accretion expense	**554**	575
Balance, end of period	**30,222**	31,243
Less: current portion	**(8,221)**	(3,795)
	$ 22,001	$ 27,448

During the first quarter ended March 31, 2009, the Company revised its previous closure cost update performed in December 2008 at the Boroo mine site. As a result a decrease to the present value of the closure cost estimate of $2.0 million at Boroo was recorded during the first quarter of 2009.

(Expressed in thousands of United States Dollars)

5. Shareholders' Equity

a. Earnings (Loss) Per Share

The basic net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year.

The diluted net earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents such as stock options and contingent common shares issuable (classified as equity). The diluted net earnings (loss) per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period the proceeds from the exercise of options, and the amount of compensation expense measured but not yet recognized in income are assumed to be used to purchase common shares of the Company at the average market price during the period; and the incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted earnings per share computation.

Stock options to purchase common shares are not included in the computation of diluted net earnings (loss) per share in years when net losses are recorded given that they are anti-dilutive.

	Three Months Ended	
(Thousands of shares)	**Mar 31/10**	**Mar 31/09**
Basic weighted average number of common shares outstanding	**234,857**	216,318
Effect of stock options	**730**	-
Diluted weighted average number of common shares outstanding	**235,587**	216,318
Anti-dilutive number of common share equivalents excluded (thousands) [(a)]	**45**	1,830

(a) Common share equivalents consist of stock options granted to eligible employees of the Company.

For the three months ended March 31, 2009 all potentially dilutive stock options have been excluded from the dilutive calculation as they would have all been anti dilutive because of the loss for the period.

(Expressed in thousands of United States Dollars)

5. Shareholders' Equity (continued)

b. Stock-Based Compensation

The impact of Stock-Based Compensation is summarized as follows:

(Millions of US$ except as indicated)	Number outstanding	Expense/(Income) Three months ended		Liability	
	March 31/10	March 31/10	March 31/09	March 31/10	Dec 31/09
(i) Centerra stock options	**1,816,155**	**$ 0.5**	$ 0.3	**$ -**	$ -
(ii) Centerra -PSU [1]	**1,517,996**	**3.9**	0.2	**9.0**	6.2
(iii) Centerra annual-PSU [2]	**164,327**	**1.0**	0.5	**0.7**	6.3
(iv) Deferred share units	**395,494**	**1.3**	-	**5.2**	3.8
(v) Cameco stock options	**-**	**-**	-	**-**	1.3
		$ 6.7	$ 1.0	**$ 14.9**	$ 17.6

1) Centerra performance share units.
2) Centerra Annual performance share units

Movements in the number of options and units year-to-date are summarized as follows:

	Number outstanding Dec 31/09	Issued	Exercised	Cancelled/ Forfeited [1]	Number outstanding March 31/10	Number Vested March 31/10
(i) Centerra stock options	1,816,155	-	-	-	1,816,155	762,496
(ii) Centerra -PSU	1,201,677	528,192	(99,434)	(112,439)	1,517,996	-
(iii) Centerra annual- PSU	420,870	164,327	(420,867)	(3)	164,327	40,519
(iv) Deferred share units	375,216	20,278	-	-	395,494	395,494

(1) 112,439 units from the Centerra PSU 2007 series were cancelled, as the performance multiplier applied on payout was below the payout threshold

(Expressed in thousands of United States Dollars)

5. Shareholders' Equity (continued)

b. Stock-Based Compensation (continued)

The terms of Centerra's performance share unit (PSU) plan for the regularly issued series in 2010 (282,171 units issued) were modified from the standard terms described in the December 31, 2009 annual disclosures as follows:

Vesting	- 50% of granted units vest two years after December 31 of the year of grant - 50% of granted units vest three years after December 31 of the year of grant
Multiplier	- maximum adjustment factor by which granted units are multiplied increased from 1.5 to 2.0

The units issued during the first quarter of 2010 under Centerra's PSU plan also include 246,021 "special" performance share units. Distinguishing these "special" units from the regularly issued PSU series is the fact that the "special" units vest one third at the end of each year of their three year term and carry a multiplier factor of 1.0.

