



## NEWS RELEASE

### **CENTERRA'S KUMTOR PROJECT RECEIVES ENVIRONMENTAL CLAIMS FROM KYRGYZ AUTHORITIES**

*This news release contains forward-looking information that is subject to the risk factors and assumptions set out on page 2 under the heading, "Cautionary Note Regarding Forward-looking Information". (All figures are in United States dollars.)*

**Toronto, Canada, December 14, 2012:** Centerra Gold Inc. (TSX: CG) announces that its subsidiary, Kumtor Operating Company CJSC, has received five claims from the State Inspectorate Office for Environmental and Technical Safety under the Government of the Kyrgyz Republic ("SEITS") relating to alleged environmental damages at the Kumtor Project. The claims are for an aggregate amount of approximately \$152 million, including (i) a claim for approximately \$142 million for alleged damages in relation to the placement on waste dumps of waste rock from mining operations (2000 to date); (ii) a claim for approximately \$4 million for use of water resources for the period of 2000 to date; (iii) a claim for approximately \$2.8 million for waste placed in the tailings management facility and for emissions for 2009-2011; and (iv) a claim for approximately \$2.3 million for alleged damages caused to land resources at the time of initial construction of the Kumtor facilities. The claims by SEITS reference the review of the Kumtor Project carried out by the environmental and technical working group of the Kyrgyz Republic State Commission. (See the Company's news release of November 7, 2012 under the heading "Corporate Development" for further discussion on the State Commission and the associated Parliamentary Commission.)

The Company is studying the claims and believes that the allegations contained in the claims are exaggerated or without foundation. Ian Atkinson, President and CEO of Centerra stated, "We believe that the Kumtor Project complies with Kyrgyz laws, and meets or exceeds Kyrgyz and international environmental, safety, and health standards. The activities raised in the claims, particularly the mining and placement of waste rock on waste dumps, have been approved at all times by appropriate Kyrgyz authorities and are specifically referred to in Kumtor's annual mine plans, which are submitted and approved annually by Kyrgyz authorities."

Centerra notes that, as part of the restated project agreements signed by the Kyrgyz Republic and Centerra in 2009 (the "New Project Agreements"), the Kyrgyz Republic fully released Kumtor in respect of all prior claims, including all environmental matters known by or reported to any Kyrgyz authority.

In addition, the Company also received and is reviewing a directive from SEITS requiring that actions be taken to correct various alleged environmental and technical violations discovered in its review.

The Kumtor Project's environmental performance has been the subject of systemic audits and investigations over many years by Kyrgyz and international experts. The Board of Directors of Centerra Gold recently retained a leading international expert to conduct an independent assessment of the environmental practices and performance of the Kumtor Project primarily through a review of existing data. The expert review and subsequent site visit, which were reported in October, 2012, concluded that within the terms of reference of their assignment, "No major or materially significant environmental issues were identified by the document review, site visit and legislative review" at Kumtor. The review focused on numerous environmental areas, including waste management, environmental management systems, and water management. The report can be found on the Kumtor website at [www.kumtor.kg/en](http://www.kumtor.kg/en) under the "Environment" section.

The Company notes that the New Project Agreements provide a complete listing of all taxes and payments to be made to the Kyrgyz Republic, including a fixed environmental charge. Accordingly, no other tax, duties, or other obligations are to be paid to the Kyrgyz Republic, however they may be characterized. Furthermore, under the New Project Agreements, the Kumtor Project is entitled to receive and maintain such licenses, permits and approvals as are needed or convenient for the operation of the project, and the Kyrgyz Government agrees to use its best efforts to reverse or annul any actions of public officials (including state agencies) which conflict with the rights and benefits granted to Kumtor under the New Project Agreements.

Members of Centerra management will be meeting with senior Kyrgyz government officials to discuss the claims and directive from SEITS and the status of the State Commission's review of the Kumtor Project. The Company understands that the State Commission is continuing its work and is expected to report to the Kyrgyz Government shortly and to the Kyrgyz Parliament in early 2013.

The Company has benefited from a close and constructive dialogue with the Kyrgyz authorities over many years and remains committed to continuing to work with them to resolve these issues in accordance with the New Project Agreements, which provide for all disputes to be resolved by international arbitration, if necessary. However, no assurances can be given that the claims and the directives issued by SEITS and the outcome of the State Commission review can be resolved without a material impact on the Company. Further claims from Kyrgyz authorities arising from the State Commission review may also be forthcoming.

#### **Cautionary Note Regarding Forward-looking Information**

This news release and the documents referred to herein contain statements which are not statements of current or historical facts and are "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results,

performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Wherever possible, words such as “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “forecast”, “projections”, “estimate”, “may”, “will”, “schedule”, “potential”, “strategy” and other similar expressions have been used to identify forward-looking information. These forward-looking statements relate to, among other things, the outcome of Centerra’s discussions with senior Kyrgyz government officials, the satisfactory resolution of the SEITS claims, and the content and impact of the State Commission reports and the timing for their release.

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

Other factors that could cause actual results or events to differ materially from current expectations include, among other things: the sensitivity of the Company’s business to the volatility of gold and base metal prices; political risks in the jurisdictions where the Company operates; the success of the Company’s future exploration and development activities, including financial and political risks inherent in carrying out exploration activities; competition for mineral acquisition opportunities; the adequacy of the Company’s insurance; environmental, health and safety risks; defects in title in connection with the Company’s properties; the impact of restrictive covenants in the Company’s revolving credit facility; the Company’s ability to enforce its legal rights; the effect of recent market conditions on the Company’s short-term investments; the Company’s ability to attract and retain qualified personnel; the Company’s ability to make payments including payments of principal and interest on the Company’s debt facilities; litigation; the impact of global financial conditions; the impact of currency fluctuations; and risks associated with having a significant shareholder. There may be other factors that cause results, assumptions, performance, achievements, prospects or opportunities in future periods not to be as anticipated, estimated or intended. See “Risk Factors” in the Company’s most recently filed Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

There can be no assurances that forward-looking information and statements will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective

investors should not place undue reliance on forward-looking information. Forward-looking information is as of December 14, 2012. Centerra assumes no obligation to update or revise forward-looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law.

### **About Centerra**

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

### **Additional information**

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

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