6. Taxes

a. Revenue Based Taxes

Revenue based taxes are payable to the Kyrgyz government under the Restated Investment Agreement between the Company and the Kyrgyz government which received the approval of the Kyrgyz Parliament on April 30, 2009.

Under this agreement, with retroactive effect to January 1, 2008, taxes are payable monthly at a rate of 13% of gross revenue. In addition, effective from January 1, 2009 a contribution is made monthly to the Issyk-Kul Oblast Development Fund in the amount of 1% of gross revenue. Full credit was received for taxes paid under the prior tax regime in 2008 and 2009. Separate presentation of the new revenue-based taxes was made in the financial statements starting in the second quarter 2009.

During the three months ended March 31, 2010, the revenue-based tax expensed by Kumtor was $31.3 million.

b. Corporate Income Taxes

The Company recorded income tax expense of $0.8 million for the three month period ended March 31, 2010 ($11.2 million three months ended March 31, 2009).

Kumtor
Effective April 30 2009 Kumtor became subject to a tax regime pursuant to which income and other taxes, were replaced by taxes computed by reference to Kumtor's revenue. As a result, the income tax provision for Kumtor for the three months ended March 31, 2010 is nil. An income tax recovery of $2.9 million was recorded for the three month period ended March 31, 2009, as Kumtor was still subject to the prior tax regime, which had an income tax rate of 10% plus 2% of net income as a contribution to the Issyk-Kul Social Fund.

Boroo
The income tax rate for Boroo is 25% of taxable income in excess of 3 billion Tugriks (about $2.2 million as at the balance sheet date), and 10% for income up to that amount.

During the three month period ended March 31, 2010, Boroo recorded income tax expense of $0.8 million ($14.1 million for the three months ended March 31, 2009).

7. Disposal of interest in REN Property

On February 4, 2010, Centerra Gold (U.S.) Inc. (“Centerra U.S.”), a wholly-owned subsidiary of Centerra, signed a purchase agreement with Rye Patch Gold Corp. and its U.S. subsidiary, Rye Patch Gold US Inc. (collectively “Rye Patch”) for the sale of Centerra U.S.’s interest in the REN project in Nevada, subject to the joint venture project partner, Homestake Mining Company of California (“Homestake”), a subsidiary of Barrick Gold Corporation, waiving its pre-emptive right to acquire Centerra U.S.’s interest. On April 8, 2010 Homestake elected to exercise its pre-emptive right to acquire Centerra U.S. 64% interest in the REN joint venture for $35.2 million. As a result of Homestake’s election to purchase the Centerra U.S. interest, Rye Patch’s agreement with Centerra U.S. will terminate. Rye Patch is entitled to receive a break fee of $0.25 million from Centerra U.S. upon completion of Homestake’s acquisition of the Centerra interest which is expected to close on or before July 7, 2010. On closing, Centerra U.S. will transfer the joint venture interest to Homestake. The Company will record a gain on sale for the value of the proceeds received, less any related expenses.

As at March 31, 2010 the net book value of REN’s property is nil (December 31, 2009- Nil) because all exploration activities on this property were expensed as incurred.

8. Commitments and Contingencies

Commitments

As at March 31, 2010, the Company had entered into contracts to purchase capital equipment and operational supplies totalling $171.8 million (Kumtor $168.5 million, Centerra Gold Mongolia LLC, a subsidiary of Centerra, $3.3 million). These are expected to be settled over the next twelve months.

Contingencies - Mongolia

Mongolian Regulatory Matters

On June 12, 2009, the main operating licenses at the Company’s Boroo mine were suspended by the Minerals Resources Authority of Mongolia (“MRAM”) following extensive inspections of the Boroo mine operation conducted by the Mongolian General Department of Specialized Inspection (“SSIA”). While the suspension was lifted on July 27, 2009, several issues arising from the inspections continue to be discussed by Centerra and the Mongolian regulatory authorities. On October 23, 2009, Centerra received a very significant claim for compensation from the SSIA in respect of certain mineral reserves, including state alluvial reserves covered by the Boroo mine licenses, that are recorded in the Mongolian state reserves registry, but for which there are no or incomplete records or reports of mining activity. Centerra disputes the claim. While Centerra cannot give assurances, it believes settlement will be concluded through negotiation and will not result in a material impact. In addition, the SSIA inspections raised a concern about the production and sale of gold from the Boroo heap leach facility.

8. Commitments and Contingencies (continued)

Contingencies - Mongolia

The heap leach facility was operated under a temporary permit from June 2008 until the expiry of the temporary permit in April, 2009 and Boroo Gold Company Ltd ("BGC") paid all relevant royalties and taxes with respect to gold produced from the heap leach facility during that period. BGC believes that it had all necessary permits to carry out its heap leach activities and that any regulatory concerns are unfounded. BGC is continuing its effort to obtain a final permit for the operation of its heap leach facility at the Boroo mine. Centerra understands that this matter has been referred to the Mongolian Ministry of Mineral Resources and Energy for review but has received no official notice of any concern.

Under the stability agreement relating to the Boroo mine between the Company and the Government of Mongolia, signed July 6, 1998, as amended (the "Boroo Stability Agreement"), the Company is permitted to offset any value added taxes ("VAT") that it pays against other taxes payable in respect of its Boroo mine operation. In 2009, the Mongolian Ministry of Finance indicated that, despite the Boroo Stability Agreement, Centerra would no longer be permitted to offset its VAT payments. This decision was challenged by Centerra and in November 2009, Centerra was notified by Ministry of Finance officials that VAT payments up to August 31, 2009 could be offset. Despite this, recovery of any VAT payments from September 1, 2009 onwards continues to be subject to negotiations with the Ministry of Finance.

On November 2, 2009, Centerra received a letter from the Mongolian Ministry of Finance re-iterating some of the issues raised by the SSIA and indicating that the Boroo Stability Agreement would be terminated if such issues were not resolved within a period of 120 days from the date of the letter. The Company has held discussions with the Ministry of Finance regarding such concerns and has received no further notice from the Ministry of Finance with respect to the possible termination of the Boroo Stability Agreement. While the Company believes that the issues raised by the Ministry of Finance and the SSIA will be resolved through negotiations without a material impact on the Company, there can be no assurance that this will be the case.

8. Commitments and Contingencies (continued)

Contingencies - Mongolia

Mongolian Legislation

In July 2009, the Mongolian Parliament enacted legislation that would prohibit mineral prospecting, exploration and mining in water basins and forest areas in the territory of Mongolia and provides for the revocation of licenses affecting such areas (the "Water and Forest Law"). The Company understands that, prior to the revocation of any licenses, the Mongolian Government will undertake physical surveys and consult with local officials to determine which, if any, existing licenses will be subject to the new law. The legislation provides a specific exemption for "mineral deposits of strategic importance", and accordingly, the main Boroo mining licenses will not be subject to the new law. The legislation provides a specific exemption for "mineral deposits of strategic importance", and accordingly, the main Boroo mining licenses will not be subject to the law. The Company's Gatsuurt licenses and its other exploration license holdings in Mongolia are currently not so exempt. In March 2010, the Company received a letter from MRAM stating that certain of its mining and exploration licenses, including the Gatsuurt mining licenses, could be revoked under the Water and Forest Law. The letter requested that the Company submit an estimate of expenses incurred in relation to each license and the compensation that it would expect to receive if such licenses were to be revoked. The Company has provided a detailed estimate to MRAM for all potentially affected licenses. The Company has submitted a draft Investment Agreement for the Gatsuurt Project to the Ministry of Mineral Resources and Energy ("MMRE"). In April, 2010, the Company received a letter from the MMRE indicating that the Gatsuurt licenses are within the area designated on a preliminary basis where minerals mining is prohibited under the Water and Forest Law. The letter also stated that the MMRE will communicate with the Company regarding the investment agreement when the MMRE has more clarity on the impact of the law. The Company is reasonably confident that the economic and development benefits resulting from its exploration and development activities will ultimately result in the law having a limited impact on the Company's Mongolian activities.

In August 2009, the Government of Mongolia repealed its windfall profit tax of 68% in respect of gold sales at a price in excess of US$850 an ounce, with the repeal to take effect on January 1, 2011. The windfall profit tax will be applicable to the Gatsuurt project (but not the Boroo project).

(Expressed in thousands of United States Dollars)

9. Related Party Transactions

Kyrgyzaltyn and the Government of the Kyrgyz Republic

Revenues from the Kumtor gold mine are subject to a management fee of $1.00 per ounce based on sales volumes, payable to Kyrgyzaltyn JSC ("Kyrgyzaltyn"), a shareholder of the Company and a state-owned entity of the Kyrgyz Republic.

The table below summarizes 100% of the management fees and concession payments paid and accrued by Kumtor Gold Company to Kyrgyzaltyn or the Government of the Kyrgyz Republic and the amounts paid and accrued by Kyrgyzaltyn to Kumtor according to the terms of a Gold and Silver Sales Agreement between Kumtor Operating Company ("KOC"), Kyrgyzaltyn and the Government of the Kyrgyz Republic and which was restated in June 2009.

	Three Months Ended			
(Thousands of US$)		**Mar 31/10**		**Mar 31/09**
Management fees to Kyrgyzaltyn	**$**	**201**	$	93
Concession payments to the Kyrgyz Republic		**-**		249
	$	**201**	$	342
Gross gold and silver sales to Kyrgyzaltyn	**$**	**224,212**	$	57,608
Deduct: refinery and financing charges		**(881)**		(338)
Net sales revenue received from Kyrgyzaltyn	**$**	**223,331**	$	57,270

Gold produced by the Kumtor mine is purchased at the mine site by Kyrgyzaltyn for processing at its refinery in the Kyrgyz Republic pursuant to an original Gold and Silver Sale Agreement historically entered into between KOC, Kyrgyzaltyn and the Government of the Kyrgyz Republic. Under these original arrangements, Kyrgyzaltyn was required to prepay for all gold delivered to it, based on the price of gold on the London Bullion Market on the same day on which KOC provides notice that a consignment is available for purchase.

Pursuant to the Agreement on New Terms, the Gold and Silver Sales Agreement was amended with new terms. Effective June 11, 2009, Kyrgyzaltyn is required to pay for gold delivered within 12 days from the date of shipment. Default interest is accrued on any unpaid balance after the permitted payment period of 12 days.

The obligations of Kyrgyzaltyn are partially secured by a pledge of 2,850,000 shares of Centerra owned by Kyrgyzaltyn. As at March 31, 2010, $58.7 million was outstanding under these arrangements (December 31, 2009 - $37.9 million). Subsequent to March 31, 2010, the balance receivable from Kyrgyzaltyn of $58.7 million was paid in full.

(Expressed in thousands of United States Dollars)

10. Financial Risk Exposure and Risk management

a. Currency Risk

As required, the Company either makes purchases at the prevailing spot price to fund corporate activities or enters into short-term forward contracts to purchase Canadian Dollars, or other currencies. During the three-month period ended March 31, 2010, Cdn $4.9 million of such forward contracts were executed (December 31, 2009 - Cdn $6.3 million). There were twelve forward contracts, to purchase a total of Cdn $3.3 million, outstanding at March 31, 2010 (December 31, 2009-Nil).

The exposure of the Company's financial assets and liabilities to currency risk as at March 31, 2010 are as follows:

(Thousands of US$)	Kyrgyz Som	Mongolian Tugrik	Canadian Dollar	British Pound	Russian Rubble	European Euro	Australian Dollar
Financial Assets							
Cash and cash equivalents	$ 112	$ 277	$ 5,609	$ -	$ 29	$ 14,339	$ -
Amounts receivables	84	1,641	1,010		-	453	-
	$ 196	$ 1,918	$ 6,619	$ -	$ 29	$ 14,792	$ -
Financial Liabilities							
Accounts payable and accrued liabilities	$ 4,656	$ 4,818	$ 15,957	$ 13	$ 10	$ -	$ 196

A strengthening of the U.S. Dollar by 5% against the Canadian Dollar, the Kyrgyz Som and the Mongolian Tugrik at March 31, 2010, with all other variables held constant would have lead to additional before tax net income of $0.1 million as a result of a change in value of the financial assets and liabilities denominated in those currencies.

10. Financial Risk Exposure and Risk management (continued)

b. Concentration of Credit Risk

To partially mitigate exposure to potential credit risk related to Kumtor sales, the Company has an agreement in place whereby Kyrgyzaltyn has pledged 2,850,000 of Centerra common shares as security against unsettled gold shipments, in the event of default on payment (Note 9). Based on movements of Centerra's share price, and the value of individual or unsettled gold shipments, over the course of the three months ended March 31, 2010, the maximum exposure during the period, reflecting the shortfall in the value of the security as compared to the value of any unsettled shipments, was approximately $36.3 million.

The Company manages counterparty credit risk, in respect of short-term investments, by maintaining bank accounts with highly-rated U.S. and Canadian banks and investing only in highly-rated Canadian and U.S. Government bills, term deposits or banker's acceptances with highly-rated financial institutions and corporate direct credit issues that can be promptly liquidated.

At the balance sheet date, approximately 19% of the Company's liquid assets were held with Bank of New York bank, 8% with HSBC and 4% with Citigroup. The remainder of cash and cash equivalents, and short-term investments were held in government securities, term deposits, banker's acceptances and highly-rated corporate direct credit issues.

11. Segmented Information

Centerra has three reportable segments. The Kyrgyz Republic segment involves the operations of the Kumtor Gold Project and local exploration and development activities, and the Mongolian segment involves the operations of the Boroo Gold Project, development of the Gatsuurt Project and local exploration activities. The North American segment involves the head office located in Toronto, loans to each of the mine operations, as well as exploration activities on North American projects.

Geographic Segmentation of Revenue

All production from the Kumtor Gold Project was sold to the Kyrgyzaltyn refinery in the Kyrgyz Republic while production from the Boroo Gold Project was sold to a refinery that is located in Ontario, Canada.

(Expressed in thousands of United States Dollars)

11. Segmented Information (continued)

Three months ended March 31, 2010

($ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	**$ 223.3**	**$ 32.2**	**$ -**	**$ 255.5**
Expenses				
Cost of sales	**47.1**	**10.2**	**-**	**57.3**
Regional office administration	**3.3**	**1.6**	**-**	**4.9**
Depreciation, depletion and amortization	**16.8**	**4.4**	**0.1**	**21.3**
Accretion and reclamation expense	**0.3**	**0.3**	**-**	**0.6**
Revenue based taxes	**31.3**	**-**	**-**	**31.3**
Exploration and business development	**1.9**	**1.2**	**2.4**	**5.5**
Interest and other	**0.6**	**0.1**	**-**	**0.7**
Corporate administration	**0.5**	**-**	**10.5**	**11.0**
Earnings (loss) before income taxes	**121.5**	**14.4**	**(13.0)**	**122.9**
Income tax expense				**0.8**
Net profit				**$ 122.1**
Capital expenditures for the period	**$ 23.4**	**$ 5.7**	**$ 0.1**	**$ 29.2**
Assets (excluding Goodwill)	**$ 592.9**	**$ 411.2**	**$ 41.5**	**$ 1,045.6**

Three months ended March 31, 2009

($ millions)	Kyrgyz Republic	Mongolia	North America	Total
Revenue	$ 57.3	$ 41.1	$ -	$ 98.4
Expenses				
Cost of sales	48.6	20.7	-	69.3
Regional office administration	3.5	1.5	-	5.0
Depreciation, depletion and amortization	13.8	7.7	0.3	21.8
Accretion	0.3	0.3	-	0.6
Revenue based taxes	-	-	-	-
Exploration and business development	3.4	0.3	2.0	5.7
Interest and other	(0.4)	0.1	0.4	0.1
Corporate administration	0.6	0.4	4.0	5.0
Earnings (loss) before income taxes	(12.5)	10.1	(6.7)	(9.1)
Income tax expense				11.2
Net loss				$ (20.3)
Capital expenditures for the period	$ 21.8	$ 0.4	$ 0.1	$ 22.3
Assets (excluding Goodwill)	$ 327.8	$ 357.6	$ 97.8	$ 783.2